



MEMORANDUM

To: County Auditors

From: Kim Diller, Accounting & Reporting and Local Government Division
Director

Date: May 01, 2023

Subject: May 2023 Commercial Vehicle Excise Tax Distribution

The Auditor of State (AOS) has processed the semi-annual Commercial Vehicle Excise Tax (CVET) distribution. These funds should appear in your designated bank account within the next few days. The CVET distribution must be deposited/quietus into the CVET Fund (SBOA Fund 6023) and then redistributed to eligible taxing units within your county.

[IC 6-6-5.5](#) outlines the procedures for collecting and distributing CVET. Specifically, [IC 6-6-5.5-20\(e\)](#) states that CVET shall be apportioned and distributed among the respective funds of each taxing unit in the same manner and at the same time as property taxes are apportioned and distributed.

The 2023 CVET Distribution Amounts report provides the apportionment calculation for each county's CVET. This report can be found on the AOS website [here](#).

The 2023 CVET Distribution Amounts report contains:

- A worksheet for the taxing unit
- The taxing unit percentage of total CVET dollars
- 2023 total distributions
- May 2023 distributions
- November 2023 distributions

State Fair and Forestry Distribution: The state unit amount listed in the May 2023 Distribution column of the report is the amount due to the state for the former state fair fund and the state forestry fund. The distribution received by county auditors is net of the State Fair and Forestry distribution amounts reported on the 2023 CVET Distribution Amounts report.

Welfare and School Allocation: The welfare allocation amount is the amount due to the state for the former welfare funds. The school allocation amount is the amount due to the state for the former school general and pre-school education funds. The distribution received by county auditors is net of the welfare and state allocation reported on the AOS 2023 CVET Distribution Amounts report.

Distribution to Taxing Units by Fund: The CVET distribution to taxing units by fund is calculated by following the four steps below. The calculation requires using the 2022 pay 2023 certified property tax

rates for each taxing unit (by fund) and the May 2023 Distribution amount of the taxing unit on the AOS CVET Distribution report.

Levy Freeze Counties: Counties that have adopted Local Income Tax (LIT) for property tax operating levy freeze are required to add the LIT property tax levy freeze equivalency rates with the certified tax rates to determine each fund's share of CVET. This is accomplished by using the DLGF calculated 2023 LIT equivalency rates which can be found by clicking your specific county on the DLGF website.

Step One – Calculate the Allocation Factor

The allocation factor for each taxing unit is calculated by dividing the May 2023 Distribution amount for the taxing unit (from the AOS 2023 CVET Distribution Amounts report) by either (i) the taxing unit's total 2022 pay 2023 certified property tax rate for all funds or (ii) for levy freeze counties, the 2022 pay 2023 certified property tax rate plus the total 2022 pay 2023 LIT equivalency rates for each fund.

Township Civil & Fire Allocations: Townships have a separate CVET allocation for both the civil property tax funds and the fire/EMS property tax funds. The civil township fund rates are the township rates excluding the fire/EMS rates. For township taxing units, the civil allocation factor is calculated by dividing the civil amount shown on the CVET report by the total of the township taxing unit fund rates **excluding** the fire/EMS 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/EMS 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. (Taxing unit is a governmental entity with authority to levy a tax and a taxing district represents a geographical area in which all property is taxed uniformly)

Fire Territory Note – If a fire territory exists, then the fire territory rate(s) is (are) included in the allocation of CVET for the provider taxing unit and each participating taxing unit. The participating taxing unit(s) will determine if the amount is sent on to the fire territory.

Counties & Schools Use Net Amount – The county's share of CVET to be allocated between the county funds is the amount after the deduction of the Welfare Allocation and the county's share is on the line labeled "County Amount Net of Welfare Allocation". Each school's share of CVET to be allocated between the school funds is after the deduction of the School Allocation and the school's share is on the line labeled "School Amount Net of School Allocation". The Welfare Allocation and the School Allocation are the result of the state's assumption of the former welfare funds, school general fund and preschool fund and the provision in the law requiring a portion of the county's share and a portion of each school's share of CVET be distributed to the state rather than to the county and schools. The Welfare Allocation Factor and the School Allocation Factor used to determine the Welfare Allocation and the School Allocation are based on the average of the 2006 through 2008 welfare and school funds rates. The distribution received by county auditors is net of the welfare and state allocation reported on the 2023 CVET Distribution Amounts report; no funds need to be remitted to the state.

Step Two – Calculate Distribution by Fund

For each taxing unit, the distribution by fund is calculated by multiplying the taxing unit's allocation factor (determined in step one) by either (i) the 2022 pay 2023 certified property tax rate for each taxing unit fund or (ii) for levy freeze counties, the 2022 pay 2023 certified property tax rate plus the 2022 pay 2023 LIT equivalency rates for each fund.

Step Three – Review Calculation

For each taxing unit, sum the fund amounts determined in step two to calculate the total distribution to the taxing unit. Compare the calculated distribution to each taxing unit to the AOS 2023 CVET Distribution Amounts report - May 2023 Distribution amount for each taxing unit.

The amount calculated should agree to the AOS 2023 CVET Distribution Amounts report. Any small variances, usually less than one dollar (\$1.00), could be attributed to rounding. Any rounding differences will need to be allocated back to the taxing unit funds. The method of allocating the rounding amount can be determined by the county auditor. The method needs to be well documented.

Step Four – Create Form 22

Along with each taxing unit's share of CVET, a certificate of tax distribution (Form 22) labeled "May 2023 CVET Distribution" must be provided. The Form 22 must show the CVET amount for each fund.

If you have questions on this process, please contact the Local Government Division at LocalGovernment@auditor.gov or call Kim Diller at 317.232.3309.