

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.



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 (c)~~,
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.



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

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

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

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

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



promissory note or an installment sales contract;

(3) discounts, including cash, terms, or coupons that are not reimbursed by a third party that are allowed by a seller and taken by a purchaser on a sale;

(4) interest, financing, and carrying charges from credit extended on the sale of personal property if the amount is separately stated on the invoice, bill of sale, or similar document given to the purchaser;

(5) any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the purchaser, including an excise tax imposed under IC 6-6-15;

(6) installation charges that are separately stated on the invoice, bill of sale, or similar document given to the purchaser;

(7) telecommunications nonrecurring charges;

(8) postage charges that are separately stated on the invoice, bill of sale, or similar document; or

(9) charges for serving or delivering food and food ingredients furnished, prepared, or served for consumption at a location, or on equipment, provided by the retail merchant, to the extent that the charges for the serving or delivery are stated separately from the price of the food and food ingredients when the purchaser pays the charges.

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

(1) in the case of retail sales of special fuel (as defined in IC 6-6-2.5-22) or kerosene (as defined in IC 16-44-2-2), the gross retail income is the total sales price of the special fuel or kerosene minus the part of that price attributable to tax imposed under IC 6-6-2.5 (in the case of special fuel) or Section 4041 or Section 4081 of the Internal Revenue Code (in the case of either special fuel or kerosene);

(2) in the case of retail sales of cigarettes (as defined in IC 6-7-1-2), the gross retail income is the total sales price of the cigarettes including the tax imposed under IC 6-7-1; and

(3) in the case of retail sales of consumable material (as defined in IC 6-7-4-2), vapor products (as defined in IC 6-7-4-8), and closed system cartridges (as defined in IC 6-7-2-0.5) under the closed system cartridge tax, the gross retail income received from selling at retail is the total sales price of the consumable material (as defined in IC 6-7-4-2), vapor products (as defined in IC 6-7-4-8), and closed system cartridges (as defined in IC 6-7-2-0.5) including the tax imposed under IC 6-7-4 and



IC 6-7-2-7.5.

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

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

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

(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.~~

SECTION 4. IC 6-2.5-4-5 IS REPEALED [EFFECTIVE JULY 1, 2026]. ~~Sec. 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.~~

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

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

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

(1) the person furnishes or sells telecommunication services to another person described in this section or in section 5 of this 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;**

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

(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;



for consideration; and

(2) is occupationally engaged in providing the services described in subdivision (1) on property that is:

(A) owned or rented by another person occupationally engaged in agricultural production; and

(B) used for agricultural production.

(c) ~~Transactions involving electricity, gas, water, and steam delivered through a single meter provided by a public utility are exempt if the electrical energy, natural or artificial gas, water, steam, or steam heat is consumed for a purpose exempted pursuant to this section and the electricity, gas, water, or steam is predominately used by the purchaser for one (1) or more of the purposes exempted by this section.~~

~~(f)~~ (e) A retail merchant that receives seventy-five percent (75%) or more of its receipts from the sale of prepared food as defined in section 20(c)(4), 20(c)(5), and 20(c)(6) of this chapter, including bakery items, may elect to claim an exemption equal to fifty percent (50%) of the gross retail tax imposed on transactions involving electricity purchased by the retail merchant that is derived through a single meter. The election must be submitted on forms provided by the department. Upon acceptance of the election, the department shall issue a partial exemption certificate to the utility and any third party suppliers, if applicable. The election may also be submitted with a claim for refund. The election is irrevocable for any period for which the partial exemption has already been claimed. The election can be withdrawn on a prospective basis.

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

(1) a power subsidiary or person provides, installs, constructs, services, or removes tangible personal property which is used in connection with the furnishing of ~~the services or commodities listed in IC 6-2.5-4-5; electrical energy, natural or artificial gas, water, steam, or steam heating service.~~

(2) a power subsidiary or person sells the services or commodities listed in IC 6-2.5-4-5 to another public utility or power subsidiary or a person described in IC 6-2.5-4-6; or

(3) a power subsidiary or person sells the services or commodities listed in IC 6-2.5-4-5 and all of the following conditions are satisfied:

(A) The services or commodities are sold to a business that:



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

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

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

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

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

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

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

(E) In the case of a business that uses the services and
 commodities in a qualified military base enhancement area
 established under IC 36-7-34-4(2), the business must satisfy at
 least one (1) of the following criteria:

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

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

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



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

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

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

(2) the person acquiring the property is:

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

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

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

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

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

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

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

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

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



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

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

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

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

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

(A) The demolition of improvements to real estate.

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

(C) The collection of recycling materials.

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

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

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

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

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

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

(3) "Processing of recycling materials" means:

(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



(4) the address of each place of business described in subdivision

(3).

(l) If the duties of the township assessor have been transferred to the county assessor as described in IC 6-1.1-1-24, the department shall submit the information listed in subsection (k) to the county assessor.

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

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

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

~~(2) Persons who are exempt from the state gross retail tax under IC 6-2.5-4-5 and who receive an exemption certificate from the department.~~

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

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

(d) The department may also allow a person to issue a blanket exemption certificate to cover exempt purchases over a stated period of time. The department may impose conditions on the use of the blanket exemption certificate and restrictions on the kind or category of purchases that are exempt.

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

(1) a fully completed exemption certificate; or

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

(f) If a seller has accepted an incomplete exemption certificate under subsection (a) and the department requests that the seller 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
24 the date of issuance if the qualified investment is seven hundred
25 fifty million dollars (\$750,000,000) or greater; or

26 (3) in the case of a quantum computing research, advanced
27 computing, and defense infrastructure network operator, fifty (50)
28 years after the date of issuance if the qualified investment is fifty
29 million dollars (\$50,000,000) or greater within three (3) years of
30 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 16 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



used solely for tax collection purposes.

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

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

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

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

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

(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



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

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

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

(1) IC 5-28-26;

(2) IC 36-7-13;

(3) IC 36-7-26;

(4) IC 36-7-27;

(5) IC 36-7-31;

(6) IC 36-7-31.3; or

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

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

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

(1) an innkeeper's tax, a food and beverage tax, or an admissions tax under IC 6-9;

(2) the supplemental auto rental excise tax under IC 6-6-9.7; and

(3) the covered taxes allocated to a professional sports development area fund, sports and convention facilities operating fund, or other fund under IC 36-7-31 and IC 36-7-31.3.

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

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

(1) the taxpayer on whose behalf the tax withholding or other tax 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.

~~(v)~~ (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 ~~(w)~~ (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.

