

**134.551 Refund to purchaser of certificate of delinquency that is unenforceable or declared void -- Reassessment of property.**

- (1) If a certificate of delinquency or personal property certificate of delinquency held by an individual is declared void by a court of competent jurisdiction because of the irregularity of taxing officers, the amount for which the certificate was issued shall be refunded by the state, county, and taxing districts on a pro rata basis. If a school district or county is unable to make the refund currently when requested, it shall be given preference from the next year's revenue. The application for refund must be made within one (1) year after the judgment. The property covered by the void certificate shall be assessed immediately as omitted property and the tax bill shall be payable as soon as prepared.
- (2) (a) If a certificate of delinquency held by a third-party purchaser who paid the certificate of delinquency to the county clerk:
  1. Is unenforceable because:
    - a. It is a duplicate certificate of delinquency;
    - b. The tax liability represented by the certificate of delinquency was satisfied prior to the purchase of the certificate of delinquency;
    - c. All or a portion of the certificate of delinquency is exonerated; or
    - d. The property to which the certificate of delinquency applies was not subject to taxes as a matter of law as certified by the property valuation administrator; or
  2. Should not have been sold because, on the date of the annual sale, the certificate of delinquency met the requirements for inclusion on the protected list pursuant to KRS 134.504(10) and it:
    - a. Was included on the protected list;
    - b. Was mistakenly left off the protected list; or
    - c. Became eligible for inclusion on the protected list between the date the protected list was submitted and the date of sale;

the third-party purchaser may apply to the county clerk for a refund.
- (b) The application for refund filed with the county clerk shall include written proof that one (1) of the situations described in paragraph (a) of this subsection exists with regard to the certificate of delinquency for which a refund is sought.
- (c)
  1. Upon acceptance and approval of the application for refund, the county clerk shall approve a refund of the amount paid to the county clerk by the third-party purchaser in satisfaction of the certificate of delinquency. The refunded amount shall not include any filing fees paid by the third-party purchaser to the county clerk.
  2. Amounts refunded to the third-party purchaser shall be deducted from amounts in the hands of the county clerk due to the state, county, taxing districts, sheriff, county attorney, and the county clerk on a pro rata basis, if the county clerk has sufficient funds in his or her hands to make

the refund.

3. If the county clerk does not have sufficient funds to make the refund at the time the refund is approved, the county clerk may either:
    - a. Retain the approved refund claim in his or her office and make the refund payment as soon as he or she has sufficient funds in his or her hands to make the refund payment; or
    - b. Provide a signed letter to the person to whom payment is due, which includes the amount due from each taxing jurisdiction or fee office, and which directs each taxing jurisdiction or fee official to pay to the person the amount due and owing from that taxing jurisdiction or fee official as reflected in the letter.
  4. Upon the making of a refund to a third-party purchaser, the county clerk shall issue and file a release of the lien on the property assessed for taxes as provided in this subparagraph without charge to the third-party purchaser. The release shall be linked to the encumbrance in the county clerk's indexing system.
    - a. The department shall prepare a release form to be used by the county clerk when a refund is paid under this paragraph. The form shall include, at a minimum, the following:
      - i. The name and address of the taxpayer;
      - ii. The name and address of the third-party purchaser;
      - iii. The book and page number of the third-party purchaser's lis pendens filing;
      - iv. The property address;
      - v. The applicable tax year; and
      - vi. The map identification number or tax bill number.
    - b. The release form shall be signed by the government official responsible for making the correction.
    - c. In addition to the signed release form, information filed by the county clerk shall include a copy of the documentation provided by the government official and a copy of the refund check or letter of refund authorization issued to the third-party purchaser. The county clerk shall record and file this information without a fee.
    - d. The county clerk shall also make any necessary corrections to the tax records within the office of the county clerk.
    - e. The county clerk shall return the release document to the taxpayer and shall provide a copy of the release document to the third-party purchaser.
- (d) If the county clerk denies the application for refund, or the property valuation administrator fails to certify that property was not subject to taxes as a matter of law, the third-party purchaser may appeal the decision of the county clerk or the property valuation administrator to the Kentucky Board of Tax Appeals.

**Effective:** April 23, 2012

**History:** Amended 2012 Ky. Acts ch. 161, sec. 8, effective April 23, 2012. -- Amended 2010 Ky. Acts ch. 75, sec. 11, effective April 7, 2010. -- Amended and renumbered as KRS 134.551, 2009 Ky. Acts ch. 10, sec. 29, effective January 1, 2010. -- Amended 1982 Ky. Acts ch. 452, sec. 8, effective July 1, 1982. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 4149b-11.

**Formerly codified as** KRS 134.520.