



## INDIANA DEPARTMENT OF REVENUE

---

Indiana Government Center  
100 N. Senate Ave  
Indianapolis, IN 46204-2253

### DEPARTMENTAL NOTICE #43 MAY 2021

**SUBJECT: RATES FOR THE GASOLINE LICENSE TAX AND SPECIAL FUEL LICENSE TAX**

**REFERENCE:** IC 6-6-1.1-201; IC 6-6-1.6-2; IC 6-6-1.6-3; IC 6-6-2.5-28; IC 6-6-4.1-4.5

**DISCLAIMER:** This document is not a “statement” required to be published in the Indiana Register under IC 4-22-7-7. However, under IC 6-6-1.1-201 and IC 6-6-2.5-28, the department is required to publish the respective tax rates on the department’s Internet website no later than June 1. The purpose of this notice is to notify affected taxpayers of the change in rate on the department’s Internet website.

#### I. BACKGROUND

Pursuant to HEA 1002-2017, the Indiana Department of Revenue (DOR) is required to publish updated rates for gasoline license tax, special fuel license tax, and motor carrier surcharge tax. As enacted in 2017, under IC 6-6-1.1-201(b), IC 6-6-2.5-28(b), and IC 6-6-4.1-4.5(b), new rates are to be determined by applying formulas set forth under IC 6-6-1.6.

In 2018, HEA 1290-2018 repealed the motor carrier surcharge tax effective July 1, 2018. In addition, HEA 1290-2018 increased the special fuel tax from twenty-six cents (\$0.26) per gallon to forty-seven cents (\$0.47) per gallon effective July 1, 2018. However, the \$0.47 rate was subject to the 2018 annual adjustment under IC 6-6-2.5-28(b).

For 2017, the formulas set forth under IC 6-6-1.6-2 required DOR to use annual factors being in place from the beginning of the period set forth by statute (2003 for gasoline, 1989 for special fuel and motor carrier surcharge) to compute an annual rate change. Each year’s rate change was to be computed by first computing the change in the Consumer Price Index as defined by IC 6-6-1.6-1(1). Second, the annual change in Indiana Personal Income (IPI), as determined by the Bureau of Economic Analysis, United States Department of Commerce, was computed. Third, the two changes were averaged to determine an overall rate of change. Fourth, the overall rate of change was applied to the previous year’s tax rate as if the statutory formula had been in effect for all years of the stated period, rounded to the nearest whole cent. Each tax as computed was subject to a statutory maximum amount, as set forth for each respective tax type.

For 2018 through 2024, the formulas set forth under IC 6-6-1.6-3 require DOR to use annual factors to compute the annual rate change. The rate change is to be computed by first computing

the change in the Consumer Price Index as defined by IC 6-6-1.6-1(1). Second, the annual change in Indiana Personal Income (IPI), as determined by the Bureau of Economic Analysis, United States Department of Commerce, is computed. Third, the two changes are averaged to determine an overall rate of change. Fourth, the overall rate of change is applied to the previous year's tax rate to determine the rate in effect for the next year. However, the gasoline tax rate may not increase more than one cent (\$0.01) from year to year, while the special fuel tax rate may not increase more than two cents (\$0.02) from year to year. Neither the gasoline tax rate nor the special fuel tax rate may decrease from year to year.

## II. STATUTORY CALCULATION OF THE INDEX FACTOR

The Consumer Price Index factor component for 2020 is  $258.811/255.657$ , or 1.01234. The Indiana personal income factor component for 2020, as determined by the Bureau of Economic Analysis<sup>[1]</sup> is  $346,801.9/327,570.1$ , or 1.05871. The average of these amounts is 1.03553, which is the factor to be used to compute the gasoline and special fuel taxes for July 1, 2021, to June 30, 2022.

## III. STATUTORY CALCULATION OF THE GASOLINE LICENSE TAX RATE

For the period July 1, 2021, to June 30, 2022, the gasoline license tax is thirty-two cents (\$0.32) per gallon. The computation by statute is  $0.31 * 1.03553$ , or 0.321014. Rounded to the nearest cent, this is thirty-two cents (\$0.32) per gallon.

## IV. STATUTORY CALCULATION OF THE SPECIAL FUEL LICENSE TAX RATE

For the period July 1, 2021, to June 30, 2022, the special fuel license tax is fifty-three cents (\$0.53) per special fuel gallon. The computation by statute is  $0.51 * 1.03553$ , or 0.52812. Rounded to the nearest cent, this is fifty-three cents (\$0.53) per gallon.



Robert J. Grennes, Jr.

Commissioner

Indiana Department of State Revenue

---

<sup>1</sup> Amounts in millions.