

Round Hill General Improvement District

Board of Trustees' Meeting

Tuesday, August 19, 2014

Round Hill Fire Station

Elks Point Road

6:00 p.m.

Dear Round Hill Resident:

The Round Hill General Improvement District (RHGID) recently enacted an Ad Valorem (AV) Tax for residents within Round Hill's service territory. That implementation did not go as envisioned by the Board of Trustees or the District's Manager. Therefore, the RHGID's Board of Trustees will take this issue up at their next regularly scheduled Board meeting on August 19, 2014 at the Round Hill Fire Station on Elks Point Road at 6:00 p.m. As always, Round Hill residents are encouraged to attend that meeting to offer input to the Board so the Board can make a decision going forward that best incorporates residents' wishes.

The Board created the AV Tax to raise revenues that will allow the District to continue paving District roads as detailed in the District's Comprehensive Pavement Maintenance Plan and to maintain adequate General Fund reserves. Without additional funding, RHGID will not be able to continue paving roads on the timeline established in the Pavement Maintenance Plan.

Nevada has a 3% cap on annual increases to property taxes. RHGID knew this and relied on this information during the development of the AV Tax. In all of the discussions with the State, the County, legal counsel, rate consultants, the fact that we would not be subject to the 3% cap was never determined.

The Board based the creation of the AV Tax on the understanding that the AV Tax would only increase the overall tax rate of Round Hill residents by 3%, in accordance with NRS 361.4723. However, when the AV Tax was implemented by the State and County, it was classified as an "annexation". Annexations fall outside the 3% cap; the 3% cap does not apply to annexation taxes. This classification was never discussed prior to implementation. However, if RHGID had understood that we were going to be classified as an annexation in the beginning of this process, we may have been able to adjust our process to minimize the impact to residents. Therefore, the Board will consider alternatives to remedy this discrepancy.