

HOUSE BILL No. 1340

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-37-4-6; IC 6-2.5; IC 6-8.1-7-1; IC 14-19-11-17.

Synopsis: Sales tax exemption for utility service. Provides a sales tax exemption for the sale or furnishing of the following services or commodities by a power subsidiary or a person engaged as a public utility to a person for commercial or domestic consumption: (1) Electrical energy. (2) Natural or artificial gas. (3) Water. (4) Steam. (5) Steam heating service. Makes conforming amendments.

Effective: July 1, 2026.

Dvorak

January 6, 2026, read first time and referred to Committee on Ways and Means.



Introduced

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. 1340

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 4-37-4-6, AS ADDED BY P.L.167-2011,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2026]: Sec. 6. The board is exempt ~~under IC 6-2.5-5-16~~ from
4 the state gross retail tax for transactions involving tangible personal
5 property, public utility commodities, and public utility service.

6 SECTION 2. IC 6-2.5-1-1, AS AMENDED BY P.L.146-2020,
7 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2026]: Sec. 1. (a) Except as provided in subsection (b), ~~or (e)~~,
9 "unitary transaction" includes all items of personal property and
10 services which are furnished under a single order or agreement and for
11 which a total combined charge or price is calculated.

12 (b) "Unitary transaction" does not include a transaction that meets
13 one (1) of the exceptions in section 11.5(d) of this chapter.

14 (c) "Unitary transaction" as it applies to the furnishing of public
15 utility commodities or services means the public utility commodities
16 and services which are invoiced in a single bill or statement for
17 payment by the consumer.



1 SECTION 3. IC 6-2.5-1-5, AS AMENDED BY P.L.205-2025,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2026]: Sec. 5. (a) Except as provided in subsection (b), "gross
4 retail income" means the total amount of consideration, including cash,
5 credit, property, and services, for which tangible personal property is
6 sold, leased, or rented, valued in money, whether received in money or
7 otherwise, without any deduction for:

8 (1) the seller's cost of the property sold;
9 (2) the cost of materials used, labor or service cost, interest,
10 losses, all costs of transportation to the seller, all taxes imposed
11 on the seller, and any other expense of the seller;
12 (3) charges by the seller for any services necessary to complete
13 the sale, other than delivery and installation charges;
14 (4) delivery charges; or
15 (5) consideration received by the seller from a third party if:
16 (A) the seller actually receives consideration from a party
17 other than the purchaser and the consideration is directly
18 related to a price reduction or discount on the sale;
19 (B) the seller has an obligation to pass the price reduction or
20 discount through to the purchaser;
21 (C) the amount of the consideration attributable to the sale is
22 fixed and determinable by the seller at the time of the sale of
23 the item to the purchaser; and
24 (D) the price reduction or discount is identified as a third party
25 price reduction or discount on the invoice received by the
26 purchaser or on a coupon, certificate, or other documentation
27 presented by the purchaser.

28 For purposes of subdivision (4), delivery charges are charges by the
29 seller for preparation and delivery of the property to a location
30 designated by the purchaser of property, including but not limited to
31 transportation, shipping, postage charges that are not separately stated
32 on the invoice, bill of sale, or similar document, handling, crating, and
33 packing. Delivery charges do not include postage charges that are
34 separately stated on the invoice, bill of sale, or similar document.

35 (b) "Gross retail income" does not include that part of the gross
36 receipts attributable to:

37 (1) the value of any tangible personal property received in a like
38 kind exchange in the retail transaction, if the value of the property
39 given in exchange is separately stated on the invoice, bill of sale,
40 or similar document given to the purchaser;
41 (2) the receipts received in a retail transaction which constitute
42 interest, finance charges, or insurance premiums on either a



1 promissory note or an installment sales contract;

2 (3) discounts, including cash, terms, or coupons that are not

3 reimbursed by a third party that are allowed by a seller and taken

4 by a purchaser on a sale;

5 (4) interest, financing, and carrying charges from credit extended

6 on the sale of personal property if the amount is separately stated

7 on the invoice, bill of sale, or similar document given to the

8 purchaser;

9 (5) any taxes legally imposed directly on the consumer that are

10 separately stated on the invoice, bill of sale, or similar document

11 given to the purchaser, including an excise tax imposed under

12 IC 6-6-15;

13 (6) installation charges that are separately stated on the invoice,

14 bill of sale, or similar document given to the purchaser;

15 (7) telecommunications nonrecurring charges;

16 (8) postage charges that are separately stated on the invoice, bill

17 of sale, or similar document; or

18 (9) charges for serving or delivering food and food ingredients

19 furnished, prepared, or served for consumption at a location, or on

20 equipment, provided by the retail merchant, to the extent that the

21 charges for the serving or delivery are stated separately from the

22 price of the food and food ingredients when the purchaser pays

23 the charges.

24 (c) Notwithstanding subsection (b)(5):

25 (1) in the case of retail sales of special fuel (as defined in

26 IC 6-6-2.5-22) or kerosene (as defined in IC 16-44-2-2), the gross

27 retail income is the total sales price of the special fuel or kerosene

28 minus the part of that price attributable to tax imposed under

29 IC 6-6-2.5 (in the case of special fuel) or Section 4041 or Section

30 4081 of the Internal Revenue Code (in the case of either special

31 fuel or kerosene);

32 (2) in the case of retail sales of cigarettes (as defined in

33 IC 6-7-1-2), the gross retail income is the total sales price of the

34 cigarettes including the tax imposed under IC 6-7-1; and

35 (3) in the case of retail sales of consumable material (as defined

36 in IC 6-7-4-2), vapor products (as defined in IC 6-7-4-8), and

37 closed system cartridges (as defined in IC 6-7-2-0.5) under the

38 closed system cartridge tax, the gross retail income received from

39 selling at retail is the total sales price of the consumable material

40 (as defined in IC 6-7-4-2), vapor products (as defined in

41 IC 6-7-4-8), and closed system cartridges (as defined in

42 IC 6-7-2-0.5) including the tax imposed under IC 6-7-4 and



1 IC 6-7-2-7.5.

2 (d) Gross retail income is only taxable under this article to the
3 extent that the income represents:

4 (1) the price of the property transferred, without the rendition of
5 any services; and

6 (2) except as provided in subsection (b), any bona fide charges
7 which are made for preparation, fabrication, alteration,
8 modification, finishing, completion, delivery, or other service
9 performed in respect to the property transferred before its transfer
10 and which are separately stated on the transferor's records. For
11 purposes of this subdivision, a transfer is considered to have
12 occurred after the delivery of the property to the purchaser.

13 (e) ~~A public utility's or a power subsidiary's gross retail income includes all gross retail income received by the public utility or power subsidiary, including any minimum charge, flat charge, membership fee, or any other form of charge or billing.~~

14 SECTION 4. IC 6-2.5-4-5 IS REPEALED [EFFECTIVE JULY 1,
15 2026]. See: ~~5. A power subsidiary or a person engaged as a public utility is a retail merchant making a retail transaction when the subsidiary or person furnishes or sells electrical energy, natural or artificial gas, water, steam, or steam heating service to a person for commercial or domestic consumption.~~

16 SECTION 5. IC 6-2.5-4-6, AS AMENDED BY P.L.84-2011,
17 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
18 JULY 1, 2026]: Sec. 6. (a) A person is a retail merchant making a retail
19 transaction when the person:

20 (1) furnishes or sells an intrastate telecommunication service; and
21 (2) receives gross retail income from billings or statements
22 rendered to customers.

23 (b) Notwithstanding subsection (a), a person is not a retail merchant
24 making a retail transaction when:

25 (1) the person furnishes or sells telecommunication services to
26 another person described in this section or in section 5 of this
27 chapter; ~~a power subsidiary or a person engaged as a public utility that furnishes or sells electrical energy, natural or artificial gas, water, steam, or steam heating service to a person for commercial or domestic consumption;~~

28 (2) the person furnishes telecommunications services to another
29 person who is providing prepaid calling services or prepaid
30 wireless calling services in a retail transaction to customers who
31 access the services described in section 13 of this chapter;

32 (3) the person furnishes intrastate mobile telecommunications



1 service (as defined in IC 6-8.1-15-7) to a customer with a place of
2 primary use that is not located in Indiana (as determined under
3 IC 6-8.1-15); or

4 (4) the person furnishes or sells value added nonvoice data
5 services in a retail transaction to a customer.

6 (c) Subject to IC 6-2.5-12 and IC 6-8.1-15, and notwithstanding
7 subsections (a) and (b), if charges for telecommunication services,
8 ancillary services, Internet access, audio services, or video services that
9 are not taxable under this article are aggregated with and not separately
10 stated from charges subject to taxation under this article, the charges
11 for nontaxable telecommunication services, ancillary services, Internet
12 access, audio services, or video services are subject to taxation unless
13 the service provider can reasonably identify the charges not subject to
14 the tax from the service provider's books and records kept in the regular
15 course of business.

16 SECTION 6. IC 6-2.5-5-5.1, AS AMENDED BY P.L.118-2024,
17 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
18 JULY 1, 2026]: Sec. 5.1. (a) As used in this section, "tangible personal
19 property" includes electricity, gas, water, and steam.

20 (b) Transactions involving tangible personal property are exempt
21 from the state gross retail tax if the person acquiring the property
22 acquires it for direct consumption as a material to be consumed in the
23 direct production of other tangible personal property in the person's
24 business of manufacturing, mining, production, processing, repairing,
25 recycling (as defined in section 45.8 of this chapter), refining, oil
26 extraction, mineral extraction, irrigation, agriculture, floriculture,
27 arboriculture, or horticulture. This exemption includes transactions
28 involving acquisitions of tangible personal property used in
29 commercial printing.

30 (c) Transactions involving tangible personal property are exempt
31 from the state gross retail tax if the person acquiring that property:

32 (1) acquires it for the person's direct consumption as a material to
33 be consumed in an industrial processing service; and
34 (2) is an industrial processor.

35 (d) Transactions involving tangible personal property are exempt
36 from the state gross retail tax if the person acquiring the property:

37 (1) acquires it for the person's direct consumption as a material to
38 be consumed in:
39 (A) the direct application of fertilizers, pesticides, fungicides,
40 seeds, and other tangible personal property; or
41 (B) the direct extraction, harvesting, or processing of
42 agricultural commodities;



1 for consideration; and
 2 (2) is occupationally engaged in providing the services described
 3 in subdivision (1) on property that is:
 4 (A) owned or rented by another person occupationally engaged
 5 in agricultural production; and
 6 (B) used for agricultural production.
 7 (e) ~~Transactions involving electricity, gas, water, and steam~~
 8 delivered through a single meter provided by a public utility are exempt
 9 if the electrical energy, natural or artificial gas, water, steam, or steam
 10 heat is consumed for a purpose exempted pursuant to this section and
 11 the electricity, gas, water, or steam is predominately used by the
 12 purchaser for one (1) or more of the purposes exempted by this section.
 13 (f) (e) A retail merchant that receives seventy-five percent (75%) or
 14 more of its receipts from the sale of prepared food as defined in section
 15 20(c)(4), 20(c)(5), and 20(c)(6) of this chapter, including bakery items,
 16 may elect to claim an exemption equal to fifty percent (50%) of the
 17 gross retail tax imposed on transactions involving electricity purchased
 18 by the retail merchant that is derived through a single meter. The
 19 election must be submitted on forms provided by the department. Upon
 20 acceptance of the election, the department shall issue a partial
 21 exemption certificate to the utility and any third party suppliers, if
 22 applicable. The election may also be submitted with a claim for refund.
 23 The election is irrevocable for any period for which the partial
 24 exemption has already been claimed. The election can be withdrawn on
 25 a prospective basis.

26 SECTION 7. IC 6-2.5-5-8.5, AS AMENDED BY THE
 27 TECHNICAL CORRECTIONS BILL OF THE 2026 GENERAL
 28 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 29 JULY 1, 2026]: Sec. 8.5. Transactions are exempt from the state gross
 30 retail tax when

31 (1) a power subsidiary or person provides, installs, constructs,
 32 services, or removes tangible personal property which is used in
 33 connection with the furnishing of the services or commodities
 34 listed in IC 6-2.5-4-5; electrical energy, natural or artificial
 35 gas, water, steam, or steam heating service.
 36 (2) a power subsidiary or person sells the services or commodities
 37 listed in IC 6-2.5-4-5 to another public utility or power subsidiary
 38 or a person described in IC 6-2.5-4-6; or
 39 (3) a power subsidiary or person sells the services or commodities
 40 listed in IC 6-2.5-4-5 and all of the following conditions are
 41 satisfied:
 42 (A) The services or commodities are sold to a business that:



1 (i) relocates all or part of its operations to a facility; or
2 (ii) expands all or part of its operations in a facility;
3 located in a military base (as defined in IC 36-7-30-1(c)), a
4 military base reuse area established under IC 36-7-14.5-12.5
5 that is or formerly was a military base (as defined in
6 IC 36-7-30-1(c)), or a qualified military base enhancement
7 area established under IC 36-7-34.

8 (B) The business uses the services or commodities in the
9 facility described in clause (A) not later than five (5) years
10 after the operations that relocated to the facility, or expanded
11 in the facility, commence.

12 (C) The sales of the services or commodities are separately
13 metered for use by the relocated or expanded operations.

14 (D) In the case of a business that uses the services or
15 commodities in a qualified military base enhancement area
16 established under IC 36-7-34-4(1), the business must satisfy at
17 least one (i) of the following criteria:

18 (i) The business is a participant in the technology transfer
19 program conducted by the qualified military base (as defined
20 in IC 36-7-34-3).

21 (ii) The business is a United States Department of Defense
22 contractor.

23 (iii) The business and the qualified military base have a
24 mutually beneficial relationship evidenced by a
25 memorandum of understanding between the business and
26 the United States Department of Defense.

27 (E) In the case of a business that uses the services and
28 commodities in a qualified military base enhancement area
29 established under IC 36-7-34-4(2), the business must satisfy at
30 least one (i) of the following criteria:

31 (i) The business is a participant in the technology transfer
32 program conducted by the qualified military base (as defined
33 in IC 36-7-34-3).

34 (ii) The business and the qualified military base have a
35 mutually beneficial relationship evidenced by a
36 memorandum of understanding between the business and
37 the qualified military base (as defined in IC 36-7-34-3).

38 However, this subdivision does not apply to a business that
39 substantially reduces or ceases its operations at another location
40 in Indiana in order to relocate its operations in an area described
41 in this subdivision, unless the department determines that the
42 business had existing operations in the area described in this



1 subdivision and that the operations relocated to the area are an
 2 expansion of the business's operations in the area.

3 SECTION 8. IC 6-2.5-5-10, AS AMENDED BY P.L.137-2022,
 4 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 JULY 1, 2026]: Sec. 10. Transactions involving tangible personal
 6 property are exempt from the state gross retail tax, if:

7 (1) the property is classified as production plant or power
 8 production expenses, according to the uniform system of accounts
 9 which was adopted and prescribed for the utility by the Indiana
 10 utility regulatory commission; and

11 (2) the person acquiring the property is:

12 (A) a public utility that furnishes or sells electrical energy,
 13 steam, or steam heat; ~~in a retail transaction described in~~
 14 ~~IC 6-2.5-4-5;~~ or

15 (B) a power subsidiary (as defined in IC 6-2.5-1-22.5) that
 16 furnishes or sells electrical energy, steam, or steam heat to a
 17 public utility described in clause (A).

18 SECTION 9. IC 6-2.5-5-11 IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 11. Transactions
 20 involving tangible personal property are exempt from the state gross
 21 retail tax, if:

22 (1) the property is classified as production plant, storage plant,
 23 production expenses, or underground storage expenses according
 24 to the uniform system of accounts, which was adopted and
 25 prescribed for the utility by the Indiana utility regulatory
 26 commission; and

27 (2) the person acquiring the property is a public utility that
 28 furnishes or sells natural or artificial gas. ~~in a retail transaction~~
 29 ~~described in IC 6-2.5-4-5.~~

30 SECTION 10. IC 6-2.5-5-12, AS AMENDED BY P.L.88-2007,
 31 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JULY 1, 2026]: Sec. 12. Transactions involving tangible personal
 33 property are exempt from the state gross retail tax if:

34 (1) the property is classified as source of supply plant and
 35 expenses, the pumping plant and expenses, or water treatment
 36 plant and expenses according to the uniform system of accounts
 37 which was adopted and prescribed for the utility by the Indiana
 38 utility regulatory commission; and

39 (2) the person acquiring the property is a public utility that
 40 furnishes or sells water. ~~in a retail transaction described in~~
 41 ~~IC 6-2.5-4-5.~~

42 SECTION 11. IC 6-2.5-5-16, AS AMENDED BY P.L.293-2013(ts),



1 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2026]: Sec. 16. Transactions involving tangible personal
3 property **and** accommodations ~~public utility commodities, and public~~
4 ~~utility service~~ are exempt from the state gross retail tax, if the person
5 acquiring the property **or** accommodations: ~~commodities, or service~~:

6 (1) is the state of Indiana, an agency or instrumentality of the
7 state, a political subdivision of the state, or an agency or
8 instrumentality of a political subdivision of the state, including a
9 county solid waste management district or a joint solid waste
10 management district established under IC 13-21 or IC 13-9.5-2
11 (before its repeal); and

12 (2) predominantly uses the property **or** accommodations
13 ~~commodities, or service~~ to perform its governmental functions.

14 SECTION 12. IC 6-2.5-5-45.8, AS AMENDED BY P.L.242-2015,
15 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
16 JULY 1, 2026]: Sec. 45.8. (a) For purposes of this section ~~IC 6-2.5-4-5~~,
17 and section 30 of this chapter, the following definitions apply:

18 (1) "Recycling" means the processing of recycling materials and
19 other tangible personal property into a product for sale if the
20 product is predominantly composed of recycling materials. The
21 term does not include the following:

22 (A) The demolition of improvements to real estate.

23 (B) The processing of tangible personal property primarily for
24 disposal in a licensed solid waste disposal facility rather than
25 for sale.

26 (C) The collection of recycling materials.

27 (2) "Recycling materials" means tangible personal property,
28 including metal, paper, glass, plastic, textile, or rubber, that:

29 (A) is considered "scrap" by industry standards or has no more
30 than scrap value;

31 (B) is a byproduct of another person's manufacturing or
32 production process;

33 (C) was previously manufactured or incorporated into a
34 product;

35 (D) would otherwise reasonably be expected to be destined for
36 disposal in a licensed solid waste disposal facility; or

37 (E) has been removed or diverted from the solid waste stream
38 for sale, use, or reuse as raw materials, regardless of whether
39 or not the materials require subsequent processing or
40 separation from each other.

41 (3) "Processing of recycling materials" means:

42 (A) receiving recycling materials and other tangible personal



property; and

(B) creating a product for sale by changing the original form, use, or composition of the property (whether manually, mechanically, chemically, or otherwise) through weighing, sorting, grading, separating, shredding, crushing, compacting, breaking, cutting, baling, shearing, torching, wire-stripping, or other means.

(4) "Occupationally engaged in the business of recycling" means to engage in recycling with the intention of doing so at a profit.

(5) "Recycling cart" means a manually propelled container with a capacity of not more than one hundred (100) gallons of recycling materials.

(b) Transactions involving recycling materials and other tangible personal property are exempt from the state gross retail tax if:

(1) the person acquiring that property acquires it for the person's direct use in the processing of recycling materials; and

(2) the person acquiring that property is occupationally engaged in the business of recycling.

(c) Notwithstanding subsection (a)(1)(C), transactions involving a recycling cart are exempt from the state gross retail tax if the person acquiring the recycling cart is occupationally engaged in the business of recycling.

SECTION 13. IC 6-2.5-5-59 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 59. The sale or furnishing of any of the following services or commodities by a power subsidiary or a person engaged as a public utility to a person for commercial or domestic consumption is exempt from the state gross retail tax:**

(1) Electrical energy.

(2) Natural or artificial gas.

(3) Water.

(4) Steam.

(5) Steam heating service.

SECTION 14. IC 6-2.5-6-10, AS AMENDED BY P.L.218-2017, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 10. (a) In order to compensate retail merchants and those required to remit gasoline use tax for collecting and timely remitting the state gross retail tax, the state use tax, and the gasoline use tax, every retail merchant or person required to remit the gasoline use tax, except as provided in subsection (c), is entitled to deduct and retain from the amount of those taxes otherwise required to be remitted under IC 6-2.5-3.5 or under this chapter, if timely remitted, a retail



1 merchant's collection allowance.

2 (b) The allowance equals a percentage of the retail merchant's state
 3 gross retail and use tax or the person's gasoline use tax liability accrued
 4 during a calendar year, specified as follows:

5 (1) Seventy-three hundredths percent (0.73%), if the retail
 6 merchant's state gross retail and use tax or gasoline use tax
 7 liability accrued during the state fiscal year ending on June 30 of
 8 the immediately preceding calendar year did not exceed sixty
 9 thousand dollars (\$60,000).

10 (2) Fifty-three hundredths percent (0.53%), if the retail merchant's
 11 state gross retail and use tax or gasoline use tax liability accrued
 12 during the state fiscal year ending on June 30 of the immediately
 13 preceding calendar year:

14 (A) was greater than sixty thousand dollars (\$60,000); and
 15 (B) did not exceed six hundred thousand dollars (\$600,000).

16 (3) Twenty-six hundredths percent (0.26%), if the retail
 17 merchant's state gross retail and use tax liability or the person's
 18 gasoline use tax accrued during the state fiscal year ending on
 19 June 30 of the immediately preceding calendar year was greater
 20 than six hundred thousand dollars (\$600,000).

21 (c) A retail merchant described in ~~IC 6-2.5-4-5~~ or IC 6-2.5-4-6 is not
 22 entitled to the allowance provided by this section. A retail merchant is
 23 not entitled to the allowance provided by this section with respect to
 24 gasoline use taxes imposed by IC 6-2.5-3.5.

25 SECTION 15. IC 6-2.5-8-1, AS AMENDED BY P.L.118-2024,
 26 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2026]: Sec. 1. (a) A retail merchant may not make a retail
 28 transaction in Indiana, unless the retail merchant has applied for a
 29 registered retail merchant's certificate.

30 (b) A retail merchant may obtain a registered retail merchant's
 31 certificate by filing an application with the department and paying a
 32 registration fee of twenty-five dollars (\$25) for each place of business
 33 listed on the application. The retail merchant shall also provide such
 34 security for payment of the tax as the department may require under
 35 IC 6-2.5-6-12.

36 (c) The retail merchant shall list on the application the location
 37 (including the township) of each place of business where the retail
 38 merchant makes retail transactions. However, if the retail merchant
 39 does not have a fixed place of business, the retail merchant shall list the
 40 retail merchant's residence as the retail merchant's place of business. ~~In~~
 41 ~~addition, a public utility may list only its principal Indiana office as its~~
 42 ~~place of business for sales of public utility commodities or service, but~~



1 the utility must also list on the application the places of business where
2 it makes retail transactions other than sales of public utility
3 commodities or service.

4 (d) Upon receiving a proper application, the correct fee, and the
5 security for payment, if required, the department shall issue to the retail
6 merchant a separate registered retail merchant's certificate for each
7 place of business listed on the application. Each certificate shall bear
8 a serial number and the location of the place of business for which it is
9 issued.

10 (e) The department may deny an application for a registered retail
11 merchant's certificate if the applicant's business is owned, operated,
12 managed, or otherwise controlled by a person who the department has
13 determined:

14 (1) failed to:

15 (A) file all tax returns or information reports with the
16 department for listed taxes; or

17 (B) pay all taxes, penalties, and interest to the department for
18 listed taxes; and

19 (2) the business of the person who has failed to file all tax returns
20 or information reports under subdivision (1)(A) or who has failed
21 to pay all taxes, penalties, and interest under subdivision (1)(B)
22 is substantially similar to the business of the applicant.

23 (f) If a retail merchant intends to make retail transactions during a
24 calendar year at a new Indiana place of business, the retail merchant
25 must file a supplemental application and pay the fee for that place of
26 business.

27 (g) Except as provided in subsection (i), a registered retail
28 merchant's certificate is valid for two (2) years after the date the
29 registered retail merchant's certificate is originally issued or renewed.
30 If the retail merchant has filed all returns and remitted all listed taxes
31 that the retail merchant is currently obligated to file or remit, the
32 department shall renew the registered retail merchant's certificate
33 within thirty (30) days after the expiration date, at no cost to the retail
34 merchant. Before issuing or renewing the registered retail merchant
35 certification, the department may require the following to be provided:

36 (1) The names and addresses of the retail merchant's principal
37 employees, agents, or representatives.

38 (2) The location of all of the retail merchant's places of business
39 in Indiana, including offices and distribution houses.

40 (3) Any other information that the department requests.

41 (h) The department may not renew a registered retail merchant
42 certificate of a retail merchant who has not filed all returns and



1 remitted all listed taxes that the retail merchant is currently obligated
2 to file or remit. The department, at least sixty (60) days before the date
3 on which a retail merchant's registered retail merchant's certificate
4 expires, shall notify a retail merchant who has not filed all returns and
5 remitted all listed taxes that the retail merchant is currently obligated
6 to file or remit that the department will not renew the retail merchant's
7 registered retail merchant's certificate.

8 (i) If:

9 (1) a retail merchant has been notified by the department that the
10 retail merchant has not filed all returns and remitted all listed
11 taxes that the retail merchant is currently obligated to file or remit
12 in accordance with subsection (h); and

13 (2) the retail merchant files all returns and pays the outstanding
14 liability before the expiration of the retail merchant's registered
15 retail merchant's certificate;

16 the department shall renew the retail merchant's registered retail
17 merchant's certificate for one (1) year.

18 (j) The department may permit an out-of-state retail merchant to
19 collect the gross retail tax in instances where the retail merchant has
20 not met the threshold in IC 6-2.5-2-1(d). However, before the
21 out-of-state retail merchant may collect the tax, the out-of-state retail
22 merchant must obtain a registered retail merchant's certificate in the
23 manner provided by this section. Upon receiving the certificate, the
24 out-of-state retail merchant becomes subject to the same conditions and
25 duties as an Indiana retail merchant and must then collect the gross
26 retail tax due on all retail transactions that the out-of-state retail
27 merchant knows are sourced to Indiana pursuant to IC 6-2.5-13-1.

28 (k) Except as provided in subsection (l), the department shall submit
29 to the township assessor, or the county assessor if there is no township
30 assessor for the township, before January 15 of each year:

31 (1) the name of each retail merchant that has newly obtained a
32 registered retail merchant's certificate during the preceding year
33 for a place of business located in the township or county;

34 (2) the address of each place of business of the taxpayer in the
35 township or county described in subdivision (1);

36 (3) the name of each retail merchant that:

37 (A) held a registered retail merchant's certificate at any time
38 during the preceding year for a place of business located in the
39 township or county; and

40 (B) had ceased to hold the registered retail merchant's
41 certificate at the end of the preceding year for the place of
42 business; and



6 SECTION 16. IC 6-2.5-8-8, AS AMENDED BY P.L.1-2025,
7 SECTION 97, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2026]: Sec. 8. (a) A person, authorized under subsection (b),
9 who makes a purchase in a transaction which is exempt from the state
10 gross retail and use taxes, may issue an exemption certificate to the
11 seller instead of paying the tax. Except as provided in subsection (c),
12 the person shall issue the certificate on forms and in the manner
13 prescribed by the department on the department's website. A seller
14 accepting a proper exemption certificate under this section has no duty
15 to collect or remit the state gross retail or use tax on that purchase.

16 (b) The following are the only persons authorized to issue
17 exemption certificates:

18 (1) Retail merchants, wholesalers, and manufacturers, who are
19 registered with the department under this chapter.

20 (2) Persons who are exempt from the state gross retail tax under
21 IE 6-2.5-4.5 and who receive an exemption certificate from the
22 department.

23 (3) (2) Other persons who are exempt from the state gross retail
24 tax with respect to any part of their purchases.

25 (c) Organizations that are exempt from the state gross retail tax
26 under IC 6-2.5-5-21, IC 6-2.5-5-25, or IC 6-2.5-5-26 and that are
27 registered with the department pursuant to IC 6-2.5-5-25(c) shall be
28 electronically issued an exemption certificate by the department.

34 (e) A seller that accepts an incomplete exemption certificate under
35 subsection (a) is not relieved of the duty to collect gross retail or use
36 tax on the sale unless the seller obtains:

37 (1) a fully completed exemption certificate; or

38 (2) the relevant data to complete the exemption certificate;
39 within ninety (90) days after the sale.

40 (f) If a seller has accepted an incomplete exemption certificate
41 under subsection (a) and the department requests that the seller
42 substantiate the exemption, within one hundred twenty (120) days after



1 the department makes the request the seller shall:
2 (1) obtain a fully completed exemption certificate; or
3 (2) prove by other means that the transaction was not subject to
4 state gross retail or use tax.
5 (g) A power subsidiary (as defined in IC 6-2.5-1-22.5) or a person
6 selling the services or commodities listed in IC 6-2.5-4-5 who accepts
7 an exemption certificate issued by the department to a person who is
8 exempt from the state gross retail tax under IC 6-2.5-4-5 is relieved
9 from the duty to collect state gross retail or use tax on the sale of the
10 services or commodities listed in IC 6-2.5-4-5 until notified by the
11 department that the exemption certificate has expired or has been
12 revoked. If the department notifies a power subsidiary or a person
13 selling the services or commodities listed in IC 6-2.5-4-5 that a person's
14 exemption certificate has expired or has been revoked, the power
15 subsidiary or person selling the services or commodities listed in
16 IC 6-2.5-4-5 shall begin collecting state gross retail tax on the sale of
17 the services or commodities listed in IC 6-2.5-4-5 to the person whose
18 exemption certificate has expired or been revoked not later than thirty
19 (30) days after the date of the department's notice. An exemption
20 certificate issued by the department to a person who is exempt from the
21 state gross retail tax under IC 6-2.5-4-5 remains valid for that person
22 regardless of any subsequent one (1) for one (1) meter number changes
23 with respect to that person that are required, made, or initiated by a
24 power subsidiary or a person selling the services or commodities listed
25 in IC 6-2.5-4-5, unless the department revokes the exemption
26 certificate. Within thirty (30) days after the final day of each calendar
27 year quarter, a power subsidiary or a person selling the services or
28 commodities listed in IC 6-2.5-4-5 shall report to the department any
29 meter number changes made during the immediately preceding
30 calendar year quarter and distinguish between the one (1) for one (1)
31 meter changes and the one (1) for multiple meter changes made during
32 the calendar year quarter. A power subsidiary or a person selling the
33 services or commodities listed in IC 6-2.5-4-5 shall maintain records
34 sufficient to document each one (1) to one (1) meter change. A person
35 may request the department to reissue an exemption certificate with a
36 new meter number in the event of a one (1) to one (1) meter change.
37 Except for a person to whom a blanket utility exemption applies, any
38 meter number changes not involving a one (1) to one (1) relationship
39 will no longer be exempt and will require the person to submit a new
40 utility exemption application for the new meters. Until an application
41 for a new meter is approved, the new meter is subject to the state gross
42 retail tax and the power subsidiary or the person selling the services or



1 commodities listed in IC 6-2.5-4-5 is required to collect the state gross
 2 retail tax from the date of the meter change.

3 SECTION 17. IC 6-2.5-15-14, AS AMENDED BY P.L.178-2025,
 4 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 JULY 1, 2026]: Sec. 14. (a) A qualified data center user or a quantum
 6 computing research, advanced computing, and defense infrastructure
 7 network operator that holds an interest in a qualified data center or an
 8 interest in a quantum computing research, advanced computing, and
 9 defense infrastructure network may apply to the corporation for a
 10 specific transaction award certificate to make purchases ~~other than the~~
 11 ~~purchase of utilities described in IC 6-2.5-4-5~~, that are exempt under
 12 this chapter. The request must be on a form prescribed by the
 13 corporation.

14 (b) The corporation has exclusive authority over issues related to
 15 issuing a specific transaction award certificate.

16 (c) If the corporation issues a specific transaction award certificate
 17 under this chapter, the certificate must state that the facility is a
 18 qualified data center or a quantum computing research, advanced
 19 computing, and defense infrastructure network, as applicable.

20 (d) A specific transaction award certificate issued by the corporation
 21 shall expire not later than:

- 22 (1) twenty-five (25) years after the date of issuance;
- 23 (2) in the case of a qualified data center user, fifty (50) years after
 the date of issuance if the qualified investment is seven hundred
 fifty million dollars (\$750,000,000) or greater; or
- 24 (3) in the case of a quantum computing research, advanced
 computing, and defense infrastructure network operator, fifty (50)
 years after the date of issuance if the qualified investment is fifty
 million dollars (\$50,000,000) or greater within three (3) years of
 the issuance of the transaction award certificate.

31 SECTION 18. IC 6-2.5-15-17, AS AMENDED BY P.L.178-2025,
 32 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JULY 1, 2026]: Sec. 17. A qualified data center user or a quantum
 34 computing research, advanced computing, and defense infrastructure
 35 network operator is not entitled to the exemption provided by section
 36 of this chapter unless the qualified data center user or the quantum
 37 computing research, advanced computing, and defense infrastructure
 38 network operator provides the seller with an exemption certificate on
 39 a form prescribed by the department and a copy of the specific
 40 transaction award certificate issued by the corporation. ~~In the case of~~
 41 ~~utilities described in IC 6-2.5-4-5, the qualified data center user may~~
 42 ~~issue an exemption certificate on a form prescribed by the department~~



1 and a copy of the specific transaction award certificate issued by the
 2 corporation to cover all utility purchases from that seller. However, for
 3 the corporation to issue a specific transaction award certificate for
 4 utilities described in IC 6-2.5-4-5, the qualified data center user must
 5 agree to report and remit use tax under this article to the department on
 6 the part of the utility purchases used for administration of the facility.

7 SECTION 19. IC 6-8.1-7-1, AS AMENDED BY P.L.126-2025,
 8 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 JULY 1, 2026]: Sec. 1. (a) This subsection does not apply to the
 10 disclosure of information concerning a conviction on a tax evasion
 11 charge. Unless in accordance with a judicial order or as otherwise
 12 provided in this chapter, the department, its employees, former
 13 employees, counsel, agents, or any other person may not divulge the
 14 amount of tax paid by any taxpayer, terms of a settlement agreement
 15 executed between a taxpayer and the department, investigation records,
 16 investigation reports, or any other information disclosed by the reports
 17 filed under the provisions of the law relating to any of the listed taxes,
 18 including required information derived from a federal return, except to
 19 any of the following when it is agreed that the information is to be
 20 confidential and to be used solely for official purposes:

21 (1) Members and employees of the department.
 22 (2) The governor.
 23 (3) A member of the general assembly or an employee of the
 24 house of representatives or the senate when acting on behalf of a
 25 taxpayer located in the member's legislative district who has
 26 provided sufficient information to the member or employee for
 27 the department to determine that the member or employee is
 28 acting on behalf of the taxpayer.
 29 (4) An employee of the legislative services agency to carry out the
 30 responsibilities of the legislative services agency under
 31 IC 2-5-1.1-7 or another law.
 32 (5) The attorney general or any other legal representative of the
 33 state in any action in respect to the amount of tax due under the
 34 provisions of the law relating to any of the listed taxes.
 35 (6) Any authorized officers of the United States.
 36 (b) The information described in subsection (a) may be revealed
 37 upon the receipt of a certified request of any designated officer of the
 38 state tax department of any other state, district, territory, or possession
 39 of the United States when:
 40 (1) the state, district, territory, or possession permits the exchange
 41 of like information with the taxing officials of the state; and
 42 (2) it is agreed that the information is to be confidential and to be



1 used solely for tax collection purposes.

2 (c) The information described in subsection (a) relating to a person
3 on public welfare or a person who has made application for public
4 welfare may be revealed to the office of the secretary of family and
5 social services for purposes of IC 12-15-1-24, the director of the
6 division of family resources, and to any director of a county office of
7 the division of family resources located in Indiana, upon receipt of a
8 written request from either director for the information. The
9 information shall be treated as confidential by the office and the
10 directors. In addition, the information described in subsection (a)
11 relating to a person who has been designated as an absent parent by the
12 state Title IV-D agency shall be made available to the state Title IV-D
13 agency upon request. The information shall be subject to the
14 information safeguarding provisions of the state and federal Title IV-D
15 programs.

16 (d) The name, address, Social Security number, and place of
17 employment relating to any individual who is delinquent in paying
18 educational loans owed to a postsecondary educational institution may
19 be revealed to that institution if it provides proof to the department that
20 the individual is delinquent in paying for educational loans. This
21 information shall be provided free of charge to approved postsecondary
22 educational institutions (as defined by IC 21-7-13-6(a)). The
23 department shall establish fees that all other institutions must pay to the
24 department to obtain information under this subsection. However, these
25 fees may not exceed the department's administrative costs in providing
26 the information to the institution.

27 (e) The information described in subsection (a) relating to reports
28 submitted under IC 6-6-1.1-502 concerning the number of gallons of
29 gasoline sold by a distributor and IC 6-6-2.5 concerning the number of
30 gallons of special fuel sold by a supplier and the number of gallons of
31 special fuel exported by a licensed exporter or imported by a licensed
32 transporter may be released by the commissioner upon receipt of a
33 written request for the information.

34 (f) The information described in subsection (a) may be revealed
35 upon the receipt of a written request from the administrative head of a
36 state agency of Indiana when:

37 (1) the state agency shows an official need for the information;
38 and
39 (2) the administrative head of the state agency agrees that any
40 information released will be kept confidential and will be used
41 solely for official purposes.

42 (g) The information described in subsection (a) may be revealed



1 upon the receipt of a written request from the chief law enforcement
2 officer of a state or local law enforcement agency in Indiana when it is
3 agreed that the information is to be confidential and to be used solely
4 for official purposes.

5 (h) The name and address of retail merchants, including township,
6 as specified in IC 6-2.5-8-1(k) may be released solely for tax collection
7 purposes to township assessors and county assessors.

8 (i) The department shall notify the appropriate innkeeper's tax
9 board, bureau, or commission that a taxpayer is delinquent in remitting
10 innkeepers' taxes under IC 6-9.

11 (j) All information relating to the delinquency or evasion of the
12 vehicle excise tax may be disclosed to the bureau of motor vehicles in
13 Indiana and may be disclosed to another state, if the information is
14 disclosed for the purpose of the enforcement and collection of the taxes
15 imposed by IC 6-6-5.

16 (k) All information relating to the delinquency or evasion of
17 commercial vehicle excise taxes payable to the bureau of motor
18 vehicles in Indiana may be disclosed to the bureau and may be
19 disclosed to another state, if the information is disclosed for the
20 purpose of the enforcement and collection of the taxes imposed by
21 IC 6-6-5.5.

22 (l) All information relating to the delinquency or evasion of
23 commercial vehicle excise taxes payable under the International
24 Registration Plan may be disclosed to another state, if the information
25 is disclosed for the purpose of the enforcement and collection of the
26 taxes imposed by IC 6-6-5.5.

27 (m) All information relating to the delinquency or evasion of the
28 excise taxes imposed on recreational vehicles and truck campers that
29 are payable to the bureau of motor vehicles in Indiana may be disclosed
30 to the bureau and may be disclosed to another state if the information
31 is disclosed for the purpose of the enforcement and collection of the
32 taxes imposed by IC 6-6-5.1.

33 (n) This section does not apply to:

34 (1) the beer excise tax, including brand and packaged type (IC
35 7.1-4-2);
36 (2) the liquor excise tax (IC 7.1-4-3);
37 (3) the wine excise tax (IC 7.1-4-4);
38 (4) the hard cider excise tax (IC 7.1-4-4.5);
39 (5) the vehicle excise tax (IC 6-6-5);
40 (6) the commercial vehicle excise tax (IC 6-6-5.5); and
41 (7) the fees under IC 13-23.

42 (o) The name and business address of retail merchants within each



1 county that sell tobacco products may be released to the division of
 2 mental health and addiction and the alcohol and tobacco commission
 3 solely for the purpose of the list prepared under IC 6-2.5-6-14.2.

4 (p) The name and business address of a person licensed by the
 5 department under IC 6-6 or IC 6-7, or issued a registered retail
 6 merchant's certificate under IC 6-2.5, may be released for the purpose
 7 of reporting the status of the person's license or certificate.

8 (q) The department may release information concerning total
 9 incremental tax amounts under:

10 (1) IC 5-28-26;
 11 (2) IC 36-7-13;
 12 (3) IC 36-7-26;
 13 (4) IC 36-7-27;
 14 (5) IC 36-7-31;
 15 (6) IC 36-7-31.3; or

16 (7) any other statute providing for the calculation of incremental
 17 state taxes that will be distributed to or retained by a political
 18 subdivision or other entity;

19 to the fiscal officer of the political subdivision or other entity that
 20 established the district or area from which the incremental taxes were
 21 received if that fiscal officer enters into an agreement with the
 22 department specifying that the political subdivision or other entity will
 23 use the information solely for official purposes.

24 (r) The department may release the information as required in
 25 IC 6-8.1-3-7.1 concerning:

26 (1) an innkeeper's tax, a food and beverage tax, or an admissions
 27 tax under IC 6-9;
 28 (2) the supplemental auto rental excise tax under IC 6-6-9.7; and
 29 (3) the covered taxes allocated to a professional sports
 30 development area fund, sports and convention facilities operating
 31 fund, or other fund under IC 36-7-31 and IC 36-7-31.3.

32 (s) ~~Information concerning state gross retail tax exemption~~
 33 certificates that relate to a person who is exempt from the state gross
 34 retail tax under ~~IC 6-2.5-4-5~~ may be disclosed to a power subsidiary (as
 35 defined in IC 6-2.5-1-22.5) or a person selling the services or
 36 commodities listed in ~~IC 6-2.5-4-5~~ for the purpose of enforcing and
 37 collecting the state gross retail and use taxes under IC 6-2.5.

38 (t) (s) The department may release a statement of tax withholding
 39 or other tax information statement provided on behalf of a taxpayer to
 40 the department to:

41 (1) the taxpayer on whose behalf the tax withholding or other tax
 42 information statement was provided to the department;



(2) the taxpayer's spouse, if:

(A) the taxpayer is deceased or incapacitated; and

(B) the taxpayer's spouse is filing a joint income tax return with the taxpayer; or

(3) an administrator, executor, trustee, or other fiduciary acting on behalf of the taxpayer if the taxpayer is deceased.

(t) Information related to a listed tax regarding a taxpayer may be disclosed to an individual without a power of attorney under IC 6-8.1-3-8(a)(2) if:

(1) the individual is authorized to file returns and remit payments for one (1) or more listed taxes on behalf of the taxpayer through the department's online tax system before September 8, 2020;

(2) the information relates to a listed tax described in subdivision (1) for which the individual is authorized to file returns and remit payments;

(3) the taxpayer has been notified by the department of the individual's ability to access the taxpayer's information for the listed taxes described in subdivision (1) and the taxpayer has not objected to the individual's access;

(4) the individual's authorization or right to access the taxpayer's information for a listed tax described in subdivision (1) has not been withdrawn by the taxpayer; and

(5) disclosure of the information to the individual is not prohibited by federal law.

Except as otherwise provided by this article, this subsection does not authorize the disclosure of any correspondence from the department that is mailed or otherwise delivered to the taxpayer relating to the specified listed taxes for which the individual was given authorization by the taxpayer. The department shall establish a date, which may be earlier but not later than September 1, 2023, after which a taxpayer's information concerning returns and remittances for a listed tax may not be disclosed to an individual without a power of attorney under IC 6-8.1-3-8(a)(2) by providing notice to the affected taxpayers and previously authorized individuals, including notification published on the department's website. After the earlier of the date established by the department or September 1, 2023, the department may not disclose a taxpayer's information concerning returns and remittances for a listed tax to an individual unless the individual has a power of attorney under IC 6-8.1-3-8(a)(2) or the disclosure is otherwise allowed under this article.

(v) (u) The department may publish a list of persons, corporations, or other entities that qualify or have qualified for an exemption for



1 sales tax under IC 6-2.5-5-16, IC 6-2.5-5-25, or IC 6-2.5-5-26, or
2 otherwise provide information regarding a person's, corporation's, or
3 entity's exemption status under IC 6-2.5-5-16, IC 6-2.5-5-25, or
4 IC 6-2.5-5-26. For purposes of this subsection, information that may be
5 disclosed includes:

6 (1) any federal identification number or other identification
7 number for the entity assigned by the department;
8 (2) any expiration date of an exemption under IC 6-2.5-5-25;
9 (3) whether any sales tax exemption has expired or has been
10 revoked by the department; and
11 (4) any other information reasonably necessary for a recipient of
12 an exemption certificate to determine if an exemption certificate
13 is valid.

14 (v) The department may share a taxpayer's name and other
15 personal identification information with a tax preparer or tax
16 preparation software provider in cases where the department suspects
17 that a fraudulent return has been filed on behalf of a taxpayer and the
18 department suspects that the system of a taxpayer's previous year tax
19 preparer or tax preparation software provider has been breached.

20 SECTION 20. IC 14-19-11-17, AS ADDED BY P.L.127-2022,
21 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
22 JULY 1, 2026]: Sec. 17. The authority is exempt under IC 6-2.5-5-16
23 from the state gross retail tax for transactions involving tangible
24 personal property, public utility commodities, and public utility service.

