

SENATE BILL No. 184

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-2.5-2.

Synopsis: Sales tax on utility service. Phases down in equal reductions over four years the state gross retail tax rate imposed on the sale of the following utility services to a person for domestic consumption: (1) Electrical energy. (2) Natural or artificial gas. (3) Water. (4) Steam. (5) Steam heating service.

Effective: July 1, 2026.

Young M

January 5, 2026, read first time and referred to Committee on Utilities.



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.

SENATE BILL No. 184

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 6-2.5-2-2, AS AMENDED BY P.L.146-2020,
2 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2026]: Sec. 2. (a) The state gross retail tax is measured by the
4 gross retail income received by a retail merchant in a retail unitary or
5 bundled transaction and, **except as provided in subsection (c)**, is
6 imposed at seven percent (7%) of that gross retail income.

7 **(b) For purposes of subsection (c), "utility service" means the**
8 **provision of any of the following to a person for domestic**
9 **consumption:**

- 10 (1) Electrical energy.
- 11 (2) Natural or artificial gas.
- 12 (3) Water.
- 13 (4) Steam.
- 14 (5) Steam heating service.

15 The term includes utility service provided by a power subsidiary
16 or a public utility.

17 (c) The state gross retail tax rate on the sale of utility service to



1 **a person for domestic consumption is equal to the following:**

2 **(1) For a transaction occurring before July 1, 2027, the tax**
3 **rate is imposed at seven percent (7%) of the gross retail**
4 **income.**

5 **(2) For a transaction occurring after June 30, 2027, and**
6 **before July 1, 2028, the tax rate is imposed at five and**
7 **twenty-five hundredths percent (5.25%) of the gross retail**
8 **income.**

9 **(3) For a transaction occurring after June 30, 2028, and**
10 **before July 1, 2029, the tax rate is imposed at three and**
11 **five-tenths percent (3.5%) of the gross retail income.**

12 **(4) For a transaction occurring after June 30, 2029, and**
13 **before July 1, 2030, the tax rate is imposed at one and**
14 **seventy-five hundredths percent (1.75%) of the gross retail**
15 **income.**

16 **(5) For a transaction occurring after June 30, 2030, no state**
17 **gross retail tax is imposed on the transaction.**

18 **(b) (d) If the tax computed under subsection (a) or (c) carried to the**
19 **third decimal place results in the numeral in the third decimal place**
20 **being greater than four (4), the amount of the tax shall be rounded to**
21 **the next additional cent.**

22 **(e) A seller may elect to round the tax under subsection (b) (d)**
23 **on a transaction on an item basis or an invoice basis. However, a seller**
24 **may not round the tax under subsection (b) (d) to circumvent the tax**
25 **that would otherwise be imposed on a transaction using an invoice**
26 **basis.**

27 **SECTION 2. IC 6-2.5-2-6 IS ADDED TO THE INDIANA CODE**
28 **AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY**
29 **1, 2026]: Sec. 6. (a) The legislative services agency shall prepare**
30 **legislation for introduction during the 2030 regular session of the**
31 **general assembly to make any necessary changes to the Indiana**
32 **Code to conform to the amendments made to section 2 of this**
33 **chapter in the 2026 session of the general assembly.**

34 **(b) This section expires December 31, 2030.**

