



Indiana Department of Revenue

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Departmental Notice #43

Subject: Rates for the Gasoline License Tax and Special Fuel License Tax

Publication Date: April 2024

Effective Date: July 1, 2024

Reference(s): 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

Replaces Notice #43, dated May 2023

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Summary of Changes

Apart from technical, nonsubstantive changes, this notice has been revised to update the tax rates.

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In 2018, HEA 1290-2018 repealed the motor carrier surcharge tax effective July 1, 2018.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 2027, 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.

Statutory Calculation of the Index Factor

The Consumer Price Index factor component for 2023 is 304.702/292.655, or 1.04116. The Indiana personal income factor component for 2023, as determined by the Bureau of Economic Analysis is 411,992.6/395,838.7, or 1.04081. The average of these amounts is 1.04099, which is the factor to be used to compute the gasoline and special fuel taxes for July 1, 2024, to June 30, 2025.

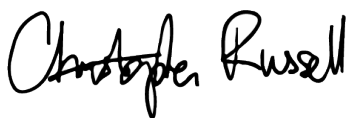
Statutory Calculation of the Gasoline License Tax Rate

For the period July 1, 2024, to June 30, 2025, the gasoline license tax is thirty-five cents (\$0.35) per gallon. The computation by statute is 0.34×1.04099 , or 0.35394. Rounded to the nearest cent, this is thirty-five cents (\$0.35) per gallon.

Statutory Calculation of the Special Fuel License Tax Rate

For the period July 1, 2024, to June 30, 2025, the special fuel license tax is fifty-nine cents (\$0.59) per special fuel gallon. The computation by statute is 0.57×1.04099 , or 0.59336. Rounded to the nearest cent, this is fifty-nine cents (\$0.59) per gallon.

If you have any questions concerning this notice, please contact the Tax Policy Division at taxpolicy@dor.in.gov.



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