

# Agencies try to cut Incline tax bill interest

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The North Lake Tahoe Fire Protection District has saved half of the \$6.5 million owed as its share of \$43 million tax refunds being paid to Incline Village residents.

But it may have to ask residents for a property tax increase — the very people who benefit from the tax refunds — or cut services to make up the rest in fiscal 2012.

Lawyers for the fire district as well as the Incline Village General Improvement District and the Washoe County School District are working behind the scenes to see if a deal can be cut over interest costs owed over the county's long, unsuccessful legal battle against issuing the refunds, officials said.

North Tahoe Fire Chief Mike Brown expects the fire district board on Dec. 21 to consider its legal options. He said it's not fair for the district to be liable for almost \$1 million in interest costs, given the board had no role in the county's handling of the Incline property values issue.

"We wholeheartedly agree we have to pay the money back," Brown said. "Our biggest question is on interest. From day one, we have had no say on this."

By a 3-2 vote, the Washoe County Commission in late August ordered the county treasurer to take property taxes from all the other entities that benefitted from the overpayment of taxes as the tax refund checks are written. The \$43 million total includes \$6.2 million in interest, set by law at 6 percent a year.

In addition to the county, the school district, Incline General Improvement District fire district and the state benefitted from the overpayment of taxes.

The Nevada Supreme Court on July 7 ordered the county to pay refunds to 8,700 Incline homeowners, upholding the county board of equalization's vote in February 2006 to roll back their property values for 2006-07 to 2002-03 levels.

The Supreme Court struck down the former county assessor's methods of appraising Tahoe views, beaches and other unique features as unconstitutional because they were not approved by the state.

Of the \$43 million bill resulting from the Supreme Court decision in July, Washoe County will pay \$18 million. The school district owes \$15 million, the Incline Village GID owes about \$1 million and the state of Nevada, \$2.8 million.

Five more Incline property cases are pending, including a decision by the Supreme Court on whether Incline property values should be equalized with those at Tahoe in Douglas County. Oral arguments were heard last month.

Gary Kraemer, the school district's chief financial officer, said the school district has reserves to pay \$12 million of its share and is counting on the state to reimburse the district for the remaining \$3 million.

Washoe County will tap reserves in several accounts, including risk management and employee health benefits to pay for its \$18.4 million share.

As of October, 148 property owners were mailed refunds totaling \$2 million, or an average of about \$13,500 per homeowner.

The refunds could take up to 18 months to complete under an initial estimate. "But once we have a few months under our belt, we will update that," said County Treasurer Tammi Davis.

While the checks are written, interest on the amount owed to homeowners continues to mount.

For the fire district, Chief Brown said, the district has sufficient funds to pay for tax refunds this fiscal year. But he said the board will have to make decisions for the next fiscal year starting in July. That, he said, could include asking voters to raise property taxes to maintain services or cutting service.

“We are looking at every option we have,” Brown said.

Negotiations with firefighters, meanwhile, are under way for a new contract and Brown said there is some hope for labor cost savings.

“We are working together on how to make the organization functional,” he said.

The fire district has a budget of \$14.3 million, which is supported by \$7.3 million in

property taxes, \$2.8 million in sales and sin taxes; grants that cover fuel reduction programs make up the rest, Brown said.

The department has 42 firefighters and three chief officers, including Brown.

The Incline GID, which operates the ski resort, beaches, golf course and other recreational facilities has reserves to pay its \$1 million share, said Bill Horn, GID general manager.

“We have done very well the last four years. But it’s all based on whether mother nature gives us enough snow,” he said.

While the county and the district are at odds over the interest issue, he said, the district otherwise retains a good relationship with the county, which provides sheriff, roadwork, a library and other services in the village.

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