SUMMARY

- Types of Excise Taxes
  - Assessment and Collection
  - Treasurer/Auditor Responsibilities
  - Flow of Funds

- Settlement
  - Process/Timeline
  - Form 49TC
  - Excise Reconciliation Form

TYPES OF EXCISE TAXES
During settlement time, when you hear “excise taxes” this is referring to:

- Motor Vehicle Excise Tax (IC 6-6-5)
- Excise Tax Replacement/Lottery Credit
- Aircraft Excise Tax (IC 6-6-4.5)
- Auto Rental Excise Tax (IC 6-6-9)
- Boat excise tax (IC 6-6-11)
- Excise Tax on Recreation Vehicles and Truck Campers (IC 6-6-5.1)
- Heavy Equipment Rental Excise Tax (IC 6-6-15.1)  
  (Effective 1-1-2019)

**Types of Excise Taxes**

**Motor Vehicle Excise Tax (IC 6-6-5)**

- Imposed instead of:
  - (i) ad valorem property tax levied for state or local purposes and
  - (ii) in addition to any registration fees imposed under IC 9-18.1 on the vehicle

- The vehicle excise tax is imposed instead of the following:
  - Passenger motor vehicles
  - Motor cycles
  - Motor drive cycles
  - Trailer vehicles with a declared gross weight of 9,000 pounds or less
  - Trucks with declared gross weight of eleven thousand pounds or less
  - Mini-trucks
  - Military Trucks

**Motor Vehicle Excise Tax (Continued)**

- Statute determines tax assessed on vehicles, based on age and class of vehicle (determined by cost of vehicle)
  - Certain credits are allowed for:
    - US Veterans under IC 6-6-5.5
    - Rental Vehicles under IC 6-6-6.7
- Excise taxes may be collected by the BMV at (i) license branches, (ii) full services providers, and (iii) partial service providers
- Collections must be reported to the county auditor on at least a weekly basis
- Excise taxes collected by the Department of Revenue (DOR) are deposited in the state general fund and credited to the appropriate county and reported to the BMV on the first working day of the following week collection
Motor Vehicle Excise Tax (Continued)

- **County Treasurer Obligations** – IC 6-6-5-10
  - The county treasurer, upon receiving the excise tax collections, shall receipt such collections into a separate account for settlement at the same time as property taxes are accounted for and settled in June and December of each year.
  - The treasurer and auditor have the right and duty to make advances prior to the time of final settlement in the same manner as property taxes, as provided by IC 5-13-6-3.

- **County Auditor Obligations**
  - Determine the total amount of excises taxes for each taxing district and distribute funds in the same manner as property taxes
  - Determine and remit the state welfare and tuition support allocation to the treasurer of state

**Types of Excise Taxes**

- **Motor Vehicle Excise Tax Replacement IC 6-6-5-9.5**
  - Commonly known as Excise Lottery Credit
  - The credit reduces the total tax liability for certain vehicles
  - Main source for funding the credit is from the lottery tax
  - The total amount of the monthly credit is the lesser of (i) $19,701,344 or (ii) the actual credit received
  - Distribution of the credit must occur prior to twenty-fifth day of each month
  - In December of each year, a true up occurs to ensure that each county received the correct proportional share of the credit, based on the annual amount.

**Types of Excise Taxes**

- **Steps for distributing credit:**
  1. BMV – Determines the amount of excise credit that would have been collected for each county, based on the 1/1/1995 rate schedule
  2. BMV – Reports the difference of the actual collections vs what they would have been at the 1/1/1995 rate
  3. AOS – Determines a monthly uniform disbursement percentage to be applied in determining the amount of motor vehicle excise tax replacement money to be disbursed to each county
  4. AOS – Distributes to the county the amount of the difference determined in step two in the month of the bureau’s report for that county, multiplied by the monthly uniform disbursement percentage for that month.
Aircraft Excise Tax (IC 6-6.5)
- Imposed on taxable aircrafts instead of:
  - (i) ad valorem property tax levied for state or local purposes and
  - (ii) in addition to any registration fees imposed
- Statute determines tax imposed vehicles, based on age and class of aircraft (determined by type of aircraft)

Payment of Tax
- Collected and administered by DOR
- Tax is paid annually
- Penalties are imposed for failure to register aircraft or pay taxes will (greater of $20 or 20% of outstanding tax)

Allocation and Distribution of Tax
- Tax is allocated to the county in which the aircraft is usually located when not in operation
- The department of revenue distributes to each county treasurer on a quarterly basis (by the 15th of the distribution month)
- County auditor and treasurer receives an aircraft excise report with each distribution
**TYPES OF EXCISE TAXES**

### Aircraft Excise Tax (IC 6-6.5)
- **County Treasurer Obligations** – IC 6-6-6.5-21
  - Deposit money received in a separate fund known as the “aircraft excise tax fund”
  - Within 30 days of receiving taxes from DOR, file a report with the county auditor concerning aircraft taxes collected
  - Make settlement with county auditor concerning taxes to be distributed
- **County Auditor Obligations**
  - Allocate money in the aircraft excise tax fund to the taxing units in the county
  - Funds are allocated to the taxing district where the excise were collected based on where the aircraft remains when nonoperational
  - Determine and remit the state welfare and tuition support allocation to the treasurer of state

### Auto Rental Excise Tax (IC 6-6-9)
- **Tax imposed on rental passenger motor vehicles and trucks**
- **Rented for periods less than 30 days**
- **4% of gross retail income received by retail merchant**
  - **Exemptions:**
    - Trucks that weigh over 11,000
    - Funeral home directors who use rental as part of funeral
  - **Person renting vehicle is liable to pay tax**
  - **Merchant collects tax and reports collections to state**

### Auto Rental Excise Tax (IC 6-6-9)
- **Collection of Revenues:**
  - Revenues are deposited into a special account of state general fund
  - Distributed to county treasurers on or before May 20 and November 20
  - Amount distributed to county treasurer equals the amount of tax collected in their county
  - DOR must notify the auditor the amount that was distributed to the county treasurer
  - At the time each distribution is made to a county treasurer, the department also must certify to the county auditor each taxing district in the county where auto rental excise taxes were collected
Auto Rental Excise Tax (IC 6-6-9)
- County Treasurer Obligations – IC 6-6-9-11
  - Deposit such collections into a separate account for settlement at the same time as property taxes are accounted for and settled in June and December of each year.
  - The treasurer and auditor have the right and duty to make advances prior to the time of final settlement in the same manner as property taxes, as provided by IC 5-13-6-3.
- County Auditor Obligations
  - Determine the total amount of excises taxes for each taxing district and distribute funds in the same manner as property taxes

Boat Excise Tax (IC 6-6-11)
- Boats that are subject to the boat excise tax for a boating year are not subject to taxation under IC 6-1.1 for ad valorem property taxes
- Statute determines tax imposed vehicles, based on age and class of boat (determined by cost of boat)
  - Excise tax is paid to the bureau of motor vehicles at the same time as registration fees
  - The BMV must report on at least a weekly basis the excise taxes collected to the county auditor to which the collections are due.

Boat Excise Tax
- A boat is exempt from the boat excise tax if it is:
  - Owned by the United States
  - Owned by the state or a political subdivision
  - Owned by an organization exempt from federal income taxes
  - A human powered vessel
  - Held by a boat manufacturer, distributor, or dealer for sale
  - Stored in Indiana for less than 22 consecutive days
  - Registered outside Indiana and operated, used, or docked in Indiana for combined total of less than 22 days
  - A motorboat and is registered outside Indiana and docked on the Indiana part of Lake Michigan for not more than 180 consecutive days
  - Subject to the commercial vessel tonnage tax
**Boat Excise Tax**
- County Treasurer Obligations – IC 6-6-11-33
  - Deposit collections into the "boat excise fund"
  - At settlement time, file a report with the county auditor concerning the prior six months of boat excise taxes received
  - Make a settlement with the county auditor for boat excise taxes received
  - Maintain records concerning the boat excise taxes received
- County Auditor Obligations
  - Determine the total amount of in the boat excise fund for each taxing district and distribute funds in the same manner as property taxes
  - Determine and remit the state welfare and tuition support allocation to the treasurer of state

**TYPES OF EXCISE TAXES**

**Excise Tax on Recreation Vehicles and Truck Campers (IC 6-6-5.1)**
- Imposed instead of:
  - (i) ad valorem property tax levied for state or local purposes and
  - (ii) in addition to any registration fees imposed on recreational vehicles
- The excise tax is imposed instead of the following:
  - Recreational vehicles
  - Truck campers

- Statute determines tax assessed on vehicles, based on age and class of vehicle (determined by cost of vehicle)
- Excise taxes may be collected by the BMV at (i) license branches, (ii) full services providers, and (iii) partial service providers
  - Collections must be reported to the county auditor on at least a weekly basis
  - Excise taxes collected by DOR are deposited in the state general fund and credited to the appropriate county and reported to the BMV on the first working day of the following week collection
Excise Tax on Recreation Vehicles and Truck Campers (IC 6-6-5.1)

- **County Treasurer Obligations – IC 6-6-5.10**
  - The county treasurer, upon receiving the excise tax collections, shall receipt such collections into a separate account for settlement at the same time as property taxes are accounted for and settled in June and December of each year.
  - The treasurer and auditor have the right and duty to make advances prior to the time of final settlement, in the same manner as property taxes, as provided by IC 5-13-6-3.

- **County Auditor Obligations**
  - Determine the total amount of excise taxes for each taxing district and distribute funds in the same manner as property taxes
  - Completed from copies of vehicle registration forms and truck camper receipts furnished by the BMV.
  - Prior to August 1 of each year, furnish the proper officer of each political subdivision an estimate of the money to be distributed in the next calendar year.

Heavy Equipment Rental Excise Tax (IC 6-6-15) (Effective 1-1-2019)

- Tax imposed on rental of heavy equipment from a retail merchant
- Rented for periods less than 365 days
- 2.25% of gross retail income received by retail merchant

**Exemptions:**
- Federal, State and Local governments
- Person renting equipment is liable to pay tax
- Merchant collects tax and reports collections to state

Collection of Revenues:
- Remitted to state by merchant in the same manner as sales tax
- Due on or before April 30 and October 30 of each year
- Amount distributed to county treasurer equals the amount of tax collected in their county
- At the time each distribution is made to a county treasurer, the department also must certify to the county auditor each taxing district in the county where taxes were collected.
Heavy Equipment Rental Excise Tax (IC 6-6-15) (Effective 1-1-2019)

- County Treasurer Obligations – IC 6-6-9-11
  - Deposit such collections into a separate account for settlement at the same time as property taxes are accounted for and settled in June and December of each year.

- County Auditor Obligations
  - Determine the total amount of excises taxes for each taxing district and distribute funds in the same manner as property taxes

TYPES OF EXCISE TAXES

- Settlement Process:
  - AOS uploads blank forms to FTP site “From AOS” folder
  - Treasurer’s/auditor’s complete forms, uploads completed forms to “To AOS” folder
  - AOS will review settlement forms. Settlement is a review regarding reasonableness, NOT AN AUDIT.
  - Once review is completed, pre-approval is granted via email

SETTLEMENT PROCESS

DO YOU HAVE ANY "QUESTIONS"
Items needed for final approval:
- All forms submitted and pre-approved
- All required funds remitted to state
  - Excise tax funds
  - Fines and Fees (Section C of 105)
  - Fines and Forfeitures (deadline is May 1 and November 1)
  - Judges supplemental salaries
- 105 Verification Form submitted via email
- Once all items are received AOS will send a final approval email

Once all items are received AOS will send a final approval email.

Form 49TC (County Treasurer’s Certificate of Tax Collection)
- Form is used to reconcile county treasurers and county auditor’s cashbooks to ensure funds are available for apportionment and distribution
- County treasurer completes columns 1-4

Form 49TC (County Treasurer’s Certificate of Tax Collection)
- County Treasurer will also list other collections
Official name: County Treasurer and County Auditor Excise Reconciliation at Settlement

Created to assist the county treasurers and county auditors to reconcile their cashbooks at settlement time.

Not an official settlement form, however a tool to be used to help complete settlement.

- Although it is not an official form, AOS expects all counties to complete reconciliation at settlement time to help accuracy of settlement.
- Any unreconciled balances will not prevent pre-approval/final approval, however they may be shared with the SBOA.

EXCISE RECONCILIATION FORM

EXCISE RECONCILIATION

Oh no! I don't reconcile what does this mean?!??!

Most likely:
- Due to an accounting error
- Auditor/treasurer missing a deposit
- Auditor/treasurer recorded incorrect amount
- Auditor/treasurer recorded a deposit to wrong fund/account

Also possible:
- Incorrect amount distributed
- Incorrect amount was distributed at settlement, created a surplus/deficit of excise funds recorded
I know I don’t reconcile, but how do I fix it?
- Not an exact science, but here are some basic tips
  - Find the last known time when your reconciled
  - Check the next month’s entries and see if you can find the error
  - Usually time consuming, but it’s ticks to tie all entries to find potential problems
  - Review reconciling difference
  - See if it carries from month to month
  - Can it be attributed to a recurring event
  - Does the number make sense
  - Make sure there are no timing issues
    - Did the treasurer record a deposit that Auditor has not yet received/recorded

How do I make sure I always reconcile?
- You can’t! No internal control is 100% effective BUT
  - Effective internal controls are key
    - Perform reconciliation on a monthly basis (not just at settlement)
    - Strong communication between treasurer and auditors’ office is very important
    - Have multiple employees review
    - Identify all reconciling items on a monthly basis
    - Keep a log for each time the reconciliation is completed and reviewed
    - Make sure your fund balance makes sense

QUESTIONS?

Additional Questions? Contact us!

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