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MEMORANDUM

TO: County Auditors

FROM: Accounting and Reporting Department

SUBJECT: Financial Institutions Tax (FIT)

DATE: July 24, 2026

Each August, the Comptroller's Office calculates the total amount of taxes collected by the State from financial institutions in the prior fiscal year (State Fund 45600). From this total, 40 percent is designated for local governments and distributed in two semiannual payments to be sent by **December 1** and **June 1**.

The Comptroller's Office calculates the amount each county and eligible taxing unit will receive, as outlined in Indiana Code § 6-5.5-9. This report is posted on the Comptroller's website here. The amounts are posted online and sent to County Auditors, who then deposit the funds into the FIT Fund (SBOA Fund 6051). County Auditors must redistribute the funds to eligible taxing units within their county, following the State Comptroller's report. **FIT distributions must occur before December 31st and June 30th.**

HEA 1392-2025

During the 2025 legislative session, House Enrolled Act (HEA) 1392 was signed into law effective July 1, 2025. This law amended the Financial Institutions Tax (FIT) distribution provisions outlined in Indiana Code § 6-5.5-8-2 and simplified the local FIT distribution process. The two key provisions are below:

1. County Auditors no longer calculate fund-level allocations and will now distribute the lump sum shown in the Comptroller's report
2. Eligible taxing units may deposit FIT distributions into any of their funds and may use the revenue for any legally permitted purpose

FIT History

Prior to the repeal of certain bank taxes on personal property, financial institutions contributed to local revenue through the traditional property tax remittance. To offset the impact of this repeal, FIT was established. The State worked with local officials to quantify the change in revenue and ensure continued support for affected taxing units.

To determine each unit's FIT distribution, the State calculated the difference between the amount of bank taxes generated in 1989 and the property tax levy attributable to bank personal property. This difference became known as the unit's "Guaranteed Distribution." Beginning in 2012, Guaranteed Distribution amounts were frozen and have remained unchanged. The proportion of a unit's Guaranteed Distribution to the total State Guaranteed Distribution determines their annual distribution amount. The Comptroller notes that the actual distribution may be higher or lower than the Guaranteed Distribution based on the amount of revenue collected.

We are at your service to answer questions and address any concerns. Please contact our office at 317-233-1712 or LocalGovernment@comptroller.in.gov.