

Dollars and Sense

Time is of the essence as local governing districts determine how to raise money to help pay back 8,700 Incline property owners



Kevin MacMillan
kmacmillan@tahoebonanza.com

INCLINE VILLAGE, Nev. — In a bizarre and ironic twist, the very residents and property owners in Incline Village/Crystal Bay who are slowly receiving refunds after being taxed illegally by Washoe County will likely be on the hook to contribute to the pool of money that will pay them back.

Just how is unclear — but the clock is ticking.

The North Lake Tahoe Fire Protection District perhaps faces the largest challenge in coming up with the estimated \$6.5 million it owes to the \$43.3 million pot being divided among the 8,700 property owners.

“The district has set aside some funds ... but not nearly enough,” said chief Mike Brown at the Sept. 21 fire board of directors meeting, confirming only about \$3.3 million has been saved — which was an initial estimate of what NLTFPD would owe.

It's unknown what this deficit will mean in the short-term for fire and emergency service for Incline residents. How the remainder of the cash will be raised is another unanswered question.

“We are unable to predict the future,” Brown said.

To track your refund and for other questions, visit the county's page dedicated to

the Incline tax situation here: www.tahoebonanza.com/refundstatus.

Charging residents a tax?

While the fire board is short on options, IVGID staff are mulling a few ideas to raise about \$730,000 needed to cover the estimated \$1 million it's supposed to pay into the \$43 million pot.

The \$270,000 the district has saved was set aside for only one year, district controller Gerry Eick told the board on Sept. 14. Since Washoe County opted to fight challenges first filed by Incline taxpayers after the 2006-07 tax year, the issue opened up additional years, Eick said, and IVGID wasn't in a position to make an adjustment, so none was made.

While further discussion is on the Oct. 12 board meeting agenda, these options were mentioned on Sept. 14:

- Conducting a special \$90 per-parcel, one-year assessment tax.
- Cuts to various programs this year.
- Cuts to insurance and/or the district's workers compensation.

The concept of a community-wide tax would likely be a public concern, said IVGID General Manager Bill Horn in an interview last week, considering each property is receiving a different refund amount from the county.

For example, if a multi-million-dollar home receives a six-figure refund, while a \$250,000 home receives a much-smaller payback, the argument can be made it isn't right to tax both properties the same amount.

"That \$90 might mean a lot more to someone else," Horn said.

Time is money

The school district has set aside about \$14 million over the years, said chief accountant Tom Ciesynski, although that still leaves it about a million short.

"The interest is a bit higher than we anticipated," Ciesynski said last week. "We're having to relook at our budget to make those adjustments."

Until more discussion takes place, it's too early to speculate how the school district will gather the outstanding cash, he said.

Regardless, a sooner-than-later approach is desired, officials said, considering the county is already withholding cash to pay the refunds. For the fire district, that amounted to \$39,000 in mid-September to help cover initial refunds. For IVGID, it was \$5,000.

Another concern is in regard to interest associated with the refunds, officials said. Due the long legal process over the years, the Supreme Court's ruling didn't come until this year, meaning refunds plus substantial interest are due.

Of the \$15 million for which it is responsible, Ciesynski said about \$2.1 million is estimated as interest. IVGID's finance team estimates of the \$1 million it owes, about \$140,000 is in interest.

A united front?

NLTFPD legal counsel Geno Menchetti told directors on Sept. 21 he had sent separate emails to Washoe County Manager Katy Simon and Horn to possibly set up a meeting among them and perhaps the school district and state, as "there seems to be some substantial legal arguments" to challenge the county's take of district dollars.

Last week, Horn said he, Menchetti and Simon had exchanged emails previously requesting a meeting.

"I'm looking forward to (a potential meeting)," Horn said.

Ciesynski said the school district is "open to having any communication on this matter."

In an email interview last week, Simon said she responded to Menchetti's Sept. 7 email, "stating that we would be happy to provide any information requested, and that

we are always happy to talk with anyone at any time.”

County Treasurer Tammi Davis sent a second round of letters to each entity explaining the calculations and how the amounts to be withheld were derived, Simon said, as well as the process by which distributions would be withheld.

In a separate email, Simon also explained: “The County Commission voted in a public meeting, giving consideration to a statement they received from IVGID (and no other entity), to allocate the interest pursuant to their ability to do so under statute, to the taxing entities that have had use of the overpaid taxes since their receipt and disbursement. The Board's actions throughout the litigation have been widely known and publicized.”

The future

Both the IVGID and NLTFPD boards directed their respective staffs to continue assessing the situation, and to come back for further discussion, expected at the Oct. 12 IVGID meeting and the fire board's Oct. 19 meeting.

Regardless of the future, one fact is clear: Washoe County — the entity ruled by the Supreme Court as being responsible for illegal taxation to Incline residents — is responsible for paying back less than half of the \$43 million in refunds.

It's an ironic fact, Horn said.

“With all due respect to Katy Simon, it is ironic; it is sad that those who had no control over the lawsuit ... felt like they were spending the community's money wisely,” he said.

Requests for comment by officials with the state were not returned for this story.

Background

A July 7 Nevada Supreme Court ruling affirmed a 2009 district court decision ordering the Washoe County treasurer to refund about 8,700 local property owners for taxes they paid for the 2006-07 fiscal year.

After weeks of meetings and discussion, Washoe County determined the final refund total to be about \$43.3 million, and the first round of refunds were mailed in late August.

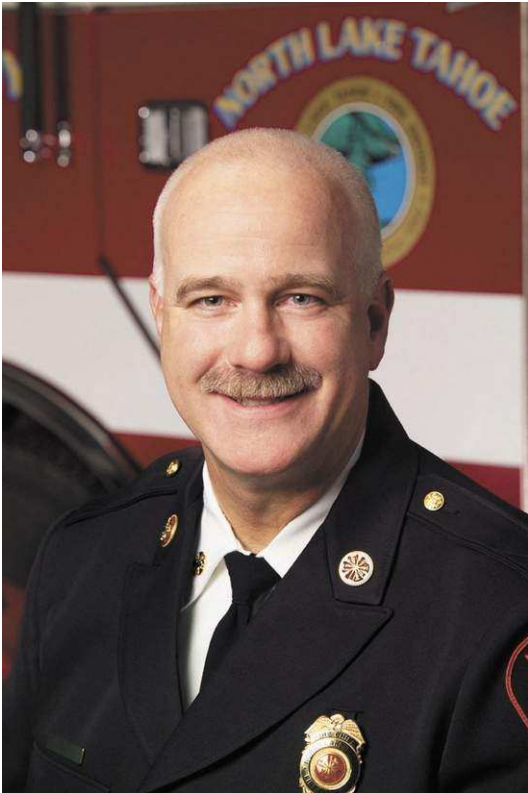
Besides the county, there are four other entities who share in Incline Village's property tax revenues — Washoe County School District, North Lake Tahoe Fire Protection District, the state of Nevada and Incline Village General Improvement District. All five are responsible for the refunds.

Following is a breakdown of the estimated rates for which each entity is responsible:

- IVGID: \$1 million
- State of Nevada: \$2.8 million
- NLTFPD: \$6.5 million
- WCSD: \$15 million
- Washoe County: \$18 million

As of Sept. 13, the county had adjusted 68 Incline parcels (about 0.78 percent), refunding a total of about \$1.72 million. The process could take up to 18 months before the final check is signed.

Furthermore, interest will continue accrue to unpaid taxpayers at a rate of 0.5 percent per month and 6 percent per year.



Chief Mike Brown and the rest of the North Lake Tahoe Fire Protection need to raise about \$3 million to help cover its estimated \$6.5 million piece of the tax refund pie.



The county is always happy to talk with anyone at any time, Washoe County Manager Katy Simon told the Bonanza in an email interview.



IVGID General Manager Bill Horn (pictured) and the board of trustees plan to discuss the tax revolt situation at next Wednesday's board meeting.

#