

**MEMORANDUM**

**TO:** Board of Trustees

**FROM:** Karen M. Crocker  
Interim District Manager

**SUBJECT:** Ordinance 7, paragraph 44., Fees Kept Current (Property Tax Delinquencies)

**DATE:** November 13, 2024

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This memorandum is informational and no recommendation and/or action is proposed.

Ordinance 7, paragraph 44., Fees Kept Current, reads as follows:

44. Fees Kept Current. All property taxes, special assessments and Recreation Fees on a Parcel must be paid for the current and prior years to maintain the Parcel's eligibility for Recreation Privileges. The District Recreation Fee must be paid by October 1 of the year billed in order to continue receiving Recreation Privileges.

Back in November of 2002, then Director of Finance Paul Navazio provided the following procedure to Staff: *(Start of former Director of Finance Navazio's communication)*

**ORDINANCE 7 – SUSPENSION OF RECREATION PRIVILEGES FOR NON-PAYMENT OF FACILITY FEES**

Ordinance 7 establishes that parcels are eligible to receive recreation privileges so long as the assessment on that parcel is current, as defined.

This document serves to summarize the process by which the District administers provisions of Ordinance 7 related to the recreation privilege eligibility and, specifically, the suspension of recreation privileges for parcels who are determined to be delinquent with respect to payment of recreation facility fees.

The criteria historically used by the District to determine parcels subject to suspension of recreation privileges due to non-payment of recreation facility fees differs somewhat from the specific language contained in Ordinance 7, Section 44. As such, the Board may wish to consider revising the language in Ordinance 7, relative to the criteria for suspending recreation privileges. Alternatively, the District's process for administering this provision of Ordinance 7 will need to be update to conform to the language in Ordinance 7, to the extent administratively feasible.

**Background**

Ordinance 7, Article Iii establishes that the criteria by which parcels within the District are eligible to receive recreation privileges. Specifically:

- Article III, Section 43 provides that:

*“Each District Parcel which is assessed and has paid in full the current Recreation Fee is eligible to receive Recreation Privileges as set forth in this Ordinance.”*

- Article III, Section 44 further provides that:  
*“All property taxes, special assessments and Recreation Fees on a Parcel must be paid for the current and prior years to maintain the Parcel’s eligibility for Recreation Privileges. The District Recreation Fee must be paid by October 1 of the year billed in order to continue receiving Recreation Privileges.”*

In establishing the process by which the District administers this provision of Ordinance 7, and specifically the determination of the payment status of a parcel relative to the District’s Recreation Fees, it is instructive to understand how Washoe County administers the billing and collection of property taxes, assessments and Recreation Fees.

The District’s documentation suggests that since 1998, when Ordinance 7 was first adopted, Washoe County has changed its tax collection calendar. Currently, all taxes and special assessments (including the District’s Facility Fees) are billed as of July 1, with the ability for parcel owners to pay them in four installments. The following reflects the County’s billing / collection schedule for the 2022/23 tax year.

Installment Payment	Due Dates			
	Day	Month	Date (FY22/23)	10-day Grace Period
1st	3rd Monday	August	Aug 15th	Aug 25th
2nd	1st Monday	October	Oct 3rd	Oct 13th
3rd	1st Monday	January	Jan 2nd	Jan 12th
4th	1st Monday	March	Mar 1st	Mar 11th

Washoe County assigns an “unpaid” (or delinquent) status to a parcel, when payments are received by the due date of the scheduled installment payment (including a 10-day grace period). Further, the County allows anyone to make up for a delinquent installment(s) by not taking other action until a parcel has unpaid balances due as of June 30<sup>th</sup>, the last day of the tax year.

**Determination of Payment Status for purposes of Suspending Recreation Privileges**

This process has resulted in the District conforming its review and determination of whether a parcel is current on its payment of Recreation Fees so as not to conflict with the County collection system or process, and to establish a parcel’s “payment status” for the purpose of administering recreation privileges based on a parcel’s payment status for the tax year, as reported by Washoe County as of June 30<sup>th</sup>, adjusted for any activity occurring between July 1 and October 1<sup>st</sup>.

If this review results in a determination that a parcel is still delinquent on amounts due through the prior June 30 as of October 1<sup>st</sup>, then recreation privileges are suspended.

Following the suspension of recreation privileges due to delinquent status of payment of property taxes, and special assessments, if - at any time after that – the District is provided evidence that a parcel has paid their back taxes and fees, then recreation privileges are reinstated.

*Note – in practice, recreation privileges are reinstated upon a property requesting reinstatement and providing proof of payment (or confirmation of payment status through Washoe County). The District does not automatically update recreation privilege status based on receipt of monthly payment status reports from Washoe County.*

**Considerations supporting the District’s process for administering Ordinance 7 relative to payment status Recreation Fees:**

- 1) The language in Ordinance 7 states, “All property taxes, special assessments and Recreation Fees on a parcel must be paid for the current and prior year to maintain the Parcel’s eligibility for Recreation Privileges. The District’s recreation fee must be paid by October 1 of the year billed in order to continue to receiving recreation privileges.”
  - Given the fact that property taxes are generally paid in quarterly installments, it is impractical to require that the District’s recreation fees “must be paid by October 1 of the year.” Under a strict interpretation of this language, nearly ALL District parcels would have their recreation privileges suspended as of October 1, to the extent that parcels still owe the 3<sup>rd</sup> and 4<sup>th</sup> installment payments of their property taxes and special assessments.
  - Additionally, a large (unknown) number of property owners elect to have their property taxes paid with their home mortgage on a monthly basis. For these parcels, the County only receives tax payments from a bank (or third-party tax collection entity) on a quarterly basis, and thus for these parcels, full payment of Recreation Fees would never be made by October 1<sup>st</sup>.
- 2) For the past several years, the District has administered Ordinance 7 based on a determination of a parcel’s payment status “as of October 1”, applied to the PRIOR year’s tax liability. As noted above, a list of parcels with unpaid balances is established as of June 30<sup>th</sup> of each year. Parcels who, in turn, are identified by Washoe County as still delinquent for the PRIOR tax year, as of October 1<sup>st</sup>, are subject to suspension of recreation privileges.
  - The requirement in Ordinance 7 that parcels have fully-paid their Recreation Fee by October 1 in the year billed, implies that the District’s definition of “unpaid” of “delinquent” as it relates to property taxes, special assessments and Recreation Fee, would differ from the definition established by Washoe County and would be, for all practical purposes, impossible to administer.
- 3) For purposes of determining whether recreation privileges should be suspended based on the payment status of a parcel for the CURRENT tax year, consideration should be given to the following:
  - Current-year property taxes, assessments and recreation fees are due and payable on a quarterly basis throughout the tax year.
  - Parcels that may enter “delinquent” status for a give quarterly installment payment may only be designated as such as a result of a late payment. In these cases, payments are typically made prior to the due date of the next installment payment.

- Some parcels may be deemed “delinquent” solely as a result of payments that may be for less than the total amount billed/owed for a given installment payment. Examples include parcels with an outstanding late fee or penalty assessed by Washoe County. Balances “owed” by these parcels will be less than the Recreation Fee portion of the bill and thus suggest that they may be current with respect to payment of imposed Recreation Fees.
  - Additionally, Ordinance 7 – as drafted – imposes a requirement that District recreation fees are paid, in full, earlier than when they are due or, at a minimum, must not be “late” at any time during the tax year, for avoid suspension of recreation privileges. However, the vast majority of parcel owners, regardless of circumstance, ultimately pay the Recreation Fee owed to the District within the tax year (by June 30<sup>th</sup>), or by October 1<sup>st</sup> of the following tax year. Given that the Recreation Fees are ultimately paid-in-full, parcels with late payments are effectively denied recreation privileges for which they are ultimately paying. As such, absent consideration of pro-rating the Recreation Fees owed (or providing a refund for any period for which Recreation Fees were temporarily “delinquent”, parcel owners are still paying for privileges that have been suspended.
  - The current process for determining eligibility for recreation privileges errs on the side of only suspending privileges in cases when fees remain outstanding at the end of the tax year, and are deemed delinquent by Washoe County for purposes of imposing enforcement actions.
- 4) The intent of the District, as provided for in Ordinance 7, to ensure that recreation privileges are subject to a parcel’s “payment status” of property taxes, special assessments and Recreation Fees, should be considered in relation to Washoe County’s current billing schedule as well as the administrative burden imposed by tracking and updating parcels’ payment status throughout the course of the tax year (ie frequency of changes in status of parcels’ eligibility for recreation privileges.
- The current process results in suspension of privileges for parcels that are delinquent at the END of the tax year. This approach errs on the side of not penalizing parcel owner for late payments; suspension of privileges for deminimus amounts past due; or continuous suspensions and reinstatements throughout the year.
  - The current process avoids suspension (and reinstatement) of privileges throughout the year, including in cases were certain privileges could not be readily revoked (ex. Resident Season Pass at Diamond Peak purchased in December with delinquency at 3<sup>rd</sup> due instalment payment).

Status of Parcels With Delinquent Payments owed as of October 1, 2022:

• Unpaid amounts owed (Current Year) as of October 1	5,807
• Delinquent amounts owed (Current Year) as of October 1 703	
• Delinquent Amounts owed (Current Year) as of November 1	451
• Delinquent Amounts owed (Prior Year and Current Year) as of October 13 <sup>th</sup>	42
• Delinquent Amounts owed (Prior Year and Current Year) as of November 1 <sup>st</sup>	38
○ Parcels listed as current for PRIOR Year (paid after June 1 <sup>st</sup> ) 4	
○ Parcels listed as PAID for PRIOR Year by OWE for CURRENT year 13	
○ Parcels listed with Delinquent Amounts owed (Prior and Current Year)	25
○ Parcels with de minimus amounts owed (Prior Year)	3
○ Parcels meeting “historical” criteria for suspension of privileges	22

*(End of former Director of Finance Navazio’s communication)*

**Just to be clear, the above is an example of delinquent payments/suspensions of privileges in 2022 and is provided as a reference.**

Staff currently is following the above procedure in accordance with Ordinance 7, paragraph 44.

District Staff does receive monthly reports from Washoe County, who administers and collects on taxes and fees on all parcels within Washoe County. Washoe County also distributes those fees to IVGID. These reports are delinquency and receivable aging reports and they and the fees flow smoothly and regularly between the two agencies.

Washoe County provided the following information:

1. Does IVGID receive the penalties and interest associated with delinquent recreation fee accounts?
  - a. No, the County retains those penalties as we are tasked with and staffed to collect them. This helps us recover the costs associated with managing the accounts.
2. Can we charge other fees/charges on recreation accounts?
  - a. I would ask that you refer this to your attorney, but I may start with NRS 318.197. This statute details the fees and charges allowable to FIDs in Nevada. It describes the rates allowed, method of collection, etc.
3. How frequently does IVGID staff receive delinquency and other reports?

Our County Treasurer’s Office remits a delinquency and receivable aging report monthly in addition to after each tax distribution to the various taxing entities and at year end on June 30<sup>th</sup>. While I did not ask for specifics, our team has a relationship with your team and information flows smoothly and regularly.