

SENATE BILL No. 288

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-2.5-3.5-15; IC 6-6-1.1-201; IC 6-6-2.5-28.

Synopsis: Taxation of fuel. Provides that the gasoline license tax and the special fuel license tax must be imposed at the rate in effect on June 30 of the prior state fiscal year multiplied by the lesser of: (1) the statutory index factor; or (2) 1.02. Provides that the gasoline use tax rate shall be the lesser of the amount as computed under current law or the gasoline use tax rate on June 30 of the prior state fiscal year multiplied by 1.02. Repeals an expired subsection.

Effective: July 1, 2025.

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January 13, 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. 288



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 6-2.5-3.5-15, AS AMENDED BY THE
2 TECHNICAL CORRECTIONS BILL OF THE 2025 GENERAL
3 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2025]: Sec. 15. (a) Before the twenty-second day of each
5 month, the department shall determine and provide a notice of the
6 gasoline use tax rate to be used during the following month and the
7 source of the data used to determine the gasoline use tax rate and the
8 statewide average retail price per gallon of gasoline. The notice shall
9 be published on the department's ~~Internet web site~~ **website** in a
10 departmental notice.

11 (b) In determining the gasoline use tax rate under this section, the
12 department shall use:

13 (1) the statewide average retail price per gallon of gasoline (based
14 on the retail price per gallon of gasoline from the sixteenth day of
15 the previous month to the fifteenth day of the current month),
16 excluding the Indiana gasoline tax, federal gasoline tax, ~~the~~
17 Indiana gasoline use tax, and Indiana gross retail tax (if any);



1 multiplied by
 2 (2) seven percent (7%).
 3 To determine the statewide average retail price, the department shall
 4 use a data service that updates the most recent retail price of gasoline.
 5 The gasoline use tax rate per gallon of gasoline determined by the
 6 department under this section shall be rounded to the nearest one-tenth
 7 of one cent (\$0.001).

8 (c) ~~Notwithstanding subsections (a) and (b), the gasoline use tax~~
 9 ~~rate imposed on a transaction that occurs beginning on the first day~~
 10 ~~following the enactment into law of this subsection and continuing~~
 11 ~~through June 30, 2023, is the lesser of:~~

12 ~~(1) the monthly gasoline use tax rate per gallon of gasoline as~~
 13 ~~determined by the department under subsections (a) and (b); or~~
 14 ~~(2) twenty-nine and five-tenths cents (\$0.295) per gallon of~~
 15 ~~gasoline.~~

16 ~~This subsection expires July 1, 2023.~~

17 **(c) Notwithstanding subsections (a) and (b), the gasoline use tax**
 18 **rate imposed after August 31, 2025, is the lesser of:**

19 **(1) the monthly gasoline use tax rate per gallon of gasoline as**
 20 **determined by the department under subsections (a) and (b);**
 21 **or**

22 **(2) one and two-hundredths percent (1.02%) multiplied by the**
 23 **gasoline use tax rate on June 30 of the prior state fiscal year.**

24 SECTION 2. IC 6-6-1.1-201, AS AMENDED BY P.L.201-2023,
 25 SECTION 106, IS AMENDED TO READ AS FOLLOWS
 26 [EFFECTIVE JULY 1, 2025]: Sec. 201. (a) A license tax is imposed on
 27 the use of all gasoline used in Indiana at the applicable rate specified
 28 in subsection (b), except as otherwise provided by this chapter. The
 29 distributor shall initially pay the tax on the billed gallonage of all
 30 gasoline the distributor receives in this state, less any deductions
 31 authorized by this chapter. The distributor shall then add the per gallon
 32 amount of tax to the selling price of each gallon of gasoline sold in this
 33 state and collected from the purchaser so that the ultimate consumer
 34 bears the burden of the tax.

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

37 (1) Before July 1, 2017, eighteen cents (\$0.18).
 38 (2) For July 1, 2017, through June 30, 2018, the lesser of:
 39 (A) the rate resulting from using the factors determined under
 40 IC 6-6-1.6-2; or
 41 (B) twenty-eight cents (\$0.28).
 42 (3) Beginning July 1, 2018, and each July 1 through July 1, 2027,



1 the department shall determine an applicable rate equal to the
2 product of:

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

4 **(B) the lesser of:**

5 **(i) the factor determined under IC 6-6-1.6-3; or**

6 **(ii) one and two-hundredths percent (1.02%).**

7 The rate shall be rounded to the nearest cent (\$0.01). **Notwithstanding**
8 **subdivision (3)**, after June 30, 2018, the new applicable rate may not
9 exceed the rate in effect on June 30 plus one cent (\$0.01). However, the
10 new rate may not be less than the rate in effect on June 30. If the
11 calculation of a new rate would produce a rate that is less than the rate
12 in effect on June 30, the new rate shall be the rate in effect on June 30.
13 The department shall publish the rate that will take effect on July 1 on
14 the department's website not later than June 1.

15 SECTION 3. 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 the department shall determine an applicable rate equal to the
37 product of:

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

39 **(B) the lesser of:**

40 **(i) the factor determined under IC 6-6-1.6-3; or**

41 **(ii) one and two-hundredths percent (1.02%).**

42 The rate shall be rounded to the nearest cent (\$0.01). However, after



1 June 30, 2018, and before July 1, 2019, the new applicable rate may not
2 exceed the rate in effect on June 30 plus twenty-three cents (\$0.23).
3 **Notwithstanding subdivision (4)**, after June 30, 2019, the new
4 applicable rate may not exceed the rate in effect on June 30 plus two
5 cents (\$0.02). However, the new rate may not be less than the rate in
6 effect on June 30. If the calculation of a new rate would produce a rate
7 that is less than the rate in effect on June 30, the new rate shall be the
8 rate in effect on June 30. The department shall publish the rate that will
9 take effect on July 1 on the department's website not later than June 1.

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

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

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

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

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

40 (h) A person that engages in blending fuel for taxable sale or use in
41 Indiana is primarily liable for the collection and remittance of the tax
42 imposed under subsection (a). The person shall remit the tax due in



- 1 conjunction with the filing of a monthly report in the form prescribed
2 by the department.
- 3 (i) A person that receives special fuel that has been blended for
4 taxable sale or use in Indiana is secondarily liable to the state for the
5 tax imposed under subsection (a).
- 6 (j) A person may not use special fuel on an Indiana public highway
7 if the special fuel contains a sulfur content that exceeds five
8 one-hundredths of one percent (0.05%). A person who knowingly:
9 (1) violates; or
10 (2) aids or abets another person to violate;
11 this subsection commits a Class A infraction. However, the violation
12 is a Class A misdemeanor if the person has committed one (1) prior
13 unrelated violation of this subsection, and a Level 6 felony if the person
14 has committed more than one (1) unrelated violation of this subsection.
- 15 **SECTION 4. [EFFECTIVE JULY 1, 2025] (a) IC 6-6-1.1-201 and**
16 **IC 6-6-2.5-28, both as amended by this act, apply to taxes imposed**
17 **after June 30, 2025.**
18 **(b) This SECTION expires June 30, 2028.**

