

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 6334

BILL NUMBER: HB 1065

NOTE PREPARED: Feb 2, 2026

BILL AMENDED: Jan 28, 2026

SUBJECT: Ban on Gratuities for Public Officials.

FIRST AUTHOR: Rep. Slager

FIRST SPONSOR: Sen. Freeman

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill makes it a Class A misdemeanor for: (1) a person to offer a payment to a public servant for the person as a reward for an official act performed by the public servant; or (2) a public servant to solicit or accept a payment as a reward for an official act performed by the public servant for the person. The bill increases the penalty to a Level 6 felony if the fair market value of the reward is at least \$750.

The bill also exempts: (1) a good or service that is subject to a reporting requirement or otherwise authorized by an applicable rule or code of ethics; (2) a good or service with a value of less than \$100; (3) commemorative or ceremonial items, such as plaques, trophies, or framed photos; (4) lawful political contributions; (5) wages and other forms of work related compensation from the governmental entity employing the public servant that the public servant is legally permitted to receive; or (6) an offer of employment that is not offered as a reward for an official act performed by a public servant.

The bill also provides that a person who knowingly or intentionally violates a specified provision by commingling the funds of a committee with the personal funds of an officer, a member, or an associate of the committee commits a Class A misdemeanor. It enhances the penalty to a Level 6 felony if a person commingles at least \$50,000 of committee funds.

Effective Date: July 1, 2026.

Summary of NET State Impact: Any impact on state revenue from fines and fees and state expenditures from incarceration costs is expected to be minimal.

Explanation of State Expenditures: *Penalty Provision:* A Level 6 felony is punishable by a prison term ranging from 6 to 30 months, with an advisory sentence of 1 year. The sentence depends on mitigating and aggravating circumstances. Assuming offenders can be housed in existing facilities with no additional staff, the marginal cost for medical care, food, and clothing is approximately \$4,825 annually, or \$13.22 daily, per prisoner. However, any additional expenditures are likely to be small.

Explanation of State Revenues: *Penalty Provision:* If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class A misdemeanor is \$5,000 and for a Level 6 felony is \$10,000. Total fee revenue per case would range between \$113 and \$138. The amount of court fees deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

Explanation of Local Expenditures: *Penalty Provision:* A Class A misdemeanor is punishable by up to one year in jail. If more defendants are detained in county jails prior to their felony court hearings, local expenditures for jail operations may increase. However, any additional expenditures would likely be small.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions result in a guilty verdict, certain local units will collect more revenue. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

State Agencies Affected: Department of Correction.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Indiana Supreme Court, Indiana Trial Court Fee Manual; Department of Corrections; Indiana Gateway for Government Units, 2023 Annual Financial Reports, <https://gateway.ifionline.org/public/download.aspx> Bureau of Justice Statistics, 2023 Annual Survey of Jails Data Series, <https://www.icpsr.umich.edu/web/NACJD/series/7>.

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