



AUDITOR OF STATE

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To: County Auditors and Staff

From: Fred Van Dorp, Settlement Director

Date: June 01, 2015

Subject: June 2015 Financial Institutions Tax Distribution

An email will be sent with the Notice of EFT Deposit for the June 2015 Financial Institutions Tax (FIT) distribution. The notice will indicate the date the FIT distribution will be deposited in the county's designated bank account.

Section 125 of HEA 1001-2013 amended the Financial Institutions Tax Distribution statute IC 6-5.5-8-2. The amendment, effective July 1, 2013, changed the distribution frequency of the distributions to be December 1 and June 1. The amendment also changed the basis of the distributions to 40% of the previous state fiscal year (July to June) FIT collections. The allocation of state distribution to the taxing units is the calendar year 2012 FIT Guaranteed Distribution amounts.

You will use the Auditor of State (AOS) FIT Distribution report to calculate the apportionment of the FIT to the units. The AOS FIT Distribution report can be found on the AOS website at www.in.gov/auditor. To navigate to the FIT report:

- Click on Departments listed under Auditor's Home on left side of the home page.
- Click on Settlements listed under Departments.
- Click on Financial Institutions Tax listed under Settlements.
- Click on FY 2014 FIT Distribution Amounts to open the report.

You will need to search through the document until you reach your county's data. The FIT Distribution report contains the previous State Fiscal Year FIT revenue, the total FIT distributions amount, listing by name and levy type of all of 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 2014 Distribution amount and the June 2015 Distribution amount. The amount distributed to your county should match the county total amount in the June 2015 Distribution column.

The AOS FIT Distribution report lists only those taxing units eligible to receive FIT Distributions. Taxing units with zero amounts are not listed on the AOS report.

NOTE: For counties and schools the 2012 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.

Counties that have adopted LOIT (CAGIT or COIT) for property tax operating levy freeze are required to incorporate the LOIT property tax levy freeze money in to the property tax rates used to allocate each applicable taxing unit's share of FIT. This incorporating of the money into the property tax rates is accomplished by the DLGF calculating a property tax rate equivalent for the LOIT property tax operating levy freeze money.

The DLGF has sent to each of the LOIT property tax operating levy freeze counties the 2013 pay 2014 LOIT property tax operating levy freeze property tax rate equivalent. The LOIT property tax operating levy freeze counties will add the LOIT property tax operating levy freeze property tax rate equivalent to the certified property tax rate of each applicable fund and the total of the two rates will be used in the calculation of the fund amounts for FIT distribution to each applicable taxing unit.

In the following instructions references to property tax rates includes, where applicable, the addition of the LOIT property tax operating levy freeze property tax rate equivalent. According to the information I have the LOIT property tax operating levy freeze counties are Brown, Carroll, Jasper, Jay, Marion, Morgan, Parke, Pulaski, Wabash, Warren, and Wells.

Once the FIT distribution has been deposited into the county's designated bank you must quietus the FIT distribution to the Financial Institutions Tax fund.

IC 6-5.5-8-2(e) requires financial institutions tax to be distributed to taxing units the earlier of June 30 and December 31 or the respective June and December Settlement property tax distribution date. If the June 2015 Settlement property tax distribution date will be after June 30, 2015 and you have 2014 pay 2015 property tax rates, then you must distribute financial institutions tax to taxing units on or before June 30, 2015.

Each taxing unit FIT distribution will be calculated using 2014 pay 2015 property tax rates, AOS FIT Distribution Report, and the following instructions.

Step One – Divide the June 2015 Distribution unit amount by the taxing unit's total 2014 pay 2015 property tax rate to determine the taxing unit's distribution allocation factor.

Please note - The taxing unit's total 2014 pay 2015 property tax rate is the sum of the taxing unit's 2014 pay 2015 fund rates. There is an exception for township taxing units because there is a separation between civil and fire township rates. The civil township rates are the township rates not including the fire rates. For township taxing units, the civil allocation factor is calculated by dividing the civil amount shown on the FIT report by the total of the township taxing unit rates **not including** the fire fund(s) rates. The fire allocation factor is determined by dividing the fire amount shown on the report by the total of **only** the township fire fund(s) rates.

Also note - The taxing unit total tax rate is not the same as the total taxing district rate. The taxing unit total tax rate is the total of **only** the funds of the taxing unit.

Fire Territory Note – If a fire territory exists, then the fire territory rate or rates is or are included in the allocation of FIT for the providing taxing unit and each participating taxing unit. If a fire territory tax rate or rates is or are part of the taxing district rates, then a fire territory exists and the fire territory rate or rates must be included in the allocation of FIT for the providing taxing unit and each participating taxing unit. The participating taxing unit will determine if the amount is sent on to the fire territory.

One final note – For LOIT property tax operating levy freeze counties the tax rates to be used by these counties in the calculation of the FIT distributions to taxing units **must be**, where applicable, the total of the certified property tax rate and the LOIT property tax operating levy freeze property tax rate equivalent.

Step Two – For each taxing unit determine each fund amount by multiplying the taxing unit’s allocation factor determined in Step One times the 2014 pay 2015 property tax rate for each of the taxing unit’s funds or, if applicable, the 2014 pay 2015 property tax rate plus the 2014 pay 2015 LOIT property tax operating levy freeze property tax rate equivalent.

Step Three – For each taxing unit sum the fund amounts determined in Step Two.

Step Four – Compare the sum determined in Step Three to the June 2015 Distribution unit amount. If the Step Three amount and the June 2015 Distribution unit amount differ by a small amount, then it is due to rounding. If the Step Three amount and the June 2015 Distribution unit amount differ by more than a small amount, then the difference is due to incorrect calculations and the steps one through three calculations need to be rechecked.

Step Five – If there is a rounding difference, then adjust one of the fund amounts determined in Step Two by the rounding difference.

When you send each taxing unit their share of FIT you need to also send a certificate of tax distribution (Form 22) and label the Form 22 June 2015 FIT Distribution. Also, on the Form 22 show the FIT amount for each fund.

Also, you need to send to the Department of Local Government Finance copies of all FIT certificates of tax distribution.

If you have any questions about the calculation or the distribution, will you please direct those questions to Settlements@auditor.in.gov.