

Remittances

Fines and Fees – The State collects up to 13 local taxes separately, which are remitted via the State Comptroller’s Office as part of the semiannual settlement. A full list of fines and fees can be found [here](#).

Fines and Forfeitures – Pursuant to IC 20–49–3–16, County Auditors are required to keep a record of all revenue that accrues to the Common School Fund and report these dollars to the Comptroller on a semi-annual basis. Court-ordered forfeiture proceeds intended for the Common School Fund should first be accounted for at the county level before remittance to the State. The County Auditor will deposit these funds into Fund 7101 – State Fines and Forfeitures, and remit to the Comptroller semiannually no later than May 1 and November 1.

Judge’s Supplemental Salary – Counties that have adopted a supplemental salary for judges are required to remit payment amounts to the State Comptroller’s Office each quarter to cover supplemental salaries under [IC 36–2–5–14](#) or [IC 36–3–6–3](#). The quarterly remittance amount is equal to one-fourth of the supplemental salary and one-fourth of the employer’s share of FICA (Medicare taxes and Social Security). The Medicare rate is 1.45% and the Social Security rate is 6.20% of the supplemental amount. Remittances are due on February 1, May 1, August 1, and November 1, but may be paid in advance by the county.

Standard Distributions

Factor Based Distributions

Motor Vehicle Highway (MVH) – Monthly distribution to counties, cities and towns for the construction, reconstruction, preservation and maintenance of roads. The revenue for the distribution includes, but is not limited to, motor vehicle registration fees, licenses, gasoline taxes, auto transfer fees, certificate of title fees, weight taxes or excise taxes, and all other similar taxes, duties or excises of motor vehicles, trailers, motor vehicle fuel, or motor vehicle owners or operators. A full outline of the calculation can be found in [IC 8–14–1](#).

Local Road and Street (LRS) – Monthly distribution to counties, cities and towns for the engineering, land acquisition, construction, resurfacing, maintenance and restoration of local and arterial road and street systems. The revenue for the distribution includes, but is not limited to, 25% of the gas tax after the first \$70 million and 25% of the special fuel tax. A full outline of the calculation can be found in [IC 8-14-2](#).

Alcohol and Beverage Gallonage (ABC Gallonage) – ABC Gallonage excise tax is imposed on all alcoholic beverages at a per-gallon rate paid by brewers, wholesalers and permittees in Indiana ([IC 7.1-4-7](#)). 50% of the collected tax is distributed to the State General Fund, Post-War Construction Fund, ATC Enforcement and Administration Fund, Addiction Services Fund and Pension Relief Fund. The remaining 50% is distributed to cities and towns using a population-based formula. The Comptroller distributes ABC Gallonage on a quarterly basis in January, April, July and October.

Cigarette Tax – Cigarette tax is imposed on cigarette sales, with the rate set by [IC 6-7-1](#). Revenue from the tax is distributed monthly to the Cigarette Tax Fund, Mental Health Centers Fund, State General Fund, Healthy Indiana Plan Trust Fund and State Retiree Health Benefit Trust Fund. The Comptroller's Office distributes cigarette tax revenue to cities and towns semiannually in June and December.

Special Distributions

Financial Institutions Tax (FIT) – The Department of Revenue (DOR) collects FIT from financial institutions, including but not limited to, holding companies, regulated financial corporations, and subsidiaries of holding companies or regulated financial corporations. 40% of the total revenue collected from the prior fiscal year is distributed to eligible local governments semiannually, before Dec. 1 and June 1 ([IC 6-5.5-8-2](#)). The State Comptroller calculates the semiannual amounts for each local government and posts the totals on its [website](#).

Commercial Vehicle Excise Tax (CVET) – The Bureau of Motor Vehicles (BMV) and DOR collect CVET based on the class or type of vehicle being registered. After deducting the State's portion, the remaining tax revenue is distributed to eligible local governments semiannually, before May 1 and Dec. 1 ([IC 6-6-5.5-20](#)). The State Comptroller calculates the semiannual amounts for each local government and posts the totals on its [website](#).

Excise Tax Replacement Credit / Excise Tax Cut – Vehicle owners receive a reduction in excise tax at the time of registration, funded by the Lottery Surplus Fund ([IC 4-30-17-3.5](#)). A total of \$19,701,344 is transferred each month to support the credit. On or around the 20th of each month, the Comptroller apportions excise tax revenue to each county. Documentation and instructions are provided to County Auditors and Treasurers. County Auditors allocate the monthly credit among counties based on their pro rata share of the total credit granted as reported by the BMV. The calculation methodology is outlined in [IC 6-6-5-9.5](#).

Riverboat Revenue Sharing – At the beginning of each state fiscal year, the first \$33M of revenues from established casinos is set aside to be distributed among counties without casinos. Funds are distributed to local governments based on population. It typically takes three months (August–October) for casinos to generate their share of the \$33M. The State Comptroller provides expected totals and monthly distribution updates on its [website](#). The calculation methodology is outlined in [IC 4-33-13-5](#).

Unit Specific Distributions

County Innkeepers Tax (CIT) – CIT, determined locally, is imposed on the price charged for the short-term rental of rooms and accommodations for periods of less than 30 days. CIT is applied in addition to state sales tax. The tax rate is determined locally based on the gross income derived from lodging income. The authority for localities to create CIT is found in [IC 6-9](#). The Comptroller distributes CIT on the first business day of each month.

Food and Beverage Tax (FAB) – FAB, determined locally, is imposed on purchases of food and beverages for immediate consumption at a rate of 1% of the retail sales price and is collected at

the point of sale to the final consumer. The authority for localities to create a food and beverage tax is found in [IC 6-9](#). In some cases, a county and a municipality in the county may both impose a 1% tax for a combined rate of 2%. It is distributed locally to the county or municipality in which the food or beverage was purchased. The Comptroller distributes FAB on the first business day of each month.

Requirement Based Distributions

County Engineer – Per [IC 8-17-5-1](#), a county executive may employ a full-time county highway engineer who resides in Indiana. The County Engineer is responsible for supervising the engineering functions of the county highway department. The County Auditor shall certify employment by providing the name and address of the highway engineer and serial number of the engineer's certificate of registration. Upon receipt of the annual certification, the Comptroller will distribute a grant-in-aid subsidy of \$40,000 that is to be applied toward the County Engineer's annual salary. The distribution of the subsidy occurs mid-April of each year.

Covered Bridge – Per [IC 8-14-1-10](#), counties with covered bridges located within their road system are eligible to receive a distribution of \$1,850 for each covered bridge to assist with maintenance. To qualify, the County Auditor must submit the [Covered Bridge Certification](#) form to the Comptroller's Office. The Comptroller will distribute the funds on August 15 of each year.

Local Income Tax (LIT) – Residents are taxed on income subject to Indiana adjusted gross income tax based on their county of residence as of January 1. The tax rate – determined by a combination of property tax relief, expenditures and special-purpose allocations – is set by county officials and is collected annually in the same manner as individual income tax.

Indiana's LIT structure now incorporates three types of Local Option Income Tax, formally known as:

- **County Option Income Tax (COIT)**
- **County Adjusted Gross Income Tax (CAGIT)**
- **County Economic Development Income Tax (CEDIT)**

The collection, calculation, certification and distribution of LIT is a multi-agency effort:

- **Department of Revenue (DOR)** – Issues Memo #01 to assist withholding agents in determining the correct amount of Indiana county income tax for employee wages by providing county tax rates. DOR creates the preliminary LIT revenue collections for the State that will be used to determine future distributions.
- **State Budget Agency (SBA)** – Based on revenue reports from DOR, SBA certifies the annual distribution amount of LIT for each county for each type of LIT adopted.
- **Department of Local Government Finance (DLGF)** – Based on the SBA certification totals, the DLGF will calculate the specific local government recipients for each type of LIT.

- **Office of State Comptroller** – Based on the SBA certification totals the Comptroller will distribute 1/12 of the annual totals monthly. The distribution occurs on the first business day of each month.
- **State Board of Accounts (SBOA)** – Verifies the accuracy of the accounting for the LIT distributed to the county and from the county to the units when auditing the county annual financial report.

Supplemental Local Income Tax – Per [IC 6-3.6-9-15](#), if SBA determines that a county trust account balance exceeds 15% of the certified distributions to the county in a given determination year, it must issue a supplemental distribution from the county's trust account. For qualifying counties, the following Supplemental LIT will follow the deadlines below:

- February 15 – SBA determines the excess in the trust account.
- May 2 – SBA provides the amount of supplemental distribution for the county to the County Auditor and DLGF.
- May 16 – DLGF calculates and provide a unit level breakdown of the Supplemental distribution for each qualifying county.
- May 20 – The Comptroller distributes the entire supplemental LIT amount to the County.
- June 1 – The County Auditor distributes the supplemental LIT distribution to the taxing units.

Property Tax Settlement Process

Property Tax – Includes all property taxes received by the County Treasurer for real property, including personal property, mobile homes, and any delinquent taxes, penalties, and interest from prior years. Before counties allocate these property tax collections to local government units, they must file a Settlement report with the State Comptroller's Office ([IC 6-1.1-22.5-14](#)).

Excise Tax – Excise taxes are taxes on certain goods, services and activities that are imposed at the time of use by the consumer. The taxes are collected by the State and sent to the county to distribute to local units of government. Excise tax is distributed at the same time as Property tax and includes collections from:

- Motor Vehicle
- Watercraft
- Excise Tax Replacement Credit / Excise Tax Cut
- Recreational Vehicles and Truck Campers
- Aircraft
- Auto Rental
- Heavy Equipment Rental
- Vehicle Sharing Excise

Settlement – After property tax bills are distributed, but before counties allocate property tax collections to local government units, they must file a Settlement report with the State Comptroller's Office ([IC 6-1.1-22.5-14](#)).

The Comptroller works with County Auditors and Treasurers to review collections, corrections, refunds, adjustments, and tax rates before approving the release of funds to local government units. This labor-intensive process at both the local and state levels must be completed by June 30 and Dec. 31 each year. The Comptroller provides a settlement instruction manual, a list of required documents, and ongoing support and training to help local officials meet this semiannual requirement.

Settlement Preapproval – Once the required settlement documents have been reviewed and approved, the Comptroller will send a notification to the County Auditor and Treasurer stating their settlement is preapproved. In the preapproval notification, the Comptroller will list the amounts due to the State, verify that all other funds due have been received, and include an e-signature form to be signed by the County Auditor to certify the data provided for settlement is complete and accurate.

Once preapproved, the county may begin distributing the property tax and excise tax dollars and to local units of government. The county must also remit the State portion of excise and the locally collected fines and fees to the Comptroller's Office.

Settlement Final Approval – Once all funds due to the State have been collected and the e-signature form is returned to the Comptroller, a final approval notice is sent to the County Auditor and Treasurer, concluding the Settlement process.