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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

August 28, 2008

The Honorable Arnold Schwarzenegger
Governor of the State of California
State Capitol
Sacramento, CA 95814

Dear Governor Schwarzenegger:

I am writing to join Governor Lingle of Hawaii in urging you not to sign Senate Bill 974. This legislation would impose a \$30 fee per 20 foot equivalent for shipping containers. (Many shipping containers are 40 feet long, so the fee or tax would double to \$60.) As I understand it, the fee would apply to all shipping containers processed through the main ports in California (Long Beach, Los Angeles and Oakland).

I have previously written to Governor Gregoire of Washington in opposition to a similar container tax the Washington Legislature considered in 2007. The Alaska Legislature also passed a resolution opposing that bill. I have enclosed a copy of that resolution.

Enactment of Senate Bill 974 will have negative impacts on both Alaska and California. For Alaskans, a very large percentage of goods (90 percent or more) shipped to Alaska arrive as marine cargo in a container. Many communities lack road access and depend entirely on the shipment of goods by container. Shipping costs have increased significantly with the rising price of fuel and these higher costs are quickly passed onto Alaskans. This tax makes the situation worse.

Similarly, the tax may harm California by driving port business away from its ports. New port developments such as the one in Prince Rupert, B.C., Canada, could become attractive to shippers.

I respectfully request due consideration be given to our state and that you not sign Senate Bill 974.

Sincerely,

A handwritten signature in black ink that reads "Sarah Palin". The signature is fluid and cursive, with a large loop at the end of the last name.

Sarah Palin
Governor

Enclosure