

HOUSE BILL No. 1382

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.5-12; IC 6-8.1-1-1; IC 8-23-30-2.

Synopsis: County option gasoline tax. Allows a county to adopt an ordinance to impose a county option gasoline tax. Specifies procedures for imposition and collection of the county option gasoline tax. Provides that a county may not concurrently impose a county option gasoline tax and a: (1) county wheel tax; and (2) county vehicle excise tax. Specifies requirements for a municipality within a county that wishes to receive a distribution of revenue from the county option gasoline tax.

Effective: July 1, 2026.

Smaltz

January 8, 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. 1382

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 6-3.5-12 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2026]:

4 **Chapter 12. County Option Gasoline Tax**

5 **Sec. 1. This chapter applies to all counties.**

6 **Sec. 2. This chapter does not apply to the sale of special fuel.**

7 **Sec. 3. The definitions in IC 36-1-2 and the following definitions**
8 **apply throughout this chapter:**

9 (1) "Federal gasoline tax" means the excise tax imposed on
10 gasoline under Section 4081 of the Internal Revenue Code.

11 (2) "Gasoline" has the meaning set forth in IC 6-6-1.1-103(g).

12 (3) "Gasoline use tax" means the tax imposed under
13 IC 6-2.5-3.5.

14 (4) "Gross retail income" has the meaning set forth in
15 IC 6-2.5-1-5.

16 (5) "Indiana gasoline tax" means the tax imposed under
17 IC 6-6-1.1.



(6) "Metered pump" has the meaning set forth in IC 6-2.5-3.5-6.

(7) "Person" has the meaning set forth in IC 6-2.5-1-3.

(8) "Retail merchant" has the meaning set forth in IC 6-2.5-1-8.

(9) "Special fuel" has the meaning set forth in IC 6-6-2.5-22.

Sec. 4. (a) Subject to subsections (d) and (e), the county fiscal body may adopt an ordinance to impose an excise tax, known as the county option gasoline tax, on transactions described in section 6 of this chapter. Subject to section 7 of this chapter, the ordinance must specify the rate of the county option gasoline tax to be imposed in the county. The county fiscal body may adopt an ordinance under this subsection only after the county fiscal body has held at least one (1) separate public hearing in which a discussion of the proposed ordinance to impose the county option gasoline tax is the only substantive issue on the agenda for the public hearing.

(b) If the county fiscal body adopts an ordinance under subsection (a), the county fiscal body shall immediately send a certified copy of the ordinance to the department of state revenue.

(c) If the county fiscal body adopts an ordinance under subsection (a), the county option gasoline tax applies to transactions that occur after the later of the following:

(1) The day specified in the ordinance.

(2) The last day of the month that succeeds the month in which the ordinance is adopted.

(d) A county fiscal body that has adopted an ordinance to impose taxes under IC 6-3.5-4 and IC 6-3.5-5 may not concurrently adopt an ordinance to impose the tax under this chapter. If a county fiscal body that has adopted an ordinance to impose the taxes under IC 6-3.5-4 and IC 6-3.5-5 wishes to instead adopt an ordinance to impose the county option gasoline tax under this chapter, the county fiscal body must first adopt an ordinance to rescind the taxes under IC 6-3.5-4 and IC 6-3.5-5 in the manner provided in IC 6-3.5-4 and IC 6-3.5-5, respectively. If a county fiscal body that has adopted an ordinance to impose taxes under IC 6-3.5-4 and IC 6-3.5-5 concurrently adopts an ordinance to impose the tax under this chapter, the ordinance adopted under this chapter is not effective unless the ordinances adopted under IC 6-3.5-4 and IC 6-3.5-5 and corresponding taxes are rescinded.

(e) If the:

(1) fiscal body of a municipality in a county has adopted an



1 ordinance to impose the taxes under IC 6-3.5-10 and
2 IC 6-3.5-11; and

3 (2) county fiscal body wishes to concurrently adopt an
4 ordinance to impose the county option gasoline tax under this
5 chapter and is not otherwise prohibited from adopting the
6 ordinance under subsection (d);

7 the county fiscal body may adopt an ordinance to impose the
8 county option gasoline tax under this chapter. However, the county
9 option gasoline tax may not be imposed, paid, or collected in the
10 territory located inside the corporate limits of the municipality, as
11 applicable, and may only be imposed, paid, and collected in the
12 territory in the county that is outside the territory located inside
13 the corporate limits of the municipality, as applicable. In addition,
14 the municipality, as applicable, may not adopt an ordinance or
15 resolution described in section 10 of this chapter, may not receive
16 any distribution of revenue from a tax imposed under this chapter,
17 and the lane mileage of the municipality, as applicable, may not be
18 included in calculating distribution amounts under section 11 of
19 this chapter. However, the limitations in this subsection are no
20 longer applicable if the fiscal body of the municipality subsequently
21 adopts an ordinance to rescind the imposition of the taxes under
22 IC 6-3.5-10 and IC 6-3.5-11.

23 Sec. 5. (a) Subject to this section and section 7 of this chapter,
24 the county fiscal body may adopt an ordinance to rescind,
25 decrease, or increase the county option gasoline tax rate at a public
26 hearing. However, the county fiscal body may take action under
27 this subsection only once every two (2) years.

28 (b) If a county has outstanding bonds, leases, obligations, or
29 other evidences of indebtedness that are payable from the county
30 option gasoline tax, the county option gasoline tax may not be
31 decreased below a rate that would produce one and twenty-five
32 hundredths (1.25) times the total of the highest annual payment
33 requirements due on the bonds, leases, obligations, or other
34 evidences of indebtedness to their final maturity.

35 (c) For purposes of subsection (b), the determination of a tax
36 rate sufficient to produce one and twenty-five hundredths (1.25)
37 times the total of the highest annual payment requirements shall be
38 based on an average of the collections of the county option gasoline
39 tax for the immediately preceding three (3) years, if the tax has
40 been imposed for the preceding three (3) years. If the county option
41 gasoline tax has not been imposed for the preceding three (3) years,
42 the county option gasoline tax may not be reduced below a rate



that would produce one and twenty-five hundredths (1.25) times the total of the highest annual payment requirements due on the bonds, leases, obligations, or other evidences of indebtedness, based on a study by a qualified public accountant or financial adviser.

Sec. 6. (a) A tax imposed under section 4 of this chapter applies to a transaction in which gasoline is sold:

- (1) for purchase at a location from a metered pump;
- (2) in the county; and
- (3) by a retail merchant for consideration.

(b) The county option gasoline tax does not apply to the purchase of gasoline to the extent the sale is exempt from the state gross retail tax imposed under IC 6-2.5.

Sec. 7. The county option gasoline tax rate:

- (1) must be imposed in an increment of twenty-five hundredths of one percent (0.25%); and
- (2) may not exceed two percent (2%);

of the gross retail income received by the retail merchant from the transaction described in section 6 of this chapter. However, for purposes of this chapter, the gross retail income received by the retail merchant from a transaction is the price per unit at which gasoline is actually sold, including the gasoline use tax, Indiana gasoline tax, and federal gasoline tax that are part of the sales price.

Sec. 8. (a) A tax imposed under this chapter is imposed, paid, and collected in the same manner that the state gross retail tax is imposed, paid, and collected under IC 6-2.5. A retail merchant that sells gasoline shall remit the county option gasoline tax to the department of state revenue for each gallon of gasoline sold. The retail merchant shall remit that amount regardless of the amount of county option gasoline tax that the retail merchant has actually collected under this chapter. However, a retail merchant is entitled to deduct and retain the amounts prescribed in IC 6-2.5-6-10.

(b) The return to be filed with the payment of the tax imposed under this chapter may be made on a separate return or may be combined with the return filed for the payment of the state gross retail tax, as prescribed by the department of state revenue.

Sec. 9. A retail merchant that has a duty to remit county option gasoline taxes to the department of state revenue or a political subdivision holds those county option gasoline taxes in trust for the state or political subdivision and is liable for the payment of the county option gasoline taxes, plus any penalties and interest attributable to the county option gasoline taxes, to the state or



1 political subdivision. A retail merchant that fails to remit the tax
 2 or file the returns or reports required by this chapter is subject to
 3 the penalties set forth in IC 6-8.1-10.

4 Sec. 10. Except as provided in section 4(e) of this chapter, a
 5 municipality that is located in a county that imposes the county
 6 option gasoline tax and wishes to receive a portion of the revenue
 7 received from the county option gasoline tax shall adopt an
 8 ordinance or resolution at a public hearing that expresses:

9 (1) the municipality's support of the imposition of the county
 10 option gasoline tax; and

11 (2) the municipality's desire to receive a portion of the
 12 revenue from the tax.

13 Sec. 11. (a) The amounts received from the tax imposed under
 14 this chapter shall be paid monthly by the treasurer of state to the
 15 county fiscal officer upon warrants issued by the state comptroller.

16 (b) If a county imposes the county option gasoline tax under this
 17 chapter, the county fiscal officer shall establish a county option
 18 gasoline tax fund into which all amounts received monthly from the
 19 treasurer of state shall be deposited.

20 (c) If a municipality has adopted an ordinance or resolution
 21 described in section 10 of this chapter, before the twentieth day of
 22 each month, the county auditor shall allocate the money deposited
 23 in the county option gasoline tax fund during the previous month
 24 among the county and the eligible municipalities in the county on
 25 the basis of the county's and each municipality's lane mileage as a
 26 percentage of the total lane mileage in the county and all
 27 municipalities eligible to receive a distribution.

28 (d) Before the twenty-fifth day of each month, the county fiscal
 29 officer shall distribute to the county and the eligible cities and
 30 towns in the county the money deposited in the county option
 31 gasoline tax fund during the previous month. The county fiscal
 32 officer shall base the distribution on the allocations made by the
 33 county auditor for the previous month under subsection (c).

34 (e) The fiscal officer of each municipality in the county set to
 35 receive a distribution under this section shall establish a local
 36 municipality gasoline tax receipts fund. The fiscal officer of each
 37 municipality shall deposit in the fund all amounts received under
 38 this section.

39 (f) The department of transportation shall provide to the county
 40 auditor the total lane mileage for purposes of determining the
 41 allocations under subsection (c).

42 Sec. 12. (a) In the case of a county that contains a consolidated



city, the city-county council may appropriate money derived from the county option gasoline tax:

- (1) to the department of transportation established by IC 36-3-5-4 for use by the department under law;
- (2) to an authority established under IC 36-7-23; or
- (3) for the purposes allowed under IC 8-14-1-4(c).

(b) The city-county council may not appropriate money derived from the county option gasoline tax for any other purpose.

Sec. 13. In the case of a county that does not contain a consolidated city, money in the county option gasoline tax fund must be used by the county only for the following purposes:

- (1) To construct, reconstruct, repair, or maintain streets and roads under the county's jurisdiction.
- (2) As a contribution to an authority established under IC 36-7-23.
- (3) For the county's contribution to obtain a grant from the local road and bridge matching grant fund under IC 8-23-30.

Sec. 14. In the case of a municipality that receives a distribution of revenue from a tax imposed under this chapter, money in the local municipality gasoline tax receipts fund may be used only for the following purposes:

- (1) To construct, reconstruct, repair, or maintain streets and roads under the municipality's jurisdiction.
- (2) As a contribution to an authority established under IC 36-7-23.
- (3) For the municipality's contribution to obtain a grant from the local road and bridge matching grant fund under IC 8-23-30.

Sec. 15. A county option gasoline tax imposed under this chapter is a listed tax for purposes of IC 6-8.1-1.

SECTION 2. IC 6-8.1-1-1, AS AMENDED BY P.L.1-2023, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. "Listed taxes" or "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the supplemental wagering tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); the slot machine wagering tax (IC 4-35-8); the type II gambling game excise tax (IC 4-36-9); the gross income tax (IC 6-2.1) (repealed); the utility receipts and utility services use taxes (IC 6-2.3) (repealed); the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the pass through entity tax (IC 6-3-2.1); the supplemental net income tax (IC 6-3-8) (repealed); the county adjusted gross income tax (IC 6-3.5-1.1) (repealed); the county option income tax (IC 6-3.5-6)



(repealed); the county economic development income tax (IC 6-3.5-7) (repealed); **the county option gasoline tax (IC 6-3.5-12)**; the local income tax (IC 6-3.6); the auto rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the vehicle excise tax (IC 6-6-5); the aviation fuel excise tax (IC 6-6-13); the commercial vehicle excise tax (IC 6-6-5.5); the excise tax imposed on recreational vehicles and truck campers (IC 6-6-5.1); the hazardous waste disposal tax (IC 6-6-6.6) (repealed); the heavy equipment rental excise tax (IC 6-6-15); the vehicle sharing excise tax (IC 6-6-16); the cigarette tax (IC 6-7-1); the closed system cartridge tax (IC 6-7-2-7.5); the electronic cigarette tax (IC 6-7-4); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-20-18); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-20-18); and any other tax or fee that the department is required to collect or administer.

SECTION 3. IC 8-23-30-2, AS AMENDED BY P.L.173-2025, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) The local road and bridge matching grant fund is established to provide matching grants to local units for eligible projects.

(b) The department shall administer the fund.

(c) The fund consists of the following:

(1) Appropriations by the general assembly.

(2) Interest deposited in the fund under subsection (d).

(3) Money deposited in or transferred to the fund from any other source.

(d) The treasurer of state shall invest money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(f) Not later than June 1, 2025, the department shall report to the state comptroller the amount of matching grants awarded by the department from the fund in the state fiscal year beginning July 1,



2024, and ending June 30, 2025, that the department will not distribute before July 1, 2025.

(g) The state comptroller shall determine the balance of the money in the fund on June 15, 2025, and on June 15 of each year thereafter. After determining the balance of money in the fund under this subsection, the money in the fund must be allocated in accordance with subsection (h), transferred in accordance with subsections (i) and (j), and distributed in accordance with subsection (k).

(h) After determining the balance of the money in the fund under subsection (g), the money in the fund must first be allocated as follows:

(1) On June 30, 2025, the department must allocate the total of the amount determined under subsection (f) plus one hundred million dollars (\$100,000,000) of money in the fund to make matching grants in the state fiscal year beginning July 1, 2025, and ending June 30, 2026, to all local units. The department may not award more than one hundred million dollars (\$100,000,000) of matching grants in the state fiscal year beginning July 1, 2025, and ending June 30, 2026.

(2) On June 30, 2026, and June 30 of each year thereafter, the department must allocate the first one hundred million dollars (\$100,000,000) of money in the fund to make matching grants in the next state fiscal year to all local units.

(i) After the department allocates the money in the fund under subsection (h), the state comptroller shall make the following five (5) transfers:

(1) On June 30, 2026, a transfer of:

(A) to the state general fund, the total amount of the state tax credits certified for 2025 by the department of state revenue under IC 6-3.1-38.1-8(c); and

(B) to the department, an amount equal to twenty million dollars (\$20,000,000) minus the amount under clause (A) for deposit in the state highway road construction and improvement fund established under IC 8-14-10 for the department's use in financing a railroad crossing upgrade project as described in IC 8-14.5-8.

(2) On June 30, 2027, a transfer of:

(A) to the state general fund, the total amount of the state tax credits certified for 2026 by the department of state revenue under IC 6-3.1-38.1-8(c); and

(B) to the department, an amount equal to twenty million dollars (\$20,000,000) minus the amount under clause (A) for deposit in the state highway road construction and



- 1 improvement fund established under IC 8-14-10 for the
 2 department's use in financing a railroad crossing upgrade
 3 project as described in IC 8-14.5-8.
- 4 (3) On June 30, 2028, a transfer of:
- 5 (A) to the state general fund, the total amount of the state tax
 6 credits certified for 2027 by the department of state revenue
 7 under IC 6-3.1-38.1-8(c); and
 8 (B) to the department, an amount equal to twenty million
 9 dollars (\$20,000,000) minus the amount under clause (A) for
 10 deposit in the state highway road construction and
 11 improvement fund established under IC 8-14-10 for the
 12 department's use in financing a railroad crossing upgrade
 13 project as described in IC 8-14.5-8.
- 14 (4) On June 30, 2029, a transfer of twenty million dollars
 15 (\$20,000,000) to the department for deposit in the state highway
 16 road construction and improvement fund established under
 17 IC 8-14-10 for the department's use in financing a railroad
 18 crossing upgrade project as described in IC 8-14.5-8.
- 19 (5) On June 30, 2030, a transfer of twenty million dollars
 20 (\$20,000,000) to the department for deposit in the state highway
 21 road construction and improvement fund established under
 22 IC 8-14-10 for the department's use in financing a railroad
 23 crossing upgrade project as described in IC 8-14.5-8.
- 24 (j) Beginning on June 30, 2027, and on June 30 of each year
 25 thereafter, after the department allocates the money under subsection
 26 (h) and the state comptroller makes a transfer under subsection (i),
 27 when applicable, the state comptroller shall transfer fifty million
 28 dollars (\$50,000,000) of money in the fund to the consolidated city in
 29 Marion County for the construction, reconstruction, and preservation
 30 of the consolidated city's local streets (as defined in IC 8-14-2-1(9)).
 31 The consolidated city in Marion County shall not use these revenues
 32 for:
- 33 (1) reducing the capacity of existing roads and streets;
 34 (2) greenways;
 35 (3) bike lanes;
 36 (4) bike trails; and
 37 (5) sidewalks.
- 38 One hundred percent (100%) of the money distributed to the
 39 consolidated city under this subsection shall be matched with an
 40 appropriation by the consolidated city. The appropriation required
 41 under this subsection must be new revenue and may not include
 42 revenue allocated to public safety purposes under IC 6-3.6-6.



(k) Beginning on June 30, 2027, and on June 30 of each year thereafter, after the state comptroller makes a transfer under subsection (j), the state comptroller shall distribute the remainder of the money in the fund, as follows:

(1) To be eligible to receive a distribution under this subsection, a local unit must: ~~have:~~

(A) **have, in the case of a county:**

(i) adopted **either a wheel tax or a county option gasoline tax under IC 6-3.5-12;** and

~~(B) (ii)~~ provided the local technical assistance program at Purdue University with an updated transportation asset management plan within the last twelve (12) months; **and**

(B) in the case of a municipality:

(i) **have adopted a wheel tax; or**

(ii) **be located in a county that imposes a county option gasoline tax under IC 6-3.5-12 and have adopted an ordinance or resolution described in IC 6-3.5-12-10.**

(2) The distribution to a local unit eligible to receive a distribution under subdivision (1) must be proportional to the local unit's share of the total lane mileage for all local units eligible to receive a distribution under subdivision (1). The department shall provide to the state comptroller the total lane mileage for purposes of making the distribution under this subsection.

A local unit may use a distribution made under this subsection only for eligible projects.

(l) Money in the fund is continuously appropriated for the purpose of the fund.

(m) Money in the fund may not be transferred, assigned, or otherwise removed from the fund by the state board of finance, the budget agency, or any other agency until after budget committee review, except for either or both of the following purposes:

(1) The department may distribute funds to a local unit that has been approved for a grant under this chapter without budget committee review.

(2) To transfer money in the fund under subsections (i) and (j) and to make a distribution under subsection (k) without budget committee review.

