

NOTICE

Please Note:

The administration of the refunds discussed below, including determining the eligible participants and amounts of the refunds, are not handled by the NKWD. This process is being handled by the court approved third-party administrator: Garden City Group. For this reason, **PLEASE DO NOT CONTACT THE NORTHERN KENTUCKY WATER DISTRICT**. Instead, you may learn more by going to the official website maintained by the third-party administrator: <http://www.SalesTaxClass.com>. You may also call the third-party administrator at 1-888-684-4907.

Background

The Northern Kentucky Water District (“NKWD”) is required by law to collect from certain customers sales taxes on water sold. In determining whether a customer is exempt from sales taxes, the NKWD relies on the guidelines provided by the Kentucky Department of Revenue (“Dept. of Revenue”).

The Dept. of Revenue guidelines have been that customers who are occupants of single-family residences are exempt from these sales taxes, while non-occupant owners (e.g., landlords) are not entitled to this exemption. These collected sales taxes are forwarded to the Dept. of Revenue. However, in a lawsuit filed in Kenton County Circuit Court known as “Schrage v. Northern Kentucky Water District and Sanitation District No. 1,” the plaintiffs alleged that customers who were non-occupant owners of single-family residences should also be exempt. While this position was contrary to the existing guidelines provided to the NKWD by the Dept. of Revenue for determining the applicability of exemptions, NKWD cooperated with the plaintiffs in its efforts to have the Dept. of Revenue consider this request.

Refund Approval by Dept. of Revenue

As part of this lawsuit and to assist in a resolution of this issue, the NKWD volunteered to submit to the Dept. of Revenue a list of all accounts it could identify as being residential-type customer accounts that were charged sales taxes between August 2006 and December 2012. The Dept. of Revenue examined the law, its guidelines, and the accounts submitted.

A Final Ruling No. 2017-04 issued by the Dept. of Revenue found that, while customers who were non-occupant owners of the service location still should not be entitled to the sales tax exemption, some customers were nonetheless due refunds for sales taxes. Generally speaking, those entitled to refunds were customers where (1) service was provided to a single-family residence, (2) the account holder had the water bill being sent somewhere other than to the customer at the service address, and (3) the account was in an individual’s name (e.g., not to a business entity, company, builder, realty or management company).

The Dept. of Revenue has indicated these customers should be entitled to a presumption that the customer was an occupant of the single-family residence, despite the customer having the bill sent elsewhere. The Dept. of Revenue has noted extenuating circumstances where this could occur, such as a family member receiving the bill for an elderly relative's residence for proper handling and payment.

How to Learn More (Including If You Are Entitled to a Refund)

The administration of refunds is being handled entirely by the attorneys for the plaintiffs and the professional third-party administrator the attorneys have hired with supervision from the Kenton County Circuit Court. This includes maintaining the list of customers who are entitled to a refund.

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