

HOUSE BILL No. 1142

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-9.

Synopsis: Uniform food and beverage tax. Creates uniform food and beverage tax authorization provisions for cities and counties that are not required or authorized to impose a food and beverage tax under any other food and beverage tax enabling statute. Specifies the food and beverage tax adoption procedure, maximum food and beverage tax rate, uses of revenue from a food and beverage tax, and the duration of the food and beverage tax.

Effective: July 1, 2026.

Karickhoff

January 5, 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. 1142

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 6-9-78 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2026]:

4 **Chapter 78. Uniform City Food and Beverage Tax**

5 **Sec. 1. This chapter applies to any city that is not required or**
6 **authorized to impose a food and beverage tax under any other**
7 **chapter of this article. A city that imposes a food and beverage tax**
8 **under this chapter may not also impose a food and beverage tax**
9 **under another chapter.**

10 **Sec. 2. The definitions in IC 6-2.5, IC 6-9-12-1, and IC 36-1-2**
11 **apply throughout this chapter.**

12 **Sec. 3. As used in this chapter, "food and beverage tax" refers**
13 **to a tax imposed under this chapter.**

14 **Sec. 4. (a) A city fiscal body may adopt an ordinance, in the**
15 **form prescribed by the department of state revenue, to impose an**
16 **excise tax on the transactions described in section 5 of this chapter.**

17 **(b) A city fiscal body may adopt an ordinance under this section**



1 at a public hearing only after the municipal fiscal body has
 2 previously held at least two (2) other separate public hearings
 3 concerning the proposed food and beverage tax. The city fiscal
 4 body must allow public comments and testimony concerning the
 5 proposed food and beverage tax at each of the three (3) public
 6 hearings.

7 (c) If a city fiscal body adopts an ordinance under this section,
 8 the city fiscal body shall immediately send a certified copy of the
 9 ordinance to the department of state revenue.

10 (d) If a city fiscal body adopts an ordinance under this section,
 11 the food and beverage tax applies to transactions that occur after
 12 the later of the following:

13 (1) The day specified in the ordinance.

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

16 Sec. 5. (a) Except as provided in subsection (c), a food and
 17 beverage tax applies to any transaction in which food or beverage
 18 is furnished, prepared, or served:

19 (1) for consumption at a location, or on equipment, provided
 20 by a retail merchant;

21 (2) in the city in which the tax is imposed; and

22 (3) by a retail merchant for consideration.

23 (b) Transactions described in subsection (a)(1) include
 24 transactions in which food or beverage is:

25 (1) served by a retail merchant off the merchant's premises;

26 (2) sold in a heated state or heated by a retail merchant;

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

35 (4) food sold with eating utensils provided by a retail
 36 merchant, including plates, knives, forks, spoons, glasses,
 37 cups, napkins, or straws (for purposes of this subdivision, a
 38 plate does not include a container or packaging used to
 39 transport the food).

40 (c) The food and beverage tax does not apply to the furnishing,
 41 preparing, or serving of any food or beverage in a transaction that
 42 is exempt, or to the extent exempt, from the state gross retail tax



1 imposed by IC 6-2.5.

2 Sec. 6. A food and beverage tax imposed under this chapter is in
3 addition to any county food and beverage tax imposed under this
4 article in the city.

5 Sec. 7. A food and beverage tax under this chapter is imposed on
6 the gross retail income received by a retail merchant from a
7 transaction described in section 5 of this chapter at a rate specified
8 in the ordinance adopted under section 4 of this chapter. The tax
9 rate:

10 (1) must be imposed in increments of twenty-five hundredths
11 percent (0.25%); and

12 (2) may not exceed one percent (1%).

13 Sec. 8. For purposes of this chapter, the gross retail income
14 received by the retail merchant from a transaction that is subject
15 to the food and beverage tax does not include the following:

16 (1) The amount of tax imposed on the transaction under
17 IC 6-2.5.

18 (2) The amount of tax imposed on the transaction by a county
19 under this article, if any.

20 Sec. 9. A food and beverage tax is imposed, paid, and collected
21 in the same manner that the state gross retail tax is imposed, paid,
22 and collected under IC 6-2.5. However, the return that must be
23 filed for the payment of the food and beverage tax under this
24 chapter may be made separately or may be combined with the
25 return filed for the payment of the state gross retail tax, as
26 prescribed by the department.

27 Sec. 10. The treasurer of state shall pay monthly the amounts
28 received from the tax imposed under this chapter to the city fiscal
29 officer upon warrants issued by the state comptroller.

30 Sec. 11. (a) If a city fiscal body imposes a tax under this chapter,
31 the city fiscal officer shall establish a uniform food and beverage
32 tax fund.

33 (b) The city fiscal officer shall deposit in the uniform food and
34 beverage tax fund all amounts received by the state comptroller
35 under this chapter.

36 (c) Any money earned from the investment of money in the fund
37 becomes a part of the fund.

38 Sec. 12. (a) Money in the uniform food and beverage tax fund
39 may be used by the city, after appropriation by the city fiscal body,
40 only for the following purposes:

41 (1) Capital improvements that promote economic
42 development in the city, including fairgrounds, convention



centers, or conference centers.

(2) Any:

(A) acquisition of land or interests in land;

(B) site improvements, infrastructure improvements, buildings, structures, machinery, equipment, furnishings, facilities, substance removal or remedial action, or other costs;

(C) architectural, engineering, consultant, financial advisory, and attorney's fees;

(D) incidental expenses in connection with the issuance and sale of bonds;

(E) reserves for principal and interest;

(F) interest or insurance during construction; or

(G) debt service reserves or other credit enhancement;

that are necessary or useful for a capital improvement described in subdivision (1) or the financing of the capital improvement.

(3) Paying:

(A) the principal and interest of any bonds issued; and

(B) lease rental payments for a lease entered into;

for a purpose described in subdivisions (1) and (2).

(b) Money in the uniform food and beverage tax fund and revenue from the food and beverage tax imposed under this chapter may not be used to pay any operating expenses.

Sec. 13. A city may issue bonds or enter into leases to carry out the purposes of this chapter. The city fiscal body may pledge money in the city's uniform food and beverage tax fund and food and beverage tax revenue under this chapter to pay bonds issued, loans obtained, and lease payments or other obligations incurred by or on behalf of the city for purposes of this chapter. A pledge under this section is enforceable under IC 5-1-14. An action to contest the validity of bonds issued or leases entered into under this section must be brought within thirty (30) days after the adoption of a bond ordinance or notice of the execution and approval of the lease, as the case may be.

Sec. 14. (a) Subject to section 16 of this chapter, if a city has outstanding obligations that are payable from the city's uniform food and beverage tax, the fiscal body of the city may not reduce the food and beverage tax rate below a rate that would produce one and twenty-five hundredths (1.25) times the total of the highest annual payment requirements from the food and beverage tax to final maturity.



(b) For purposes of subsection (a), the determination of a tax rate sufficient to produce one and twenty-five hundredths (1.25) times the total of the highest annual payment requirements is based on an average of the immediately preceding three (3) years of collections for the food and beverage tax, if the tax has been imposed for the preceding three (3) years. If the food and beverage tax has not been imposed for the preceding three (3) years, the fiscal body of the city may not reduce the rate below a rate that would produce one and twenty-five hundredths (1.25) times the total of the highest annual payment requirements, based upon a study by a qualified accountant or financial adviser.

(c) If a city has no outstanding obligations that are payable from a food and beverage tax imposed under this chapter, the fiscal body of the city may adopt an ordinance to reduce the food and beverage tax rate imposed under this chapter or to repeal the food and beverage tax imposed under this chapter.

Sec. 15. The general assembly covenants with:

- (1) each city imposing a food and beverage tax; and
- (2) the purchasers and owners of obligations of a city payable from a food and beverage tax;

that this chapter will not be repealed or amended in any manner that will adversely affect the imposition or collection of a food and beverage tax so long as the principal, interest, or lease rentals due under those obligations of a city that are payable from a food and beverage tax remain unpaid.

Sec. 16. A food and beverage tax imposed under this chapter remains in effect until the earlier of:

- (1) subject to section 15 of this chapter, the date on which the city fiscal body rescinds the food and beverage tax; or
- (2) the last day of the month beginning immediately after the twenty-second anniversary of the date on which the food and beverage tax was first imposed under this chapter in the city.

Sec. 17. The department of local government finance may not reduce a city's property tax levy because the city receives revenue from a food and beverage tax imposed under this chapter.

SECTION 2. IC 6-9-79 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]:

Chapter 79. Uniform County Food and Beverage Tax

Sec. 1. This chapter applies to any county that is not required or authorized to impose a food and beverage tax under any other chapter of this article. A county that imposes a food and beverage



1 tax under this chapter may not also impose a food and beverage tax
2 under another chapter.

3 Sec. 2. The definitions in IC 6-2.5, IC 6-9-12-1, and IC 36-1-2
4 apply throughout this chapter.

5 Sec. 3. As used in this chapter, "food and beverage tax" refers
6 to a tax imposed under this chapter.

7 Sec. 4. (a) A county fiscal body may adopt an ordinance, in the
8 form prescribed by the department of state revenue, to impose an
9 excise tax on the transactions described in section 5 of this chapter.

10 (b) A county fiscal body may adopt an ordinance under this
11 section at a public hearing only after the county fiscal body has
12 previously held at least two (2) other separate public hearings
13 concerning the proposed food and beverage tax. The county fiscal
14 body must allow public comments and testimony concerning the
15 proposed food and beverage tax at each of the three (3) public
16 hearings.

17 (c) If a county fiscal body adopts an ordinance under this
18 section, the county fiscal body shall immediately send a certified
19 copy of the ordinance to the department of state revenue.

20 (d) If a county fiscal body adopts an ordinance under this
21 section, the food and beverage tax applies to transactions that
22 occur after the later of the following:

23 (1) The day specified in the ordinance.

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

26 Sec. 5. (a) Except as provided in subsection (c), a food and
27 beverage tax applies to any transaction in which food or beverage
28 is furnished, prepared, or served:

29 (1) for consumption at a location, or on equipment, provided
30 by a retail merchant;

31 (2) in the county in which the tax is imposed; and

32 (3) by a retail merchant for consideration.

33 (b) Transactions described in subsection (a)(1) include
34 transactions in which food or beverage is:

35 (1) served by a retail merchant off the merchant's premises;

36 (2) sold in a heated state or heated by a retail merchant;

37 (3) two (2) or more food ingredients mixed or combined by a
38 retail merchant for sale as a single item (other than food that
39 is only cut, repackaged, or pasteurized by the seller, and eggs,
40 fish, meat, poultry, and foods containing these raw animal
41 foods requiring cooking by the consumer as recommended by
42 the federal Food and Drug Administration in chapter 3,



subpart 3-401.11 of its Food Code so as to prevent food borne illnesses); or

(4) food sold with eating utensils provided by a retail merchant, including plates, knives, forks, spoons, glasses, cups, napkins, or straws (for purposes of this subdivision, a plate does not include a container or packaging used to transport the food).

(c) The food and beverage tax does not apply to the furnishing, preparing, or serving of any food or beverage in a transaction that is exempt, or to the extent exempt, from the state gross retail tax imposed by IC 6-2.5.

Sec. 6. A food and beverage tax imposed under this chapter is in addition to any food and beverage tax imposed under this article by a municipality.

Sec. 7. A food and beverage tax under this chapter is imposed on the gross retail income received by a retail merchant from a transaction described in section 5 of this chapter at a rate specified in the ordinance adopted under section 4 of this chapter. The tax rate:

(1) must be imposed in increments of twenty-five hundredths percent (0.25%); and

(2) may not exceed one percent (1%).

Sec. 8. For purposes of this chapter, the gross retail income received by the retail merchant from a transaction that is subject to the food and beverage tax does not include the following:

(1) The amount of tax imposed on the transaction under IC 6-2.5.

(2) The amount of tax imposed on the transaction by a municipality under this article, if any.

Sec. 9. A food and beverage tax 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. However, the return that must be filed for the payment of the food and beverage tax under this chapter may be made separately or may be combined with the return filed for the payment of the state gross retail tax, as prescribed by the department.

Sec. 10. The treasurer of state shall pay monthly the amounts received from the tax imposed under this chapter to the county fiscal officer upon warrants issued by the state comptroller.

Sec. 11. (a) If a county fiscal body imposes a tax under this chapter, the county fiscal officer shall establish a uniform food and beverage tax fund.



(b) The county fiscal officer shall deposit in the uniform food and beverage tax fund all amounts received by the state comptroller under this chapter.

(c) Any money earned from the investment of money in the fund becomes a part of the fund.

Sec. 12. (a) Money in the uniform food and beverage tax fund may be used by the county, after appropriation by the county fiscal body, only for the following purposes:

(1) Capital improvements that promote economic development in the county, including fairgrounds, convention centers, or conference centers.

(2) Any:

(A) acquisition of land or interests in land;

(B) site improvements, infrastructure improvements, buildings, structures, machinery, equipment, furnishings, facilities, substance removal or remedial action, or other costs;

(C) architectural, engineering, consultant, financial advisory, and attorney's fees;

(D) incidental expenses in connection with the issuance and sale of bonds;

(E) reserves for principal and interest;

(F) interest or insurance during construction; or

(G) debt service reserves or other credit enhancement;

that are necessary or useful for a capital improvement described in subdivision (1) or the financing of the capital improvement.

(3) Paying:

(A) the principal and interest of any bonds issued; and

(B) lease rental payments for a lease entered into;

for a purpose described in subdivisions (1) and (2).

(b) Money in the uniform food and beverage tax fund and revenue from the food and beverage tax imposed under this chapter may not be used to pay any operating expenses.

Sec. 13. A county may issue bonds or enter into leases to carry out the purposes of this chapter. The county fiscal body may pledge money in the county's uniform food and beverage tax fund and food and beverage tax revenue under this chapter to pay bonds issued, loans obtained, and lease payments or other obligations incurred by or on behalf of the county for purposes of this chapter. A pledge under this section is enforceable under IC 5-1-14. An action to contest the validity of bonds issued or leases entered into



under this section must be brought within thirty (30) days after the adoption of a bond ordinance or notice of the execution and approval of the lease, as the case may be.

Sec. 14. (a) Subject to section 16 of this chapter, if a county has outstanding obligations that are payable from the county uniform food and beverage tax, the fiscal body of the county may not reduce the food and beverage tax rate below a rate that would produce one and twenty-five hundredths (1.25) times the total of the highest annual payment requirements from the food and beverage tax to final maturity.

(b) For purposes of subsection (a), the determination of a tax rate sufficient to produce one and twenty-five hundredths (1.25) times the total of the highest annual payment requirements is based on an average of the immediately preceding three (3) years collections for the food and beverage tax, if the tax has been imposed for the preceding three (3) years. If the food and beverage tax has not been imposed for the preceding three (3) years, the fiscal body of the county may not reduce the rate below a rate that would produce one and twenty-five hundredths (1.25) times the total of the highest annual payment requirements, based upon a study by a qualified accountant or financial adviser.

(c) If a county has no outstanding obligations that are payable from a food and beverage tax imposed under this chapter, the fiscal body of the county may adopt an ordinance to reduce the food and beverage tax rate imposed under this chapter or to repeal the food and beverage tax imposed under this chapter.

Sec. 15. The general assembly covenants with:

- (1) each county imposing a food and beverage tax; and
- (2) the purchasers and owners of obligations of a county payable from a food and beverage tax;

that this chapter will not be repealed or amended in any manner that will adversely affect the imposition or collection of a food and beverage tax so long as the principal, interest, or lease rentals due under those obligations of a county that are payable from a food and beverage tax remain unpaid.

Sec. 16. A food and beverage tax imposed under this chapter remains in effect until the earlier of:

- (1) subject to section 15 of this chapter, the date on which the county fiscal body rescinds the food and beverage tax; or
- (2) the last day of the month beginning immediately after the twenty-second anniversary of the date on which the food and beverage tax was first imposed under this chapter in the



1 county.
 2 **Sec. 17. The department of local government finance may not**
 3 **reduce a county's property tax levy because the county receives**
 4 **revenue from a food and beverage tax imposed under this chapter.**

