

**COUNTY AUDITORS'  
FALL 2013 CONFERENCE**

**Financial Institutions Tax (FIT)  
Distributions**

**Presented by  
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**FIT Distribution Change**

- **The first requirement to understanding the changes to FIT distributions is to erase from your mind everything you ever knew about state distributions of FIT**
- **The timing of the state distribution is changed**
- **The calculation of the state distribution is changed**
- **There is no longer a welfare and school FIT allocation**
- **The one thing that hasn't changed is how the county auditor calculates the taxing unit distribution amounts**

## FIT Distribution Change

- Section 125 of HEA 1001-2013 amended the Financial Institutions Tax Distribution statute IC 6-5.5-8-2
- The amendment changes the distribution frequency of the state distributions and the basis of the distributions
- Effective July 1, 2013 the state distributions of FIT will be on December 1 and June 1
- The basis of the distributions will be 40% of the previous state fiscal year (July to June) FIT collections
- One-half will be distributed December 1 and the remainder will be distributed June 1
- The allocation of the state distribution to taxing units is the calendar year 2012 FIT Guaranteed Distribution amounts
- There will no longer be DLGF FIT Guaranteed Distribution reports

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## FIT Distribution Change

- **The December 1 FIT Distribution from the state must be distributed by the county auditor to taxing units on or before the December property tax distribution**
- **The June 1 FIT Distribution from the state must be distributed by the county auditor to taxing units on or before the June property tax distribution**
- **An Auditor of State (AOS) FIT Distribution report will be created showing the FIT distribution calculation and the taxing unit amounts**

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## AOS FIT Distribution Report

- The FIT Distribution report for December 1, 2013 and June 1, 2014 is on the AOS website
- The AOS website is located at [www.in.gov/auditor](http://www.in.gov/auditor)
- Navigation to the FIT report is;
  - Click on Departments listed under Auditor's Home on left side of the Home Page
  - Next click on Settlements list under Departments
  - Next click on Financial Institutions Tax listed under Settlements
  - Next click on FY 2014 FIT Distribution Amounts to open the report

## AOS FIT Distribution Report

- The FIT Distribution report contains the following information
  - Previous State Fiscal Year FIT Revenue
  - The total FIT distribution amount
  - Listing by name and levy type of all the taxing units that had a Calendar Year 2012 FIT Guaranteed Distribution Amount
  - The 2012 FIT Guaranteed Distribution Amount
  - The full fiscal year allocation of the total FIT distributed
  - The December Distribution Amount
  - The June Distribution Amount

## AOS FIT Distribution Report

- Taxing units that did not have a Calendar Year 2012 FIT Guaranteed Distribution Amount are not listed on the report and will never receive a FIT distribution
- Township taxing unit FIT distributions are split between civil and fire levy types and the split is important when township taxing unit FIT distributions are calculated
- If a township taxing unit did not have a 2012 fire levy type amount, then the fire levy type is not listed on the FIT Report
- The same is true for the township civil levy type

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## 2012 FIT Guaranteed Distribution Amount

- Only taxing units that had a 2012 Calendar Year 2012 FIT Guaranteed Distribution Amount will receive FIT distributions from this point forward
- Look back at the DLGF 2012 FIT Report to see which taxing units had a guaranteed distribution amount
- Taxing units listed on DLGF 2012 FIT Report should be the same taxing units listed on the AOS FIT Report for the December 1, 2013 and June 1, 2014 distributions, except taxing units with zero amounts are not on the AOS report
- And the 2012 FIT Guaranteed Distribution Amount should be the same on the 2012 DLGF report and the AOS report
- For counties and schools the 2012 FIT Guaranteed Distribution Amount is not the same as the 2012 FIT Final Distribution Amount because the guaranteed distribution amount is the amount before the welfare and school allocation deductions
- The final distribution amount was after the welfare and school allocation deductions

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## 2012 FIT Guaranteed Distribution Amount

- The 2012 Calendar Year FIT Guaranteed Distribution Amounts were determined as follows
  - The first requirement is that the taxing unit received bank tax in 1989
    - If a taxing unit did not receive bank tax in 1989, then the taxing unit will never have a FIT guaranteed distribution amount
  - The 1989 bank tax amount is the beginning point in the FIT guaranteed distribution amount calculation
  - Next the taxing unit's share of bank personal property tax charged for 2011 pay 2012 is subtracted from the 1989 bank tax amount
    - If the taxing unit's share of 2011 pay 2012 bank personal property tax is more than the 1989 bank tax amount, then the taxing unit will not have a 2012 FIT Guaranteed Distribution Amount
  - The amount remaining is the 2012 Calendar Year FIT Guaranteed Distribution Amount

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## County Auditor FIT Distributions to Taxing Units

- There is no real change to the county auditor FIT distribution process
- The December amount is distributed to taxing units on or before the December settlement distributions
- The June amount is distributed to taxing units on or before the June settlement distributions
- The tax rates used to calculate the taxing unit distributions are the rates that are applicable to the settlement, for example
  - For the December 2013 FIT distribution it will be the 2012 pay 2013 rates
  - For the June 2014 FIT distribution it will be the 2013 pay 2014 rates
- All counties, except LOIT levy freeze counties, the rates will be DLGF certified property tax rates
- LOIT levy freeze counties will use the certified property tax rates plus the levy freeze equivalency rates

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## **County Auditor FIT Distributions to Taxing Units**

- The township civil amount is distributed to the civil funds of the township and not to the fire funds
- The township fire amount is distributed to the fire funds of the township and not to the civil funds
- If there is no township fire amount, then there is no distribution to fire funds
- If there is a township fire amount and there is (are) fire territory rate(s), then the fire territory rate(s) is (are) included in the allocation of the fire amount

## **County Auditor FIT Distributions to Taxing Units**

- If fire territory rate(s) exist for a city or a town, then the fire territory rate(s) is (are) included in the allocation of FIT to a city or town
- The territory amount is not distributed directly to the fire territory
- The fire territory amount is distributed to the taxing unit and the taxing unit determines if the amount is sent on to the fire territory