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October 26, 2012

## VIA ELECTRONIC DELIVERY

Ms. Jo Johnson  
City Clerk  
City of Homer  
491 E. Pioneer Avenue  
Homer, AK 99603-7624

RE: Special Assessment Issues  
Our File No.: 506,742.205

Dear Jo:

The following responds to two questions regarding the City's levying of special assessments.

1. ***How Are Assessments Levied on Condominiums?***

Under AS 34.08.720(b), each condominium unit, together with its interest in the common elements of the condominium, is assessed as a separate parcel of real estate, and common elements are not subject to any separate assessment. Under this rule, the owner of each individual condominium unit may object to the formation of a special assessment district under HCC 17.04.050(b).

2. ***How Are Leaseholds on Publicly Owned Property Assessed?***

AS 29.45.030(a)(1)(A) provides that a private leasehold in publicly owned property is taxable to the extent of the interest. Thus, the leasehold will be listed on the municipal property tax roll in the name of the lessee. Under AS 29.46.040, the person in whose name the leasehold is listed on the municipal property tax roll is conclusively presumed to be the legal owner of record of the leasehold for special assessment purposes. Thus, such a leasehold will be subject to special assessment, with the lessee treated as the record owner.

Ms. Jo Johnson  
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Please let me know if I may be of further assistance.

Yours truly,

BIRCH HORTON BITTNER & CHEROT

A handwritten signature in black ink, appearing to read "Thomas F. Klinkner", with a long horizontal flourish extending to the right.

Thomas F. Klinkner

TFK: