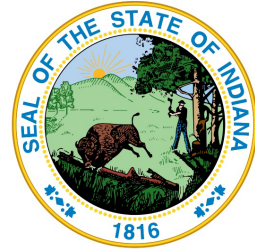


Elise M. Nieshalla, Indiana State Comptroller

Indiana Statehouse, Room 240
200 W. Washington Street
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MEMORANDUM

TO: County Auditors

FROM: Accounting and Reporting Department

SUBJECT: Financial Institutions Tax (FIT) 2025 Legislative Session Updates

DATE: September 9, 2025

During the 2025 legislative session, the Indiana General Assembly passed, and Governor Braun subsequently signed [House Enrolled Act \(HEA\) 1392](#), effective July 1, 2025. This new law amends the Financial Institutions Tax (FIT) distribution provisions outlined in Indiana Code [§ 6-5.5-8-2](#). These changes simplify the distribution process and relieve County Auditors of the responsibility for calculating fund-level allocations to local recipients.

FIT History

Prior to the repeal of certain bank taxes on personal property, financial institutions contributed to local revenue through a specific tax structure. 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 updates included in HEA 1392 do not affect FIT eligibility or an eligible unit's Guaranteed Distribution amount.

FIT Process Overview

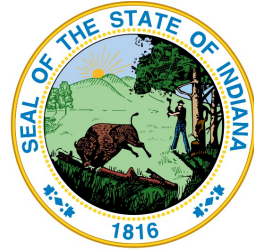
Each August, the Comptroller's Office calculates the total amount of taxes collected by the State from financial institutions in the prior fiscal year (State Fund 45600). From this total, 40 percent is designated for local governments and distributed in two semiannual payments: (a) before December 1 and (b) before 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](#). These 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 at the same time as property tax distributions.

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MEMORANDUM

Update Under HEA 1392

Prior to July 1, 2025, County Auditors were required to perform a fund level calculation prior to distribution to other local units. HEA 1392 eliminates this requirement. Now, County Auditors will use the State Comptroller's report to distribute the lump sum to the eligible unit.

Upon receiving the funds, HEA 1392 allows taxing units to deposit FIT distributions into any fund they maintain and to use the funds for any purpose permitted by law.

FIT Resources

The State Comptroller finalizes the fiscal year total and semiannual distribution amounts for all eligible recipients. This report is posted on the Comptroller's website [here](#).

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.