

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.

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



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**



a person for domestic consumption is equal to the following:

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

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

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

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

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

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

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

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

(b) This section expires December 31, 2030.

