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March 26, 2013

**Alaska State Legislature
State Capitol
Juneau, Alaska 99801**

Dear Legislator:

K-C Corporation is an Alaskan contractor who has been active in the construction field for the past 27 years. We are what is known as a C type corporation and as such account for our long term contracts under the percentage of completion method of accounting as required by the IRS. We estimate our profits at the beginning of each contract and on completion of the first year of work we project what we will earn for that period and pay taxes based on these figures. Upon completion of the contract we frequently find our profits are greater than expected and end up paying additional taxes on the earnings plus what is known as "look back interest" on these earnings. We have no problem with this.

Our problem comes when we see the great variance in the rate or means used by the Internal Revenue Service to determine "look back Interest" charges versus the fixed rate of (11%) charged by the State of Alaska. We would like to see this changed in the state statute to reflect what the IRS has established as a basis for calculating their rates. This is the purpose of Senate Bill 83 which we feel reflects a much fairer basis for establishing the rate. Please support Senate Bill 83.

**Sincerely
K-C CORPORATION**


**Byron D. Kohfield
President**