

# HOUSE BILL No. 1143

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.6-2.

**Synopsis:** Local option income taxes. Provides that an individual who resides in a county with a local income tax and has a principal place of employment or business in a different county shall also pay a local income tax in the county where the individual maintains the principal place of employment. Provides that the local income tax rate in effect for a local taxpayer in the county where the local taxpayer maintains the local taxpayer's principal place of business or employment is one fourth of the sum of the local income tax rates imposed on the adjusted gross income of local taxpayers who reside in the county where the local taxpayer maintains the local taxpayer's principal place of business or employment. Provides that a local taxpayer is entitled to a credit against the tax imposed by a county in the county where the local taxpayer resides equal to the amount of the tax paid in the county where the local taxpayer has a principal place of business or employment.

**Effective:** January 1, 2027; January 1, 2028.

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## Karickhoff

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

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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. 1143

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 6-3.6-2-13, AS AMENDED BY P.L.239-2017,  
2       SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JANUARY 1, 2027]: Sec. 13. "Local taxpayer", as it relates to a  
4       particular county, means any of the following:

5               (1) An individual who resides in that county on the date specified  
6               in IC 6-3.6-8-3.

7               (2) An individual who:

8                       (A) maintains the taxpayer's principal place of business or  
9                       employment in that county on the date specified in  
10                      IC 6-3.6-8-3 and who does not reside on that same date in  
11                      another county in Indiana in which a tax under this article is in  
12                      effect; or

13                     (B) for purposes of section 19 of this chapter, maintains the  
14                     taxpayer's principal place of business or employment in  
15                     that county on the date specified in IC 6-3.6-8-3 and who  
16                     resides on that same date in another county in Indiana in  
17                     which a tax under this article is in effect.



(3) An individual who:

(A) has income apportioned to Indiana as:

(i) a team member under IC 6-3-2-2.7; or

(ii) a race team member under IC 6-3-2-3.2;

for services rendered in the county; and

(B) is not described in subdivision (1) or (2).

SECTION 2. IC 6-3.6-2-13, AS AMENDED BY P.L.68-2025,  
SECTION 100, IS AMENDED TO READ AS FOLLOWS  
[EFFECTIVE JANUARY 1, 2028]: Sec. 13. "Local taxpayer" means  
any of the following:

(1) As it relates to a particular county (or municipality in the case  
of a local income tax imposed under IC 6-3.6-6-22), an individual  
who resides in that county (or municipality in the case of a local  
income tax imposed under IC 6-3.6-6-22) on the date specified in  
IC 6-3.6-8-3.

(2) As it relates to a particular county an individual who:

(A) maintains the taxpayer's principal place of business or  
employment in that county on the date specified in  
IC 6-3.6-8-3 and who does not reside on that same date in  
another county in Indiana in which a tax under this article is in  
effect; **or**

**(B) for purposes of section 19 of this chapter, maintains the  
taxpayer's principal place of business or employment in  
that county on the date specified in IC 6-3.6-8-3 and who  
resides on that same date in another county in Indiana in  
which a tax under this article is in effect.**

However, for purposes of a local income tax imposed by a  
municipality under IC 6-3.6-6-22, the term does not include an  
individual described in this subdivision.

(3) As it relates to a particular county, and only for purposes of a  
rate imposed by a county under 6-3.6-6-2(b)(3), the term includes  
an individual who:

(A) has income apportioned to Indiana as:

(i) a team member under IC 6-3-2-2.7; or

(ii) a race team member under IC 6-3-2-3.2;

for services rendered in the county; and

(B) is not described in subdivision (1) or (2).

SECTION 3. IC 6-3.6-2-19 IS ADDED TO THE INDIANA CODE  
AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
JANUARY 1, 2027]: **Sec. 19. (a) This section applies only to a local  
taxpayer as defined in section 13 of this chapter.**

**(b) This section applies if a local taxpayer is obligated in the**



1 same calendar year to pay:

2 (1) a local income tax in a county where the local taxpayer has  
3 a principal place of business or employment; and

4 (2) a tax in a county where the local taxpayer resides.

5 (c) Notwithstanding any other provision of this article, the local  
6 income tax rate in effect for a local taxpayer in the county where  
7 the local taxpayer maintains the local taxpayer's principal place of  
8 business or employment is twenty-five percent (25%) of the sum of  
9 the local income tax rates imposed on the adjusted gross income of  
10 local taxpayers who reside in the county where the local taxpayer  
11 maintains the local taxpayer's principal place of business or  
12 employment (excluding any rates imposed under IC 6-3.6-7).

13 (d) A local taxpayer is entitled to a credit against the tax  
14 imposed by a county under subsection (c) in the county where the  
15 local taxpayer resides.

16 (e) The amount of the credit is equal to the amount of the tax  
17 paid under subsection (c) in the county where the local taxpayer  
18 has a principal place of business or employment.

19 SECTION 4. [EFFECTIVE JANUARY 1, 2027] (a) IC 6-3.6-2-19,  
20 as added by this act, applies only to taxable years beginning after  
21 December 31, 2026.

22 (b) This SECTION expires January 1, 2030.

