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April 21, 2017

Senator Mia Costello, Chair  
Senate Labor and Commerce Committee  
State Capitol Room 510  
Juneau, AK 99801

Dear Senator Costello:

RE: HB 115 – Income Tax

The Alaska Association of Realtors (AAR) has followed the continuing debate in the Legislature over the past two Sessions on how best to solve the State's daunting budget shortfall. Individually, AAR members have shared their views and opinions on the multiple options being discussed. With the House passage of HB 115 and its request of the Senate to concur, the members of AAR wish to express our position on this proposed legislation.

Many experts believe 2018 will bring higher interest rates, a rise in foreclosures, and increased housing inventory levels throughout Alaska. The passage of HB 115 will not only compound the impact of those conditions, it will also price a significant number of potential homebuyers out of the market. Additionally, omitting the mortgage interest deduction and implementing an additional capital gains tax will serve to discourage buyers and sellers and delay any recovery in the housing market. For those reasons, AAR cannot support HB 115 in its current form, and we urge the Senate to reject HB 115 as drafted and passed by the House of Representatives.

Sincerely,

*Errol D Champion*

Errol D Champion, Chair  
Industry Issues Committee  
Alaska Association of Realtors®