

HOUSE BILL No. 1013

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-2.5.

Synopsis: Vending machine sales of food. Phases out the state gross retail tax on food sold through a vending machine by reducing the current 7% tax rate to: (1) 5% beginning July 1, 2017, and ending June 30, 2018; and (2) 3% beginning July 1, 2018, and ending June 30, 2019. Exempts food sold through a vending machine from the state gross retail tax beginning July 1, 2019.

Effective: July 1, 2017.

Ober

January 4, 2017, read first time and referred to Committee on Ways and Means.



First Regular Session of the 120th General Assembly (2017)

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 2016 Regular Session of the General Assembly.

HOUSE BILL No. 1013

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.87-2014,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2017]: 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
5 transaction and is imposed at seven percent (7%) of that gross retail
6 income, **except as provided in subsection (d).**

7 (b) If the tax computed under ~~subsection~~ **subsections (a) and (d)**
8 carried to the third decimal place results in the numeral in the third
9 decimal place being greater than four (4), the amount of the tax shall
10 be rounded to the next additional cent.

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

15 **(d) In the case of food sold through a vending machine, the state**
16 **gross retail tax is imposed at:**

17 **(1) five percent (5%) of the gross retail income under**



1 **subsection (a) after June 30, 2017, and before July 1, 2018;**

2 **and**

3 **(2) three percent (3%) of the gross retail income under**

4 **subsection (a) after June 30, 2018, and before July 1, 2019.**

5 **This subsection expires July 1, 2022.**

6 SECTION 2. IC 6-2.5-5-20, AS AMENDED BY P.L.113-2010,
7 SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2017]: Sec. 20. (a) Sales of food and food ingredients for
9 human consumption are exempt from the state gross retail tax.

10 (b) For purposes of this section, the term "food and food ingredients
11 for human consumption" includes **the following:**

12 **(1)** The following items if sold without eating utensils provided
13 by the seller:

14 ~~(1)~~ **(A)** Food sold by a seller whose proper primary NAICS
15 classification is manufacturing in sector 311, except subsector
16 3118 (bakeries).

17 ~~(2)~~ **(B)** Food sold in an unheated state by weight or volume as
18 a single item.

19 ~~(3)~~ **(C)** Bakery items, including bread, rolls, buns, biscuits,
20 bagels, croissants, pastries, donuts, danish, cakes, tortes, pies,
21 tarts, muffins, bars, cookies, and tortillas.

22 **(2) Food sold through a vending machine after June 30, 2019.**

23 (c) Except as otherwise provided by subsection (b), for purposes of
24 this section, the term "food and food ingredients for human
25 consumption" does not include:

26 (1) candy;

27 (2) alcoholic beverages;

28 (3) soft drinks;

29 (4) food sold through a vending machine **before July 1, 2019;**

30 (5) food sold in a heated state or heated by the seller;

31 (6) two (2) or more food ingredients mixed or combined by the
32 seller for sale as a single item (other than food that is only cut,
33 repackaged, or pasteurized by the seller, and eggs, fish, meat,
34 poultry, and foods containing these raw animal foods requiring
35 cooking by the consumer as recommended by the federal Food
36 and Drug Administration in chapter 3, subpart 3-401.11 of its
37 Food Code so as to prevent food borne illnesses);

38 (7) food sold with eating utensils provided by the seller, including
39 plates, knives, forks, spoons, glasses, cups, napkins, or straws (for
40 purposes of this subdivision, a plate does not include a container
41 or packaging used to transport the food);

42 (8) tobacco; or



1 (9) dietary supplements.

