

Breaking CDD News

ISSUES THAT MATTER TO VILLAGES RESIDENTS

IRS EXAMINATION OVER

COMMUNITY DEVELOPMENT DISTRICT WINS LONG-RUNNING DISPUTE

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THE VILLAGES

The long-running dispute between the IRS and the Villages Community Development Districts ended abruptly Thursday when the IRS announced that its more than eight-year examination had been "concluded" and that "no further IRS actions" would be forthcoming.

District Manager Janet Tutt shared the announcement via email Monday with the CDD's board of supervisors, stating, "For more than eight years, we were steadfast in maintaining that the District had followed the law and that there was no factual basis for the IRS examination. To have this examination finally closed without penalty is a tremendous victory for our community and vindication of our supervisors and District staff who do a tremendous job serving our residents."

In a memo dated July 11, the IRS, noting that the remaining



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JANET TUTT

District manager, in an email to the CDD's board of supervisors Monday.

Village Center municipal bonds had been redeemed in 2015, stated, "We have concluded that closing this examination without further IRS action supports sound tax administration."

That refinancing of recreational bonds in 2015 by both Village Center and Sumter Landing CDDs took advantage of historically low interest rates, saving residents millions of dollars, while also bolstering their case before the IRS.

Beginning in 2006, the IRS had made a number of contentions that the Village Center disputed.

The first charge was the claim that the CDD had overpaid The Villages Developer for recreational amenities north of County Road 466. That issue was refuted by the IRS's own audit that indicated, in fact, the CDD actually underpaid for the facilities with The Developer getting less than market value.

Likewise, in 2015, the IRS withdrew another claim - that the CDD lacked jurisdiction as a Florida political subdivision to issue tax-exempt bonds. That victory by the

CDD solidified its authority under state law.

The final issue involved the IRS claim that the manner in which recreation facilities were operated made the CDD bonds taxable.

In March of 2015, the CDD disputed that contention.

Then in November, after not responding to the CDD for several months, the IRS issued an offer to settle the remaining question for \$1.5 million dollars.

However, the Village Center supervisors unanimously refused that settlement offer at their November 2015 meeting.

Supervisor Gary Moyer stated at the time, after nearly 10 years, "The IRS still fails to understand some of the most basic facts of how our community works."

Now, with the IRS closing the examination with no penalty, Moyer expressed his satisfaction that all issues had been resolved in favor of the Village Center.

"The district, in every case, followed the law, and it's very satisfying to finally see this whole matter concluded in our favor," he said.