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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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**TO:** County Treasurers, Auditors & Assessing Officials

**FROM:** Wesley R. Bennett, Commissioner

**RE:** Distribution of Heavy Rental Equipment Excise Taxes

**DATE:** November 13, 2019

This memorandum supplements the previously issued memos on heavy rental equipment taxes issued by the Department of Local Government Finance (“Department”) on May 17, 2018 and July 9, 2019. Please note that this memorandum is for informational purposes only and is not a substitute for reading the law.

## **I. Distribution of Heavy Rental Equipment Excise Taxes, IC 6-6-15-7**

Distribution of heavy rental equipment excise taxes is governed by IC 6-6-15-7, added into law by House Enrolled Act 1323-2018 and effective January 1, 2019. This statute requires the following take place:

- 1) All revenues from this excise tax must be deposited in a special account in the state general fund, called the heavy equipment rental excise tax account. Funds from this account are to be distributed to the county treasurer on or before April 30 and October 30 each year. The Department of Revenue shall notify the county auditor of the amount of taxes to be distributed and certify (1) the taxing districts within the county where the excise tax was collected and (2) the amount of the distribution that was collected with respect to each district. The treasurer shall deposit the distributions in a separate account for settlement at the same time property taxes are accounted for and settled in June and December each year.
- 2) The county auditor shall apportion, and the county treasurer shall distribute, the excise tax among the taxing units in the county in the same manner that property taxes are apportioned and distributed with respect to property located in the taxing district where the excise tax is sourced (i.e., the business location of the retail merchant from which the heavy equipment motor vehicle is rented).
- 3) For distributions made in 2019, the taxing unit must deposit the excise taxes in the levy excess fund of the taxing unit.
- 4) For distributions made after 2019, the taxing unit must allocate the taxes in the same proportion that the taxing unit’s property tax collections are allocated among those funds.

For distributions in 2019, the Department advises that heavy rental equipment excise tax be reported on the December settlement Form 22 as part of the excise distribution amount. In order for the units to determine the amount that is to be reported as levy excess, the county auditor should inform the units receiving a share of the distribution the amount of the excise that comes from the heavy rental equipment excise tax.

For distributions starting in 2020, the heavy rental equipment excise tax should still be reported as excise revenue on the Form 22 for the June and December settlement. However, since IC 6-6-15-7 states it must be distributed proportionately, it will not be necessary for the county auditor to notify units of the part of excise distribution related to heavy equipment rental excise.

### **Contact Information for Specific Questions**

For questions relating to how this requirement will impact the settlement process, contact the Auditor of State's Local Government Division at [localgovernment@auditor.in.gov](mailto:localgovernment@auditor.in.gov).

For questions relating to the State collection and distribution of the heavy equipment excise tax, contact Bob Lain or Nurain Yusuf at the Department of Revenue at [blain@dor.in.gov](mailto:blain@dor.in.gov) or [nyusuf@dor.in.gov](mailto:nyusuf@dor.in.gov), respectively.

For questions relating to how the county will deposit the heavy equipment excise tax funds that it receives from the State, contact the State Board of Accounts at [counties@sboa.in.gov](mailto:counties@sboa.in.gov).

For questions relating to the budgeting process and Form 22 preparation, contact Budget Director Fred Van Dorp at 317-234-3937 or [fvandorp@dlgf.in.gov](mailto:fvandorp@dlgf.in.gov).