

**REQUEST FOR BOARD ACTION**  
**HENDERSON COUNTY**  
**BOARD OF COMMISSIONERS**

MEETING DATE: 20 September 2006

SUBJECT: Volunteer fire department tax adjustment policy

ATTACHMENT(S): Draft policy

**SUMMARY OF REQUEST:**

From time to time, due to taxpayer or staff errors, repayments of overpaid *ad valorem* property taxes on incorrectly listed real property must be made. In the case of a substantial incorrect listing, this could cause a situation where a volunteer fire department would be required to pay out a significant percentage of its annual budget in any given year.

The proposed policy only comes into play where required repayments are greater than \$1,000.00. Under the proposal, Henderson County would advance repayment of any amount over \$1,000.00 on behalf of the Department involved, to be repaid over three years (in most cases). However, in cases where the fire district tax is already greater than the amount that can be set without referendum, the repayment could be stretched to five years.

County staff will be present and prepared if requested to give further information on this matter.

**PROPOSED BOARD ACTION:**

If the Board is so inclined, the following motion is suggested:

***I move that the Board adopt the Volunteer Fire Department tax adjustment policy attached to this agenda item.***

A POLICY TO ALLOW VOLUNTEER FIRE DEPARTMENTS REPAY TAX ADJUSTMENTS  
TO HENDERSON COUNTY OVER A PERIOD OF UP TO THREE YEARS OR, IF THE FIRE DISTRICT TAX  
RATE IS AT MAXIMUM ALLOWED BY LAW WITHOUT REFERENDUM, UP TO FIVE YEARS

WHEREAS, from time to time it is necessary to adjust the tax base of Henderson County upon the discovery of unlisted taxable property, or upon the discovery of other irregularities resulting from the incorrect listing of taxable property; and,

WHEREAS, on occasion such adjustment can result in a requirement to refund *ad valorem* property taxes erroneously collected, particularly within a given fire tax district; and

WHEREAS, the requirement to make such refund can adversely affect the fire department located in such a fire tax district, as such departments do not customarily carry "fund balances" or other mechanisms to allow for immediate repayment; and,

WHEREAS, it is the desire of the Board of Commissioners of Henderson County for Henderson County to assist such departments in such situations, by effectively financing such repayments, on the terms stated below.

NOW, THEREFORE, IT IS HEREBY ESTABLISHED as the policy of Henderson County as follows:

1. Definitions:
  - A. Class A volunteer fire department: Any Henderson County volunteer fire department for which the fire district *ad valorem* property tax as set by the Henderson County Board of Commissioners is less than \$0.10 per \$100.00 assessed valuation.
  - B. Class B volunteer fire department: Any Henderson County volunteer fire department for which the fire district *ad valorem* property tax as set by the Henderson County Board of Commissioners is equal to or greater than \$0.10 per \$100.00 assessed valuation.
2. Application. This policy applies only to those situations in which the lawful remedying of an irregularity or mistake in the listing of property subject to *ad valorem* taxes or in the payment of *ad valorem* taxes requires the repayment of previously collected *ad valorem* taxes by a Henderson County volunteer fire department.
3. For any Class A volunteer fire department owing a repayment of *ad valorem* property taxes in an amount of greater than \$1,000.00, Henderson County will advance on behalf of such department the repayment of previously collected *ad valorem* taxes in excess of \$1,000.00. Such department shall repay Henderson County such amount advanced (by withholding from *ad valorem* collections made by the County on behalf of such department) in equal installments over the three fiscal years following the repayment.
4. For any Class B volunteer fire departments owing a repayment of *ad valorem* property taxes in an amount of greater than \$1,000.00, Henderson County will advance on behalf of such department the repayment of previously collected *ad valorem* taxes in excess of \$1,000.00. Such department shall repay Henderson County such amount advanced (by withholding from *ad valorem* collections made by the County on behalf of such department) in equal installments over the

succeeding three fiscal years, which period may by action of the Board of Commissioners be extended to no more than five years.

This policy is effected upon adoption, and adopted this the \_\_\_\_\_ day of \_\_\_\_\_, 2006.

HENDERSON COUNTY BOARD OF COMMISSIONERS

By: \_\_\_\_\_  
WILLIAM L. MOYER, Chairman

Attest:

\_\_\_\_\_  
Secretary to the Board of Commissioners