

SCOMM

#11:8

Testimony given by Mr. Charles Naughten before House Resources Committee April 15, 1975 and before Senate Resources Committee on April 16, 1975

Unfortunately, , this is not a good afternoon.

I am Charles Naughton, Assistant Director of Natural Resources for Koniag Incorporated; present to express our views on H.B. 102.

We cannot live with the impact of this Bill if implemented in it's present language. We feel that it is in direct conflict with the Congressional Legislative intent in section 2(b) of ANSCA. Under this section, the Native people through an instrument of corporations, were to upgrade and maintain their socio-economic stature. An implementation of "102" would abort the very means allowing them to do this and also discourage them.

I will try to put light on the type of discouragement that could and very likely would precipitate as a result of tax on potential resources.

To illustrate, Chairman, I am a very young man, in thirty more years it is not inconceivable that I could be grossing 50 thousand annually. In other words have produced a little more than a half a million dollars in wages. At a 20 mill tax rate I would be required to pay over 11 thousand dollars above my present taxes this year, thats close to 3/4th of my present earnings in taxes alone. Therefore, the less I did the better off I would be. It would destroy my incentive to advance and the same analogy is true for the small corporations being taxed on their potential.

Unlike myself the corporations are still fetal and Koniags maturity depends upon it's ability to develop it's resources. For us there are no timber resources, doubtful economically feasible hard rock minerals and the fishing industry is becoming a regulatory abominable joke. Our only recourse is to rehabilitate our fisheries and develop our subsurface, particularly gas and oil.

Being taxed in our developmental stages, upon our potential returns, would within 3 years force our region into bankruptcy.

Because gas and oil are so important to our survival, and being taxed on our potential reserve will destroy us before we have a chance to grow. We definitely oppose it's enactment.

Koniag knows you will carefully consider these problems and thank you for this opportunity to be heard.



Chas Naughton