



## INDIANA DEPARTMENT OF REVENUE

Eric J. Holcomb, Governor  
Adam J. Krupp, Commissioner

Indiana Government Center  
100 N. Senate Ave, Rm 248  
Indianapolis, IN 46204-2253

### DEPARTMENTAL NOTICE #43 MAY 2018

#### **SUBJECT: RATES FOR THE GASOLINE LICENSE TAX AND SPECIAL FUEL LICENSE TAX**

**REFERENCE:** IC 6-6-1.1-201; IC 6-6-1.6-2; IC 6-6-1.6-3; IC 6-6-2.5-28; IC 6-6-4.1-4.5

**DISCLAIMER:** This document is not a "statement" required to be published in the Indiana Register under IC 4-22-7-7. However, under IC 6-6-1.1-201 and IC 6-6-2.5-28, the department is required to publish the respective tax rates on the department's Internet website no later than June 1. The purpose of this notice is to notify affected taxpayers of the change in rate on the department's Internet website.

#### **I. BACKGROUND**

Pursuant to HEA 1002-2017, the Indiana Department of Revenue (DOR) is required to publish updated rates for gasoline license tax, special fuel license tax, and motor carrier surcharge tax. As enacted in 2017, under IC 6-6-1.1-201(b), IC 6-6-2.5-28(b), and IC 6-6-4.1-4.5(b), new rates are to be determined by applying formulas set forth under IC 6-6-1.6.

In 2018, HEA 1290-2018 repealed the motor carrier surcharge tax effective July 1, 2018. In addition, HEA 1290-2018 increased the special fuel tax from twenty-six cents (\$0.26) per gallon to forty-seven cents (\$0.47) per gallon effective July 1, 2018. However, the \$0.47 rate is subject to the 2018 annual adjustment under IC 6-6-2.5-28(b).

For 2017, the formulas set forth under IC 6-6-1.6-2 require DOR to use annual factors being in place from the beginning of the period set forth by statute (2003 for gasoline, 1989 for special fuel and motor carrier surcharge) to compute an annual rate change. Each year's rate change is to be computed by first computing the change in the Consumer Price Index as defined by IC 6-6-1.6-1(1). Second, the annual change in Indiana Personal Income (IPI), as determined by the Bureau of Economic Analysis, United States Department of Commerce, is computed. Third, the two changes are averaged to determine an overall rate of change. Fourth, the overall rate of change is applied to the previous year's tax rate as if the statutory formula had been in effect for all years of the stated period, rounded to the nearest whole cent. Each tax as computed is subject to a statutory maximum amount, as set forth for each respective tax type.

For 2018 through 2024, the formulas set forth under IC 6-6-1.6-3 require DOR to use annual factors to compute the annual rate change. The rate change is to be computed by first computing the change in the Consumer Price Index as defined by IC 6-6-1.6-1(1). Second, the annual change in Indiana Personal Income (IPI), as determined by the Bureau of Economic Analysis, United States Department of Commerce, is computed. Third, the two changes are averaged to determine an overall rate of change. Fourth, the overall rate of change is applied to the previous year's tax rate to determine the rate in effect for the next year.

However, the gasoline tax rate may not increase more than one cent (\$0.01) from year to year, while the special fuel tax rate may not increase more than two cents (\$0.02) from year to year.

For the 2018 computation only, the special fuel tax rate is considered to be equal to combined rates of special fuel tax and motor carrier surcharge tax as in effect from July 1, 2017 to June 30, 2018.

## **STATUTORY CALCULATION OF THE INDEX FACTOR**

The Consumer Price Index factor component for 2017 is:

245.120/240.007, or 1.02130

The Indiana personal income factor component for 2017, as determined by the Bureau of Economic Analysis<sup>1</sup> is:

294,440,448/285,863,662, or 1.03000

The average of these amounts is 1.02565, which is the factor to be used to compute the gasoline and special fuel taxes for July 1, 2018 to June 30, 2019.

## **STATUTORY CALCULATION OF THE GASOLINE LICENSE TAX RATE**

For the period July 1, 2018, to June 30, 2019, the gasoline license tax is twenty-nine cents (\$0.29) per gallon. The computation by statute is:

0.28\*1.02565, or 0.28718.

Rounded to the nearest cent, this is twenty-nine cents (\$0.29) per gallon.

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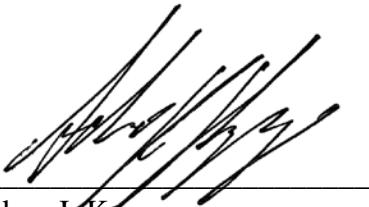
<sup>1</sup> Amounts in thousands. According to the Bureau of Economic Analysis website, as of May 22, 2018, Indiana Personal Income for 2017 was \$294,440,455. However, for prior years, the mean of the four quarterly amounts for Indiana Personal Income was used to determine the annual Indiana Personal Income. The mean of the four quarters of Indiana Personal Income for calendar year 2017 was \$294,440,448. The difference is not material to any of the calculations.

## STATUTORY CALCULATION OF THE SPECIAL FUEL LICENSE TAX RATE

For the period July 1, 2018, to June 30, 2019, the special fuel license tax is forty-eight cents (\$0.48) per special fuel gallon. The computation by statute is:

$$0.47 * 1.02565, \text{ or } 0.48206$$

Rounded to the nearest cent, this is forty-eight cents (\$0.48) per gallon.



Adam J. Krupp  
Commissioner  
Indiana Department of State Revenue

APPENDIX A: GASOLINE LICENSE RATE CHANGE COMPUTATION FOR JULY 1, 2017 RATES<sup>2</sup>

Year	CPI-U <sup>3</sup>	% Chg	IPI (thousands of dollars)	% Chg	Sum of % Chgs	Avg. of % Chgs	Adjusted Rate	Rounded Adj. Rate
2002	179.88		\$178,158,904				\$ 0.18000	\$0.18
2003	183.96	2.27%	\$182,215,699	2.28%	4.55%	2.27%	\$ 0.18409	\$0.18
2004	188.88	2.68%	\$189,976,741	4.26%	6.94%	3.47%	\$ 0.18624	\$0.19
2005	195.29	3.39%	\$195,121,894	2.71%	6.10%	3.05%	\$ 0.19580	\$0.20
2006	201.59	3.23%	\$207,376,568	6.28%	9.51%	4.75%	\$ 0.20951	\$0.21
2007	207.34	2.85%	\$215,098,965	3.72%	6.58%	3.29%	\$ 0.21691	\$0.22
2008	215.30	3.84%	\$225,759,917	4.96%	8.80%	4.40%	\$ 0.22967	\$0.23
2009	214.54	-0.36%	\$220,157,359	-2.48%	-2.84%	-1.42%	\$ 0.22674	\$0.23
2010	218.06	1.64%	\$227,692,069	3.42%	5.06%	2.53%	\$ 0.23582	\$0.24
2011	224.94	3.16%	\$242,797,724	6.63%	9.79%	4.90%	\$ 0.25175	\$0.25
2012	229.59	2.07%	\$253,770,962	4.52%	6.59%	3.29%	\$ 0.25824	\$0.26
2013	232.96	1.46%	\$257,170,310	1.34%	2.80%	1.40%	\$ 0.26365	\$0.26
2014	236.74	1.62%	\$266,952,598	3.80%	5.43%	2.71%	\$ 0.26705	\$0.27
2015	237.02	0.12%	\$277,628,668	4.00%	4.12%	2.06%	\$ 0.27556	\$0.28
2016	240.01	1.26%	\$288,486,493 <sup>4</sup>	3.91%	5.17%	2.59%	\$ 0.28724	\$0.29

<sup>2</sup> Subsequent to the determination and publication of the rates for July 1, 2017, to June 30, 2018, the Bureau of Economic Analysis published revised Indiana Personal Income amounts for 2014-2016. Upon review, the computations resulting from the revised amounts would not have changed the rates ultimately determined for July 1, 2017 to June 30, 2018.

<sup>3</sup> All amounts are rounded in this document for purposes of presentation. Any percentage change computations and related calculations may differ slightly due to the actual use of unrounded data.

<sup>4</sup> According to the Bureau of Economic Analysis website, as of May 5, 2017, this amount was \$288,486,508. However, for prior years, the mean of the four quarterly amounts for Indiana Personal Income was used to determine the annual Indiana Personal Income. The mean of the four quarters of Indiana Personal Income for calendar year 2016 as of May 5, 2017, was \$288,486,493. The difference is not material to any of the calculations.

APPENDIX B: SPECIAL FUEL LICENSE RATE COMPUTATION FOR JULY 1, 2017  
RATES

Year	CPI-U	% Chg	IPI (thousands of dollars)	% Chg	Sum of % Chgs	Avg. of % Chgs	Adjusted Rate	Rounded Adj. Rate
<b>1988</b>	118.26		\$85,438,311					\$0.16
<b>1989</b>	123.97	4.83%	\$93,122,680	8.99%	13.82%	6.91%	\$ 0.17106	\$0.17
<b>1990</b>	130.66	5.40%	\$98,288,101	5.55%	10.94%	5.47%	\$ 0.17930	\$0.18
<b>1991</b>	136.19	4.23%	\$101,120,415	2.88%	7.12%	3.56%	\$ 0.18640	\$0.19
<b>1992</b>	140.32	3.03%	\$109,582,337	8.37%	11.40%	5.70%	\$ 0.20083	\$0.20
<b>1993</b>	144.46	2.95%	\$115,567,139	5.46%	8.41%	4.21%	\$ 0.20841	\$0.21
<b>1994</b>	148.23	2.61%	\$122,830,283	6.28%	8.89%	4.45%	\$ 0.21934	\$0.22
<b>1995</b>	152.38	2.81%	\$128,383,921	4.52%	7.33%	3.66%	\$ 0.22806	\$0.23
<b>1996</b>	156.85	2.93%	\$135,673,335	5.68%	8.61%	4.30%	\$ 0.23990	\$0.24
<b>1997</b>	160.52	2.34%	\$142,738,061	5.21%	7.54%	3.77%	\$ 0.24905	\$0.25
<b>1998</b>	163.01	1.55%	\$154,164,390	8.01%	9.56%	4.78%	\$ 0.26195	\$0.26
<b>1999</b>	166.58	2.19%	\$160,634,031	4.20%	6.38%	3.19%	\$ 0.26830	\$0.27
<b>2000</b>	172.20	3.38%	\$171,538,788	6.79%	10.17%	5.08%	\$ 0.28372	\$0.28
<b>2001</b>	177.07	2.83%	\$175,890,307	2.54%	5.36%	2.68%	\$ 0.28751	\$0.29
<b>2002</b>	179.88	1.59%	\$178,158,904	1.29%	2.88%	1.44%	\$ 0.29417	\$0.29
<b>2003</b>	183.96	2.27%	\$182,215,699	2.28%	4.55%	2.27%	\$ 0.29659	\$0.30
<b>2004</b>	188.88	2.68%	\$189,976,741	4.26%	6.94%	3.47%	\$ 0.31040	\$0.31
<b>2005</b>	195.29	3.39%	\$195,121,894	2.71%	6.10%	3.05%	\$ 0.31946	\$0.32
<b>2006</b>	201.59	3.23%	\$207,376,568	6.28%	9.51%	4.75%	\$ 0.33521	\$0.34
<b>2007</b>	207.34	2.85%	\$215,098,965	3.72%	6.58%	3.29%	\$ 0.35118	\$0.35
<b>2008</b>	215.30	3.84%	\$225,759,917	4.96%	8.80%	4.40%	\$ 0.36539	\$0.37
<b>2009</b>	214.54	-0.36%	\$220,157,359	-2.48%	-2.84%	-1.42%	\$ 0.36475	\$0.36
<b>2010</b>	218.06	1.64%	\$227,692,069	3.42%	5.06%	2.53%	\$ 0.36911	\$0.37
<b>2011</b>	224.94	3.16%	\$242,797,724	6.63%	9.79%	4.90%	\$ 0.38811	\$0.39
<b>2012</b>	229.59	2.07%	\$253,770,962	4.52%	6.59%	3.29%	\$ 0.40285	\$0.40
<b>2013</b>	232.96	1.46%	\$257,170,310	1.34%	2.80%	1.40%	\$ 0.40561	\$0.41
<b>2014</b>	236.74	1.62%	\$266,952,598	3.80%	5.43%	2.71%	\$ 0.42112	\$0.42
<b>2015</b>	237.02	0.12%	\$277,628,668	4.00%	4.12%	2.06%	\$ 0.42865	\$0.43
<b>2016</b>	240.01	1.26%	\$288,486,493	3.91%	5.17%	2.59%	\$ 0.44112	\$0.44

APPENDIX C: MOTOR CARRIER SURCHARGE RATE COMPUTATION FOR JULY 1, 2017 RATES

Year	CPI-U	% Chg	IPI (thousands of dollars)	% Chg	Sum of % Chgs	Avg. of % Chgs	Adjusted Rate	Rounded Adj. Rate
<b>1988</b>	118.26		\$85,438,311					\$0.11
<b>1989</b>	123.97	4.83%	\$93,122,680	8.99%	13.82%	6.91%	\$ 0.11760	\$0.12
<b>1990</b>	130.66	5.40%	\$98,288,101	5.55%	10.94%	5.47%	\$ 0.12657	\$0.13
<b>1991</b>	136.19	4.23%	\$101,120,415	2.88%	7.12%	3.56%	\$ 0.13463	\$0.13
<b>1992</b>	140.32	3.03%	\$109,582,337	8.37%	11.40%	5.70%	\$ 0.13741	\$0.14
<b>1993</b>	144.46	2.95%	\$115,567,139	5.46%	8.41%	4.21%	\$ 0.14589	\$0.15
<b>1994</b>	148.23	2.61%	\$122,830,283	6.28%	8.89%	4.45%	\$ 0.15667	\$0.16
<b>1995</b>	152.38	2.81%	\$128,383,921	4.52%	7.33%	3.66%	\$ 0.16586	\$0.17
<b>1996</b>	156.85	2.93%	\$135,673,335	5.68%	8.61%	4.30%	\$ 0.17732	\$0.18
<b>1997</b>	160.52	2.34%	\$142,738,061	5.21%	7.54%	3.77%	\$ 0.18679	\$0.19
<b>1998</b>	163.01	1.55%	\$154,164,390	8.01%	9.56%	4.78%	\$ 0.19908	\$0.20
<b>1999</b>	166.58	2.19%	\$160,634,031	4.20%	6.38%	3.19%	\$ 0.20638	\$0.21
<b>2000</b>	172.20	3.38%	\$171,538,788	6.79%	10.17%	5.08%	\$ 0.22067	\$0.22
<b>2001</b>	177.07	2.83%	\$175,890,307	2.54%	5.36%	2.68%	\$ 0.22590	\$0.23
<b>2002</b>	179.88	1.59%	\$178,158,904	1.29%	2.88%	1.44%	\$ 0.23331	\$0.23
<b>2003</b>	183.96	2.27%	\$182,215,699	2.28%	4.55%	2.27%	\$ 0.23523	\$0.24
<b>2004</b>	188.88	2.68%	\$189,976,741	4.26%	6.94%	3.47%	\$ 0.24832	\$0.25
<b>2005</b>	195.29	3.39%	\$195,121,894	2.71%	6.10%	3.05%	\$ 0.25763	\$0.26
<b>2006</b>	201.59	3.23%	\$207,376,568	6.28%	9.51%	4.75%	\$ 0.27236	\$0.27
<b>2007</b>	207.34	2.85%	\$215,098,965	3.72%	6.58%	3.29%	\$ 0.27888	\$0.28
<b>2008</b>	215.30	3.84%	\$225,759,917	4.96%	8.80%	4.40%	\$ 0.29231	\$0.29
<b>2009</b>	214.54	-0.36%	\$220,157,359	-2.48%	-2.84%	-1.42%	\$ 0.28589	\$0.29
<b>2010</b>	218.06	1.64%	\$227,692,069	3.42%	5.06%	2.53%	\$ 0.29734	\$0.30
<b>2011</b>	224.94	3.16%	\$242,797,724	6.63%	9.79%	4.90%	\$ 0.31469	\$0.31
<b>2012</b>	229.59	2.07%	\$253,770,962	4.52%	6.59%	3.29%	\$ 0.32021	\$0.32
<b>2013</b>	232.96	1.46%	\$257,170,310	1.34%	2.80%	1.40%	\$ 0.32449	\$0.32
<b>2014</b>	236.74	1.62%	\$266,952,598	3.80%	5.43%	2.71%	\$ 0.32868	\$0.33
<b>2015</b>	237.02	0.12%	\$277,628,668	4.00%	4.12%	2.06%	\$ 0.33679	\$0.34
<b>2016</b>	240.01	1.26%	\$288,486,493	3.91%	5.17%	2.59%	\$ 0.34879	\$0.35