



Reprinted  
January 21, 2026

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## HOUSE BILL No. 1226

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DIGEST OF HB 1226 (Updated January 20, 2026 2:43 pm - DI 137)

**Citations Affected:** IC 5-22.

**Synopsis:** Public purchasing from Indiana businesses. Provides a price preference to a business that is not an Indiana business but offers to provide supplies manufactured, assembled, or produced in Indiana. Provides that an Indiana business that offers to provide supplies manufactured, assembled, or produced in Indiana is eligible for an additional price preference for a contract awarded by a state agency. (Under current law, the additional price preference applies only when two or more equal bids are submitted.) Provides a 25% price preference for the purchase of flags that are manufactured in the United States.

**Effective:** July 1, 2026.

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### Lindauer, Bartels, Miller D

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January 5, 2026, read first time and referred to Committee on Government and Regulatory Reform.

January 14, 2026, reported — Do Pass.

January 20, 2026, read second time, amended, ordered engrossed.

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HB 1226—LS 6671/DI 137





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Second Regular Session of the 124th General Assembly (2026)

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 2025 Regular Session of the General Assembly.

## HOUSE BILL No. 1226

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 5-22-15-20.5, AS AMENDED BY P.L.122-2011,
- 2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2026]: Sec. 20.5. (a) This section applies only to a contract
- 4 awarded by a state agency.
- 5 (b) As used in this section, "Indiana business" refers to any of the
- 6 following:
- 7 (1) A business whose principal place of business is located in
- 8 Indiana.
- 9 (2) A business that pays a majority of its payroll (in dollar
- 10 volume) to residents of Indiana.
- 11 (3) A business that employs Indiana residents as a majority of its
- 12 employees.
- 13 (4) A business that makes significant capital investments in
- 14 Indiana.
- 15 (5) A business that has a substantial positive economic impact on
- 16 Indiana as defined by criteria developed under subsection (c).
- 17 (c) The Indiana department of administration shall consult with the

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Indiana economic development corporation in developing criteria for determining whether a business is an Indiana business under subsection (b). The Indiana department of administration may consult with the Indiana economic development corporation to determine whether a particular business meets the requirements of this section and the criteria developed under this subsection.

(d) There are the following price preferences for supplies purchased from an Indiana business **or a business that is not an Indiana business but offers to provide supplies manufactured, assembled, or produced in Indiana:**

(1) Five percent (5%) for a purchase expected by the state agency to be less than five hundred thousand dollars (\$500,000).

(2) Three percent (3%) for a purchase expected by the state agency to be at least five hundred thousand dollars (\$500,000) but less than one million dollars (\$1,000,000).

(3) One percent (1%) for a purchase expected by the state agency to be at least one million dollars (\$1,000,000).

(e) If an Indiana business offers to provide supplies manufactured, assembled, or produced in Indiana, ~~and if two (2) or more bids submitted were the same~~, the following price preference is available to the Indiana business, in addition to the price preference available under subsection (d):

(1) Three percent (3%) for a purchase expected by the state agency to be less than five hundred thousand dollars (\$500,000).

(2) Two percent (2%) for a purchase expected by the state agency to be at least five hundred thousand dollars (\$500,000) but less than one million dollars (\$1,000,000).

(3) One percent (1%) for a purchase expected by the state agency to be at least one million dollars (\$1,000,000).

The Indiana department of administration shall adopt rules under IC 4-22-2 to establish guidelines for determining when supplies are manufactured or assembled in Indiana.

(f) A business that wants to claim a preference provided under this section must do all of the following:

(1) State in the business's bid that the business claims the preference provided by this section.

(2) Provide the following information to the department:

(A) The location of the business's principal place of business. If the business claims the preference as an Indiana business described in subsection (b)(1), a statement explaining the reasons the business considers the location named as the business's principal place of business.



(B) The amount of the business's total payroll and the amount of the business's payroll paid to Indiana residents.

(C) The number of the business's employees and the number of the business's employees who are Indiana residents.

(D) If the business claims the preference as an Indiana business described in subsection (b)(4), a description of the capital investments made in Indiana and a statement of the amount of those capital investments.

(E) If the business claims the preference as an Indiana business described in subsection (b)(5), a description of the substantial positive economic impact the business has on Indiana.

SECTION 2. IC 5-22-15-27 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 27. (a) As used in this section, "flag" refers to either of the following:**

**(1) The flag of the United States.**

**(2) The state flag (described in IC 1-2-2).**

**(b) A governmental body shall give a twenty-five percent (25%) price preference for the purchase of flags that are manufactured in the United States.**



## COMMITTEE REPORT

Mr. Speaker: Your Committee on Government and Regulatory Reform, to which was referred House Bill 1226, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to HB 1226 as introduced.)

MILLER D

Committee Vote: Yeas 12, Nays 0

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1226 be amended to read as follows:

Page 3, after line 12, begin a new paragraph and insert:

"SECTION 2. IC 5-22-15-27 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 27. (a) As used in this section, "flag" refers to either of the following:**

**(1) The flag of the United States.**

**(2) The state flag (described in IC 1-2-2).**

**(b) A governmental body shall give a twenty-five percent (25%) price preference for the purchase of flags that are manufactured in the United States."**

(Reference is to HB 1226 as printed January 14, 2026.)

MOSELEY

