

LEGAL SERVICES

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MEMORANDUM

March 19, 2016

SUBJECT: Constitutionality of duration of tax exemption
(CSHB 370(CRA); Work Order No. 29-LS1551\W)

TO: Representative Cathy Tilton
Chair of the House Community and Regional Affairs Committee
Attn: Heath Hilyard

FROM: Susie Shutts 
Legislative Counsel

You requested an opinion on whether a constitutional issue is raised by the amendment of AS 29.45.050(m) by CSHB 370(CRA) to permit a municipality to exempt economic development property from taxation "for a designated period of time" instead of "for up to five years," as the subsection currently reads.

There is no constitutional requirement that the legislature include a set time period when authorizing a municipal tax exemption. Under art. IX, sec. 4, Constitution of the State of Alaska, tax exemptions may be granted by law. And under art. X, sec. 2, Constitution of the State of Alaska, the state may delegate taxing powers to municipalities.

Currently, some of the tax exemptions permitted under AS 29.45.050 do have specific time limitations,¹ while other exemptions under AS 29.45.050 do not.²

SLS:dla
16-304.dla

¹ See, e.g., AS 29.45.050(b)(1)(D), (f), (g), (j), (k), (o), (v), and (w).

² See, e.g., AS 29.45.050(b)(1)(A) - (C) and (E), (b)(2), (e), (h), (i), (l), (n), (p), (q), (r), (s), (t), and (u).