

SENATE BILL No. 125

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-6.

Synopsis: Gasoline and special fuel taxes. Provides that July 1, 2025, (rather than July 1, 2027, under current law) is the last date for the index factor adjustment of the gasoline tax rate and the special fuel tax rate.

Effective: July 1, 2025.

Young M, Tomes

January 8, 2025, read first time and referred to Committee on Tax and Fiscal Policy.



First Regular Session of the 124th General Assembly (2025)

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 2024 Regular Session of the General Assembly.

SENATE BILL No. 125



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.201-2023,
2 SECTION 106, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2025]: Sec. 201. (a) A license tax is imposed on
4 the use of all gasoline used in Indiana at the applicable rate specified
5 in 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, ~~2027~~,
 3 **2025**, the department shall determine an applicable rate equal to
 4 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 The rate shall be rounded to the nearest cent (\$0.01). After June 30,
 8 2018, the new applicable rate may not exceed the rate in effect on June
 9 30 plus one cent (\$0.01). However, the new rate may not be less than
 10 the rate in effect on June 30. If the calculation of a new rate would
 11 produce a rate that is less than the rate in effect on June 30, the new
 12 rate shall be the rate in effect on June 30. The department shall publish
 13 the rate that will take effect on July 1 on the department's website not
 14 later than June 1.
 15 SECTION 2. IC 6-6-2.5-28, AS AMENDED BY P.L.201-2023,
 16 SECTION 108, IS AMENDED TO READ AS FOLLOWS
 17 [EFFECTIVE JULY 1, 2025]: Sec. 28. (a) A license tax is imposed on
 18 all special fuel sold or used in producing or generating power for
 19 propelling motor vehicles, except fuel used under section 30(a)(8) or
 20 30.5 of this chapter, at the applicable rate specified in subsection (b).
 21 The tax shall be paid at those times, in the manner, and by those
 22 persons specified in this section and section 35 of this chapter.
 23 (b) The license tax described in subsection (a) is imposed at the
 24 following applicable rate per special fuel gallon:
 25 (1) Before July 1, 2017, sixteen cents (\$0.16).
 26 (2) For July 1, 2017, through June 30, 2018, the lesser of:
 27 (A) the rate resulting from using the factors determined under
 28 IC 6-6-1.6-2; or
 29 (B) twenty-six cents (\$0.26).
 30 (3) For July 1, 2018, through June 30, 2019, the product of:
 31 (A) the sum of:
 32 (i) the rate in effect on June 30; and
 33 (ii) twenty-one cents (\$0.21); multiplied by
 34 (B) the factor determined under IC 6-6-1.6-3.
 35 (4) Beginning July 1, 2019, and each July 1 through July 1, ~~2027~~,
 36 **2025**, the department shall determine an applicable rate equal to
 37 the product of:
 38 (A) the rate in effect on June 30; multiplied by
 39 (B) the factor determined under IC 6-6-1.6-3.
 40 The rate shall be rounded to the nearest cent (\$0.01). However, after
 41 June 30, 2018, and before July 1, 2019, the new applicable rate may not
 42 exceed the rate in effect on June 30 plus twenty-three cents (\$0.23).



1 After June 30, 2019, the new applicable rate may not exceed the rate
2 in effect on June 30 plus two cents (\$0.02). However, the new rate may
3 not be less than the rate in effect on June 30. If the calculation of a new
4 rate would produce a rate that is less than the rate in effect on June 30,
5 the new rate shall be the rate in effect on June 30. The department shall
6 publish the rate that will take effect on July 1 on the department's
7 website not later than June 1.

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

11 (d) Except as provided in subsection (e), the tax imposed on special
12 fuel by subsection (a) shall be measured by invoiced gallons (or diesel
13 or gasoline gallon equivalents in the case of a special fuel described in
14 section 22.5(2) or 22.5(3) of this chapter) of nonexempt special fuel
15 received by a licensed supplier in Indiana for sale or resale in Indiana
16 or with respect to special fuel subject to a tax precollection agreement
17 under section 35(j) of this chapter, such special fuel removed by a
18 licensed supplier from a terminal outside of Indiana for sale for export
19 or for export to Indiana and in any case shall generally be determined
20 in the same manner as the tax imposed by Section 4081 of the Internal
21 Revenue Code and Code of Federal Regulations.

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

26 (f) In computing the tax, all special fuel in process of transfer from
27 tank steamers at boat terminal transfers and held in storage pending
28 wholesale bulk distribution by land transportation, or in tanks and
29 equipment used in receiving and storing special fuel from interstate
30 pipelines pending wholesale bulk reshipment, shall not be subject to
31 tax.

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

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



- 1 (i) A person that receives special fuel that has been blended for
2 taxable sale or use in Indiana is secondarily liable to the state for the
3 tax imposed under subsection (a).
- 4 (j) A person may not use special fuel on an Indiana public highway
5 if the special fuel contains a sulfur content that exceeds five
6 one-hundredths of one percent (0.05%). A person who knowingly:
7 (1) violates; or
8 (2) aids or abets another person to violate;
9 this subsection commits a Class A infraction. However, the violation
10 is a Class A misdemeanor if the person has committed one (1) prior
11 unrelated violation of this subsection, and a Level 6 felony if the person
12 has committed more than one (1) unrelated violation of this subsection.

