

To: Persons Preparing Real Estate Closing Documents

From: William D. McFarland, Auditor

Date: October 9, 2009

Subject: Repayment of Overpaid Taxes

Each year following the close of semi-annual real property tax collections (particularly after the second half), the County finds a number of parcels for which the amount paid exceeds the amount billed. We have found that this occurs for a variety of reasons.

The issue to be addressed in this memorandum concerns the repayment of funds when the property ownership has been transferred after the printing of the tax duplicate, which occurs near the first of each year, or following a half year billing.

As you may or may not assume, the County Treasurer as the payee, has no information at hand to define the source of the overpayment. Therefore, there can be some confusion concerning where to direct the repayment. For example should the repayment go to the owner on the lien date, billing date or current owner?

We are aware that the common practice in relation to taxes at a real property transaction closing is for the accrued taxes not yet billed to be pro-rated to the time of change of ownership with the seller paying the buyer an amount estimated to be sufficient to address the accrued tax liability based on the current taxes.

Therefore, to be consistent and to help you and your customers manage expectations, be advised that all overpayment returns shall be directed to the party listed in the Auditor's records as the current owner at the time the warrant for refund of the overpayment is drawn.

Should any of the ownership parties involved believe that any further action is necessary at that point in time, it is expected that the matter will be resolved between those parties and without any further transactions from any County office.

Thank you for your time and consideration and please contact our office if there are any questions.