

From: Matt Early [<mailto:Matt@twinpeaksconstruction.net>]

Sent: Friday, February 10, 2012 11:12 AM

To: Sen. Joe Paskvan; Sen. Tom Wagoner

Cc: Sen. Bill Wielechowski; Sen. Bert Stedman; Sen. Lesil McGuire; Sen. Hollis French; Sen. Gary Stevens

Subject: Senate Bill 176

Senators Paskvan and Senator Wagoner -

As the Construction Project Manager for Twin Peaks Construction, I would like to speak on behalf of Senate Bill 176, for which I understand that a hearing is taking place next Wednesday, Feb. 15, 2012. Twin Peaks is a relatively small civil construction company providing work on public projects throughout the State for a variety of entities.

We strongly support this bill exempting sand and gravel sales from the State mining tax. As it stands now, as mentioned most of our projects are for public entities, including the state of Alaska. This tax effectively adds to the cost of construction for our company, and thus needs to be accounted for in our bid. Thus this tax currently causes the costs of public construction projects to increase. Furthermore, current law essentially takes the money out of one pocket in the State and puts it in another, as it costs additional monies to contracting entities such as the Department of Transportation, but provides revenue for the Department of Revenue. However, with all bids and projects we do, we add on markup and overhead costs to any actual costs we anticipate, which can run up to 20%. So, in essence, the State is taking money out of one pocket and only getting 80% of that money back, not to mention the administrative costs incurred by the Department of Revenue to review and process these tax returns. Thanks much for your consideration of this information in your decision.

Take care,

Matt

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