

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672

7104 HOUSE LABOR & COMMERCE

## DIVISION OF LEGAL SERVICES

### LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

210 Main Street, Suite 500  
Juneau, Alaska 99801-2101


#### MEMORANDUM

April 7, 1992

**SUBJECT:** Draft CSHB 522 ( ) (Work Order No. 7-LS2077J)

**TO:** Representative Niilo Koponen  
ATTN: Ron Clarke

**FROM:** Jack Chenoweth  
Legislative Counsel



Since I've not heard from the House Community and Regional Affairs Committee staff, I am sending the draft to you. You may offer it to the Community and Regional Affairs Committee.

While there is a sound argument to be offered in support of removal of sections 2 and 3 of the bill, caution suggests that explicit municipal authority to levy and collect this tax remain. Under AS 29.35.010(6), all municipalities have the right to "levy a tax or special assessment . . . ." The breadth of the grant is consistent with article X, section 1's directive that "[a] liberal construction shall be given to the powers of local government units." Liberati v. Bristol Bay Borough, 584 P.2d 1115, 1120 (Alaska 1978) (municipal levy of raw fish tax upheld). There are no prohibitions in AS 29 as to a municipality's levying and collecting a real estate conveyance tax. Those who argue that state law need not explicitly authorize the levy and collection of this kind of tax by municipalities have the weight of that argument in their favor.

However, the subject matter does involve a tax and, at least in other jurisdictions, historically courts have usually tended to construe the authority to levy and collect taxes narrowly. While there is every good reason to believe that the courts would follow the constitutional directive and the general statutory grant to uphold a municipality's levy and collection of a conveyance tax without the enactment of these two sections, that conclusion is not certain. Moreover, by implication, the provisions in this bill would preclude cities from the levy and collection of the tax.

So, in my view, the provision probably should remain. It must remain if, as you have sought, only certain unified municipalities and boroughs are to levy the tax (leaving third class boroughs and all cities without the ability to levy). But even if you were

Representative Niilo Koponen

April 7, 1992

Page 2

to allow all municipalities to levy and collect the conveyance tax, putting the authority into the statutes probably forecloses litigation as to whether these municipalities may do so. Out of an abundance of caution, I would retain the provisions but, based on the justification set out above, their removal would not necessarily preclude municipalities from enacting an ordinance to impose the levy at the local level.

JBC:pl

92-246.plm

# DIVISION OF LEGAL SERVICES

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240 Main Street, Suite 500  
Juneau, Alaska 99801-2101

### MEMORANDUM

March 17, 1992

**SUBJECT:** House Bill 522: Impact of real estate conveyance tax on land conveyances and exchanges under Alaska Native Claims Settlement Act (Work Order No. 7-LS2077/D)

**TO:** Representative Ivan M. Ivan  
ATTN: Andrew Guy

**FROM:** Jack Chenoweth  
Legislative Counsel

House Bill 522 would impose a state real estate conveyance tax and would authorize municipal governments to impose a similar tax. You have asked whether any of the following land transactions would be subject to taxation under a state real estate conveyance tax or under a real estate conveyance tax levied by a local government:

- (1) conveyances from the Bureau of Land Management to the regional and village corporations pursuant to the Alaska Native Claims Settlement Act;
- (2) conveyances from village corporations to individuals under sec. 14(c) of that Act (43 U.S.C. 1613(c)); and
- (3) land exchanges between regional and village corporations.

Under 43 U.S.C. 1620(d), protection against taxation is given to undeveloped land that is "conveyed under [the Alaska Native Claims Settlement Act] to a Native individual, Native Group, Village, or Regional Corporation . . ." A state statute, AS 43.80.015(b), currently provides:

(b) The receipt of land or an interest in it under the [Alaska Native Claims Settlement] Act or of cash in order to equalize the values of property exchanged under Sec. 22(f) of that Act or AS 38.50 is not subject to any form of state or local taxation. The basis for computing gain or loss on subsequent sale or other disposition of this land or interest in land for purposes of a state or local tax imposed on

or measured by income is the fair value of the land or interest in land at the time of receipt.

(Emphasis added.) To my mind, these federal and state provisions are sufficient to protect from taxation, either by the state or by a local government, the original conveyances that are required by the Alaska Native Claims Settlement Act from the Bureau of Land Management to the regional and village corporations.

Since the land conveyances by regional and village corporations to individuals are also directed by the federal Act, the federal Act and the state statute would also be sufficient to protect against state or local real estate conveyance taxation the section 14(c) conveyances to individuals.

While, as a matter of corporate authority, the regional and village corporations may enter into land exchange agreements, I did not find explicit authority for two-party land exchanges between the regional and village corporations in the Alaska Native Claims Settlement Act. I checked with the Land Division of the Alaska Federation of Natives and learned that the most common land exchange transactions have typically involved three parties--the village corporation, the regional corporation, and an agency. Land exchanges involving the a Native corporation with the federal government or the State of Alaska are addressed in the original Alaska Native Claims Settlement Act. See 43 U.S.C. 1621(f).

Broad protection for two-party land exchanges is provided under 43 U.S.C. 1620(d)(2), added by the Alaska National Interest Lands Conservation Act. Under that subsection:

Any real property interest, not developed or leased to third parties, acquired by a Native individual, Native Group, Village or Regional Corporation, or corporation established pursuant to [43 U.S.C. 1613(h)(3)] in exchange for real property interests which are exempt from taxation pursuant to [43 U.S.C. 1620(d)(1)] shall be deemed to be a property interest conveyed pursuant to this Act and shall be exempt from taxation as if conveyed pursuant to this Act, when such an exchange is made with the Federal Government, the State government, a municipal government, or another Native Corporation . . . .

Representative Ivan M. Ivan

March 17, 1992

Page 3

And, under 43 U.S.C. 1602(m), "Native corporation" means any village, regional, urban, or group corporation. So, it appears to me that this provision of the federal Act provides protection against taxation of the land exchange conveyances. <sup>1/</sup>

In summary, none of the land exchange transactions you have identified should be subject to taxation under the provisions of HB 522. Federal and state law together would prohibit imposition of taxes on direct conveyances and reconveyances, while the federal provision cited, alone, provides similar protection to land exchanges.

I trust this is sufficient for your purposes.

JBC:gc  
92-239.glc

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<sup>1/</sup> There was similar protection against taxation as a part of state law. AS 43.80.015(b), quoted in the memo, directs that receipt of cash in order to equalize values in a land exchange authorized under 43 U.S.C. 1621(f) is not taxable. The underlying land exchange itself is, under AS 43.80.015(c), also to be treated as a transaction that, before December 18, 1991, could not be taxed:

(c) A real property interest conveyed under the federal Act, AS 38.50, or AS 38.95.050, including land received in an exchange under Sec. 22(f) of the federal Act or AS 38.50, to a Native individual or corporation incorporated under Alaska law pursuant to the federal Act, which interest is not developed or leased to third parties, is exempt from state and local real property taxes and local assessments until December 18, 1991. . . . In Sec. 21(d) of the federal Act, the exemption of real property interests from local real property taxes includes exemption from local assessments and extends to land received in an exchange under Sec. 22(f) of the federal Act or AS 38.50.

Representative MacLean is sponsoring legislation to revise and extend the tax exemption identified in state law in order to give it effect after the December 18, 1991, deadline date. See House Bill 451.

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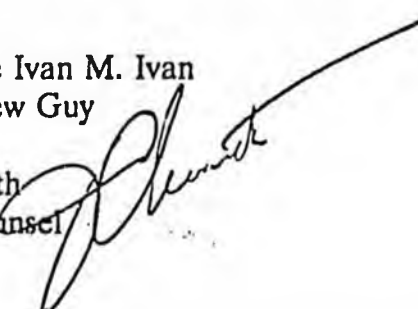
MEMORANDUM

March 20, 1992

**SUBJECT:** House Bill 522, imposing a real estate conveyance tax and authorizing municipalities to do so (Work Order No. 7LS-2077D)

**TO:** Representative Ivan M. Ivan  
ATTN: Andrew Guy

**FROM:** Jack Chenoweth  
Legislative Counsel



I read Mr. Neimeyer's March 20 letter--particularly the last part of the second paragraph--as addressing lands that are being given up by a Native corporation (in exchange for "chits" or credits to acquire other (federal) assets) rather than land that is being acquired by a Native corporation.

For all the reasons set out in my memo, if the land is being acquired by the Native corporation, it would not be subject to the proposed conveyance tax.

However, I read the letter as describing a different situation. Depending on the actual circumstances of the land exchange, then I agree with Mr. Neimeyer that a Native corporation's giving up title to its land is a transaction subject to the conveyance tax.

If you believe that the March 20 letter of counsel outlines a situation that deserves change, you should be prepared to offer an amendment to HB 522 to make sure that these land transactions are exempted from taxation under the proposed conveyance tax. May I suggest something like the following:

Page 4, following line 31, after "municipality;"

Insert: "(xv) a conveyance of land or an interest in land by a Native corporation, as that term is defined in 43 U.S.C. 1602, to the United States if the conveyance of the land or the interest by the Native corporation is made for cash or credit."

JBC:pl  
92-196.plm

# Calista Corporation

501 W. 5th Avenue, Suite 200, Anchorage, Alaska 99501-2225 • (907) 278-5518 • FACSIMILE (907) 272-5060

March 20, 1992

Representative Ivan M. Ivan  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

Dear Representative Ivan:

Thank you for your prompt response concerning our questions on HB 522's affect on ANCSA land issues.

There apparently is some confusion, however, in the third question we posed to you. The response you received from the Legislative Counsel, dated March 17, answered the question dealing solely with land exchanges. This addresses only half of our concerns.

Section 22(f) of ANCSA provides specific authority to the Secretary of Interior to engage in land exchanges with ANCSA corporations. This form of acquisition has fallen out of public and, apparently congressional favor. Use of exchanges has become the exception rather than the rule for federal acquisitions. Public and congressional debate has focused on cash acquisitions of ANCSA lands of high public interest. Due to the scarcity of public funds available for this purpose, in Alaska, much additional consideration has been given to the concept of exchanging ANCSA lands for "chits" that can be used as script to purchase surplus federal assets.

I believe public acquisitions of ANCSA lands either by cash purchase or "chit" packages would be subject to the 1% excise tax imposed by HB 522. Most ANCSA corporations would generally prefer land exchanges as the most desirable method of public interest acquisitions. Some corporations statewide, including Calista and several of its village corporations, have opted to participate in cash or "chit" package acquisitions.

An excise tax would reduce the benefits to ANCSA corporations involved in these transactions. Since these seem to be the preferred acquisition methods at this time, it may have a chilling effect on public acquisitions of lands with high public value. Many acres of ANCSA lands have such values to the public.

More important to us, however, is the reduction in benefits the ANCSA corporations receive as a result of the tax. Many ANCSA corporations are only

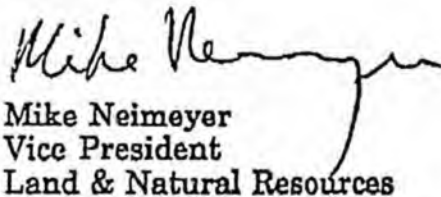
Representative Ivan M. Ivan  
March 20, 1992  
Page two

hanging on by a thread. Several are even in bankruptcy court. One to two percent of a sale could mean a great deal to these corporations survival.

Like any other business in the state, ANCSA corporations are currently faced with poor economic conditions. Unlike many other businesses in Alaska, however, ANCSA corporations operate in bush Alaska where the economy is always poor. This state must do something to help stimulate the sagging economy of the rural areas. It should not be placing additional roadblocks like this excise tax in rural Alaska.

As you can see, the opinion from the Legislative Counsel did identify and resolve some potential problems that HB 522 may pose for ANCSA corporations. It failed, however, to address the preferred alternatives currently being used to address land status and acquisition problems associated with ANSCA lands. I believe HB 522 would provide a chilling effect on land acquisitions that are in the public interest, as well as, place unacceptable burdens on many ANCSA corporations that already face enormous pressures and burdens associated with operating in rural Alaska.

Sincerely,



Mike Neimeyer  
Vice President  
Land & Natural Resources

lj

# STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

## DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

### MUNICIPAL & REGIONAL ASSISTANCE DIVISION

- |  |   |   |   |
|--|---|---|---|
| <input type="checkbox"/> 333 W. 4TH AVENUE, SUITE 220<br>ANCHORAGE, ALASKA 99501-2341<br>PHONE: (907) 269-4500 | <input type="checkbox"/> P.O. BOX 348<br>BETHEL, ALASKA 99559-0348<br>PHONE: (907) 543-3475     | <input type="checkbox"/> P.O. BOX 295<br>DILLINGHAM, ALASKA 99576-0295<br>PHONE: (907) 842-5135 | <input type="checkbox"/> 1001 NOBLE ST., SUITE 430<br>FAIRBANKS, ALASKA 99701-4948<br>PHONE: (907) 452-7128 |
| <input type="checkbox"/> P.O. BOX 112100<br>JUNEAU, ALASKA 99811-2100<br>PHONE: (907) 465-4750                 | <input type="checkbox"/> 710 MILL BAY RD.<br>KODIAK, ALASKA 99615-6340<br>PHONE: (907) 486-5735 | <input type="checkbox"/> P.O. BOX 350<br>KOTZEBUE, ALASKA 99752-0350<br>PHONE: (907) 442-3695   | <input type="checkbox"/> P.O. BOX 41<br>NOME, ALASKA 99762-0041<br>PHONE: (907) 443-5457                    |

April 3, 1992

The Honorable Niilo Koponen  
House of Representatives  
Room 503  
State Capitol  
Juneau, AK 99801-1182

COMMISSIONER'S OFFICE  
JUNEAU

APR 07 1992

DEPARTMENT OF  
NATURAL RESOURCES

RE: HB 522

Dear Representative Koponen:

You have asked us, in connection with your bill HB 522, to try to estimate the revenue that would be generated if a 1% real estate conveyance tax is instituted by the state. As you know, there is now no reliable source of information on the sales price on all real estate conveyances in the state. Nevertheless, the State Assessor has attempted to make an estimate as you requested. Please bear in mind, however, that the estimate is very rough.

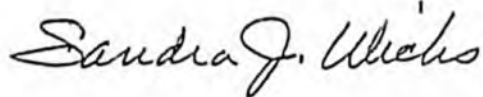
The State Assessor discussed your request with the Anchorage Municipal Assessor who estimated the real estate sold within the Municipality of Anchorage last year to have had an approximate value of \$500,000,000. We have no way of knowing how those sales compare with sales state-wide, but if we assume that sales in Anchorage constituted one-half of the state-wide sales, then the total value of real estate sales for the state last year was approximately \$1,000,000,000.

House Bill 522 levies a 1% real estate conveyance tax on the selling price of real property. One percent of \$1,000,000,000 is \$10,000,000. The bill provides for recapture of costs of collection by the state and then a 50/50 split of net revenue between the state and the municipalities in which the sales occurred. The estimated costs of collection by the Department of Natural Resources, apart from any necessary appraisal costs, are approximately \$300,000. After deduction of those costs, based on total revenue of \$10,000,000, the state would receive \$4,850,000 and the other \$4,850,000 would be split among the municipalities.

Rep. Koponen -  
April 3, 1992  
Page 2

This is a very rough estimate, as stated above. Please do not rely on it for any degree of accuracy, but it does serve to illustrate how the bill would generate revenue for the state and local governments.

Sincerely,

A handwritten signature in cursive script that reads "Sandra J. Wicks".


Sandra J. Wicks  
Deputy Director



April 7, 1992

MEMORANDUM

TO: Representative Jerry Mackie, Chair,  
and  
Members, House Committee on Community and Regional Affairs

FROM: Scott A. Burgess, Executive Director 

RE: HB 522 - Imposing a real estate conveyance tax; providing for sharing with municipalities; authorizing certain municipalities to levy and collect a real estate conveyance tax; amending the requisites of recording a conveyance

Following my testimony before the Committee on March 31, 1992, I want to clarify the position of the Alaska Municipal League on HB 522. The Alaska Municipal League supports HB 522, which would authorize the imposition of a state-collected real estate conveyance tax, to the degree that 1) half of which would be shared with municipalities and 2) it could provide a mechanism to make data on real estate selling prices available to municipal tax assessors. The AML believes all municipalities have the ability to impose such a tax locally and, therefore, believes the references in the bill are at best unnecessary and, worse, could be restrictive. The AML does not have a position, positive or negative, on whether the state should impose a real estate conveyance tax.

The 1992 *Alaska Municipal League Policy Statement* includes the following statement: "The League urges the Alaska Legislature to enact legislation requiring that real property transaction values be reported and these reports be shared with the appropriate municipalities" (Part I, D.7). Alaska is one of only fourteen states in the nation that do not require recording of real property transaction values. Lack of market data has been linked to failures of financial institutions nationwide, and many feel Alaska should require recording for the benefit of municipalities and the banking and real estate communities. Since municipalities are required to base local property taxes on full and true value, it is equally important that any data collected on real estate transactions be made available to municipalities if uniformity and equity in assessment are to be maintained. An amendment to HB 522 to require that sales price data be made available to municipalities is requested.

Under the provisions of HB 522, one-half of the revenue received by the state from the real estate conveyance tax (net of the costs of collecting it) would be paid to municipalities, thus providing an additional source of revenue to support governmental services. The bill also provides that a unified municipality or a first or second class borough could impose an additional real estate conveyance tax. Unified municipalities would be limited to a tax of not more than 1 percent of the selling price. However, by limiting the authority to impose a real estate conveyance tax to unified municipalities and first and second class boroughs and by imposing a maximum tax of 1 percent, the bill limits the taxation power and

House CRA Committee - HB 522

April 7, 1992

Page 2

authority of municipalities. The League is concerned about "clarifying" existing powers of municipalities and how that might affect the courts' interpretation of Alaska's broad grant of powers to municipal governments. We believe this language can and should be deleted.

The League supports HB 522 to the degree it could provide a mechanism to provide useful information to local governments. If the Committee approves of legislation to enable the state to impose a real estate conveyance tax as a mechanism to finance public services in light of declining oil revenues, the AML would support sharing that revenue with municipalities. The League requests amendments to 1) specifically require reporting of real property transaction values to the municipality in which the property is located and 2) to delete the language "clarifying" a municipality's power to impose a similar tax as unnecessary. Thank you.

cc: Representative Niilo Koponen

C92test:HB522mem.407



217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel (907) 586-1325, Fax (907) 463-5480

March 30, 1992

**TO:** Representative Jerry Mackie, Chair,  
and  
Members, House Committee on Community and Regional Affairs

**FROM:** Scott A. Burgess, Executive Director

**RE:** HB 522 - Imposing a real estate conveyance tax; providing for sharing with municipalities; authorizing certain municipalities to levy and collect a real estate conveyance tax; amending the requisites of recording a conveyance

The Alaska Municipal League supports the concept of HB 522, which would authorize the imposition of a state-collected real estate conveyance tax, half of which would be shared with municipalities. Not only would such a tax provide additional revenue to Alaska's municipalities through the sharing mechanism and by specifying that certain types of municipalities could impose a local real estate conveyance tax, it could also make data on real estate selling prices available to municipal tax assessors, thus enabling them to do their jobs better, more equitably, and more accurately. An amendment to HB 522 to require that sales price data be made available to municipalities is requested. Banks and other lending institutions would also benefit from information on real estate values based on actual sales.

The 1992 Alaska Municipal League Policy Statement includes the following statement: "The League urges the Alaska Legislature to enact legislation requiring that real property transaction values be reported and these reports be shared with the appropriate municipalities" (Part I, D.7). Alaska is one of only fourteen states in the nation that do not require recording of real property transaction values. Lack of market data has been linked to failures of financial institutions nationwide, and many feel Alaska should require recording for the benefit of the banking and real estate communities. Since municipalities are required to base local property taxes on full and true value, it is equally important that any data collected on real estate transactions be made available to municipalities if uniformity and equity in assessment are to be maintained.

Under the provisions of HB 522, one-half of the revenue received by the state from the real estate conveyance tax (net of the costs of collecting it) would be paid to municipalities, thus providing an additional source of revenue to support governmental services. The bill also provides that a unified municipality or a first or second class borough could impose an additional real estate conveyance tax. Unified municipalities would be limited to a tax of not more than 1 percent of the selling price. However, by limiting the authority to impose a real estate conveyance tax to unified municipalities and first and second class boroughs and by imposing a maximum tax of 1 percent, the bill limits the taxation power and authority of municipalities. The League is concerned about "clarifying" existing powers of municipalities and how that might affect the courts' interpretation of Alaska's broad grant of powers to municipal governments.

The League supports the concept of HB 522 because it could provide both additional revenue and additional information to local governments. The League requests an amendment specifically requiring reporting of real property transaction values to the municipalities in which the transaction took place.

C92test:HB522mem.330



REALTOR®

ALASKA ASSOCIATION OF REALTORS, INC.†

741 Sesame Street, Suite 100 • Anchorage, Alaska 99503  
Telephone 907-563-7133

April 3, 1992

Representative David Finkelstein, Chairman  
House Labor and Commerce Committee  
Room 17, Capitol  
P.O. Box V  
Juneau, AK. 99811

Dear Representative Finkelstein:

I am writing on behalf of the Alaska Association of REALTORS® concerning H.B. 522, the Real Estate Conveyance Tax bill. The Association, by an action of the Board of Directors, is opposing passage of H.B. 522.

To impose a conveyance tax for the transfer of real property in a barely recovering real estate market does nothing but hamper that recovery. Many Alaskan homeowners are still saddled with a negative home equity, making it difficult to sell, if not impossible.

In addition, although H.B. 522 provides only for a 1% tax, historically opening the door on this type of tax is just the beginning! Several other states, such as Connecticut, have seen the reconveyance tax rise from 1% to 7% or 8%. (Or in real dollar terms, from \$ 700 on a \$100,000 home sale to \$7,000 or \$8,000 on a \$100,000 sale.)

The State of Alaska has made a commitment to safe, affordable housing for all its citizens; the Association requests reconsideration of H.B. 522 in light of its effect on that goal and the ultimate results.

Sincerely,

Dale Price  
President

cc: AAR Board of Directors





ALASKA ASSOCIATION OF REALTORS, INC!  
741 Sesame Street, Suite 100 • Anchorage, Alaska 99503  
Telephone 907-563-7133

March 18, 1992

Representative Niilo Koponen  
Room 503, Capitol  
P.O. Box V  
Juneau, AK. 99811

Dear Sir,

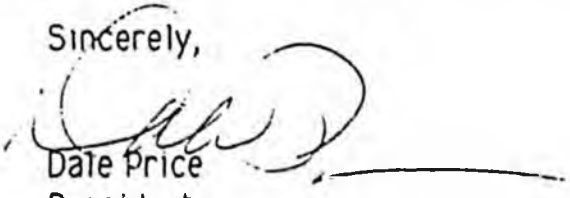
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In addition, although H.B. 522 provides only for a 1% tax, historically opening the door on this type of tax is just the beginning! Several other states, such as Connecticut, have seen the reconveyance tax rise from 1% to 7% or 8%. (Or in real dollar terms, from \$1,000 on a \$100,000 home sale to \$7,000 or \$8,000 on a \$100,000 sale.)

The State of Alaska has made a commitment to safe, affordable housing for all its citizens; the Association requests reconsideration of H.B. 522 in light of its effect on that goal and the ultimate results.

Sincerely,

  
Dale Price  
President

cc: AAR Board of Directors  
CRA Committee





**DON BRENDGARD**  
CRB, ASSOCIATE BROKER

3/5/92

Representative Jerry Mackie  
Alaska State Legislature  
State Capitol Room #110-C  
Juneau, AK 99801-1182

Dear Representative Mackie,

I am writing to express my objection to HB #522, a bill to allow the imposition of a real estate conveyance tax.

This bill will have an impact on the buyers of real estate in the state of Alaska that will be very negative to the economy. On a home valued at only \$100,000 it could have the affect of adding an extra \$2,000.00 in closing costs and there by eliminate a large group of people from buying homes. I think this is counter productive to getting the state into a healthy economy.

The thing to do, instead of raising taxes like this bill would do, would be to broader the tax base by encouraging people to buy homes, not hinder them from buying.

I feel very strongly we as a state must reduce our spending, not raise more taxes.

Sincerely,

A handwritten signature in cursive script, appearing to read "Don".

Don Brendgard

3230 "C" Street #102  
Anchorage, AK 99503  
FAX (907) 273-2473

**HERITAGE**  
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710 Third Avenue, Fairbanks, Alaska 99701 TELEPHONE (907) 451-1090

February 28, 1992

Jerry Mackie  
Ch:Community and Regional Affairs  
Room 124 Capital Building  
Juneau, AK 99801-1182

Dear Honorable Jerry Mackie,

In regards to HB 522;

I am in favor in the passage of this bill. It should come as no surprise to any of your constituents that the North Slope Gravy Train is nearing its economic life span. After examining the bill in its present form it would appear that Municipalities with no tax base except for real property belonging to native corporations could at least potentially participate in paying for their share of education and other essential services now provided at no cost.

Full disclosure and a public record of the sales price would be a tremendous value to the Fairbanks North Star Borough for purposes of accurate property tax assessment. It would also assist appraisers, real estate salespersons, and lenders in determining fair market value for real property.

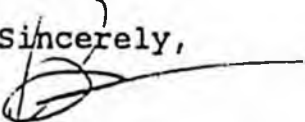
I suggest that there be an exemption for single family houses and duplexes. rather than pick a dollar number out of the air I recommend using the Acquisition cost limits that Alaska Housing Finance uses for their Tax-exempt financing program as the amounts of the exemption.

Single family - new	\$146,610
Single family - existing	\$93,780
Duplex - existing	\$105,596

These limits are increased from time to time to inflation proof the program. An amendment using these limits as the exemption amount would help to mollify expected howls of protest from the real estate community as well as not making it difficult for a home-buyer to purchase a modestly priced home.

Please distribute copies of this letter to your committee members

Sincerely,

  
Karl Schroeder  
Sales Associate

February 28, 1992

David Finkelstein  
Ch:Labor and Commerce Committee  
Room 17 Capital Building  
Juneau, AK 99801-1182

Dear Honorabel David Finkelstein,

In regards to HB 522;

I am in favor in the passage of this bill. It should come as no surprise to any of your constituents that the North Slope Gravy Train is nearing its economic life span. After examining the bill in its present form it would appear that Municipalities with no tax base except for real property belonging to native corporations could at least potentially participate in paying for their share of education and other essential services now provided at no cost.

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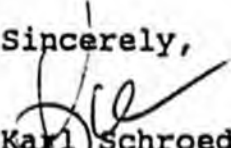
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 Please distribute copies of this letter to your committee members

Sincerely,

  
Karl Schroeder  
Sales Associate

# **NFIB** Alaska

National Federation of  
Independent Business

POSITION PAPER

OF

NATIONAL FEDERATION OF INDEPENDENT BUSINESS  
(NFIB/ALASKA)

ON

**TAXES**

HB 522 - REAL ESTATE CONVEYANCE TAX.

HB 523 - CONVERTING THE BUSINESS LICENSE FEE TO A GROSS  
BUSINESS LICENSE TAX.

HB 524 - A TAX ON TRANSFERS OF LIMITED ENTRY PERMITS.

HB 525 - PERSONAL INCOME TAX.

State Office  
9159 Skywood Lane  
Juneau, AK 99801  
(907) 789-4278



The Guardian of  
Small Business

CHAIRMAN, MEMBERS OF THE COMMITTEE, MY NAME IS RESA JERREL, AND I AM THE STATE DIRECTOR FOR NATIONAL FEDERATION OF INDEPENDENT BUSINESS - NFIB/ALASKA.

NFIB/ALASKA IS COMPRISED OF 5,292 SMALL AND INDEPENDENT BUSINESS OWNERS. THE LEGISLATIVE AGENDA OF NFIB/ALASKA IS DETERMINED BY OUR BALLOT. THE BALLOT IS OUR ANNUAL POLL OF OUR MEMBERS ON A SERIES OF ISSUES DEEMED CRITICAL TO SMALL BUSINESS. A MAJORITY VOTE, OF THE MEMBERS IN RESPONSE TO THE POLL, SETS OUR POLICY AND POSITION ON LEGISLATIVE ISSUES. WE THEN SHARE THE RESULTS OF OUR POLL WITH THE LEGISLATURE AND ADMINISTRATION. THERE IS NOT ENOUGH SPACE ON THE ANNUAL POLL TO PLACE EVERY POSSIBLE ISSUE BEFORE OUR MEMBERS. THEREFORE, WE ALSO USE THE PREVIOUS YEARS BALLOT RESULTS AS GUIDANCE ON ISSUES.

ON THE 1986 STATE BALLOT THE MEMBERS OVERWHELMINGLY VOTED, (96%) TO REDUCE STATE GOVERNMENT BEFORE INCREASING PRESENT TAXES OR IMPOSING NEW TAXES.

ALSO, IN 1990 THE MEMBERS VOTED CLEARLY TO REJECT, (80%) THE REINSTATEMENT OF THE STATE PERSONAL INCOME TAX.

ADDITIONALLY, ATTACHED ARE THE RESULTS OF SEVERAL BALLOT QUESTIONS REGARDING GOVERNMENT COMPETITION.

NFIB/ALASKA OPPOSES HB 522, HB 523, HB 524 AND HB 525 BECAUSE THE STATE BUDGET NEEDS TO BE CUT BEFORE IMPOSING NEW TAXES. IF YOU SINCERELY WANT TO CUT THE BUDGET THEN PROHIBIT OR REDUCE THE COMMERCIAL ACTIVITIES OPERATED BY STATE AND LOCAL AGENCIES. SMALL BUSINESSES IN ALASKA FACE COMPETITION FROM STATE AND LOCAL GOVERNMENT AGENCIES IN A WIDE VARIETY OF COMMERCIAL ACTIVITIES. THE MANY SMALL BUSINESSES FACING GOVERNMENT COMPETITION ARE:

- PRINTING FIRMS
- GIFT SHOPS
- VIDEOTAPE OUTLETS
- DAY-CARE CENTERS
- SERVICE STATIONS
- LANDSCAPING
- ROAD REPAIR AND MAINTENANCE
- LABORATORIES
- MEDICAL CARE PROVIDERS
- PHARMACIES
- ARCHITECTURE AND ENGINEERING FIRMS
- OFFICE FURNITURE
- AUTO BODY REPAIR

GETTING GOVERNMENT OUT OF BUSINESS WOULD GO A LONG WAY TO BRINGING THE SIZE AND COST OF STATE AND LOCAL GOVERNMENT DOWN TO REASONABLE AND AFFORDABLE LEVELS - WITHOUT RAISING TAXES OR IMPOSING NEW TAXES.

NFIB/ALASKA THANKS YOU FOR THE OPPORTUNITY TO COMMENT ON THIS LEGISLATION. IF YOU HAVE ANY QUESTIONS I WOULD BE HAPPY TO TRY AND ANSWER THEM.

ATTACHMENT

The following is the result of the 1988 NFIB/Alaska ballot question regarding unfair competition:

Should legislation be enacted to restrict the commercial activities of government entities so they are not permitted to compete with existing private enterprises?

Yes 78%

No 12%

Undecided 10%

The following is the result of the 1990 NFIB/Alaska ballot question regarding government competition:

Should legislation be passed that would restrict government agencies from competing with private business in Alaska?

Yes 83%

No 6%

Undecided 11%

More recently, the following is the result of the 1991 NFIB/Alaska ballot question on this issue:

Should the legislature establish a Private Enterprise Preservation Task force in order to study and recommend legislation to limit competition with private business by state and local government?

Yes 67%

No 23.1%

Undecided 9.9%

Penny N. Pefanis CRB, CPM.

April 15, 1992.

To: David Tinklatins, Chairman  
Labor & Commerce Committee  
Re: House Bill 523.

A transfer tax on the sale of real property will create an additional burden on Alaska's property owners (Alaska's most stable citizens). Most owners are still in a negative equity position therefore find it difficult to upgrade or sell.

At this time, we need to stabilize the economy. This can not be done with additional taxes on property owners. If your Committee would research the spin off on some sale tax on the economy of a community you would reconsider

MEMO

Penny N. Pefanis CRB, CPM.

this bill. If you need to pass this bill, exempt personal residences and tax only the profit on owner makes — the difference between the purchase price and the sales price, and only on investment property. Even, this tax would be a detriment to the economy.

If you must raise additional revenues why not tax everyone not just property owners, or better still create an atmosphere where business and industry would benefit from operating in Alaska. Consider the spin off of the business' offered and the spin off that benefits the community from each real estate sale. — Sincerely

Copied to: Committee Member  
A. Downman, Clerk

Penny Pefanis

11 April 1992  
3501 E Parks Hwy Wasilla  
99654

Mr. ...  
Menard

- Rep Carney
- Larson
- Finklestein
- Parnel
- Bruckman
- Donley
- Ivan
- Taylor
- Zawacki



Dear Legislators;

Please do everything you can to stop HB 522 - This calls for an unfair tax which will cause hardship on buyers and sellers alike. The Real Estate market in Alaska is still a long way from recovery. This HB 522 will have an adverse effect upon any recovery, will slow development and discourage investment. HB 522 will cause too large an increase in the cost of doing Real Estate business in Alaska. This is not a good time to throw roadblocks in the way of the economy.

While it may be important to you all to find money sources, It is most vital to keep the economy moving upward.

CUT COSTS, DO SOMETHING ABOUT RESOURCE DEVELOPEMENT, Get serious about the encouragement of Business and Industry then taxes will come, THERE IS NO VIABLE TAX BASE OUT THERE!

Sincerely,  
*Harold S. Newcomb*  
Harold S. Newcomb  
Real Estate Broker

PHONE 907 376 5346



JOE SHAW  
REALTY

9310 GLACIER HIGHWAY  
JUNEAU, AK 99801  
BUS (907) 789-0555  
FAX (907) 789-8400

April 9, 1992

Alaska State Legislature  
House Labor and Commerce Committee  
Pouch V  
Juneau, Ak 99811

Dear Committee Members:

I am very concerned over the recent introduction of HB 523 and HB 522.


This type of revenue generation is regressive in nature and certainly not conducive to promoting a more positive economic climate in Alaska at this time.

HB 523 would be extremely regressive for a Real Estate Business that deals with high gross receipts, but considerably smaller net receipts. HB 522 is self explanatory, if you limit Real Property sales through taxation, you effectively hurt the economy, "as the construction trades go so goes the economy".

I heartily encourage your assistance in Killing both these measures at the earliest possible time, and although I recognize this is an election year, I would appreciate your sincerest efforts to cut spending, as the most positive and logical option to declining revenues.

Thank you for your anticipated cooperation. Please keep me posted regarding any future developments.

Sincerely,

  
Richard W. Winchell, GRI  
Owner/Broker

H B

5 2 3

Alaska State Capitol  
Juneau, AK 99801-1182  
XXXXXXXXXXXXXXXXXXXX  
Juneau, Alaska 99801  
(907) 465-4992

Alaska State Legislature  
Representative Niilo Koponen  
House District 21

119 N. Cushman, Suite 207  
Fairbanks, Alaska 99701  
(907) 456-8172

SPONSOR STATEMENT

House Bill 523

"An Act converting the business license fee to a business license tax; adding, as an element of that tax, computation of the tax based on the taxpayer's gross receipts; and transferring administration of the levy to the Department of Revenue; and providing for an effective date."

Whether or not the Alaska Legislature reduces the state operating budget for the coming fiscal year, Alaskans will face the continuing dilemma resulting from declining oil revenues coupled with stable or increasing demands for government services. We must consider new measures to accrue revenue to the state, including taxes. Taxes should be simple, fair, stable from year to year and relatively inexpensive to administer. It is desirable to implement an array of broad-based taxes set at low rates rather than to unduly burden any particular class of taxpayers.

From 1984 to 1990, Alaska experienced a 51% increase in local government tax rates as a percentage of personal income -- from \$3.49 per \$100.00 of resident income to \$5.28 per \$100.00 -- due to reductions in state support resulting from budget cuts. Thus, Alaska jumped from 22nd to 4th in the nation in local government tax rates. In 1990, property taxes constituted 86.1% of all local taxes, with sales taxes comprising 12.7% and others (fish, personal property, etc.) making up the remaining 1.2%. Clearly, property owners are being asked to shoulder an increasingly unfair portion of the statewide tax burden.

HB 523 reinstates the principal source of state-collected shared revenue supporting municipalities -- large sums of oil money flowed through Alaska. This is essentially a sales tax, but without the accounting and collection burdens of tracking extra pennies and nickels on every transaction. Seventy percent of revenues collected (less the cost to collect them) would be divided among affected municipalities or, for money collected in the unorganized borough, deposited to a "rural services account" within the State general fund.

JERRY McCUTCHEON

121 W. 11th Avenue, Anchorage, Alaska 99501

April 14, 1992

Via Fax: 263-9050Dennis Fradley  
Anchorage Times

Dear Editor:

*Times* editorial April 14th, 1992. Jeopardizing Port Plans. "SHAME ON THE individuals holding hostage last year's \$5.5 million State appropriation to start the development of the Ship Creek Waterfront project."

Well SHAME ON Dennis Fradley and *The Anchorage Times* for trying to stampede Boobus Alaskanus into supporting flaky Lo Patin plans for the development of the railroad yards. The *Times* published a color picture of Lo Patin's plan, *The Times* was so observant that *The Times* didn't notice that the main line of the railroad was missing and didn't care nor were they even curious as to why after it was pointed out to *The Times*. Like the Emperor's new clothes?

On what were *The Times* and the railroad contemplating--hiring 10,000 Chinese coolies to carry Healey River coal from wherever Lo Patin terminated the main line to wherever the main line starts again? Or maybe the ARR goes the way of the emperor's clothes.

*The Times* attributed the withholding of the funds to some paranoid plot on the part of unnamed Legislators and Assembly members as if there was some kind of conspiracy rather than stating that the railroad was to have had a plan and doesn't. The ARR failed to meet the conditions of the \$5.5 million. Why buy a pig in a poke. ARR is now being audited to find out where the equipment and supplies went. For how much? Did they ever collect? How did the ARR run up so much debt? How did the \$9 million plus \$1 million for interest for the coal train become operating capital? If the Wishbone Hill coal mine were to open the ARR would have to borrow money to buy the coal train for which the legislature has already paid cash in advance.

Since *The Times* likes conspiracies, how about this. *The Times* acting for Veco (*Times* owner) who is acting for Veco's employers (oil companies) who are trying to destroy the ARR in hopes that the collapse of the ARR would destroy Alaskan's belief that they are capable of handling their own affairs, thus Alaskan's should really give Alaska over to the oil companies to run for Alaskans.

If *The Times* is really so enamored by the ARR management, publish the 1989, 1990, 1991, and the January, February, and March of 1992 financial statements of the Alaska Railroad and we can all see why the Alaska Railroad is now being audited.

Put up or shut up. And do try to publish the letter in a timely manner. After all you received it on April 14th.

Sincerely,

Jerry McCutcheon

Post-It™ brand fax transmittal memo 7571		# of pages	1
To	Rep. D. Furukawa	From	Howe May
Co.	4/15/92	Co.	
Dept.		Phone #	
Fax #	465-2442	Fax #	561-1691

MICHAEL K. SNOWDEN, PRESIDENT



F.O. Box 178  
SITKA, ALASKA 99830  
PHONE (907) 747-3278

GENERAL HAULING

LOCAL & LONG DISTANCE MOVING

FUEL OILS

PROPANE GAS

WHOLESALE BEER

April 15, 1992

David Finkelstein, Chairman  
Pat Parnell, Vice Chairman  
House Labor & Commerce

This letter is in reference to the special report regarding the 1% gross receipts tax (House Bill #523).

We strongly oppose this tax because ultimately it will end up being the consumer that pays this tax, which in turn will leave less money for them to put into the local economy.

Sincerely,

*Michael K. Snowden*

Michael K. Snowden, President  
Service Transfer, Inc.

April 13, 1992

Labor and Commerce Committee

Members: Reps. Chairman David Finkelstein, Vice-Chairman Pat Parnell, Betty Bruckman, Dave Donley, Ivan Ivan, Robin Taylor, and Jim Zawacki.

Dear Labor and Commerce Committee Members:

Please do not support House Bills 523 and 525 which increase taxes at a time when Alaska's economy is tenuous at best. A tax of these kinds will do nothing but crush the fragile recovery of current business owners and create additional dis-incentives for any new businesses considering Alaska as a place to do business.

Much more can be done to reduce State Government size, waste, and competition with the private sector before any new taxes are needed.

Again, please do not support House Bills 523 and 525.

Sincerely,

  
Eric F. Bjella  
Constituent

Post-It™ brand fax transmittal memo 7871		# of pages > 1
To Labor + Commerce	From Eric Bjella	
Co. Committee.	Co. FIRST BANK	
Dist. Members	Phone # 586-8001	
FAX # 465-2287	FAX # 586-8004	

# SPACE STATION FAMILY FUN CENTER

FAX TRANSMITTAL COVER

Company Name: House Labor & Commerce Committee

Contact Name: \_\_\_\_\_ Fax Number: 465-3442

Sender: Pam Iverson, Mgr / Owner

Description: I am completely opposed  
to HB 523 which in effect  
will eliminate all business  
in this state and HB  
525 which is totally out  
of the question - You must  
put the Budget and  
fat out before you impose  
new taxes. Thank you.

Number of pages: 1 Date Sent: 4-14-92 Time Sent: 10 AM

If there any problems with this transmission, please call:

at (907) 277-4027 immediately.

April 13, 1992

Labor and Commerce Committee

Members: Reps. Chairman David Finkelstein, Vice-Chairman Pat Parnell, Betty Bruckman, Dave Donley, Ivan Ivan, Rbin Taylor, and Jim Zawacki.

Dear Labor and Commerce Committee Members:

Please do not support House Bills 523 and 525 which increase taxes at a time when Alaska's economy is tenuous at best. A tax of these kinds will do nothing but crush the fragile recovery of current business owners and create additional dis-incentives for any new businesses considering Alaska as a place to do business.

Much more can be done to reduce State Government size, waste, and competition with the private sector before any new taxes are needed.

Again, please do not support House Bills 523 and 525.

Sincerely,

  
Eric F. Bjella  
Constituent

Post-It™ brand fax transmittal memo 7671 # of pages = 1

To Labor + Commerce	From Eric Bjella
Co. Committee.	Co. FIRST BANK
Dept. members	Phone # 586-8001
Fax # 465-2287	Fax # 586-8004

REP. CHAIRMAN DAVID FINKELSTEIN

PLEASE OPPOSE HB 523 AS INTRODUCED  
BY NILO KORONEN. THIS 1% GROSS RECEIPTS  
TAX IS ANOTHER TAX THAT IS NOT NEEDED.  
LETS GET TOGETHER + COME UP WITH AN  
INCENTIVE PROGRAM FOR BUSINESSES, NOT  
THIS OVERNS ONE.

Steve Brenne

BX. 3032

Sitka, ak 99835

TO CATHERINE - FX. 465-3442



FRIENDS OF THE SHELDON JACKSON MUSEUM  
104 COLLEGE DRIVE SITKA ALASKA 99835 907 747 8981

The Friends of the Sheldon Jackson Museum urge you to oppose  
HB 523!!!!!! Please help organizations such as ours survive!!!!

Thank you.

Anne Stone, Shop Manager  
Friends of the Sheldon Jackson Museum  
104 College Drive  
Sitka, AK 99835

(907) 747-6233

*Anne Stone*  
*April 5, 1992*

# Automatic Welding & Supply Corporation

4038 HAMMART DRIVE  
ANCHORAGE, ALASKA 99508  
PHONE: 272-2457

Telephone: 907-272-2457

Facsimile: 907-277-3919

Urgent

DATE: 4-15-92

TO: Dave Finkelstein  
Chairman - House Labor  
465-3442

FROM: Uern ChristensenNUMBER OF PAGES (INCLUDING THIS COVER SHEET): 1

PLEASE CHECK THE NUMBER OF PAGES RECEIVED. IF YOU HAVE ANY PROBLEMS RECEIVING THIS COMMUNICATION.

CONTACT: \_\_\_\_\_

AT 907-272-2457

MESSAGE:

I strongly urge you to vote NO  
on HR 523 scheduled for teleconference

at 1:00 PM today. We have been operating  
in the red the last few years & bills  
like this will push us to bankruptcy.

\* Also, let's take a strong look at our  
Workmen's Comp. program. We have seen rates  
triple in 3 yrs. time (with no claims).

\* I believe it is time to cut wasteful  
government spending & reinstate the state  
income tax to catch all of our labor force  
including transient workers.



10002 Glacier Hwy., Suite 102, Juneau, Alaska 99801

TEL: (907) 789-5655

FAX: (907) 789-5622

April 15, 1992

TO:

Rep. Fran Ulmer  
Rep. Bill Hudson  
Rep. Finkelstein  
Rep. Parnell  
Rep. Bruckman  
Rep. Donley  
Rep. Ivan  
Rep. Taylor  
Rep. Zawacki

RE: HOUSE BILL 523 -- STATE BUSINESS TAX

THIS IS THE MOST COUNTER-PRODUCTIVE, REPRESSIVE MEASURE IMAGINABLE.

PLEASE VOTE AGAINST THIS BUSINESS-BASHING IDIOCY.

Thank you.

A handwritten signature in black ink, appearing to read "Gene Whiting". The signature is fluid and cursive, written in a dark ink on a white background.

Gene Whiting, Broker  
Whiting Realty

# NFIB Alaska

National Federation of  
Independent Business

TO: Catherine Reardon  
House Labor & Commerce Committee

DATE: 3/20/92

FAX: 465-3442

FROM: Resa Jerrel *Resal*  
State Director

RE: HB 523

The following is the result of a question we polled our members on in 1986:

Should spending levels of state government be reduced before increasing present taxes or imposition of new taxes?

96% Yes      3% No      1% Undecided

A similar question was asked in 1990:

Should legislation be enacted to reinstate the state personal income tax that the legislature repealed in 1980?

15% Yes      80% No      5% Undecided

State Office  
9159 Skywood Lane  
Juneau, AK 99801  
(907) 789-4278



The Guardian of  
Small Business

*Kenneth M. Cameron, D.M.D.*

423 HALIBUT POINT ROAD

SITKA, ALASKA 99830

TELEPHONE 747-6080

TELECOPIER INFORMATION SHEET

Date: 4.13.92

TELECOPY TO:

Name: Labour & Commerce Committee Company: State

Telecopy Number: \_\_\_\_\_ Sheets to Follow: None

FROM:

Name: K. Cameron

Kenneth M. Cameron, DMD

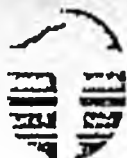
Our File No: HB 523

Telecopy Number (907) 747-3706  
Operator Number (907) 747-6050

Operator: \_\_\_\_\_

Message:

Strongly oppose HB 523.



# Denali Drilling

April 2, 1992

Labor & Commerce Committee

465-3442

Attn: David Finkelstein  
Pat Parnell  
Betty Bruckman  
David Donley  
Ivan Ivan

Robin Taylor  
Jim Zawacki

I just read about two bills, HB523 before the Labor and Commerce Committee, and HB 525 before the House State Affairs Committee.

If HB523 is passed, it would cause businesses to leave this state and banks to do their banking in another state. I for one would close my business as soon as possible, but, I only have 12-18 employees. I am sure that other businesses would do the same, creating higher unemployment than we have already. If anything, we need to reduce business tax to keep companies in Alaska and allow for new ones to start up.

Regarding HB525, Income Tax Bill, you have been told in 1990 by your voters, NO STATE PERSONAL INCOME TAX UNTIL YOU REDUCE STATE SPENDING. From 1985-1988, the private sector had to reduce wages 30%-40%, lost all health benefits, and retirements. The state took no cuts, their health benefits cost increased, and they didn't lose their retirement. Now they still want more money, more time off, etc. You have to quit worrying about votes and start cutting salaries, jobs, programs, etc.

I would be willing to pay taxes and we should have never stopped it, but first you have to reduce the state budget by a minimum of 20%. You can start by reducing overall employees by 10%. This would save 250 million dollars the first year.

We all have friends or relatives that work for the State. I know this would be hard, but it must be done. Start doing your jobs and face up to your responsibilities and reduce state spending.

Sincerely,

Hal Ingalls

# ALASKA TRAVEL AGENCY OWNERS ASSOCIATION

April 8, 1992

Representative, Nillo Koponen  
P.O. Box V  
Juneau, AK 99811

RE: HB 522

Dear Representative Koponen,

I ask you to reconsider the bill you have placed before the house, HB 522. To impose a 1% gross receipts tax on the travel agencies of this state will quite simply mean the loss of at least seventy five jobs held by Alaskans.

Travel agencies act as funnels for the air carriers. We collect a specified tariff and forward a fixed percentage to the Airline Reporting Corporation or International Air Transport Association Network. To impose a tax on the gross receipts is simply untenable.

The members of my organization are prepared to meet our obligations to the State of Alaska. We do insist that the method of imposing these obligations be fair and equitable.

Travel agencies were exempt under the previous gross receipts tax, repealed in 1978. In fact, we are not subject to sales tax on travel revenues because of the transient nature of our collection system.

Perhaps the agenda to impose new taxes could follow an effort to limit or even reduce State spending based on current revenues. If Alaska is going to survive after the collapse of our oil revenues a coalition of business and government will be necessary to maintain a stable economy. This end cannot be accomplished by hamstringing business at this juncture.

Your reconsideration of this bill will demonstrate a broader understanding of the economic climate of the Alaskan business community.

Sincerely yours,



R.G. Dick Deditus,  
PAC Chairman  
Alaska Travel Agency Owners Association

CC House Labor and Commerce Committee Members  
Finkelstein, Parnell, Bruckman, Donley,  
Ivan, Taylor, Zawacki  
ATAOA Membership/Newsletter

**DATELINE: REALITY  
TO: STATE LEGISLATURE**

HOW IS IT THAT THE LEGISLATURE CAN EVEN CONSIDER IMPOSING A PERSONAL INCOME TAX OR A GROSS RECEIPTS TAX (HB523 & HB525) WHEN WE ALREADY SPEND NEARLY \$6000 PER CAPITA ON STATE GOVERNMENT!!! (THATS 3 BILLION DIVIDED BY 500,000 PEOPLE)

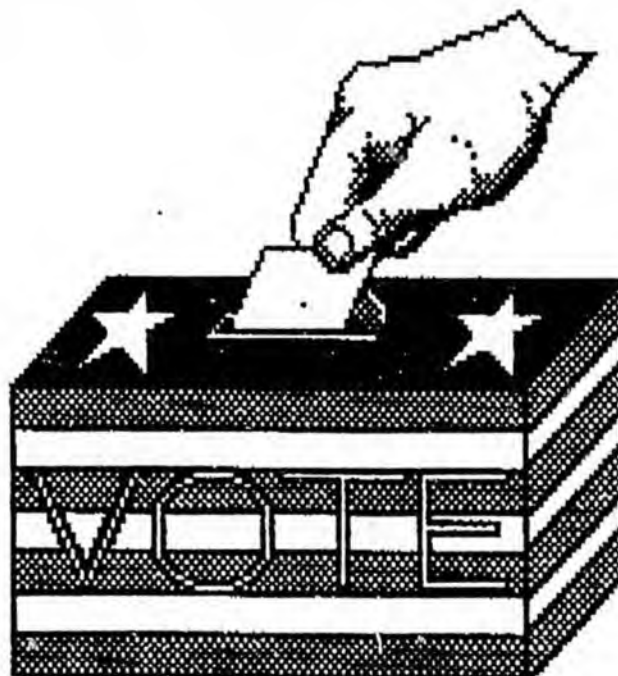
IT SEEMS THAT WHEN JOHN Q. PUBLIC COMPETES WITH ANY AND ALL SPECIAL INTEREST GROUPS, JOHN Q. PUBLIC LOSES. WHY MIGHT THAT BE? ARE YOU INCAPABLE OF SAYING NO, OR IS IT MORE SINISTER THAN THAT. I CURRENTLY PAY OVER \$12,000 IN PROPERTY TAXES AND RECIEVE VIRTUALLY NOTHING IN RETURN. THERE IS NO REASON TO BELIEVE THAT SENDING MONEY TO THE STATE WOULD BE ANY DIFFERENT.

IF YOU CANNOT FIND THE COURAGE TO CUT OR ELIMINATE PROGRAMS INDIVIDUALLY, JUST DO IT ACROSS THE BOARD BUT DO IT! LET US HEAR OF NO WHINING OUT. YOU WERE ELECTED TO MAKE THE TOUGH DECISIONS, SO DO IT! YOU WERE ELECTED TO REPRESENT ME, NOT EVERY GROUP THAT RAISES ENOUGH MONEY TO HIRE A LOBBYIST IN JUNEAU.

AS THE ANTI-DRUG CAMPAIGN SO APTLY PUTS IT, "JUST SAY NO".

IF THERE IS ANYONE IN NUDVILLE, ONE ATTABOY TO THE PERSON THAT FAXES BACK TO ME THE NAMES OF THE SPONSORS OF THESE TWO BILLS.

TIM AND HELEN CRAIG  
2503 SPRUCEWOOD  
ANCHORAGE, AK 99508  
MK FAX: 248-6976





\*\*\*\*\*  
 FAX TRANSMITTAL MEMO  
 TO: HOUSE LABOR/COMMERCE COMMITTEE  
 DEPT: CATHERINE FAX #: 465-3442  
 FROM: MIKE WHITE PHONE: 463-3285  
 CO: MCDONALD'S FAX #: 463-3299  
 Post-Net brand fax transmittal memo 7871

NO. OF PAGES
1

Post Office Box 32278  
Juneau, Alaska 99803

MARCH 28, 1991

TO: THE HOUSE LABOR AND COMMERCE COMMITTEE

- MR. DAVID FINKELSTEIN
- MS. PAT PARNELL
- MS. BETTY BRUCKMAN
- MR. DAVE DONLEY
- MR. IVAN IVAN
- MS. ROBIN TAYLOR
- MR. JIM ZAWACKI

RE: HB 523

ATTENTION: CATHERINE

I WOULD LIKE TO VOICE MY OPPOSITION TO THE ABOVE MENTIONED BILL. I DO NOT BELIEVE THAT A FLAT ONE PERCENT TAX ON GROSS RECEIPTS IS EQUITABLE DUE TO THE FACT THAT IT PAYS NO ATTENTION TO THE PROFITABILITY OF YOUR BUSINESS. THIS WOULD ALSO RESULT IN A HIGHER COST OF LIVING FOR THE LOCAL COMMUNITY DUE TO BUSINESSES PASSING ON HIGHER PRICES TO THE CUSTOMER, NOW IS NOT THE TIME TO GO INTO THE POCKETBOOKS OF THE PEOPLE OF JUNEAU.

PLEASE EXPRESS MY FIRM OPPOSITION TO HOUSE BILL 523!!!!!!!!!!

I AM SINCERELY,

MICHAEL A. WHITE  
OWNER/OPERATOR

Sound Development, Inc.

P O Box 1630

Cordova, AK 99574

Telephone 907 424-5860

FAX 907 424-5861

Destination: State Affairs Committee

Attention: \_\_\_\_\_ Date: \_\_\_\_\_ # of Pages \_\_\_\_\_

include this 1

Message:

Dear Sirs,

We are opposed to House bill 523 + 525.

We believe that the state budget needs  
to be reduce. Small businesses will be  
adversly effected by both of these  
bills.

HB 523 will effect both the company  
as a whole including the employees and  
HB 525 effects our employees.

Again we are opposed!

MARCH 28, 1992

TO: HOUSE LABOR AND COMMERCE COMMITTEE

FAX: 907-465-3442

I AM VEHEMENTLY OPPOSED TO BILL HB 523. A TAX ON A BUSINESS' GROSS RECEIPTS IS UNREALISTIC, UNFAIR AND TANTAMOUNT TO EXTORTION. GROSS INCOME DOES NOT NECESSARILY MEAN PROFIT - ANY MARGIN OF PROFIT.

LET'S GIVE ALASKA A CHANCE TO BUILD ITS ECONOMY BEFORE CUTTING BUSINESS OFF AT THE KNEES.

A TAX IMPOSED ON SAVINGS AND LOANS AND BANKS WILL CERTAINLY NOT HELP THE ECONOMY. THE INTEREST RATES MAY BE DOWN, BUT SUCH A TAX IMPOSITION WOULD MORE THAN WIPE OUT ANY INTEREST RATE REDUCTION BENEFIT.

ON THE 1986 STATE BALLOT, ALASKANS VOTED OVERWHELMINGLY - 96% - TO REDUCE STATE GOVERNMENT SPENDING BEFORE INCREASING OR IMPOSING NEW TAXES. SO, FOLLOW THE PEOPLE'S MANDATE - REDUCE SPENDING!!!!!!

..ANY REP. WHO VOTES IN FAVOR OF THIS BILL WILL NEVER GET OUR VOTE!!!

Pierrette T. Fletcher  
Jeffy N. Fletcher  
Anchorage, Alaska

March 28, 1992

TO: HOUSE STATE AFFAIRS COMMITTEE:

THE UNDERSIGNED ARE OPPOSED TO PROPOSED BILL HB 525. WE DO NOT DISAGREE WITH A STATE INCOME TAX. WE DO DISAGREE WITH THE DISCRIMINATORY TONES OF THE PROPOSED BILL.

LET'S STOP SOCKING IT TO THE MIDDLE CLASS. LET'S SHARE THE BURDEN EVENLY.

Jerry N. Fletcher  
Pierrette T. Fletcher  
Anchorage, Alaska

Discovery Drilling Inc.  
P.O. Box 111165.  
Anchorage, Alaska 99511

March 27, 1992

Representative David Finkelstein  
House Labor & Commerce Committee  
Juneau, Alaska

Dear Representative Finkelstein,

It has come to my attention that the House Labor and Commerce Committee will be considering HB 523 that will impose a 1% tax on gross receipts of all businesses with incomes over \$ 100,000.00.

If you have any regard for the opinions of the residents of Alaska, with the exception of the State employees, you will see that HB 523 dies a swift death.

Every public opinion poll and voter mandate in the past two or three years at least has made clear that your duty as a representative is to reduce state spending before any taxes are even considered. It is my distinct impression that many of you ( legislators ) are happy to talk about doing this but the hard reality is that all of you are scared to death to face the kicking and screaming and crying you will encounter from the state employees and their unions. You all find it more palatable to quietly pass tax laws to pay for our bloated and inefficient state government. Please get the message and face the tough fight. I don't mind paying taxes but not until it is necessary to support a streamlined government.

The first step is to get government out of all the business they currently are in that compete with private enterprises. D.O.T. for example is a swollen cancer in our government that inefficiently competes in many private sector professions. In D.O.T. as compared to the same crafts in the private sector, wages are higher, benefits are far greater, accountability is nearly non existent and productivity lags. Everywhere one goes in private industry people are worried about keeping their jobs and have to work like crazy to do so. In most state offices the only thing on peoples minds are their next raise.

The oil companys are cutting back on employees. Gary King's closes a profitable store to prepare for hard times. But the Labor and Commerce Committee is looking to a future of decline by considering HB 523 to bleed the public dry to support a government work force big enough to carry California. Please do us all a favor and face the music.

Sincerely



Kyle Brown - President  
Discovery Drilling Inc.

March 30, 1992

**KFP**  
Koncor Forest Products Company

3501 Denali, Suite 202  
Anchorage, Alaska 99503  
(907) 562-3336 FAX (907) 562-0599

House Labor and Commerce Committee  
Alaska State Legislature  
Room 15, Capitol  
P. O. Box V  
Juneau, Alaska 99811

Dear Committee Members:

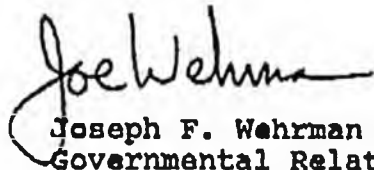
Koncor is a long-time, Alaskan owned and operated business that generates both revenues and jobs for a substantial number of our state's rural residents. You are preparing to consider HB 523 that would impose a 1% gross receipts tax on basically every private sector business in Alaska. We urge you not to allow this bill to pass out of your committee.

What "benefit" will our business, or any other business, receive as a result of this tax? How can the legislature in good conscience even consider new forms of hindering the economic viability of the private sector while steadfastly refusing to halt the economic drain that the state bureaucracy increasingly places on the budget? Why not look for ways that the state can cooperate with - and even encourage - businesses that will generate new jobs that pay a living wage to Alaskans instead?

If the legislature feels compelled to implement such a tax proposal regardless of its merit, at least make the playing field level for everyone in Alaska and make the same percentage apply across the board. Require non-profit groups pay the same percentage of their dues/donations received as private businesses would have to pay of gross receipts. Make the financial institutions, whose deposits are guaranteed by the federal government, pay based on gross receipts/deposits as well. The same rate must likewise apply to the gross receipts of public utilities and the Alaska Railroad.

The only viable approach for the legislature to take is to cut the cost of government before taking any more actions that further burden Alaska's already constrained and artificially limited private sector economy. Let HB 523 meet its demise in your committee.

Sincerely,



Joseph F. Wahrman III  
Governmental Relations Forester



KODIAK OIL SALES, INC.  
NORTH PACIFIC FUEL  
P.O. BOX 1487  
KODIAK, ALASKA 99016

State of Alaska  
House Labor & Commerce Committee  
fax 465-3442

March 26, 1992

HB: 523

Sirs:

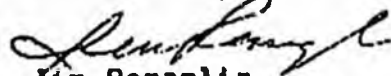
This letter is in opposition to HB 523 which will impose a 1% Gross Receipts tax.

I am opposed to this tax which is just a sales tax in disguise. To make it doubly unfair the tax is not related to profits. Business will have to pay the tax regardless of profitability.

It is hard enough to succeed in business with all the new rules and regulations that Federal, State and Local Government impose on us. We do not need another regressive tax.

We have voted overwhelmingly to reduce state government spending before increasing taxes.

Yours Truly,

  
Jim Ranaglia  
Vice president

House Labor and Commerce Committee

Please vote against  
1% Gross Receipts Tax ---

Why are you trying to  
kill small business ☹

7% on our banks ☹

Vote No! HB 523

Patay B. Fisher, Sec.

Cordova Outboard, Inc.

(907) 424-7201 FAX

P.O. Box 960

Cordova, AK 99574



# ELECTRIC DOCTOR, INC.

"WE MAKE HOUSE CALLS"  
FAX (907) 561-5802

1207 W. 47TH ANCHORAGE, AK 99503-6917  
(907) 561-2225 ALASKA LIC. #AA9148

## Facsimile Transmittal Sheet

Person sent To: Labor & Commerce Committee

Company Alaska Legislature

Number to which Faxed 465-3442

Subject HB 523 & HB 525

Date 3-26-92 Time 9:30 A

From: Robert DeLoach, Eugene Zola, Dan Cook, Thomas Cielieo

Number of pages (including cover page) 1

If you did not receive all of the indicated pages or there was a problem with the transmission please call us at 561-2225 Thank you.

Message: STRONGLY OPPOSE PASSAGE OF THESE BILLS  
UNTIL MUCH MORE EFFECT IS PUT FORTH TO  
REDUCE STATE SPENDING. DO NOT FAVOR  
ANY NEW TAXES UNTIL MAX. EFFECT  
IN SPENDING CUTS HAS BEEN EMPLOYED

Robert DeLoach Eugene Zola  
Thomas Cielieo Dan & Cook

Thank You, The Electric Doctor, Inc.

---

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# Altrol Inc.

---

---

3900 Tibor/Metro Field  
P.O. Box 74605  
Fairbanks, Alaska 99707

FAX NUMBER (907) 452-6778  
TELEPHONE NUMBER (907) 452-8680

DATE: 3/26/92  
COMPANY: \_\_\_\_\_ FAX NO. 907-465-3442  
ATTENTION: LABOR & COMMERCE COMMITTEE MEMBERS  
RE: HB523  
NUMBER OF PAGES (INCLUDING THIS PAGE) 1

IF THERE IS ANY PROBLEM WITH THIS TRANSMISSION, PLEASE CALL.

MESSAGE:

DEAR COMMITTEE MEMBERS,

I WANT TO SEND YOU A STRONG MESSAGE OF DIS-  
GUST IN REGARD TO HB523. SMALL BUSINESSES ARE STRUGGLING  
FOR THEIR VERY EXISTANCE DURING THESE ECONOMIC TIMES.  
OUR COMPANY HAS SURVIVED ONLY BECAUSE WE CUT EXPENDITURES  
TO BARE NECESSITY & TIGHTENED UP EVERY AREA.

HOW MANY TIMES DO WE-THE-PEOPLE HAVE TO VOTE  
"NO"?! I STRONGLY OPPOSE HB523 & IT'S IMPLIED ADD-  
ITIONAL TAXES ON BUSINESSES THAT ARE ALREADY SEVERELY  
TAXED. GOVERNMENT MUST TAKE CONTROL OF SPENDING,  
JUST AS INDIVIDUALS & BUSINESSES HAVE TO WHEN TIMES GET  
TOUGH!

YOUR POLITICAL FUTURE IS RIDING ON THE WAY YOU VOTE  
ON THIS ONE, I ASSURE YOU.

FROM: DAVID A. BRIDGES

PRESIDENT  
ALTROL INC.  
FAIRBANKS

TO All Members - House Labor + Commerce Comm  
RE: HB 523

I urge you to each oppose this  
Tax Bill. Spending must be  
drastically reduced before considering  
any new taxes

Sidney Childers

Fairbanks

3-25-92

# more fax ...

## from multiple risk managers

DATE : March 26, 1992

SEND TO: Chairman David Finkelstein  
COMPANY: House Labor & Commerce Committee  
FAX # : 465-3442

TOTAL NUMBER OF PAGES, INCLUDING THIS PAGE: 3

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REGARDS: HB 523 and HB 525

MESSAGE: Chairman Finkelstein, under cover is my written testimony against HB 523 which your committee hears Tuesday March 31st. My testimony also includes discussion of HB 525, a companion tax bill to be heard by State Affairs on Monday, March 30th.

Please be kind enough to provide a copy of my testimony to each member of your committee.

If you or your members have questions of me, you or they may contact me on my nickel, at 800-478-7181.

Thank you for your assistance.

---

FROM: FRANK THOMAS-MEARS  
WITH: MULTIPLE RISK MANAGERS, INC.  
POB 112063  
ANCHORAGE, ALASKA 99511-2063

PHONE: 907-345-7181  
FAX : 907-345-1982



# Multiple Risk Managers, Inc.

POU 112063  
Anchorage, Alaska 99511-2063  
907-343-7181  
800-478-7181

March 26, 1992

House Labor & Commerce Committee - HB 523  
House State Affairs Committee - HB 525

**HB 523 & HB 525  
WOULD REDUCE OUR NET INCOME BY 29%!**

My wife and I run a successful young business. We gross about \$1.1 million, which, including the Permanent Fund distribution, generates about \$125k before expenses. Once we pay our operating expenses, between us we net \$45,000, or \$22,500 each. In the coming years this will increase steadily as we pay off the purchase of the business and all associated loans... but of course other expenses (like the proposed taxes above) will certainly rush right in to fill the void.

One reason that we make as much as we do is that we are very efficient money collectors. All of our receivables are in the pre-bill, current or 30 day column. The sharp drop in interest rates notwithstanding, interest income generated about 6% of gross revenues.

As is normal for successful young businesses, my wife and I work long hours... between us an average of 127 hours per week. We work every day, including Sundays. Weekdays I am at my desk working at 4:00am, and that continues usually until 5:30pm; we usually only work six hours per day on weekends (1/2 days). Since 1988 we have each taken about fifteen days off... and part of that from illness.

Besides our after tax/after expense salaries of \$22,500, we get a major medical policy with a \$1,500 per person deductible, and we pay 20% of the first \$12500 after the deductible. We have life insurance to cover business expenses. We can't yet afford disability income. We have very little personal savings; they've been spent on the business.

**HB 523/525 WOULD ADVERSELY EFFECT OUR BOTTOM LINE**

BEFORE HB 523 & 525		AFTER HB 523 & 525	
Current Net	\$45,000	Current Net	\$45,000
Business Tax	\$0	HB 523/1.0% Tax	(\$11,000)
Bank Tax	\$0	HB 523/Bank Tax	(\$500)
Personal Tax	\$0	HB 525/3.2% Tax	(\$1,440)
<b>Net After Tax</b>	<b>\$45,000 &lt;-</b>	<b>Net After Tax</b>	<b>\$32,060 &lt;-</b>
Total Hours	6477	Total Hours	6477
<b>Net Wage/Hour</b>	<b>\$6.95</b>	<b>Net Wage/Hour</b>	<b>\$4.95</b>

**Notes:**

- 1) Current Net = Combined Net Income For Two (2) Principals
- 2) Total Hours = 127 Hours @ Week X 51 Weeks/Combined Hours
- 3) Net Wage/Hour = For Both Principals Combined
- 4) HB 523 1.0% Tax = 1% of \$1,100,000 In Gross Receipts
- 5) HB 523 Bank Tax = My Estimate Of Reduction/Interest Income
- 6) HB 525 3.2% Tax = 3.2% Of \$45,000 Of \$45,000 In Joint Income

NO! NO! NO!  
HB 523 HB 525

Page 2  
March 26, 1992

All told, the combined effects of HB 523 and HB 525 would reduce our net take-home income by \$13,000. That's a 29% reduction in our take-home income.

Think about that... please. Would you ask our public servants to take a 29% reduction? Would you agree to reduce your family's net income by 29%?

Here's our message. We are willing to give up something to live and work in the wonderful State we call our home - but we expect our public servants and government spending to take an equal reduction.

Until the legislature and the administration significantly reduce State spending, and learn how to live, as my partner and I do, within your means, don't ask us for more money.

State government spending is out of control - in large measure because the busy legislature in years past has had entirely too much money - and no fiscal accountability.

If these proposed tax measures pass, we will have to reduce our spending, and kiss off a chance at a retirement account to boot. The State now has less money than before. Shouldn't the State set the example and trim its fat before jutting its pudgy hand into our skinny pockets for more cookies?

Regards,  
MULTIPLE RISK MANAGERS, INC.

Frank Thomas-Bears  
President

MARCH 26, 1992

LABOR & COMMERCE COMMITTEE  
TO REPS.

- CHAIRMAN DAVID FINKELSTEIN
- VICE-CHAIRMAN PAT PARNELL
- BETTY BRUCKMAN
- DAVE DONLEY
- IUAN IUAN
- ROBIN TAYLOR
- JIM ZAWACKI

I AM APPosed TO HB 523 BUSINESS LICENSE TAX. THIS TAX WILL CAUSE MORE SMALL BUSINESSES TO GO OUT OF BUSINESS AS TOO MANY HAVE ALREADY HAD TO CLOSE. THE STATE BUDGET NEEDS TO BE CUT BEFORE IMPOSING ANY NEW TAXES. THE STATE NEEDS TO STOP COMPETTING WITH SMALL BUSINESSES,

I DO NOT BELIEVE THE STATE HAS CUT DOWN ON OVER SPENDING. THE PEOPLE OF ALASKA HAVE MANY TIMES STATED WE DO NOT WANT MORE TAXES. THERE ARE WAYS TO CUT THE FAT OUT OF GOVERNMENT. AN EXCELLENT WAY TO START IS, CUT STAFFING. IT IS COMMON KNOWLEDGE THAT OVER STAFFING CUTS DOWN ON EFFICENCY. DO SOME THINKING ON MAKING BUISNESS VENTURES DESIRABLE TO ALASKANS RATHER THAN BREAKING THEM WITH "ALL OF THE UNNEEDED" REGULATIONS AND THE IDEA OF ALL OF US THOUGHT TO BE "DEEP POCKETS" TAXED, TAXED, TAXED.

*Mary Ann Curtis*

MARCH 26, 1992

LABOR & COMMERCE COMMITTEE  
TO REPS.

- CHAIRMAN DAVID FINKELSTEIN
- VICE-CHAIRMAN PAT PARNELL
- BETTY BRUCKMAN
- DAVE DONLEY
- IVAN IVAN
- ROBIN TAYLOR
- JIM ZAWACKI

I AM APPOSED TO HB 523 BUSINESS LICENSE TAX. THIS TAX WILL CAUSE MORE SMALL BUSINESSES TO GO OUT OF BUSINESS AS TOO MANY HAVE ALREADY HAD TO CLOSE. THE STATE BUDGET NEEDS TO BE CUT BEFORE IMPOSING ANY NEW TAXES. THE STATE NEEDS TO STOP COMPETING WITH SMALL BUSINESSES. THE PRIVATE SECTOR/SMALL BUSINESS CAN PERFORM MANY OF THE FUNCTIONS THE STATE IS NOW DOING & MORE ECONOMICALLY.

I DO NOT BELIEVE THE STATE HAS CUT DOWN ON OVER SPENDING. THE PEOPLE OF ALASKA HAVE MANY TIMES STATED WE DO NOT WANT MORE TAXES. THERE ARE WAYS TO CUT THE FAT OUT OF GOVERNMENT. AN EXCELLENT WAY TO START IS, CUT STAFFING. IT IS COMMON KNOWLEDGE THAT OVER STAFFING CUTS DOWN ON EFFICIENCY. DO SOME THINKING ON MAKING BUSINESS VENTURES DESIRABLE TO ALASKANS RATHER THAN BREAKING THEM WITH "ALL OF THE UNNEEDED" REGULATIONS AND THE IDEA OF ALL OF US THOUGHT TO BE "DEEP POCKETS" TAXED, TAXED, TAXED.

ALSO THE NEW STATE REGULATIONS HOME CONSTRUCTION IS EXCELLENT ALTHOUGH IT WILL MAKE ALL NEW HOMES UNAFFORDABLE TO ALL BUT THE VERY RICH.

*Burd & Carlsson*

---

**R & R COURT REPORTERS**

810 N STREET, SUITE 101  
ANCHORAGE, ALASKA 99501  
(907) 277-0878 OR (907) 277-0879

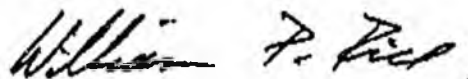
March 26, 1992

State of Alaska  
House of Representatives  
Labor and Commerce Committee

Dear Representatives,

Please reconsider the effect of a gross receipts tax on small businesses. This tax would, by taxing profitable and distressed businesses equally inevitably send some of us over the edge. While I will admit the need to raise revenues is clear, surely a tax on profits is preferable to the destruction of many small businesses. My firm employs nearly thirty people and at this time simply could not pay even a 1% tax on gross receipts. The alternatives are close or raise prices leaving us vulnerable to competition from firms from the lower 48.

Thank you for your attention,



William P. Rice

R & R Court Reporters

FAIRBANKS FURNITURE, INC.  
101 College Road  
FAIRBANKS, ALASKA 99701

MEMO

(907) 456-6036

DATE	3-26-92
SUBJECT	HB 523 Gross Receipts Tax

TO House Labor & Commerce Comm.  
Fax 1-465-3442

Dear Committee Members:

I am concerned about the possibility of passage of a gross receipts tax. I think my experience of the past 5 years in business is typical of many businesses. We haven't averaged even a 1% profit. I've cut my own salary - cut one office manager & absorbed those duties - am working on a leaner inventory & have put off needed renovations. I'm working as hard & as lean as I can. There is nowhere to take a 1% gross tax from. When business allows I need to recarpet - redesign lighting & purchase a new delivery truck just for starters. Any taxes need to be based on profits.

PLEASE REPLY       NO REPLY NECESSARY

DDCT 148 2/8/89 (Rev. 1/89) Alaska Form 001-7 To Order PHONE TOLL FREE 1-800-365-6000

BOOKED I'd be more receptive to taxation if government was getting leaner as private industry has.

Julie Stewart

\*\*\*END\*\*\*

To: Honorable Labor and Commerce Committee Members

From: The undersigned employees of Arrowhead Transfer, Inc. - Petersburg

Subject: HB 523

It is unthinkable to us that the Alaska State Legislature would be considering a Business Gross Receipts Tax at this time.

We urge you to consider every avenue available to reduce State Government spending before increasing any taxes or imposing any new taxes.

We believe there are many opportunities to economize before looking for new sources of revenue.

Sincerely,

*Donald J. Thorstenson*  
DONALD J. THORSTENSON

Vikki L. Proctor  
Vikki L. Proctor

*Tanya C. Olson*  
Tanya C. Olson

*Ronald B. Simpson*  
RONALD B. SIMPSON

*Hein Volk*

*Hein Volk*

*Robert M. Zinke*

*Robert M. Zinke*

*Raymond S. Sokol*

*Raymond S. Sokol*



3206 Tongass  
Ketchikan, Alaska 99901  
(907) 225-7877



Telecopy Transmittal Cover Sheet

Date: 3/27/92

To: CATHERINE

From: KETCHIKAN

Number of Pages (Including this cover sheet) 2

HOUSE BILL 523

If you do not receive all pages, please call back as soon as possible.

- (907) 225-7860 Alaska Marine Lines, Ktn
- (907) 225-5550 Lynden Transport, Ktn
- (907) 225-7877 Arrowhead Transfer, Ktn
- (907) 225-6291 Telecopy "Facsimile" Number

550 South Franklin  
Juneau, Alaska 99801  
(907) 586-6782

P.O. Box 177  
Ektas, Alaska 99835  
(907) 747-8647

P.O. Box 708  
Prinsburg, Alaska 99833  
(907) 772-5178  
(907) 772-4234

P.O. Box 7  
Craig, Alaska 99821  
(907) 829-3419

RIVER & SEA MARINE SUPPLY INC.  
 35195 K-Beach Road Suite 39  
 Red Diamond Center  
 P.O. Box 609  
 Kenai, AK 99611  
 (907) 262-7402  
 262-2690  
 283-7077  
 FAX 262-2447

TO: REPRESENTATIVE COMMITTEE

COMPANY: \_\_\_\_\_

FAX#: 1-465 3442

REFERENCE: BILL # HB523

FROM: PETER J. THOMSON / PRESIDENT

MESSAGE: With regard to the proposals in Bill # HB523, it would seem utterly ridiculous to burden business at this economically sensitive time with more costs. The Federal Government is trying to stimulate growth. The Bill would work in exactly the opposite direction. If we are not to place more workers on the unemployment roll this Bill must be defeated. It seems ludicrous for any AK Dividends then introduce TAXATION Bills.

**YAMAHA**  
Marine



**Johnson**  
OUTBOARDS



**Westcoaster**  
Welded Boats

**Kawasaki**  
Let the good times roll.

**MAGNUM**  
BOATS

**AVON**

**ski-doo.**

**Baurunner**



**YUKON**  
INFLATABLES

**EZ LOADER**  
BOAT TRAILERS

## CLARION COMPANY

P.O. BOX 433 KODIAK, ALASKA 99615  
(907) 486-3908 FAX (907) 486-3909

March 27, 1992

House Labor and Commerce Committee  
Juneau, Alaska

RE: HB 523, HB 525

Members of the Committee:

I would like to take this opportunity to notify you of my strong opposition to both of the bills referenced above.

As I understand it, HB 523 proposes to impose a 1% tax on business gross receipts in excess of \$100,000. It will also impose a 7% net income tax on banks and savings and loan associations.

My business had over \$1 million in gross receipts in 1991, however, net income was less than \$20,000. The proposed gross receipts tax would have cost us approximately \$9,000, reducing our net income to about \$10,000. I would rather go out of business than put up with this type of oppressive tax.

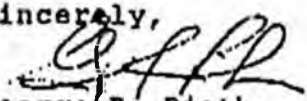
As to the bank tax, why are these institutions being singled out? I question the fairness of targeting a particular type of business for such "special" treatment.

HB 525 will attempt to resurrect the state income tax. Have all available means for reducing expenditures been exhausted prior to considering new taxes? During the past year, the entire country has been experiencing a recession. Many individuals have been laid off, taken pay cuts, suffered reduced profits, or gone out of business. How many state employees have taken real pay cuts? Have employee benefits been reduced? Is the state getting the most value out of its employees? Has state staffing been cut as much as possible?

When there are plenty of revenues, we seem to have no trouble finding ways to spend them, including staffing up for every contingency. Now, revenues have fallen, and it's time to cut back. Let's face it, it is always easier to hire than to fire, to spend rather than cut spending. Hard decisions need to be made, those that are affected will not be happy, but it is time to do what is necessary to cut costs, not burden everyone with more taxes.

Thank you.

Sincerely,

  
George R. Rieth  
Partner

To: Honorable Labor and Commerce Committee Members

From: The undersigned employees of Arrowhead Transfer, Inc. - Sitka

Subject: RB 523

It is unthinkable to us that the Alaska State Legislature would be considering a Business Gross Receipts Tax at this time.

We urge you to consider every avenue available to reduce State Government spending before increasing any taxes or imposing any new taxes.

We believe there are many opportunities to economize before looking for new sources of revenue.

Sincerely,

<i>Alan S. Harang</i> Gordon S. Harang <i>Edmonton</i> E. S. HANSON	<i>Paul Harang</i> Paul Harang LEW RILEY <i>T. Riley</i>	<i>Roger D. Higley</i> Roger D. Higley Ken Crummett RON LAMOUREUX George A. Casper George A. Casper
<i>Lucie Thomas</i> Lojise Thomas <i>Jocelyn Cain</i> Jocelyn Cain	LARRY OLSON <i>Jay Johnson</i> John N. Hansen JOHN N. Hansen Robert y Warden Robert y Warden	<i>Eileen K. Harang</i> Eileen K. Harang <i>James A. Hanson</i> James A. Hanson
<i>Jacquie Warden</i> Jacquie Warden	<i>John C. Miller</i> John C. Miller	
<i>Kim E. Hanson</i> Kim E. Hanson <i>Genelle Gravelle</i> Genelle Gravelle		

To: Honorable Labor and Commerce Committee Members

From: The undersigned employees of Arrowhead Transfer, Inc. - Ketchikan

Subject: HB 523

It is unthinkable to us that the Alaska State Legislature would be considering a Business Gross Receipts Tax at this time.

We urge you to consider every avenue available to reduce State Government spending before increasing any taxes or imposing any new taxes.

We believe there are many opportunities to economize before looking for new sources of revenue.

Sincerely,

*Phillip Canaday*  
Phillip CANADAY

*Mark Andrew*  
MARK ANDREW

*Jim B. Stuck*  
Jim B. Stuck

*John T. Chandler*  
(JOHN T. CHANDLER)

*Larry J. Suiter*  
LARRY J. SUITER

*Robert Purschwitz*  
ROBERT PURSCHWITZ

*David G. Curtis*  
DAVID G. CURTIS

To: Honorable State Affairs Committee Members

From: The undersigned employees of Arrowhead Transfer, Inc. - *JW 2/14*

Subject: HB 525

It is unthinkable to us that the Alaska State Legislature would be considering a personal income tax at this time.

We urge you to consider every avenue available to reduce State Government spending before increasing any taxes or imposing any new taxes.

We believe there are many opportunities to economize before looking for new sources of revenue.

Sincerely, *Don Reid*

*Don Reid*

*03/27/92*

To: Honorable State Affairs Committee Members

From: The undersigned employees of Arrowhead Transfer, Inc. - *JUNEAU*

Subject: HB 525

It is unthinkable to us that the Alaska State Legislature would be considering a personal income tax at this time.

We urge you to consider every avenue available to reduce State Government spending before increasing any taxes or imposing any new taxes.

We believe there are many opportunities to economize before looking for new sources of revenue.

Sincerely,

*Greg M. Lawrence*

*3-27-92*

To: Honorable Labor and Commerce Committee Members

From: The undersigned employees of Arrowhead Transfer, Inc. - Craig, Alaska

Subject: HB 523

It is unthinkable to us that the Alaska State Legislature would be considering a Business Gross Receipts Tax at this time.

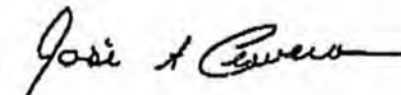
We urge you to consider every avenue available to reduce State Government spending before increasing any taxes or imposing any new taxes.

We believe there are many opportunities to economize before looking for new sources of revenue.

Sincerely,

  
Larry J. Coleman

Teresa A. Robinson  
Teresa A. Robinson

  
JOSE A CERVERA

Cori L. Tocco  
Cori L. Tocco

To: Honorable State Affairs Committee Members  
From: The undersigned employees of Arrowhead Transfer, Inc.  
Subject: HB 525

It is unthinkable to us that the Alaska State Legislature would be considering a personal income tax at this time.

We urge you to consider every avenue available to reduce State Government spending before increasing any taxes or imposing any new taxes.

We believe there are many opportunities to economize before looking for new sources of revenue.

Sincerely,

*Allen Bundy*  
Allen Bundy  
3/27/92

To: Honorable State Affairs Committee Members

From: The undersigned employees of Arrowhead Transfer, Inc. - *Juwenu*

Subject: HB 525

It is unthinkable to us that the Alaska State Legislature would be considering a personal income tax at this time.

We urge you to consider every avenue available to reduce State Government spending before increasing any taxes or imposing any new taxes.

We believe there are many opportunities to economize before looking for new sources of revenue.

Sincerely,



DEL STACY

3-27-92

To: Honorable State Affairs Committee Members

From: The undersigned employees of Arrowhead Transfer, Inc. - *JUNEAU*

Subject: HB 525

It is unthinkable to us that the Alaska State Legislature would be considering a personal income tax at this time.

We urge you to consider every avenue available to reduce State Government spending before increasing any taxes or imposing any new taxes.

We believe there are many opportunities to economize before looking for new sources of revenue.

Sincerely,

*Ray Thibodeau*

Ray Thibodeau 3-27-92

To: Honorable State Affairs Committee Members

From: The undersigned employees of Arrowhead Transfer, Inc. - JUNEAU

Subject: HB 525

It is unthinkable to us that the Alaska State Legislature would be considering a personal income tax at this time.

We urge you to consider every avenue available to reduce State Government spending before increasing any taxes or imposing any new taxes.

We believe there are many opportunities to economize before looking for new sources of revenue.

Sincerely,

*Mike Dallakie*  
mike Dallakie

3-27-92



To: Honorable State Affairs Committee Members

From: The undersigned employees of Arrowhead Transfer, Inc. - *Juneau*

Subject: HB 525

It is unthinkable to us that the Alaska State Legislature would be considering a personal income tax at this time.

We urge you to consider every avenue available to reduce State Government spending before increasing any taxes or imposing any new taxes.

We believe there are many opportunities to economize before looking for new sources of revenue.

Sincerely,

*SAR*

Susan A. Russo

To: Honorable State Affairs Committee Members

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Subject: HB 525

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Sincerely,

*Kathleen Gamble*  
KATHLEEN GAMBLE

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Sincerely,

*Thomas M. Knuthson*

Thomas M Knuthson

To: Honorable State Affairs Committee Members

From: The undersigned employees of Arrowhead Transfer, Inc. - *Juneau*

Subject: HB 325

It is unthinkable to us that the Alaska State Legislature would be considering a personal income tax at this time.

We urge you to consider every avenue available to reduce State Government spending before increasing any taxes or imposing any new taxes.

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Sincerely,

*Kim Williams*  
Kim Williams



To: Honorable State Affairs Committee Members

From: The undersigned employees of Arrowhead Transfer, Inc. *Jensen*

Subject: HB 525

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Sincerely,

*Shirley Paul*  
3/27/92

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Sincerely,

*Kevin E. Anderson*

*Kevin E. Anderson*

3-22-92

To: Honorable State Affairs Committee Members

From: The undersigned employees of Arrowhead Transfer, Inc. - *Juneau*

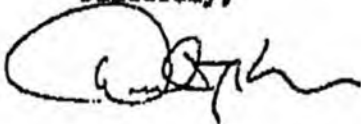
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Sincerely,



DANIEL J KENNY

03/27/92

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*Dawn L. Carlson*

DAWN L. CARLSON

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Sincerely,

*Dugg Shockley*

DUGG SHOCKLEY