

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10338 HOUSE LABOR & COMMERCE 183



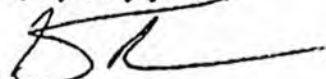
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facsimile transmittal

To:	Representative Lisa Murkowski Chair, House Labor and Commerce	Fax:	907-465-2293
From:	Bob Hajdukovich	Date:	2-12-02
Re:	HB 258	Pages:	1
Address			
.....			
<input type="checkbox"/> Urgent	<input checked="" type="checkbox"/> For Review	<input type="checkbox"/> Please Comment	<input type="checkbox"/> Please Reply
<input type="checkbox"/> Please Recycle			

Dear Lisa,

Frontier has recently been made aware of HB258 which apparently requires a 2% tax on gross revenues whether or not the business made a profit. I may have my information wrong, but if I do not, I would like to voice our opposition to the bill. The airlines are historically high volume, high risk and low margin. This sounds like a nuclear bomb for our company. As you know the instate airline system is very fragile and would be adversely affected by such a bill. If you have any questions or would like to clarify the intent of the legislation, please feel free to contact me directly at 907-474-1739 x233 or email me at bob@frontierflying.com.

Very truly yours,


Bob Hajdukovich
President

.....

U-Do Mini Storage
16235 Old Glenn Hwy
PO Box 771369
Eagle River AK 99577

RE: HB258 2% Gross Receipts Tax

VOTE NO


As expenses continue to rise & we try to keep afloat without gouging our customers. We feel a 2% gross sales tax would be an unfair burden.

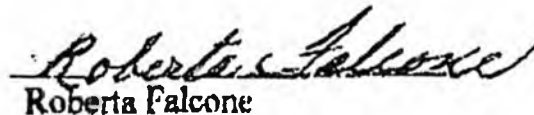
We operate on a small margin and would have to increase our rates to cover this cost. This may sound like an easy solution to you but it will not help the economy when our customers decide to store their belongings in a spare bedroom or in the corner of their apartments in lieu of renting a storage space.

When we lose customers our gross receipts decline but our expenses continue...Property must be maintained and Federal & MOA taxes paid—all from "gross receipts". When we make capital improvements their costs are paid from gross receipts but the tax relief (depreciation) must be spread over 35 years.

It seems to us that the 2% tax will adversely affect this small business and we *vehemently* appose it.

Thank You


John Falcone


Roberta Falcone

Dear members,

I want to voice my concern and strong opposition to any "gross receipts tax" under consideration. We are a struggling small business in the Copper River Valley and definately can't afford ANY more taxes. Our electric rates are higher than any place in Alaska and about 4 times the Anc./Fairbanks rate. Our customers are struggling to make ends meet. Competition is coming from every angle any more including the internet. We can't afford to loose any more customers because of higher prices caused by another tax. People drive to Anchorage an Valdez every week to avoid high prices now. Try taxing the big box stores more. They've got the customers and the record profits to afford it. WE DONT!!! Thank-you for your time.....Rick&Christine, Mt View Gas/Convenience Store, Copper Center, Alaska99573 crs@alaska.net



**Drawer 190
 Denali National Park
 Alaska 99755
 1-888-683-2234
 907-683-2234
 Fax 1-907-683-1281
 e-mail denraft@mtaonline.net
 Website <http://www.denaliraft.com>**

DATE: February 12, 2002

TIME: 3:29 PM

TO: ATTN: *Rep. Lisa Murkowski*

Company:

PHONE:

FAX: *907 465 2293*

FROM: Valerie Rasis

PHONE: (907)-683-2234

Company: Denali Raft Adventures, Inc.

FAX: (907)-683-1281

Number of pages including cover sheet: 1

RE:

Message:

NO! ON THE 2% BUSINESS TAX.

A tax on gross receipts is particularly unfair to small businesses that are barely able to compete with larger operators now. Businesses cannot simply raise prices to offset such a tax. Small businesses charge what the market will bear for their goods and services. It is a competitive market with little room to increase prices.

Currently the Denali Borough is trying to take a 3% tourism activities tax to the polls. To increase another 2% would only make it harder to compete in an already competitive market. One of the five local rafting companies has recently gone out of business.

Nobody wants to be taxed, but a state sales tax would be more equitable for all concerned.

Thank you for your time. Please feel free to contact us to discuss any of these matters.

Sincerely,

Valerie Rasis
 Valerie Rasis

CELLULAR & COMPUTER CONCEPTS
RADIOHACK OF EAGLE RIVER

FACSIMILE TRANSMITTAL SHEET

TO:	FROM:
Rep. Lisa Murkowski	Myma R. Brooks
COMPANY:	DATE:
	2/12/2002
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER:
907-465-2293	1
PHONE NUMBER:	SENDER'S REFERENCE NUMBER:
RE:	YOUR REFERENCE NUMBER:
House Bill 258	

Representative Murkowski,

All Alaskans must address the state's fiscal gap. However, not all Alaskans are business owners. Why should business owners bear the brunt of solving Alaska's budgetary issues? The legislature has had ample time to deal with dwindling oil revenues.

Show some gumption and treat the disease, don't only apply a band-aid. A state sales tax is more equitable, if a tax is truly necessary. Cut the legislators' per diem rate by two percent for a start. Follow up with a two percent reduction of state workers' wages, starting with the executive branch.

EGGOR ENTERPRISES, INC.
PO BOX 82286
FAIRBANKS, AK 99701
(907) 451-0569 Phone
(907) 451-8695 Fax
mifbks@alaska.net

February 12, 2002

Dear Sir or Madam:

This is to let you know that I am opposed to HB 258, the business gross receipts tax.

My business is oilfield related and I am locked in to the rates that larger like business charge.

I feel that if this tax passes you will see many small business go under.

I also think that this tax is not a tax that affects each Alaskan equally, because I cannot pass any of these costs on to the consumer.

Thank you for any help you can give me regarding this matter.

Sincerely,



William Rogge

2771 19th Avenue
Fairbanks, Alaska 99709
(907) 474-0878
(907) 479-8475 Fax



Fax

To: Lisa Murkowski, Chairman **From:** Joy Fick

Fax: (907) 465-2293 **Pages:** 1

Phone: **Date:** 2/12/02

Re: HB 258 **CC:** House Labor & Commerce Committee
members

Urgent For Review Please Comment Please Reply Please Recycle

Please vote NO on this bill.

Thank you.

A handwritten signature in black ink that reads "Joy Fick".

GARY A. MOELLER, D.D.S.
JORDAN CREEK OFFICE CONDOMINIUMS
2247 NORTH JORDAN AVENUE
JUNEAU, ALASKA 99801
OFFICE 788-0818
HOME 788-0211

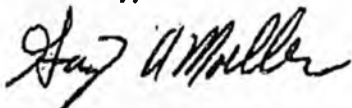
February 12, 2002

House Labor and Commerce

Dear Representative Murkowski,

I am writing to express my concern and dislike of House Bill 258. I feel that a tax on business' gross receipts would unfairly impact Alaska's businesses. This could be a critical factor in many small businesses survival with increased overhead expenses and the possibility of further out of state competition for goods and services.

Sincerely,



Gary A. Moeller, DDS

John Mark Air Repair
N. Birchwood Airport
PO Box 671548
Chugiak, AK 99567
688-7115

RE: HB258 2% Gross Receipts Tax

VOTE NO

A 2% gross receipts sales tax is particularly unfair to small businesses. Most of us run on a 10% profit margin. This bill would take 20% of our income. Most of us smaller businesses are struggling as it is & simply can not afford more costs —ESPCIAALLY a tax like this.

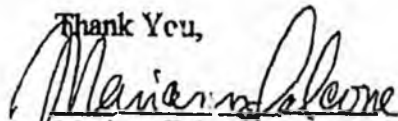
The passage of this bill would only target the sector that keeps people employed. This tax increase would cause higher unemployment as businesses laid people off to cut costs to stay in business. We are sure this tax burden would cause numerous businesses to go completely under that are barely making it now. The regular costs of doing business have raised considerably in the last year, i.e., higher insurance rates, utilities, parts, supplies, cost of good sold, etc. We simply cannot afford a 2% gross receipt tax on top of employer matching of social security& Medicare, plus ESC tax, FUTA tax & self-employment taxes.


A 2% gross receipt sales tax would have more than a 2% affect on smaller business. Larger companies like my landlord, suppliers, utility companies, etc. will be able to pass their 2% tax costs onto me for I will have no choice but to pay it to stay in business. If I raise my prices to cover these increases MY customer will have less work done for the costs will be to high for them. In affect the 2% tax would actually be almost a 4% tax on businesses like mine if we didn't raise our prices just to stay at the business volume level we are at thus 40% of our income would go to this tax. If we tried to raise our prices to cover the taxes proposed our volume would go down & we would have to lay people off for we wouldn't have the work.

This 2% tax is NOT the solution. Why does anyone think in the state of our economy taxing the people *more* is the direction to take? The federal government even realizes we need tax CUTS not tax increases. Higher taxation is NOT the answer for stimulating an economy—it will only drive it down.

Please vote NO on bill HB258.

Thank You,


Mariann Falcone


John Mark Webb

TO: REPRESENTATIVES:

LISA MURKOWSKI	465-2293
ANDREW HALCRO	465-2418
PETE KOTT	465-2819
KEVIN MEYER	465-3476
NORMAN ROKEBERG	465-2040
HARRY CRAWFORD	465-4565
JOE HAYES	465-2937

FROM: MICHAEL LOHMAN - PRESIDENT
M LOHMAN INV. INC.

SUBJ: PROPOSED HB 258

I JUST FOUND OUT ABOUT THE PROPOSED
BILL AND DID NOT EVEN HAVE TIME TO HAVE
A LETTER OF OPPOSITION TYPED.

I WILL TESTIFY AGAINST IT AND SUBMIT
A FORMAL LETTER.

THE PROPOSAL IS DISCRIMINATORY AND
WILL MOST DEFINITELY BE A NEGATIVE IMPACT
ON ALASKA'S ECONOMY.

I URGE YOU TO VOTE NO ON THIS BILL

THANK YOU

MICHAEL T. LOHMAN
574 PLYSTREAK
WASILLA AK - 99654

JOHN FLORESKE, JR.
P.O. BOX 1223
HAINES, AK 99827
Phone/fax: (907) 766-2899

February 8, 2002

House Labor & Commerce Committee Members
Via fax

Dear Representative:

As an Alaskan business owner, I am strongly opposed to House Bill 258 -- The Business Gross Receipts Tax. I don't think there is any faster way to slow business growth, slow consumer spending, and send Alaska businesses spiraling into bankruptcy.

CUT THE BUDGET! Alaska government spending is the highest in the nation per capita; probably double the next highest state budget per capita. **CUT THE BUDGET!**

Please vote against House Bill 258.

Sincerely,



John Floreske, Jr.

**Golden North Business Services
1412 W. 33rd Avenue
Anchorage, AK 99503
Phone (907) 272-9442
Fax (907) 272-9441**

February 12, 2002

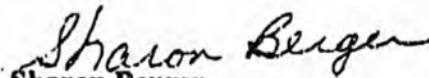
**Representative Lisa Murkowski &
Representative Joe Hayes**

Subject: HB 258 The Business Gross Receipt Tax

I am writing to discourage you from passing this legislation. The small businesses of Alaska do not need to be burdened with more taxes. I am a self employed small business owner myself and I do accounting and tax preparation for many small businesses and this tax is not the answer. More accounting, report filing and paying more tax will hurt many small businesses and cause some to even go out of business. This is not just a tax but it is the worst kind of tax being imposed on gross income and not profits. I believe our state really needs to review the spending that we do and cut some of the spending before taxing us Alaskans trying to make a living.

Again, I am urging you to not pass this legislation.

Thank you,


**Sharon Berger
Owner**

Cordova Outboard Inc.
P. O. Box 960
Cordova, Alaska 99574

907-424-3220
e-mail cdvoutboard@ctcak.net

February 11, 2002

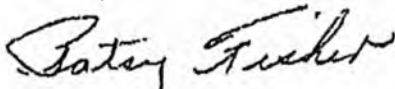
House Labor & Commerce Committee Members
Representative Lisa Murkowski, Chairman
Juneau, Alaska

Representative Murkowski,

Please stop this bill HB 258-Business Gross Receipts Tax. This is very unfair to the Small Business Community. You are targeting small business not the consumer. Why penalize small business for being in business. We need all the help we can get to keep our doors open and our employees on the payroll. This will drive more and more small business out of business. We will not be able to compete with big business.

Please stop HB 258. State income tax would be fair. Don't target small businesses putting a hard ship on us.

Sincerely,



Patsy Fisher, Secretary

Cc: Representative Andrew Halcro
Representative Pete Kott
Representative Kevin Meyer
Representative Norman Rokeberg
Representative Harry Crawford
Representative Joe Hayes



Alaska State Legislature

Please enter into the record my testimony to the House Labor & Commerce

committee name

Committee on HB 258, dated February 13, 2002

bill # / subject

Please do NOT seriously consider any new funding source (TAXES) until all public funds given to private businesses, individuals, and special interest groups have been completely eliminated.

Last week alone the Alaska Legislature considered bills with a price tag of almost one BILLION dollars, the majority of which provide funding for special interest groups or non-essential state government spending.

This week Legislative spending bills, with fiscal notes attached, being considered contain a total of at least \$114 MILLION dollars in non-essential state government spending. This money would be much better utilized elsewhere, or better yet, put away for future funding of essential services.

A \$7.5 BILLION dollar budget amounts to our state government spending over \$12,000.00 for every man, woman, and child in Alaska. At this rate, spending for a family of six amounts to over \$72,000.00! For each working person, this level of spending amounts to over \$26,000 each. That's a lot of tax money folks! I want to know how many average working people will be able to afford living here once the pipeline goes dry?

Taxes are NOT the answer, at this time, to our State budget woes; cutting non-essential spending IS. Please use our public funds for constitutionally mandated government services such as schools, roads, public health & safety ONLY. When you finally get to that point, you may talk to me about taxes, but NOT before then.

Thank you.

Signed: Mike McBride

Testifier

Self

Representing (optional)

P O Box 6 Kenai, Alaska 99611-0006

Address

907 776 5444

Phone number

Alaska
Rim
Engineering, Inc.



Phone (907) 745-0222
Fax (907) 746-0222
akrim@rogershsa.com

P.O. Box 2749
Palmer, Alaska 99845

February 8, 2002

Representative Lisa Murkowski, Chairperson
House Labor & Commerce Committee Members
Fax 907-465-2293

Dear Madam Chairperson,

In response to House Bill 258, which I understand there is a meeting scheduled for Monday, February 11, 2002, at 3:15 p.m. I strongly oppose the 2% Gross Receipt Tax on small businesses.

The existing small businesses are the backbone of this state and the direct result will be higher prices to the consumer and the possibility of reducing staff. In any event this will have a negative impact on the average citizen as well as small businesses.

Please take this into consideration when you meet on Monday.

Respectfully,

A handwritten signature in black ink, appearing to read "H. Paul Campbell".

H. Paul Campbell
President

cc: file

Wilderness Way, Inc.
P. O. Box 289
Soldotna, AK 99669

February 9, 2002

The Honorable Lisa Murkowski
Chairman, House Labor & Commerce Committee

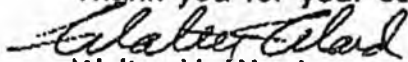
Dear Ms. Murkowski,

As an Alaskan small business owner, it was with great concern and alarm that I write to you regarding House Bill 258, a proposal to institute a 2% gross receipts tax on businesses. Wilderness Way is a small, but successful family-owned retail specialty sporting goods store in Soldotna, organized as an Alaskan C-Corporation. Though the business has produced only minor return on investment, it has created jobs for between 3 and 8 employees annually for the past 13 years and collected thousands of dollars of sales tax revenue for the Kenai Peninsula Borough. I can assure you that had there been a 2% gross receipts tax during the first five years of business net losses, the company would not have survived the start-up. In good years, when we have a net profit, Wilderness Way, Inc. pays Alaska Corporate Income Tax in addition to Federal Corporate Income Tax. These are already in a sense "double taxation" taxes, since in a family-held small corporation any net profit distributed to the shareholder/owners becomes taxable personal income. Years with bad weather, poor fishing, tourism declines, or a sluggish Christmas sales season have forced us to borrow money just to stay in business.

Many small (and large) businesses operate on very small annual retained net profit margins. A 2% of gross receipts tax would in many cases exceed the amount of annual net profit and make the businesses unviable. Small businesses cannot pass this cost on to our customers since we must price our goods and services competitively in the marketplace, which now includes Internet competitors as well as mail-order catalog outfits, neither of which generate or pay state or local taxes. If this 2% gross receipts tax becomes law, it is likely that our company and many other Alaskan businesses will liquidate and close their doors rather than be forced into likely bankruptcy.

In the currently unstable economy, the ramifications of any additional taxes must be carefully considered. However, either a statewide consumer sales tax (with rebates to local governments that already have sales taxes in place?) or a state income tax (for both resident and non-resident workers) based upon a percentage of individual federal taxes paid, would be fairer and less damaging to the Alaskan economy than another tax targeted directly at the very businesses that are creating the jobs for people here in Alaska and fueling the Alaskan economy.

Thank you for your consideration. Please kill this bill before it kills us.



Walter H. Ward
president, Wilderness Way, Inc.



To: Representative Lisa Murkowski

Fm: Kristy Millo and Dave Wier
Trust Financial Group
322 Mulddon Rd. Suite D
Anchorage, AK 99504

To whom it may concern: Dave Wier and I strongly oppose the
HB 258 - BUSINESS GROSS RECEIPTS TAX.

We feel it is very unfair to impose a tax on gross receipts
to small businesses that are barely able to compete with
larger businesses now. Small businesses cannot simply
raise there prices to offset such a tax.

Sincerely,


Dave Wier

Kristy Millo



Northern Meats, Inc.

P.O. BOX 190618
ANCHORAGE, ALASKA 99618-0618
PHONE: (907) 581-1729

TO: *Chairman Lisa Murkowski*

RE: HB 258 & Budget Shortfalls

Date: 2/11/02

We urge you to oppose HB 258, a program to institute a 2% gross receipts tax on businesses licensed in the State of Alaska.

We have been in the wholesale food business in Alaska for 27 years, and before that in the retail grocery business for 15 yrs. in Anchorage.

The wholesale food businesses biggest competitors, here in Alaska), are in Seattle & points beyond in the lower 48 states. Historically wholesale food businesses GROSS INCOME is a very small 6-7%, not gross revenues, sales; our NET INCOME is a mere 1-2%. If we raise our prices to stay in business, two things will happen: 1) Our customers will go to Seattle and beyond for better priced goods, (and we again colonize Alaska to the Seattle-Lower 48 States). In simple terms we are out of business. 2) If the 2% gross revenues (sales) does pass, it will mean our gross income goes to 4-5% or lower, (due to loss of business), and there is no way a (our) business will survive under those circumstances.

A retail business could pass on the 2%, which would be no more than a disguised sales tax; but whse. businesses just wouldn't survive, due to our already slight margins, some of which do not achieve even 2%.

Please remember, Business already pays our share, we pay State of Alaska income taxes, prop taxes, personal prop taxes, unemployment taxes, workmans's comp taxes, etc. We donate & contribute to our Alaska society. Believe me, if this tax comes to pass, if we survive, will mean no money for charities, we just will not have the money to do it.

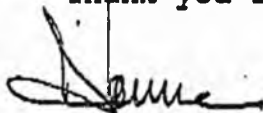
Everyone, (man, woman, child), that enjoys the privilege of living, working, & playing in Alaska needs to pay for our budget shortfalls; we ALL use the services. The Perman. Fund was enacted so when we started having oil revenue shortfalls, it would fill in the gaps; what wasn't done, back then, was to set a CAP on any dividends. Now the dividends are considered entitlements, they aren't and never were meant to be entitlements. Do the unpopular but necessary & very fair thing--CAP THE PERM. FUND or put a floating cap (according to budget needs) with a minimum CAP of \$900-\$1000. Use our "RAINY DAY SAVINGS ACCT", now, IT'S TIME.

cont.

Page 2

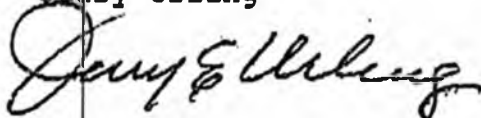
To sum it all up, if this tax passes, you will probably see our company close, with the loss of jobs and associated State revenues and benefits. Our wholesale food business just can't absorb or pass on this gross revenues tax.

Thank you for considering our position,



Donna Urling

Jerry Urling



February 7, 2002

To: Representative Lisa Murkowski, Chairman
Fax # 465-2293
From: Golden North Optics, Inc.
Re: HB 258, Business gross receipts tax

We would like to take this opportunity to oppose HB 258 as it is unfair to small business.

As a small business we struggle daily to compete with larger corporations and national chains, a gross receipts tax would place a further burden on our already limited budget.

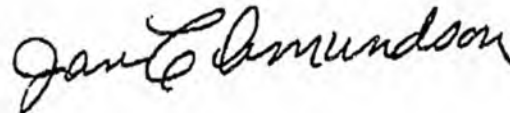
A gross receipts tax will force businesses to raise their prices, which will encourage our consumers to look for products outside of Alaska.

We urge you to vote against HB 258.

Thank You,



Christi Brand
Licensed Optician
Business owner



Jan Cornforth Amundson
Licensed Optician
Business owner

February 9, 2002

Representative Lisa Murkowski, Chairman
House Labor & Commerce Committee
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Murkowski:

I am writing to urge you not to vote for establishing a program to institute a two percent gross receipts tax on businesses licensed to operate in the State of Alaska. I own a bar and restaurant which have been in my family for 50 years. Like other small businesses in towns in southeast Alaska with no winter economy, it is a continual struggle to stay open year round. I have to get a loan every winter and pay it back by the end of the summer in order to stay open. This year, with 3 of our 4 cruise ships pulling out of Haines, I had to get a loan from the State Division of Investments to keep my employees working.

A gross receipt tax on my business would be devastating. It just might be the straw that broke this camel's back.

Please don't do this to the good business owners of Alaska who are the backbone of the state.

Sincerely,



Christy Tengs
Bamboo Room Restaurant
Pioneer Bar
P. O. Box 190
Haines, Alaska 99827
(907) 766-2474



The Company You Keep®
www.newyorklife.com

February 11, 2002

New York Life Insurance Company
701 West 8th Avenue, Suite 900
Anchorage, AK 99501
Bus. 907 257-5221
Fax 907 257-5223

Curtis L. Urling
Agent

To: State of Alaska Legislators
House Labor & Commerce Committee Members
Representative Lisa Murkowski,
Representative Andrew Halcro
Representative Pete Kott
Representative Kevin Meyer
Representative Norman Rokeberg
Representative Harry Crawford
Representative Joe Hayes

RE: HOUSE BILL 258- The Gross Receipts Tax

Dear House Labor and Commerce Committee Members:

I am **STRONGLY OPPOSED** to House bill 258 – the Gross receipts tax! I urge each of you to fight against such a commerce damaging bill as this. Alaska may have its ups and downs due to fluctuations in Oil prices and other state industries but this is definitely no way to make up for it! You need to look at State Government first; State employees receive better perks and compensation than most Alaskan companies can afford to give to their employees, and who pays for that, our TAXES!

Take a strong look at this bill, how can you tax a "gross" receipt, some businesses such as smaller wholesale operations that do business in our great state don't even have margins of 2% after expenses and you are asking for 2% on gross sales? As a small businessman I file 2 - Schedule C's, and I only pay taxes on what I end up with after business expenses. if I had to pay taxes on my gross I would have to layoff one of my employees!

Well I guess if you are trying to eliminate jobs in the state then this bill will definitely do exactly what you are looking for! This bill will not only eliminate jobs, but it will eliminate the amount of money consumers spend due to unemployment, fewer pay raises to employees, and fewer businesses around to do business with. This bill will "Strangle" the small family business here in Alaska!

As Alaskans we lose business each day to out-of-state competition via the internet, catalog sales, "large box stores", etc. Please don't help our out-of state competitors put us out of business. Remember each of you are Alaskans voted into office by Alaskans

Sincerely,

Curtis L. Urling

NYLIFE for Financial Products & Services
Registered Representative for
NYLIFE Securities Inc.
701 West 8th Avenue, Suite 900
Anchorage, AK 99501
907 279-6471

New York Life Insurance Company
New York Life Insurance and Annuity Corporation
(A Delaware Corporation)
NYLIFE Securities Inc.
51 Madison Avenue, New York, NY 10010

Member, National Association of Life Underwriters
Business and Personal Insurance Planning
Insurance Estate Planning

Representative Lisa Murkowski, Chairman Fax 465-2293

HB 258 , as written, will overburden small and marginal businesses, and cause additional unemployment. A tax on GROSS income does not leave the smaller business a reasonable minimum profit. Most rural areas and villages rely on their small businesses for essential products and services. Please defeat this unfair bill.

**Dave and Sara Clemson
32045 Sterling Highway
Anchor Point , Alaska
Phone: 235-2811
Fax : 235- 2811**

Handwritten signatures of Sara H. Clemson and Dave Clemson. The signatures are written in black ink and are positioned to the right of the typed contact information.

Alaska Cabin Enterprises, Inc
dba Anchor River Tesoro
P.O.Box 429
Anchor Point, AK 99556-0429

February 7, 2002

House Bill 258

Dear Representative:

We are surviving; if you and your fellow representatives pass HB 258 you will be putting those on the edge out of business. It might take 6 months to a year but you will succeed where big name businesses have so far failed. As a small business in a very small community, I am concerned about my employees and their families. My husband and I can reduce our hours and services, but we will not be able to afford employees. We have three fulltime and four part time employees that will be on the rolls of the unemployed.

This bill is obscene and should die in committee.

Also signing this letter are people of this community that are strongly opposed to HB258

Sincerely,
Vera Jacqueline Rich
Vera Jacqueline Rich, Owner

Dave Clemson
Sandy Laitner owner of Wuff da Kennels
Sharon Lydecker-Smith, Anchor Point, AK 99556
Robin Lydecker Bx 807, Anchor Point, AK 99556
Dawn H. Clemson 32045 Sterling Hwy, Anchor Point, AK 99556
Jerry S. Montgomery Box 1287 Anchor Point 99556
Steve Amundson Box 785 Anchor Point 99556

Verena KAEPPLE
1016 West 22nd
Anchorage, Alaska 99503-1738
Tel. (907) 272-0376
FAX (907) 258-7404
E-Mail: swisseff@acl.net

February 11, 2002

House Labor & Commerce Committee Members

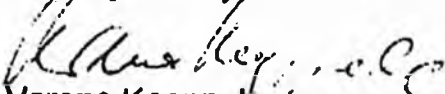
Attn: Lisa Murkowski, Chairman	Fax: 465-2293
Andrew Hakro	465-2418
Peter Kott	465-2819
Kevin Meyer	465-3476
Norman Rokeberg	465-2040
Harry Crawford	465-4565
Joe Hayes	465-2937

Re: HB 258 - Business Gross Receipts Tax

As a small business owner, I oppose to "Business Gross Receipts Tax". Large Corporations, i.e. over \$5,000,000, in gross receipts, should be taxed at a higher than 2% rate, as most those businesses are outside companies and take the profits of the local revenues to the lower 48.

Please help the small business owner to stay in business and eliminate some of the large enterprises (box stores) from the Alaska market place. I will remember, come next election time, which members supported the small business owner.

Thank you for your vote for the small business owner.


Verena Kaeppele

Zach's Auto, Alignment & Chassis Repair

◆◆◆
4528 Trefalgar Ave. ◆ P.O. Box 32088 ◆ Juneau, AK 99803 ◆ USA
Phone 907-780-4900 ◆ Fax 907-780-4956

February 11, 2002

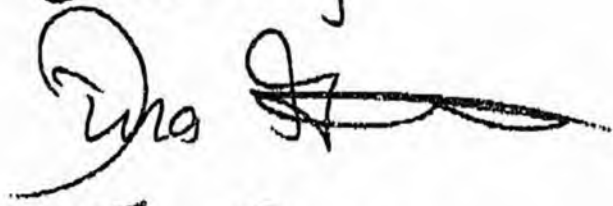
Dear Representatives,

My fiancée and I own a mechanic shop, as a business owner I'm appalled at the fact that you people want to tax us for a gross receipt tax. Have any of you ever owned a business probably not, well let me tell you something you people are already taxing us for business personal property tax and you make us collect sales tax and what do we get nothing but more bills to pay out of our pocket. We on an average pay out \$6600.00 in taxes for you and that is not including IRS federal tax. We as business owners don't have the ability to make customers come in our shop if we had to raise prices to cover you "Gross Receipt Tax" they as customers shop around for the best prices before they take their vehicle to a shop. Where do you guys spend all the money you already get from the small business owners so far as I see it you don't use it for what you say it is for. Why is it that ordinary people like us who try to better ourselves and our community and open the market for more people to work than be on unemployment be penalized by having to pay more taxes. This is absurd and insulting to every business owner in town, your going to make us go out of business because you have a "deficit" but that is not our problem, we pay more in taxes than we make money as it is. In the auto mechanic business it is really hard to compete without you wanting more money. Small business don't get the kind of grants or relief funds when we have crisis that Corporations, Non profit, and State governments get so why take what monies we do have after paying our required taxes, that takes away from our savings accounts that are to cover our slow months and "deficits".

I would rather see your salary go down to cover the "deficit" than take away money from hard working people like us and our competitors. I also find it appalling that you want to tax our teachers. My children go to school to get a good education from qualified teachers who get paid what they are worth. You go and put a tax on the teachers and the quality of education is going to go down because the teachers aren't going to want to work for a state that doesn't have the respect to pay them what they are worth. You need to find other ways to fix the spending problem for our state without making everyone pay the dues for something they had no control over. If you were in our shoes then maybe you would see the turmoil that you cause when you start picking on the little people. If you tax the teachers than I guess my children and others won't be in public school because their well being and education is my first priority. Maybe all of the legislature and you the representatives should do the grunt work for a while and see how it feels to be scrutinized for a while. If this is the future that is instore for the next generation then maybe when you guys retire the next generation will be conservative and compassionate on the poor and middle class than you were.

The last time I checked you were supposed to be working for us not against us. I am a very opinionated person and I teach my children to be the same way because it is better to speak your mind than be railroaded by other people who don't have your best interests in mind. I just wish that someday you will wake up and smell the coffee and apologize to the people you have railroaded to get where you are today.

Sincerely



Tina Greer

TWO RIVERS LODGE
16 MILE CHENA HOT SPRINGS ROAD

February 8, 2002

House of Labor & Commerce Committee

RE: HOUSE BILL 258

Dear Legislator,

I am writing to ***STRONGLY*** oppose HB 258, a 2 percent gross receipts on businesses licenced to operate in the state of Alaska.

I have owned a fine dining restaurant in Alaska interior for 12 years and struggle each year to maintain a decent living for myself, family and valued employces. As you are aware Alaska pays their wait staff the minimum wage, imposing a 2 percent additional tax would only hinder my operation and possibly put me out of business.

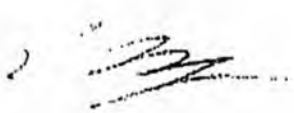
The fax alert I received from NFIB/Alaska brought to my attention that 97% of our members voted in opposition to this tax.

Now I am asking you to hear the voice of the majority of Alaskan Business operators

VOTE NO

Thank you for your time and consideration.

Sincerely


Anthony Marsico
Owner/Chef

HUSKY FOOD PRODUCTS OF ANCHORAGE INC.

Serving Alaska's Food, Beverage, and Grocery Industry Since 1978

5901 Old Seward Highway Anchorage, Alaska 99518

ph: 907 563 1836 fx:907 563 5574 e:huskyfoods@alaska.com

02/11/2002

RE: Re: HB 258

Dear Representative;

I am writing to strongly oppose HB 258, the two percent gross receipts tax on business license holders.

A gross receipt tax will come out of the small business pocketbook, not the consumer. Small business can not just raise prices to off set a gross receipt tax. If you must have new taxes, please target them at everyone, not just one segment of the population.

Thank you for your time and attention to this fax.

Sincerely
Wayne R Wilken
President

Subject: [Fwd: HB258]

Date: Sun, 10 Feb 2002 19:14:52 -0900

From: Lisa Murkowski <Representative_Lisa_Murkowski@legis.state.ak.us>

To: Amy Erickson <Amy_Erickson@legis.state.ak.us>

Subject: HB258

Date: Sun, 10 Feb 2002 09:22:40 -0900

From: "Bob Adams" <bob@madisonlumber.com>

To: <Representative_Lisa_Murkowski@legis.state.ak.us>

Dear Lisa,

I am writing to oppose the concept of HB258, the 2% gross receipts tax.

This would be an unbearable burden on small business especially in these tough economic times. In our case it would mean the difference of just barely being in the black or losing money.

Keep up the good work!

Sincerely,

Bob Adams,
President,
Madison Lumber

P.S. Couldn't get thru on your fax number even this morning.

Subject: [Fwd: HB 229 and 258]

Date: Sat, 09 Feb 2002 15:31:13 -0900

From: Lisa Murkowski <Representative_Lisa_Murkowski@legis.state.ak.us>

To: Amy Erickson <Amy_Erickson@legis.state.ak.us>

Subject: HB 229 and 258

Date: Sat, 09 Feb 2002 14:56:27 -0900

From: Jack Cadigan <ceco@alaska.com>

To: Representative_Lisa_Murkowski@legis.state.ak.us

Holy Mackerel!

HB - 229 Every worker kicks in \$100 state annual tax. Members of our association employ hundreds of Juneau college students every summer in tourist season. Now these folks will also be taxed \$100 cash to fill the state coffers. This may not seem like much money to legislators, but it represents a lot to anyone struggling through college (or just struggling).

Kindly provide a swift and final demise.

HB 258 - We in the tourism industry are already concerned about sheer survival, and this bill will be a hidden 2% "sales tax." It is fairly all encompassing, though it does seek to provide relief to those selling motor fuel (exempt) and banks (2% net before expenses). It is nevertheless fraught with holes, and is fundamentally draconian.

An travel agent getting commissions of 5% of gross (standard) will see an actual tax rate of 40% of net before expenses. That should take care of in-state travel agencies!

A retailer targetting a 10% net before federal taxes and depreciation will see an actual tax rate of 25%. If this retailer sells any Alaskan made products, those will be taxed 2% before reaching retail market.

A food store targetting 4% net will see 50% of net disappear. SHAZAM!

The first \$2000 of rent paid per month will be taxed, effectively increasing the rent of any business renting property \$480 per year.

This bill will go far to encourage purchases of goods and services outside of Alaska to where the marketplace will become even more competitive than now.

In reality this is like a state sales tax. If so, it should be debated at that level and not slipped under the voter's eyes figuring this is a "tax on business" and won't affect the voter.

I have not had the time to conduct a thorough analysis of this tax, but on the face of it it looks like a Taliban concoction to eliminate business in Alaska, large and small.

I urge you to have a swift trial prior to execution and burial.

Thanks for your attention.

Jack Cadigan

President

Destination Juneau (a local association of over 200 businesses, mostly directly or indirectly involved in tourism)



Hardy Heating, Inc.

Quality, Reliability, Service

PO Box 874092 Waiala, AK 99687

VOICE: 907.373.2580 FAX: 907.373.2585 EMAIL: rdh@hardyheating.com WEBSITE: hardyheating.com

FAX Transmission

From: Dan Hardy
02/08/2002

Date:

To: House Labor & Commerce Committee
Time: 7:31 AM

Company:

FAX #:

If there is a problem with legibility, the number of documents not consistent or any other problems, please call 907.373.2580. Thank You.

Total number of pages including Fax Cover Sheet: 1

Message: I'm against house bill 258 establishing a program to institute a 2 % gross receipts tax on businesses.

Sincerely,

Hardy Heating, Inc.

ROCKY'S MARINE, INC.

P.O. Box 690
101 Lyons Road
Petersburg, AK 99833
Phone: (907) 772-3949
Fax: (907) 772-3653

DATE:


SUBJECT: HB 258

TO: HOUSE LABOR + COMMERCE COMMITTEE

..... THE MORE I THINK ABOUT BEING TAXED ON MY GROSS
..... RECEIPTS, THE MORE UNBELIEVING I BECOME. SURELY
..... THIS IS A MISPRINT. GROSS PROFIT WOULD BE MORE
..... BELIEVABLE BUT EVEN UNCLE SAM LETS US PAY OUR
..... OVERHEAD BEFORE HE TAKES HIS CUT.

..... I SINCERELY HOPE THAT SOME GOOD MINDS GET
..... TOGETHER AND THINK THIS PARTICULAR TAX THROUGH
..... BEFORE YET ANOTHER DISINCENTIVE IS THROWN OUT
..... TO DISCOURAGE THOSE WHO ARE THE ECONOMIC ENGINE
..... OF OUR STATE.

SINCERELY

ROCKY FLINT


PS: I'M ALL FOR A
STATE INCOME TAX.

Signed: _____

**NORTHERN DAME CONST. INC.
P.O. BOX 871131
WASILLA, ALASKA 99687
PH. 907-376-9607 FAX 907-373-4704**

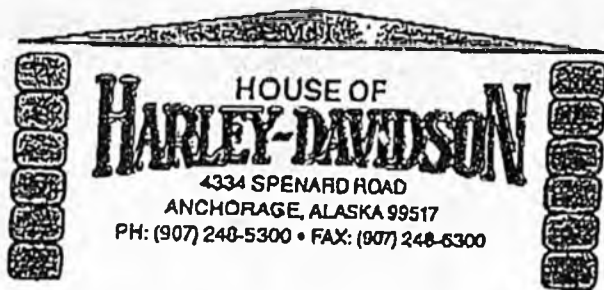
HB258—GROSS RECEIPT TAX

The gross receipt tax must not be initiated. The small business in Alaska is bearing too much of the tax and collection of tax already. To cause small businesses to charge, collect and account for is unconscionable.

The association, we as a small construction, have with the government agencies and the waste, mismanagement and unnecessary spending gives us cause for great concern when more taxes are asked to be made into law.

Fiscal responsibility will make it unnecessary at this time to legislate for new taxes.

Doris Coy President



HOUSE LABOR AND
 TO COMMERCE COMMITTEE DATE 2/2/02
 COMPANY STATE OF AK. FAX PO&L
 SUBJECT HB 258 & 229.
 FROM Barry Matteson MAIL COPY NO
 NUMBER OF PAGES INCLUDING THIS ONE 1

I am opposed to HB 258 to institute a 2% gross receipts tax on businesses licensed to operate in Alaska.

Tax on gross receipts is unfair to small businesses such as The House of Harley. We cannot just simply raise our prices to offset such a tax. Our margins are already shrinking, while costs of doing business in Alaska continue to rise. The addition of a gross receipts tax only worsens an already declining situation -

Just about everyone is going through a deficit situation - Adding more burden to the small business community will NOT HELP SOLVE THE PROBLEM! My priorities are to

1. Reduce State Spending. (1) START NOW!
2. Cap the PFD (2) IF NECESSARY
3. Institute an Income TAX (3) ONLY IF 1 & 2 DON'T WORK
 A. TO INCLUDE THE \$100 PER EMPLOYEE PROPOSED IN HB 889
4. NO SALES TAX (4) READ MY LIPS - NO SALES TAX!

Barry Matteson - OWNER

Cordova Airporter

201 Industry Rd. • P.O. Box 338

Cordova, AK 99574

(907)424-3286

Fax (907)424-3287

February 7, 2002

State Rep. Lisa Murkowski
Juneau AK

Dear Rep. Murkowski:

Please be advised that I, as a small business owner in the State of Alaska, am opposed to House Bill 258, establishing a 2 percent gross receipt tax on businesses in the State of Alaska. As a small business, that may be enough to break the camel's back. In the depressed areas of the state, this would really hurt everyone.

A 2 percent sales tax on everything, except groceries and prescription drugs, would seem to be an equitable solution to our state's money shortage problem.

I am also opposed to House Bill 229, although I have only 2 nearly full time employees, and it wouldn't affect me nearly as much as many bigger employers

Thank you for listening.

Joy Rawlins
Owner
Cordova Airporter

AA-1 Sheet Metal Fabrication, Inc.
340 Centaur Avenue
Wasilla, Alaska 99654
907-376-0474 phone
907-373-0474 fax

To Whom It May Concern:

This letter is in response to the proposed House Bill 258.

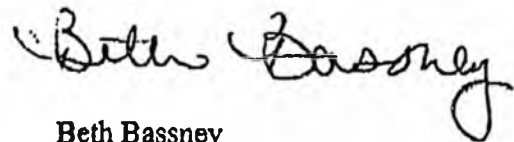
My husband and I own a small business in Wasilla. We have been in business for

13 years. I am urging you to oppose House Bill 258 the business gross receipts tax.

If this bill passes, it would put a very unfair burden our business and all the other small

Business people in Alaska, and force many of us to go out of business.

Sincerely,



Beth Bassney
Vice President
AA-1 Sheet Metal Fabrication, Inc.

Dear Representative . . .

I am a Small Business owner
in the Mat. S.U. Bourough.

I am also a member of
N.F.I.B.

I recieved a Fax this morning
addressing the Hearing on
House Bill 258 (2% gross receipts tax).

I am writting to express my
opposition to this Bill 258.

Please do not vote for this
Bill.

My Buissness is just getting
really started and this Bill
would greatly cause me
Hard ship.

Do Not Vote For House Bill 258

Thank you Michelle
DePrest

Fax 376-0426

Rosemar
Enterprises



P.O. Box 251 • Homer, Alaska 99603
(907) 235-7140



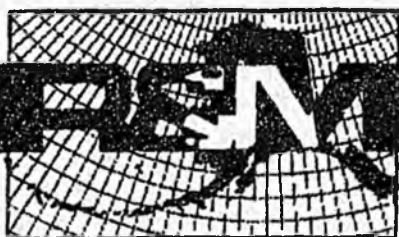
Honorable Lisa Murkowski,

As a small business owner based in Homer and servicing the Kenai Peninsula, I would like to express my strong opposition of House Bill 258. It is my understanding that this is to establish a 2% gross receipts tax on businesses in Alaska. This tax would be unfair to the small business. A sales tax would be much more fair and evenly distributed. Please oppose HB 258!

Thank you for your time,

Steven Veldstra,
President
DBLM Inc.

"If it's not done by the Dutch...it's not much."



TELECOPY (FACSIMILE) COVER SHEET

DATE Feb. 7, 2002 TIME _____ FAX NUMBER (907) 465-2293
Labor & Commerce Committee
TO Representative Lisa Murkowski, Chairman Alaska House of Representatives
NAME _____ FIRM _____

FROM James W. Rooney TOTAL PAGES _____ INCLUDING COVER
MESSAGE The prospect of seeing House Bill 258 voted into law
is not particularly appealing to us here at R&M. Although we
realize that some action must be taken with respect to budget
shortfalls, we are quite opposed to a tax that would have such
a negative impact on small business owners in the State while
leaving out of state competitors for the same business have an
advantage that would be unfair. A state sales or income tax
strikes us as a much more equitable approach under the circumstances
for small business owners in the State.

ORIGINAL DOCUMENTS TO FOLLOW VIA: REGULAR MAIL EXPRESS MAIL
 HAND DELIVERY OVERNIGHT COURIER SERVICE NO DOCUMENTS WILL FOLLOW

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If you received this facsimile in error please notify us by telephone.

R&M CONSULTANTS, INC.

ENGINEERS GEOLOGISTS PLANNERS TESTLAB
SURVEYORS & MAPPERS COMPUTER SERVICES

9101 VANGUARD DRIVE, ANCHORAGE, ALASKA 99507

PH: (907) 522-1707, FAX: (907) 522-3403

CHILKAT RIVER ADVENTURES, INC.

P.O. BOX 556

HAINES, AK. 99827

(907) 766-2050 phone

(907) 766-2051 fax

KarenHess@wytbear.com

FAX COVER SHEET

DATE: Feb. 6, 2002

**TO: Representative Lisa Murkowski / (907) 465-2293
Chairman, House Labor & Commerce**

RE: House Bill 258

Representative Murkowski,

We strongly oppose House Bill 258 to establish a program to institute a 2 percent gross receipts tax on businesses licensed to operate in the State of Alaska. First of all, I must say that I am somewhat shocked by this approach. Being a small company that operates a seasonal business in Haines I can certainly attest to what more taxes will do to any company, be it large or small. We were hit with a 4% tour tax last year on top of our 5.5% sales tax that we were already charging. That makes us collecting and remitting 9.5% sales tax just because we are organized tours. Let me say that we could not even pass this on to the consumer because it would have put the price of our tour out of the competitive market, so we absorbed it. Should this 2% be imposed as well, we may just have to finally shut down. We have laid people off, cut staff and expenses to bare bones and are struggling to open our doors each spring. We have operated this company for 11 years and it was to be our retirement. Everything we have has gone into building the infrastructure of this company for our future and retirement.

I suggest that you try a different angle. Why not make everyone who is a resident in the state of Alaska pay (working ones) and not put all the burden on businesses. I am in favor of a State Income Tax so we can start collecting some of the revenue that out of state workers take from Alaska. I am also in favor of a cap on the permanent fund dividend before imposing another tax. I do not like targeted taxes, I think they are unfair and unconstitutional.

Thank you for your consideration and I commend the hard work that is done by our legislators each year. My daughter works in the Senate Chambers and I know how much time and effort goes into each session.

Karen Hess



February 7, 2002

To: Representative Lisa Murkowski, Chairman
House Labor & Commerce Committee

From: Russell Thomas *RT*
Rod Thomas
Gateway Seafood & SmokeHouse

RE: Opposition of House Bill 258

As a small business owner, I would like to express my opposition to House Bill #258 and urge it's immediate defeat. I feel a tax on gross receipts is particularly unfair to small businesses that are barely able to compete with larger operators. Our business is in a competitive market with little room to increase prices. On a daily basis we are competing with other tourist-related markets throughout the nation. Because small businesses charge only what the market will bear; a gross receipt tax will come out of the small businesses pocket book, not the consumer.


Although, I'm not really in favor of any broad-based tax such as state income tax or sales tax; these are fairer and more equitable than a tax targeted directly at the business sector.

I appreciate your consideration on this issue.

The Cedars
An Alaska Fishing Lodge

February 7, 2002

To: Representative Lisa Murkowski, Chairman
House Labor & Commerce Committee

From: Kirk Thomas 
The Cedars Lodge

RE: Opposition of House Bill 258

As a small business owner, I would like to express my opposition to House Bill #258 and urge it's immediate defeat. I feel a tax on gross receipts is particularly unfair to small businesses that are barely able to compete with larger operators. Our business is in a competitive market with little room to increase prices. On a daily basis we are competing with other tourist-related markets throughout the nation. Because small businesses charge only what the market will bear; a gross receipt tax will come out of the small businesses pocket book, not the consumer.

Although, I'm not really in favor of any broad-based tax such as state income tax or sales tax; these are fairer and more equitable than a tax targeted directly at the business sector.

I appreciate your consideration on this issue.

Dear Representative,

ORION SPORTING GOODS
705 Halibut Point Road, Unit E
Sitka, Alaska 99835

I am the owner/operator of 3
small businesses. I am a member
of NFIA, Sitka Chamber of Commerce,
as well as a number of other lobbying
groups. I strongly oppose HB 258 &
urge you to do the same as well.

We are having a hard enough
time competing with discount
catalogues and internet sites now.
We cannot a 2% gross receipts tax
& remain competitive. ~~It~~ With already
severely low margins on our products,
to limit our potential income by 2%
would be a devastating blow. Please
Do Not Support HB 258. Sincerely,
Bert Armstrong



Alaska's Fishing at Its Best

February 7, 2002

To: Representative Lisa Murkowski, Chairman
House Labor & Commerce Committee

From: Kirk Thomas *KTH*
SilverKing Lodge

RE: Opposition of House Bill 258

As a small business owner, I would like to express my opposition to House Bill #258 and urge it's immediate defeat. I feel a tax on gross receipts is particularly unfair to small businesses that are barely able to compete with larger operators. Our business is in a competitive market with little room to increase prices. On a daily basis we are competing with other tourist-related markets throughout the nation. Because small businesses charge only what the market will bear; a gross receipt tax will come out of the small businesses pocket book, not the consumer.

Although, I'm not really in favor of any broad-based tax such as state income tax or sales tax; these are fairer and more equitable than a tax targeted directly at the business sector.

I appreciate your consideration on this issue.



1621 East 82nd Avenue
 Anchorage, Alaska 99507
 Phone 907-349-7000
 Fax 907-349-7002

Fax

To: Lisa Murkowski, Chairman
 House Labor & Commerce Committee
From: Lyle V. Aune

Fax: 907-465-2293 **Pages:** 1

Phone: **Date:** 02/07/2002

Re: Gross Receipts Tax **CC:**

Urgent For Review Please Comment Please Reply Please Recycle

● **Comments:**

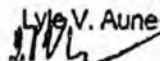
Ms. Murkowski,

We strongly oppose the proposed gross receipts tax. This is particularly hard on small businesses and can especially impact those in the construction industry. Our profit margins are not large and they become much smaller especially during economic downturns because the majority of our work is acquired through competitive bidding.

It is difficult enough during good times to compete with the larger contractors and more so with those who are located in the lower 48 where they can absorb that cost more easily.

This proposed tax would create an undue burden on Alaskan businesses and could create a situation where the choices for consumers are narrowed as small local businesses find they cannot compete. Please vote no for this proposed tax.

Sincerely,

Lyle V. Aune

 President

SAND LAKE AUTOMOTIVE

2134 EAST 88TH AVE
(907) 349-2141, FAX (907) 349-6188

COMPLETE AUTOMOTIVE SERVICE SINCE 1979

REPRESENTATIVE LISA MURKOWSKI, CHAIRMAN
HOUSE LABOR AND COMMERCE COMMITTEE

RE: HB 258, THE BUSINESS GROSS RECEIPTS TAX

DEAR REP. MURKOWSKI:

WE WANT TO OPPOSE HOUSE BILL 258, WHICH ESTABLISHES A PROGRAM TO INSTITUTE A 2% GROSS RECEIPTS TAX ON BUSINESSES. THIS IS A GROSSLY UNFAIR TAX WHICH DOESN'T EVEN TAKE INTO CONSIDERATION WHETHER A BUSINESS MAKES A PROFIT OR NOT. ALONG WITH STATE AND FEDERAL CORPORATE TAXES, THIS BECOMES A DOUBLE TAX ON THE SAME MONEY. UNLESS THE ALASKA LEGISLATURE WANTS TO SQUELCH SMALL BUSINESS, THEN THIS BILL NEEDS TO BE KILLED NOW!

WE STRONGLY URGE YOU TO VOTE AGAINST THIS RIDICULOUS PIECE OF LEGISLATION AND MAKE EVERY EFFORT TO KEEP SIMILAR BILLS FROM EVER BEING INTRODUCED.

SINCERELY,



JAMES MORGAN AND CHARLES SNYDER



**DELTA
INDUSTRIAL
SERVICES, INC.**

a certified HUB-Zone business

P.O. Box 1109 Delta Jct. Alaska USA 99737 | tel: 907-895-5053 | fax: 907-895-6205 | mikealdls@hotmail.com

7 February 2002

Representative Lisa Murkowiak
Fax: 907-465-2293

Dear Representative Lisa Murkowski:

This comment is in response to House Bill 258, the tax bill that comes before the House Labor and Commerce Committee on Monday. I am in opposition to this bill.


A tax on gross receipts would be an extremely heavy burden because of the already high costs of doing business in Alaska. In order to cover usual overhead plus this tax, business owners would have to charge significantly more. Because this tax targets gross receipts, a 2% increase could result in a retail price jump of up to 7%. This would cause Alaskans to shop out of state more and more often, reducing the state's economy drastically.

I am the owner of a small business in Delta Junction, Alaska. The levying of a 2% gross receipts tax would be a crippling blow to my business and could force me to close my doors. Currently, my business employs 10 people. If HB 258 passes, I can foresee that 10 more people would be added to the state unemployment rolls.

For these reasons, I strongly oppose HB 258.

Thank you for your time, and consideration of an Alaskan small business owner's perspective.

Sincerely,



Michael Crouch
Vice President



Just For Me, Inc.

Oppose HB-258 / HB 229

360 E. International Airport Rd
Suite #3
Anchorage, Alaska 99518

2-7-02

Dear Committee Member:

What are you thinking of doing to not only the small business owners, but also the citizens as a whole? This taxation will not only cause more expense for the taxes, but increased accounting fees. Less profit means employees get less, who are already struggling to make ends meet.

If we make less, we spend less, thus other businesses take in less, etc, etc, etc. It is a vicious circle that could devastate an already tough economy.

Please reconsider your independent small businesses and your citizens, who are already heavily burdened and some just barely hanging on!

Thank You
Janet E. Schlichter

Phone (907) 563-7479

Fax (907) 563-7226

www.justformeinc.com
email jfm@justformeinc.com

7 February 2002

To: State House Labor & Commerce Committcc Members
Re: HB 259 Gross Receipts Business Tax

NO BUSINESS GROSS RECEIPTS TAX!! I was just notified that you are considering a two percent tax on gross receipts. I think this is tax unfair to Alaska business for at least two reasons:

1. Many of us operate our businesses on very low margins. If my business operates on a 4% profit margin, a two percent tax on the gross receipts will cut my profit to 2%...a 50 PERCENT CUT in my profit! Here is the math: say I do \$1,000,000 in gross revenue; my 4% profit is \$40,000. A 2% tax on gross revenue would take half of my profit, \$20,000. I would be left with 2 choices...raise prices (inflation), or decide my business is not worth the effort for \$20,000 profit.

2. I see double taxation here. I pay 2% tax on gross income; the consultant I pay out of my gross income also pays 2% tax, on the same money.

Understand that I am not opposed to taxes, we may need a state income tax or sales tax. A gross business tax seems like a simple solution until you consider the bottom-line effect on low-margin business.

I started one of my businesses in the early 1970's, and for several years had to pay tax on gross income. Those same years start up costs took a large bite out of my gross income...the tax effectively wiped out my profit for those early years.

Sincerely

Gordon H. Thompson
711 M Street
Anchorage, 99501 fax 279-2556

RE: oppose HB 258!
oppose HB 229!

February 7, 2002

Dear Committee Member:

I would like to give you a small glimpse into the reality of our economy as of this date. I am the owner of Eastside Espresso and I work fulltime at Just For Me, a woman's clothing store. Now you would assume that my income was enough that I could live comfortably. Wrong!! I live in a mobile home in a trailer park, drive a ten year-old vehicle that needs a new engine, that I can't afford and I'm scraping each month just to pay the bills for my basic needs.

I'm tired - and I'm very scared!! If you institute taxation of small businesses, I'm doomed. Not only will it cost my business more (and I'm lucky if I see \$500.00 a month in my pocket now), but it will doom any chance I have of getting raises or benefits of any kind from my job at the dress shop.

Please review your avenues of cutting spending before trying to suck more money out of the citizens of this state. Things are getting tough out here in the real world and you'll just make it almost impossible if you institute this tax.

Thank you for your consideration and time on this matter,



Cheryl L. Ross
(A 30-year Alaskan resident)

Jodie's Upholstery
2513 Davis Road
Fairbanks, AK 99709
474-0259
474-0255 fax
rdfooster@gci.net

To House Labor & Commerce Committee Members,

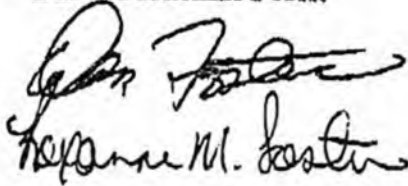
This letter is written to voice our opposition of House Bill 258, the Business Gross Receipts Tax.

We are a small business, grossing an average of 200,000.00 annually and have two employees, beside ourselves. The implementation of this tax would have a great impact on our bottom line. We would have no way to recoup this financial loss, as we could not just raise prices across the board to accommodate this tax. Most of our sales are to individuals or other small business. In this day and age of buying new and not repairing or refurbishing, we are always keenly aware of how much we can charge before our customers purchase a replacement item. This is true, whether it is a snow machine seat cover, equipment seat or a piece of furniture. A tax on gross receipts is particularly unfair when our profit margin is so small to begin with.

We are also opposed to the creation of a school tax per employee. Any new tax should be fairly based on the entire population, not targeted directly at one area.

Thank you for attention to this very important matter. Please feel free to contact us if you have any questions.

Dan and Roxanne Foster



Dan Foster
Roxanne M. Foster

CCE

COOPER CONSULTING ENGINEERS

8183 THREADNEEDLE • JUNEAU, ALASKA 99801 • 907-789-3422

TO: House Labor and Commerce Committee Member**DATE:** 7 February 2002**FROM:** John D. Cooper, PE**SUBJ:** HB 258

The 2% gross receipts tax on businesses proposed in HB 258 is one of the worst ideas to be floated for reducing the State's budget deficit. Small businesses struggle with a number of problems created by the State. In our business, lower skilled workers can get significantly better wages and benefits than we can afford to pay. Private retirement plans that allow retirement at 55 years of age and 20 years of service just don't exist or are prohibitively expensive. Federal laws on IRA's and 401k plans impose a penalty for with draws before age 59-1/2 except in cases of death or disability. All state employees have a better health insurance package than I can afford for my family and myself. Finally, moonlighting state employees directly compete for the available business, sometimes without a business license, based on their ability to do work at below market value because of their state salaries. Incidentally, state employees have the worst record of any group for late payments and failures to pay bills of any group.

Competition from state employment practices is bad enough. Competition from state employees is even worse and a tax on gross proceeds to support those practices is the ultimate insult. The Legislature would do far better to reign in the State's employee costs and to force the Administration to adopt job ratings, pay scales, and work rules that are more in line with the private sector.

The proposed 2% gross receipts tax will drive a number of businesses out of existence. It will encourage more leakage of money out of the Alaska economy and more money to be spent with unlicensed businesses, moonlighters, and similar operations. It is a tax that will either increase the cost of goods and services, where the market can stand that increase, or will decrease the profit margin of the business, which many cannot stand and remain in business. The 2% gross receipts tax will drive businesses out of the market and further erode the state's economy.

I urge you to vote against HB 258.

HB 229 is a similar bad measure. The tax should be levied on person employed who is not a partner, sole proprietor, or 25% or more stockholder in a corporation. The business or political entity employing the individual could be required to withhold the tax and should be compensated for doing so if it is a private sector entity. Otherwise, only private sector employees are taxed and the employer, not the employee will pay the tax. In many cases, it will mean the employee does not have a job. If the Legislature is adamant about implementing the \$100 school tax, levy it on the employee at all levels, private sector, non-profit, political subdivision, and state.

**MECHAM, RICHARDSON AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS**

KEYCHIKAN OFFICE:
1734 TONGASS AVENUE
KETCHIKAN, ALASKA 99901
(907) 225-8888
FAX (907) 225-8887

Member of the AICPA Private Companies Practice Section

Partners
Edward B. Mecham, CPA
S. Dirk Richardson, CPA

FACSIMILE COVER SHEET

DATE: February 7, 2002

TO: Representative Lisa Murkowski

ATTENTION:

FAX NUMBER: 1-907-465-2293

FROM: Dirk Richardson

SUBJECT: Gross Receipts Tax

INSTRUCTIONS: I am strongly opposed to a gross receipts tax. I believe it is an unfair tax, and also given the current economic conditions here in Southern Southeast Alaska, this type of tax would have disastrous effects on our local small business.

LENGTH OF DOCUMENT: Number of pages. 1

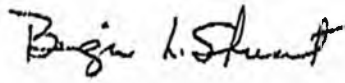
The information contained in this facsimile is privileged and confidential information intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please immediately notify us by telephone, collect, and return the original message to us at the above address via the U.S. Postal Service.

BENGIE'S BUSINESS SERVICE
PO BOX 130
HAINES, ALASKA 99827

February 7, 2002

Representative Lisa Murkowski, Chairman
Representative Andrew Halcro
Representative Pete Kott
Representative Kevin Meyer
Representative Norman Rokeberg
Representative Harry Crawford
Representative Joe Hays

I oppose HB 258 – The business gross receipts tax and urge you to also oppose it.


Bengie L. Stuart

JAY-BRANT GENERAL CONTRACTORS, LLC
460 Grubstake Ave., Homer, AK 99603
Phone (907) 235-8400 Fax (907) 235-8731 E-Mail: cjay@jaybrant.com

MEMO

To: Representative Lisa Murkowski

Page 1 of 1

FAX 907-465-2293

Date: February 7, 2002

Re: Opposition to Business Gross Receipts tax

Dear Representative Murkowski:

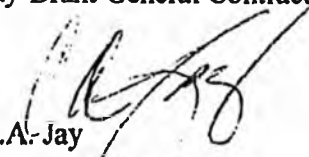
While we realize the need for new state revenue, and toward that end support a state income tax, we do not support the Business Gross Receipts tax. This type of tax penalizes businesses in Alaska, at a time when we need to enhance our competitive position, not diminish it.

The business tax would impose a 2% (as currently proposed) surcharge on all of our pricing (bids), which is enough to ensure we will not be successful in our attempts to procure work. We compete against outside construction companies in the pursuit of Alaska contracts, and we compete against outside companies when we pursue work in Washington, our other venue. In our industry, with profit margins are in the 2-5% range, we would be severely handicapped by the imposition of any added cost not shared by all bidders.

The Business Gross Receipts tax is a bad idea, and we urge you to reject it.

Sincerely,

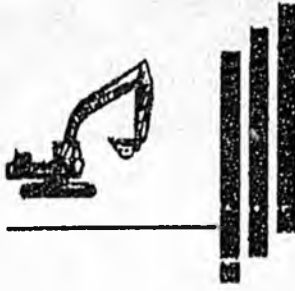
Jay-Brant General Contractors



C.A. Jay



R.J. Brant, Jr.



**D. J. EXCAVATION
& DEVELOPMENT, INC.**

2870 COTTLE LOOP • WASILLA, ALASKA 99654-7251
 TELEPHONE (907) 376-3443
 FAX (907) 376-6069

DATE: Feb. 7, 2002

ATTN: Representatives

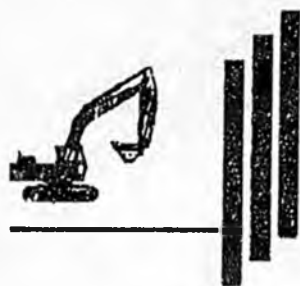
FROM: Dorwin R. Smith

This FAX consists of 2 pages, including this page.

FAX number is 907-376-6069

Comments: _____

Send to FAX # _____



**D. J. EXCAVATION
& DEVELOPMENT, INC.**

2970 COTTLE LOOP • WASILLA, ALASKA 99654-7251
TELEPHONE (907) 376-3443
FAX (907) 376-6069

February 7, 2002

To Whom It May Concern:

As a small business owner I strongly oppose HB 238. This bill is unfair to small business's fighting to compete with larger companies. As a small business I cannot increase my pricing to absorb the cost this tax will incur. Taxing our GROSS income will make earning a living more difficult in a small community such as Wasilla.

Please keep this in mind when voting on HB 238.

Sincerely,
D.J. EXCAVATION & DEVELOPMENT, INC.

Dorwin R. Smith
President



DATE: February 7, 2002
TO: Representative Lisa Murkowski
FROM: Linda Vrem
FAX: 465.2293

RE: HB 258

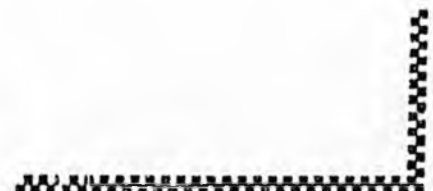
Dear Representative Murkowski:

Please, please, please... **OPPOSE House Bill 258.** I own and operate an ice cream retail business in Eagle River called Cold Stone Creamery. At this time I'm not taking a salary to insure that I can pay my business expenses. I pay 8% of my gross receipts to the franchise and if the minimum wage is raised to \$7.25 (\$7.55 per hour with tax) I fear I'll never be able to get a paycheck from my business. Another 2% for a total of 10% off my gross receipts plus \$7.25 (\$7.55 per hour with tax) will create a major problem for my family and business. I employ 9 to 18 people at a time.

Please consider other ways to raise income for the State of Alaska. The bottom line is, I feel singled out as a business person. I cannot withstand more expenses and I can't possibly work any harder to generate more income. I earn less than 15 year olds working in my store. Raising my prices will not be an option in my area.

Sincerely,

Linda A. Vrem
cldstn88@alaska.net



United Electric Motors, Inc.
106 E. Dowling Rd.
Anchorage, AK. 99518

February 7, 2002

To: House Labor & Commerce Committee Members
Re: HB258

Yesterday a Tax on alcohol was eliminated, today I find yet another Tax that you intend to impose on me. The gross receipt tax is another terrible idea. Aside from adding a tax to Alaska business, which along with property owner pays virtually all the bills now, it is particularly harmful, as I simply don't have enough money to give you any more.

I have a small struggling business that gives partial support to my one employee, and is the primary income to my family. My wife works two jobs and with our income we manage to scrape by, although I have no medical insurance, and no retirement. You need to stop this incessant need of yours to increase taxes. Of all the hundreds of thousands of people in this State, there are none more needful of my money, than my wife and children.

I'm sick of this attitude that we cannot get by without another tax. Stop it, Vote it out, and vote out all taxes until the Alaska legislature has determined how much is enough, and set limits.

I am a life long Alaskan, a voter and an Anchorage businessman. I'll be watching the out-come, and hoping that you do what is right.

Respectfully

Richard K. Corbell
President

907-563-5232



TO: Representative Lisa Murkowski FAX: 465-2293

FROM: Jerry /Leslie Gustafson FAX: 907-488-2651
White Spruce Enterprises, Inc. PHONE: 907-488-3004

DATE: February 7, 2002

SUBJECT: Oppose HB 258 NO. OF PAGES: 1

We would like to urge you to vote AGAINST HB 258. We strongly oppose the gross receipt tax on business. Prices set in our business are fair and competitive. A 2% gross tax will come directly out of the business. Our bottom line cannot afford even a 2% decrease. Larger businesses may not feel the effect of 2%, but small businesses are running close enough to the edge that it would have a very negative impact.

We understand for the need to generate more state income. We feel that broad-based taxes such as a state sales tax and income taxes are fairer than this tax which directly targets businesses.

Thank you for your time in Juneau representing us.

*Jerry & Leslie
Gustafson*

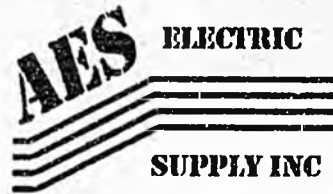
WHITE SPRUCE ENTERPRISES, Inc.
10293 Old Valdez Trail
Salcha, AK 99714
www.whitespruce.com
whitespruce@mosquitonet.com

To: House Labor & Commerce Committee Members

I recently heard of a house bill establishing a program to institute a 2 percent gross receipts tax HB 258. Being a small business owner I would like to oppose this bill. As small business owners we are faced with the challenge of dealing with large companies on a daily basis and at times it is tough to keep a business going. I would appreciate it if you would cast my vote Febuary 11,2002.against HB 258. Thank-you.

**Appliance Service Company
700 23rd Ave.
Fairbanks, Ak. 99701**

Tammy Burrow- Owner



3350 TRAILER STREET
FAIRBANKS, ALASKA

Phone: 907-474-2075

Fax: 907-474-2076

TO: Representative Lisa Murkowski, Chairman
House Labor & Commerce Committee

SUBJECT: HOUSE BILL 258 OBJECTION

We highly object to the proposal of the 2% gross receipt tax on House Bill 258. This proposed 2% tax would economically damage small businesses through out Alaska. Small businesses have had to establish loyal customers to be able to compete with larger businesses. Raising prices would not be an option it would inevitably send our customers elsewhere for their purchases. Employment opportunities would decrease, raising unemployment statistics.

Sincerely,
Carl A. Butz
Executive Vice-President

Copper River Cash Store

P.O. Box E.
Copper Center, Alaska 99573
(907) 822-3266
FAX 822-3443

TO: Rep: Lisa Murkowski 4652293
" Andrew Galero
" Pete Vot
" Devin Meyer

Date: 2-07-02

I oppose House Bill 258, Cut the State Budget First. Whatever % the Oil Revenue is Down cut the State Budget the Same % that is what the working class of people have to do.

Barry Wagoner
Copper Center, AK

Tamsher Construction Inc.
PO Box 878990
Wasilla, AK 99687
(907) 373-3828
(907) 373-3822 FAX

February 7, 2002

Representative Lisa Murkowski, Chairman

RE: OPPOSE HB 258—THE BUSINESS GROSS RECEIPTS TAX

Dear Representative Lisa Murkowski:

I am writing to urge that you oppose the passage of HB 258.

As a general contractor who has been involved in construction in the State of Alaska for 10 years, this bill is especially important to me and other members of the construction industry. This is extremely unfair, as gross receipts cannot be considered total revenue. The margin we are able to keep after paying materials and contract labor is significantly lower. As a small contractor, my company cannot afford to absorb the additional tax without adverse effects that could put us out of business.

Please give this matter you immediate attention and vote NO.

Sincerely,
Jerry Fletcher
Owner

**Alaska Business Growth Corporation
P.O. BOX 1309
HAINES AK 99827**

DEAR REPRESENTATIVE Munbowski 2-07-02

My company operates a grocery store. The proposed gross receipts tax would devastate my business. In a good year the tax would take half of my profits. In a bad year the tax would potentially put us into a loss.

This potential tax is totally unfair to businesses, particularly small business. If you want to put our economy into a tailspin and stop entrepreneurs from investing in Alaska, this tax will do it.

I am considering acquiring another business, I will wait to see if this tax passes before making a decision. This tax would be very punitive and increase risks considerably.

I urge you to vote NO on HB 258

Sincerely,



Michael D. Ward, President

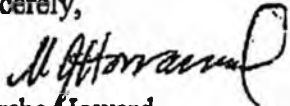
Marsha Howard
Craig Emporium
407 Lincoln St. Ste F
Sitka, AK. 99835
Feb 7, 2002

House Labor & Commerce
State of Alaska

Dear Committee Member:

I would like to voice my opposition to House Bill 258, to institute a gross receipts tax on businesses here in Alaska. It is increasingly difficult as it is to operate a small retail business here in Alaska, where we don't have the numbers of people to command a buying level that would reduce cost of merchandise, and our freight cost, especially in SE Alaska is exorbitant because most merchandise must be flown in. We are up against huge competition with Internet sales, and catalogue sales, many of who offer "free shipping" during the holiday period. They can afford the loss in Alaska because it is such a small percentage of their business. This tax is not an expense I could pass on to my customers in light of the current competitive climate. If money must be raised I would much prefer it be in the form of a state sales tax, or an income tax, that better levels the playing field. Thank you for your consideration in this matter,

Sincerely,



Marsha Howard

FAX COVER SHEET

STATEWIDE APPRAISAL
2970 Cottle Loop Road, no. 100 (office)
P.O. Box 873944 (mail)
Wasilla, Alaska 99687-3944
907-373-6426 (voice)
907-373-0887 (fax)
email: stwdappr@matnet.com

Date: February 7, 2002

Transmitted to: The Honorable Lisa Murkowski, Chair, House Labor & Commerce

From: Vince Coan

Total Number of Pages Including this Page: 2

If you do not receive all pages, please call Vince Coan at 907-373-6426.

Thanks for your consideration



**Gateway Aviation
PO Box 8331
etchikan, AK 99901**

February 7, 2002

To: Representative Lisa Murkowski, Chairman
House Labor & Commerce Committee

From: Kirk Thomas *KMT*
Gateway Aviation

RE: Opposition of House Bill 258

As a small business owner, I would like to express my opposition to House Bill #258 and urge it's immediate defeat. I feel a tax on gross receipts is particularly unfair to small businesses that are barely able to compete with larger operators. Our business is in a competitive market with little room to increase prices. On a daily basis we are competing with other tourist-related markets throughout the nation. Because small businesses charge only what the market will bear; a gross receipt tax will come out of the small businesses pocket book, not the consumer.

Although, I'm not really in favor of any broad-based tax such as state income tax or sales tax; these are fairer and more equitable than a tax targeted directly at the business sector.

I appreciate your consideration on this issue.

February 7, 2002

State of Alaska
House Labor & Commerce Committee Members

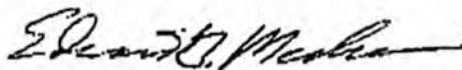
Dear Committee Members:

It has come to my attention that you are holding a hearing on House Bill 258 establishing a program to institute a 2 percent gross receipts tax on businesses licensed to operate in the State of Alaska.

I am writing to express my opposition to such a tax. Our competition and competition for many other small businesses in our area is not confined to Alaska. We already experience considerable drain to Seattle and other areas in the lower 48 states, partly due to the internet, and partly because a connection down south lets business customers turn a pleasure trip south into at least partly a business trip. If cost of our products and services increases, so will the drain. 2% may not sound like much, but for a lot of businesses, that is the difference between surviving and not surviving, especially because it is based on gross receipts. Some businesses have high volumes and very thin margins. This kind of tax, that doesn't consider their operating costs, would wipe them out.

If you really want to institute a fair tax, find a way to tax those purchases that are made out of state, whether electronically or physically, and are bypassing not only state taxation but also local community sales and property taxes. I know there is a lot of opposition to taxing internet sales because of the myriad of differing tax laws in each little jurisdiction in the country. Why don't the states get together and agree on a set rate of sales tax for internet sales and with the proceeds allocated to the states from which the orders came. I'm sure the internet sales companies have databases to track where their sales are coming from. It shouldn't be difficult for them to make such a sales tax allocation. A physical purchase out of state could be a bit dicier, but I know that some states have use tax statutes that capture sales tax on out-of-state purchases. You might think about that too.

Sincerely,



Edward B. Mecham

**QUALITY SERVICE AUTO REPAIR
1500 MINNIE STREET
FAIRBANKS, ALASKA 99701
(907) 457-2300
FAX (907) 457-4411**

To Representative Lisa Markowski,

It has come to our attention that you have the opportunity to vote down House Bill 258. As a small business owner in Fairbanks, I believe, that if passed, this Bill will devastate many small businesses. With our economy the way it is today, we are struggling, at best, to make ends meet.

We at Quality Service Auto Repair, strongly urge you to oppose House Bill 258. Thank you for your time.

Sincerely,

Candy Slocum

DAVID & DORA DONOVAN

The Laundry Basket
12110 Business Blvd #107
Eagle River, Ak 99577
Phone 694-8679 Business
Phone 694-3025 Home
Fax 694-1304

davidon717@aol.com

February 8, 2002

Representative Pete Kott
House Labor & Commerce Committee
Juneau, AK

Dear Mr. Kott:

We would like to express our extreme opposition to HB258. We can't believe in this day that anyone in the legislature would even sponsor a bill of this type. A 2% tax on gross receipts in our little company would be a 10% tax on our net income. How anyone could even perceive that this would be a fair and just tax on the people in this state is beyond us. We have been in business for 16 years. We struggled through the mid 80's by cutting everything we could to the bone in order to survive and you as our representatives want to take that hard work and dedication to our business in the form of an exurbanite tax, and place it in the coffers of the bloated and over spending budget of the State of Alaska.

We have pretty much stayed out of writing and calling our representatives in federal, state & municipal government in the last few years because it seems that no ones listens. Government just seems to get bigger and bigger and the people just keep paying and paying. We are and always have been opposed to the taking of any portion of our dividend, because it would just lead to a more expensive government and then when that is gone where would you go. If there is money available, it will get spent. It always amazes me when the Republicans say they have cut the operating budget in each of the last five years. How much has the "total" budget of this state gone up in the last five years? This state has not lived within its means since oil started to go through the pipeline, and it never will. Please tells us we are wrong and that it can be done.

We do not support any new taxes on anything that the legislature might come up with. Quit looking for a way to get out of the mess that we are in by coming up with ways for new revenue. This state has 30+ billion dollars in the bank and you want more. Quit taxing the people that are productive and giving to the people that are not. In other words: "CUT THE BUDGET" or find somewhere else to get the money. I love that bumper sticker that says "Please let us find another oil field, and we promised we won't p____ it away".

We apologize if this letter is rude in any way. But please look at it from our point of view once in awhile.

Sincerely,

Dave & Dora Donovan

Cc Representative Lisa Murkowski, Chairman
 Representative Andrew Halcro
 Representative Kevin Meyer
 Representative Norman Rokeberg
 Representative Harry Crawford
 Representative Joe Hayes
 Representative Fred Dyson



February 8, 2002

Representative Lisa Murkowski, Chairman

Fax: 465-2293

Ref. HB 258 - The Business Gross Receipts Tax

It is obvious that those committee members supporting this 2 percent gross receipts tax on Alaskan business have failed to do their homework.

For example, oilfield drilling companies in Alaska have always had the option to go to Canada for their oilfield construction needs whenever they feel local shops can't compete price wise.

Placing this absurd tax upon the Alaska welding/fabrication trade shops does nothing but drive our shop rates and unemployment even higher and the remainder of our construction work to Canada and other outside-the-state entities.

Sincerely,

A handwritten signature in cursive script that reads "Ed Wrede Sr".

Ed Wrede, Sr., President
WEONA CORPORATION

Alpine General Contractors, Inc.

P.O. Box 200985
Anchorage, Alaska 99520

(907) 522-2100
FAX 522-2111

February 8, 2002

House Labor & Commerce Committee Member:

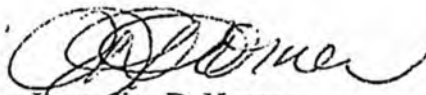
We object strongly to HB258. By charging a tax based on gross receipts the State of Alaska will be collecting more than the IRS from businesses in taxes. \$1,000,000 in gross receipts could result in a \$20,000 bill from the State of Alaska & that same \$1,000,000 receipts could have a net loss with IRS and not owe a dime.

The bookkeeping for this will also constitute another nightmare for small business.

We as a corporation already pay taxes that are based on net income. It would be far fairer, to expand the existing tax base to all businesses, including all non-profits. A true non-profit will still pay no tax and the ones that are not will be taxed on the same scale as other businesses. Then we can move on to personal income taxes.

We do support HB229, for the school tax of \$100 per employee as long as it is dedicated or appropriated only for the use of K-12 education and schools.

Sincerely,



Jacqueline D. Horner
Secretary/Treasurer



Harold L. Horner
President

INTERIOR Medical Supply, LLC

615 23rd Ave Suite 100, Fairbanks, Alaska 99701 Phone (907) 457-8486, Fax (907) 457-8488

interiormedical@alaska.com

Friday, February 08, 2002

Re: Vote against HB 258

Dear Representative;

HB 258 will effectively reduce Alaska Small business' ability to compete from a financial perspective and from a human resource perspective.

I was born in Fairbanks in 1953. I graduated UAF in 1994 with a BBA (accounting/economics majors). I started Interior Medical Supply on 1/1/1997 in my home in Fairbanks, with \$50.00 – like most Alaska small business. Interior Medical Supply has grown at 35% + per year since with revenues of \$500,000.00 for 2001 while maintaining a Net Profit each year. A 2% gross sales tax would currently put my business in the red – for the first time.

Interior Medical Supply quite basically has no major "local" competitors. The Fairbanks economy cannot support two local businesses like Interior Medical Supply. Interior Medical Supply survives on diversification of markets in the medical field coupled with industry low profit margins and great local customer service. The low margins are due to the global corporations that Interior Medical Supply competes with who employ long distance sales persons backed by mail order catalogs and hundreds of millions of dollars worth of corporate support.

If Interior Medical Supply raises prices to cover this proposed tax, the result will effectively price Interior Medical Supply out of a very mature market. Competitive medical supply markets across the

Confidential
2/8/02

Page 1
more

Interior Medical Supply, LLC

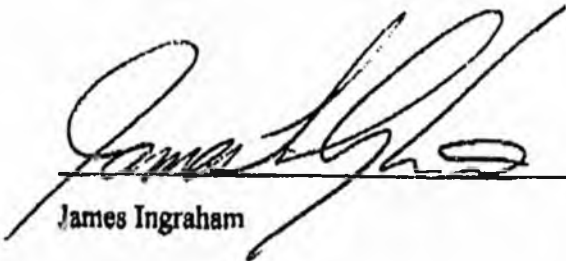
Page 2 of 2

country are driven by buying groups operating at profits around 8-15%. If an organization is off by one percent, you simply don't get the business. Great customer service only goes so far with customers pressured by bottom lines and directives to cut costs. This bottom line concept is no more true anywhere than it is in the medical field. Doctors must buy from New York, if they must, to save a dollar. A doctor buying from outside Alaska reduces dollars coming into our economy and increases dollars going out.

At this time our biggest challenge is to afford making medical insurance available to our employees. This can only be done if Interior Medical Supply grows large enough to support the cost. It is tough for Alaska small business to provide benefits to employees. Lack of benefits makes it hard to compete against big business for quality staff. Big business secures special rates on insurance that are not available to Alaska small business.

HB 258, if approved, will change the face of small business in Alaska. Bill 258 is a step toward phasing out small business and allowing big business to come in and take over our markets and send Alaska dollars packing. Big business can spread annoying costs (HB258) over wider markets (other states) and absorb these loads along the road. Alaska small business will swerve under the pressure and fall further behind the competitive curve.

Vote against HB 258


James Ingraham

2/8/02
Date

907-457-8486



February 8, 2002

To: House Labor & Commerce Committee
Rep. Lisa Murkowski, Chairman
Rep. Andrew Halcro
Rep. Pete Kott
Rep. Kevin Meyer
Rep. Norman Rokeberg
Rep. Harry Crawford
Rep. Joe Hayes

Re: Business Gross Receipts Tax

Dear Ms. Murkowski,

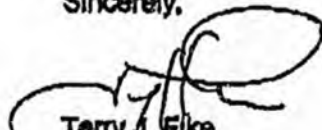
It has come to my attention that House Bill 258 has been scheduled for a hearing on February 11, 2002. It is my understanding that this bill proposes a 2 percent tax of business's gross receipts. In my opinion, this is the most unfair tax proposal that has ever been proposed.

It is practically unheard of to place a tax on gross receipts, especially on small businesses. This proposal presumes that the State of Alaska will take their cut before any business expenses, state or Federal taxes, or any other costs of doing business are considered! In my case, with a tax that is structured like House Bill 258, it would mean that my company's net profit would be drastically reduced and if I were to have a net loss year, I would still have to pay the same amount of tax!

This is a poorly thought out tax proposal. I understand that there is a fiscal gap that needs to be bridged in some manner. However, just tossing out random, barely contemplated tax proposals is hardly the way to build a sturdy economic foundation.

I urge you to consider carefully House Bill 258's ramification on the small business owners in the State of Alaska.

Sincerely,



Terry J. Fike
President

P.O. Box 91535 - Anchorage, AK 99509 6511 Arctic Spur Rd. Anchorage, AK 99518
Phone: 907-563-8787 FAX: 907-563-8788

02/08/02

Alaska Scientific, Inc.
664 E. Dowling Road, Anchorage, AK 99518
800-478-8330, 907-561-8330, Fax 907-563-2758
www.alaskascientific.net

Fax 465-2293

Representative Lisa Murkowski, Chairman

Dear Ms. Murkowski,

Please oppose HB 258, the business gross receipts tax. A state sales tax or a state income tax would be fairer. A gross receipts tax of 2% doesn't sound like much to someone who doesn't understand operating a business, but in reality it is a huge amount. For example, my company's gross receipts average about \$1.5million per year. Last year we cleared a profit of \$25,000.00. If I had to pay a tax of 2%, my tax would be \$30,000.00, totally wiping out any profit. The year before, we made no profit, yet we would have still have had an extra burden of the \$30,000.00 tax to pay. That is just unworkable, especially for small businesses.

I employ a staff of seven people in Anchorage and while we aren't getting rich, we are an important link in the health care delivery system here in Alaska and other places. A 2% gross receipts tax would place an undue burden on our company and make it difficult to stay in business.

Thank you,


Del Salyer
President

P. O. Box 355
Skagway, Alaska 99840
Phone:(907) 983-2220
Fax:(907) 983-3220



Fax

To: Representative Lisa Murkowski	From: Ervon Fairbanks
Fax: 907-465-2293	Pages: 2 INCLUDING COVER SHEET
Phone:	Date: 02/11/02
Re: House Bill 258	CC:
<input type="checkbox"/> Urgent <input type="checkbox"/> For Review <input type="checkbox"/> Please Comment <input type="checkbox"/> Please Reply <input type="checkbox"/> Please Recycle	

**FAIRWAY MARKET, INC.
P. O. BOX 355
SKAGWAY, ALASKA 99840**

February 10, 2002

Representative Lisa Murkowski, Chairman
House Labor & Commerce Committee
Alaska State Legislature
Juneau, Alaska

Re: House Bill 258

Dear Representative Murkowski:

It has been brought my attention that House Bill 258 establishing a program to institute a 2 per cent gross receipts tax on business licensed to operate in the State of Alaska has been scheduled for first hearing by your committee on Monday, February 11 at 3:15 PM. I would like to submit this written opposition to the passage of that bill as any tax based on gross receipts is regressive, destructive, and unfair. Gross receipts taxes place a heavier burden on large volume low profit businesses than on low volume high profit businesses. I am the owner of Fairway Market in Skagway, a grocery store. My gross margin is 25% with an after tax profit of 4%. My annual sales approach \$3,000,000, and after tax profit approaches \$120,000. A 2% gross receipts tax would cost my business \$60,000 per year or 50% of my profit. My business, while small by grocery standards, is a large volume low profit business as shown by the low 25% margin, a margin that is no higher than larger stores in Juneau, Anchorage, or Fairbanks. It is necessary that I maintain this low margin to compete with larger stores in Juneau and Whitehorse, YT Canada particularly Whitehorse.

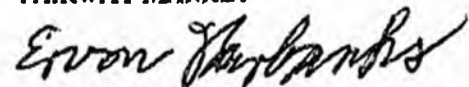
Not only is the grocery business low margin of profit, it is also one of the most capital intensive businesses in the entire country. A new produce case cost us \$13,000, new freezers \$40,000, and a new cash register system \$43,000. Capital investment costs us the same as any large store and because our volume of sales is low by comparison, capital investment for me per unit of sales exceeds that for larger stores. Impose a 2% gross receipts tax and it could well go a long way to closing my business. Accountants say that at a 2% margin \$2500 of new expenses requires \$125,000 of new sales to put that \$2500 back on the bottom line. At the present 4% after tax profit it would take over \$1,000,000 of new sales to put \$60,000 back on Fairway Market's bottom line. This is an impossibility. Further more, Fairway Market is a corporation which pays corporation income tax to the State of Alaska. A new gross receipts tax would constitute the double taxing of the same sales, once for the receipt and again as corporation profit.

Fairway Market was founded in 1958. I took over the business in 1960. My recollection is that there was at one time a gross receipts tax for businesses. My recollection is that the tax was repealed because there was a great deal of criticism of the inequity of the tax and the adverse impact on Alaskan businesses. I might also point out that for businesses like Fairway Market that are corporations, a gross receipts tax will reduce business profits and thus reduce corporation taxes. Thus, the income from a gross receipts tax will be diluted by the loss of corporation income taxes.

I urge that the committee recommend do not pass for the reasons I have stated above.

Truly yours

FAIRWAY MARKET



Ervon Fairbanks

AIRCOM AVIONICS, INC.
3628B University Ave, S.
Fairbanks, Alaska 99709
907-474-0100
Fax 907-479-0144

Feb. 8, 2001

To: Representative Lisa Murkowski
Fax: 907-465-2298

Re: House Bill 258

I would like you to know I am strongly opposed to the 2% gross receipt tax on business.

A tax on gross receipts is particularly unfair to a small business like ours that is barely able to compete with larger operators now. We Alaskans have to compete with out-of-state competition via the Internet, trade magazines, and catalog sales. These people take an order and ship it off. We take time to give service along with a sale, but still have to match the prices in catalogs, etc. We can not pass the 2% on to the customer, they will just order from the cheapest source. A gross receipt tax will come directly out of my pocket, not the consumer's.

Sincerely,



Stephen C. Heideman, President/Owner

CHRISTENSEN'S LUMBER & SAWMILL, INC.
P. O. Box 530
Petersburg, Alaska 99633
907-772-3993 3994
Fax - 907-772-9312

2/11/02

Dear Representative,

As a small business in Southeast Alaska, we are asking you to vote against **HOUSE BILL 258**. A 2% tax on our gross would:

1. Be damaging to small businesses.
2. Put more pressure on an already suffering Alaskan economy.
3. Increase the pressure on businesses already feeling the effects of the suffering economy.
4. Discourage people from buying locally in Alaska.
5. The loss of economy would mean a loss of jobs and SE Alaska needs to provide year-round jobs which are seriously lacking.

Please vote against **HB258**.

Sincerely,



Geneva Christens , owner