THE SCHOOL BULLETIN

ISSUED BY THE STATE BOARD OF ACCOUNTS

CVET AND FIT DISTRIBUTIONS

The State Board of Accounts (SBOA) is rescinding the bulletin article issued in September 2025 titled "CVET AND FIT DISTRIBUTIONS" concerning the distribution and receipt of Commercial Vehicle Excise Tax (CVET) and Financial Institutions Tax (FIT) distributions received by public school corporations. Pending additional action by the Indiana General Assembly, SBOA will interpret the new statutory language of IC 6-5.5-8-2(c) and IC 6-6-5.5-20(h) as applying to public school corporations in the same manner as any other taxing unit. As a result, public school corporations may receipt any CVET and FIT tax revenue under the provisions of IC 6-5.5-8-2(c) and IC 6-6-5.5-20(h) "in any fund maintained by the taxing unit, and the distributions may be used for any purpose allowed by law."

Recent legislative changes allow a taxing unit to deposit distributions of FIT and CVET in "any fund maintained by the taxing unit, and the distributions may be used for any purpose allowed by law." While this broad language benefits taxing units by allowing them to receipt the funds where they will be most effectual, if a school corporation does not take steps to ensure the distributions are adequately tracked, critical audit findings may result.

During audit, it is imperative that SBOA be able to identify into which fund the distributions are receipted. Therefore, if a school corporation receipts FIT and CVET distributions into any fund other than the operations fund or the referendum controlled project tax levy fund, the legislative body of the school corporation must identify into which fund the distributions will be receipted. The fund identification must be made prior to the distribution and may be done through resolution or vote (memorialized in meeting minutes). If the distributions are receipted into the operations fund or the referendum controlled project tax levy fund, the school corporation is not required to adopt a resolution or vote.

EXCISE TAX DISTRIBUTIONS [IC 6-1.1-27-10]

In July 2026, the State Board of Accounts rescinded its June 2026 Special Edition Bulletin entitled "Excise Tax Distributions" concerning the distribution and receipt of certain excise taxes received by public school corporations. Pending additional action by the Indiana General Assembly, SBOA will interpret the new statutory language of IC 6-1.1-27-10 as applying to public school corporations in the same manner as any other taxing unit. As a result, public school corporations may receipt any applicable excise tax revenue under the provisions of IC 6-1.1-27-10 "into any fund maintained by the taxing unit, and may use the distributions for any purpose allowed by law."

During the 2026 legislative session, Section 88 of House Bill 1210 made changes to the following excise tax distributions:

- Motor Vehicle Excise Tax (IC 6-6-5)
- Excise Tax on Recreational Vehicles and Truck Campers (IC 6-6-5.1)
- Aircraft License Excise Tax (IC 6-6-6.5)
- Auto Rental Excise Tax (IC 6-6-9)
- Boat Excise Tax (IC 6-6-11)
- Heavy Equipment Rental Excise Tax (IC 6-6-15)
- Vehicle Sharing Excise Tax (IC 6-6-16)

Section 88 established a new code section, IC 6-1.1-27-10. The new code section is effective January 1, 2027. In the coming months, taxing units may need to take steps to ensure that they are in compliance.

Beginning in 2027, the excise tax distributions identified above (1) may be deposited in "any fund maintained by the taxing unit" and (2) may be used for any purpose allowed by law. While this broad language benefits taxing units by allowing them to receipt distributions where they will be most effectual, if a school corporation does not take steps to ensure the distributions are adequately tracked, critical audit findings may result.

During audit, it is imperative that SBOA be able to identify which fund the distributions are receipted into. Therefore, if a school corporation receipts excise distributions identified above into any fund other than the operations fund or the referendum controlled project tax levy fund, the legislative body of the school corporation must identify which fund the distributions will be receipted into. The funds must be identified prior to the distribution, and the funds must be selected by resolution or vote (memorialized in meeting minutes). If the distributions are receipted into the operations fund or the referendum controlled project tax levy fund, the school corporation is not required to adopt a resolution or vote.