

HOUSE BILL No. 1518

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-6.

Synopsis: Fuel taxes. Resets the gasoline tax and the special fuel tax rates beginning July 1, 2021, to the rates that were in effect in June 30, 2020. Eliminates the annual index factor for the rates going forward.

Effective: Upon passage.

Jacob

January 14, 2021, read first time and referred to Committee on Roads and Transportation.



First Regular Session of the 122nd General Assembly (2021)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2020 Regular Session of the General Assembly.

HOUSE BILL No. 1518

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-6-1.1-201, AS AMENDED BY P.L.218-2017,
2 SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 201. (a) A license tax is imposed on the use
4 of all gasoline used in Indiana at the applicable rate specified in
5 subsection (b), except as otherwise provided by this chapter. The
6 distributor shall initially pay the tax on the billed gallonage of all
7 gasoline the distributor receives in this state, less any deductions
8 authorized by this chapter. The distributor shall then add the per gallon
9 amount of tax to the selling price of each gallon of gasoline sold in this
10 state and collected from the purchaser so that the ultimate consumer
11 bears the burden of the tax.

12 (b) The license tax described in subsection (a) is imposed at the
13 following applicable rate per gallon:

- 14 (1) Before July 1, 2017, eighteen cents (\$0.18).
15 (2) For July 1, 2017, through June 30, 2018, the lesser of:
16 (A) the rate resulting from using the factors determined under
17 IC 6-6-1.6-2; or



1 (B) twenty-eight cents (\$0.28).

2 (3) Beginning July 1, 2018, and each July 1 through ~~July 1, 2024,~~
3 **June 30, 2021**, the department shall determine an applicable rate
4 equal to the product of:

5 (A) the rate in effect on June 30; multiplied by

6 (B) the factor determined under IC 6-6-1.6-3.

7 **(4) Beginning July 1, 2021, and each July 1 thereafter, the**
8 **department shall determine the applicable rate, which shall be**
9 **equal to the rate that was in effect on June 30, 2020.**

10 The rate **calculated under subdivision (1) through (3)** shall be
11 rounded to the nearest cent (\$0.01). However, after June 30, 2018, **and**
12 **before July 1, 2021**, the new applicable rate **under subdivision (3)**
13 may not exceed the rate in effect on June 30 plus one cent (\$0.01). The
14 department shall publish the rate that will take effect on July 1 on the
15 department's Internet web site not later than June 1.

16 SECTION 2. IC 6-6-1.6-3, AS AMENDED BY P.L.185-2018,
17 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
18 UPON PASSAGE]: Sec. 3. (a) The department shall calculate an
19 annual index factor to be used for the rate to take effect each July 1
20 beginning in 2018 through ~~July 1, 2024.~~ **June 30, 2021**. The
21 department shall determine the index factor before June 1 of each year
22 using the method described in subsection (b).

23 (b) The annual gasoline tax index factor and special fuel index
24 factor equals the following:

25 STEP ONE: Divide the annual CPI-U for the year preceding the
26 determination year by the annual CPI-U for the year immediately
27 preceding that year.

28 STEP TWO: Divide the annual IPI for the year preceding the
29 determination year by the annual IPI for the year immediately
30 preceding that year.

31 STEP THREE: Add:

32 (A) the STEP ONE result; and

33 (B) the STEP TWO result.

34 STEP FOUR: Divide the STEP THREE result by two (2).

35 **(c) An annual gasoline tax index factor and special fuel index**
36 **factor in this section shall not be applied under IC 6-6-1.1-201 or**
37 **IC 6-6-2.5-28 after June 30, 2021.**

38 SECTION 3. IC 6-6-2.5-28, AS AMENDED BY P.L.185-2018,
39 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
40 UPON PASSAGE]: Sec. 28. (a) A license tax is imposed on all special
41 fuel sold or used in producing or generating power for propelling motor
42 vehicles, except fuel used under section 30(a)(8) or 30.5 of this



1 chapter, at the applicable rate specified in subsection (b). The tax shall
 2 be paid at those times, in the manner, and by those persons specified in
 3 this section and section 35 of this chapter.

4 (b) The license tax described in subsection (a) is imposed at the
 5 following applicable rate per special fuel gallon:

6 (1) Before July 1, 2017, sixteen cents (\$0.16).

7 (2) For July 1, 2017, through June 30, 2018, the lesser of:

8 (A) the rate resulting from using the factors determined under
 9 IC 6-6-1.6-2; or

10 (B) twenty-six cents (\$0.26).

11 (3) For July 1, 2018, through June 30, 2019, the product of:

12 (A) the sum of:

13 (i) the rate in effect on June 30; and

14 (ii) twenty-one cents (\$0.21); multiplied by

15 (B) the factor determined under IC 6-6-1.6-3.

16 (4) Beginning July 1, 2019, and each July 1 through ~~July 1, 2024,~~
 17 **June 30, 2021**, the department shall determine an applicable rate
 18 equal to the product of:

19 (A) the rate in effect on June 30; multiplied by

20 (B) the factor determined under IC 6-6-1.6-3.

21 **(5) Beginning July 1, 2021, and each July 1 thereafter, the**
 22 **department shall determine the applicable rate, which shall be**
 23 **equal to the rate that was in effect on June 30, 2020.**

24 The rate **calculated under subdivision (1) through (4)** shall be
 25 rounded to the nearest cent (\$0.01). However, after June 30, 2018, and
 26 before July 1, 2019, the new applicable rate **under subdivision (3)** may
 27 not exceed the rate in effect on June 30 plus twenty-three cents (\$0.23).
 28 After June 30, 2019, **and before July 1, 2021**, the new applicable rate
 29 **under subdivision (4)** may not exceed the rate in effect on June 30
 30 plus two cents (\$0.02). The department shall publish the rate that will
 31 take effect on July 1 on the department's Internet web site not later than
 32 June 1.

33 (c) The department shall consider it a rebuttable presumption that
 34 all undyed or unmarked special fuel, or both, received in Indiana is to
 35 be sold for use in propelling motor vehicles.

36 (d) Except as provided in subsection (e), the tax imposed on special
 37 fuel by subsection (a) shall be measured by invoiced gallons (or diesel
 38 or gasoline gallon equivalents in the case of a special fuel described in
 39 section 22.5(2) or 22.5(3) of this chapter) of nonexempt special fuel
 40 received by a licensed supplier in Indiana for sale or resale in Indiana
 41 or with respect to special fuel subject to a tax precollection agreement
 42 under section 35(j) of this chapter, such special fuel removed by a



1 licensed supplier from a terminal outside of Indiana for sale for export
2 or for export to Indiana and in any case shall generally be determined
3 in the same manner as the tax imposed by Section 4081 of the Internal
4 Revenue Code and Code of Federal Regulations.

5 (e) The tax imposed by subsection (a) on special fuel imported into
6 Indiana, other than into a terminal, is imposed at the time the product
7 is entered into Indiana and shall be measured by invoiced gallons
8 received at a terminal or at a bulk plant.

9 (f) In computing the tax, all special fuel in process of transfer from
10 tank steamers at boat terminal transfers and held in storage pending
11 wholesale bulk distribution by land transportation, or in tanks and
12 equipment used in receiving and storing special fuel from interstate
13 pipelines pending wholesale bulk reshipment, shall not be subject to
14 tax.

15 (g) The department shall consider it a rebuttable presumption that
16 special fuel consumed in a motor vehicle plated for general highway
17 use is subject to the tax imposed under this chapter. A person claiming
18 exempt use of special fuel in such a vehicle must maintain adequate
19 records as required by the department to document the vehicle's taxable
20 and exempt use.

21 (h) A person that engages in blending fuel for taxable sale or use in
22 Indiana is primarily liable for the collection and remittance of the tax
23 imposed under subsection (a). The person shall remit the tax due in
24 conjunction with the filing of a monthly report in the form prescribed
25 by the department.

26 (i) A person that receives special fuel that has been blended for
27 taxable sale or use in Indiana is secondarily liable to the state for the
28 tax imposed under subsection (a).

29 (j) A person may not use special fuel on an Indiana public highway
30 if the special fuel contains a sulfur content that exceeds five
31 one-hundredths of one percent (0.05%). A person who knowingly:

32 (1) violates; or

33 (2) aids or abets another person to violate;

34 this subsection commits a Class A infraction. However, the violation
35 is a Class A misdemeanor if the person has committed one (1) prior
36 unrelated violation of this subsection, and a Level 6 felony if the person
37 has committed more than one (1) unrelated violation of this subsection.

38 **SECTION 4. An emergency is declared for this act.**

