



## ASSOCIATED GENERAL CONTRACTORS of ALASKA

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February 10, 2012

Senator Tom Wagoner  
Co Chair Senate Resource Committee  
State Capitol, Room 427  
Juneau, AK 99801-1182

Re: SB 176

Dear Senator Wagoner: *Tom*

On behalf of the Associated General Contractors of Alaska, a construction trade association of over 650 business members, representing the majority of the construction industry in Alaska, I'd like to thank you for sponsoring SB 176.

Working with our affected companies last spring, we realized that the present mining license tax structure was poorly applied to aggregate production in the construction industry. Last summer we approached the Department of Revenue about the problems with the present tax as it applies to quarry rock and sand and gravel operations in Alaska and how the present requirements could be simplified. After researching the issue it was recommended that the simple solution was to exempt quarry rock and sand and gravel operations requirements.

This has been a cooperative effort between industry and the administration. We quickly recognized that this was a true nuisance tax. For the State, it is a lot of effort to administer. For the construction industry, it is very complicated to calculate and even more complicated to audit, for relatively little revenue to the state and many times more expense to industry. When you consider that the majority of the mined and processed product goes into public works projects, government is paying most of the associated costs and the tax, at the expense of our projects.

Thank you again for your sponsorship and support for SB 176 and this exemption for the aggregate business from the mining license tax.

Sincerely,

John MacKinnon  
Executive Director  
Associated General Contractors of Alaska