
HOUSE BILL No. 1144

AM114401 has been incorporated into introduced printing.

Synopsis: Tourism improvement districts.

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Introduced

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. 1144

A BILL FOR AN ACT to amend the Indiana Code concerning economic development.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 36-7-42.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW CHAPTER** TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2026]:

4 **Chapter 42.5. Tourism Improvement Districts**

5 **Sec. 1. This chapter applies to all units except townships.**

6 **Sec. 2. As used in this chapter, "activities" means any**
7 **programs or services that promote business activity or tourism**
8 **activity and are provided to confer specific benefits upon the**
9 **businesses that are located in the tourism improvement district.**

10 **Sec. 3. As used in this chapter, "district" means a tourism**
11 **improvement district established by an ordinance adopted under**
12 **section 13 of this chapter.**

13 **Sec. 4. As used in this chapter, "district management**
14 **association" means a private nonprofit entity designated in the**
15 **district plan that enters into a contract with a unit to administer**

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1 **and implement the district's activities and improvements.**

2 **Sec. 5. As used in this chapter, "district plan" means a**
 3 **proposal for a district that contains the information described in**
 4 **section 9(c) of this chapter.**

5 **Sec. 6. As used in this chapter, "improvements" means the**
 6 **acquisition, construction, installation, or maintenance of any**
 7 **tangible property in the district with an estimated useful life of five**
 8 **(5) years or more.**

9 **Sec. 7. As used in this chapter, "legislative body" has the**
 10 **meaning set forth in IC 36-1-2-9.**

11 **Sec. 8. As used in this chapter, "owner" refers to any person**
 12 **recognized by the unit as the owner of a business within the**
 13 **district, without regard to whether the person is the owner of the**
 14 **real property on which the business is located.**

15 **Sec. 9. (a) A person that intends to file a petition for the**
 16 **establishment of a district under this section must first provide**
 17 **written notice to the clerk (as defined in IC 36-1-2-4) in the case of**
 18 **a municipality, or the county auditor in the case of a county, of the**
 19 **person's intent before initiating the petition process.**

20 **(b) A petition for the establishment of a district may be filed**
 21 **with the clerk of the municipality or the county auditor not later**
 22 **than one hundred twenty (120) days after the date on which the**
 23 **notice of intent for the petition is filed with the clerk of the**
 24 **municipality or the county auditor under subsection (a). The**
 25 **petition shall include the name and legal status of the filing party**
 26 **and the district plan.**

27 **(c) The district plan shall include at least the following:**

28 **(1) The name of the proposed district.**

29 **(2) Subject to section 9.5 of this chapter, a map of the**
 30 **proposed district, including a description of the boundaries**
 31 **of the district in a manner sufficient to identify the**
 32 **businesses included.**

33 **(3) The proposed source or sources of financing, including:**

34 **(A) the proposed method and basis of levying the special**
 35 **assessment in sufficient detail to allow each owner to**
 36 **calculate the amount of the special assessment that may**
 37 **be levied against the owner's business; and**

38 **(B) whether the district may issue bonds to finance**
 39 **improvements.**

40 **(4) A list of the businesses to be assessed and a statement of**
 41 **the manner in which the expenses of a district using a**
 42 **method allowed under section 11 of this chapter will be**



1 imposed upon a benefited business in proportion to the
2 benefit received by the business, including costs for operation
3 and maintenance.

4 (5) For purposes of imposing the special assessment and
5 determining the benefits of the district's activities and
6 improvements, a classification of the types of businesses
7 within the proposed district. The classification may include
8 the following variations in the assessment formula:

9 (A) Square footage of the business.
10 (B) Number of employees.
11 (C) Geography.
12 (D) Gross sales.
13 (E) Other similar factors that reasonably relate to the
14 benefit received.

15 (6) An estimate of the amount of revenue needed to
16 accomplish or pay for the district's proposed activities and
17 improvements.

18 (7) Subject to section 9.5 of this chapter, a statement
19 identifying the district management association, including
20 the district management association's board of directors and
21 governance structure and any proposed rules or regulations
22 that may be applicable to the district.

23 (8) A statement indicating where a complete copy of the
24 district plan, whether in hard copy or electronic form, may
25 be obtained or accessed.

26 (9) Any other item or matter required to be incorporated in
27 the district plan by the unit's legislative body. The legislative
28 body may require in the district plan that the boundaries of
29 the district be drawn to:

30 (A) exclude businesses; or
31 (B) prevent overlap of the district with another district
32 or area in which a special assessment is imposed.

33 Sec. 9.5. Owners of the following property may not be included
34 within the territory of a district and the owners of such property
35 shall not be considered in determining whether the petition
36 signature requirements under section 13 of this chapter are met:

37 (1) Any property that receives a homestead standard
38 deduction under IC 6-1.1-12-37.
39 (2) Any property that is used for single family residential
40 housing.
41 (3) Any property that is used for multi-unit residential
42 housing.



1 **In addition, the property described in this section shall not be
2 subject to a special assessment under this chapter.**

3 **Sec. 10. Subject to section 9.5 of this chapter, the territory of
4 a tourism improvement district:**

5 **(1) in the case of a municipality, may include only territory
6 within the municipality; or**

7 **(2) in the case of a county, may include only territory of the
8 county that is not within any municipality in the county.**

9 **Sec. 11. (a) A special assessment on businesses located within
10 the district shall be levied on the basis of the estimated benefit to
11 the businesses within the district. The unit's legislative body may
12 use the classification of the types of businesses described in section
13 9(c)(5) of this chapter in determining the benefit to a business
14 provided by the district.**

15 **(b) The special assessment that may be levied on businesses
16 located within the district may take any form that confers benefits
17 to the assessed business and may include any combination of the
18 following methods:**

19 **(1) A percentage rate per transaction at a business within the
20 district.**

21 **(2) A fixed rate per transaction per day at a business within
22 the district.**

23 **(3) A percentage of gross sales at a business within the
24 district.**

25 **(c) The special assessment may be levied on different types of
26 businesses located within the district and is not required to be
27 levied on the same basis or at the same rate.**

28 **Sec. 12. (a) After receipt of a petition under section 9 of this
29 chapter, the clerk of the municipality or the county auditor shall,
30 in the manner provided by IC 5-3-1, publish notice of a hearing on
31 the proposed district. The clerk of the municipality or the county
32 auditor shall mail a copy of the notice to each owner within the
33 proposed district. The notice must include the boundaries of the
34 proposed district, a description of the proposed activities and
35 improvements, the proposed formula for determining the
36 percentage of the total benefit to be received by each business, the
37 method of determining the benefit received by each business, and
38 the hearing date. The date of the hearing may not be more than
39 sixty (60) days after the date on which the notice is mailed.**

40 **(b) At the public hearing under subsection (a), the legislative
41 body shall hear all owners in the proposed district (who appear
42 and request to be heard) upon the questions of:**



- (1) the sufficiency of the notice;
- (2) whether the proposed activities and improvements are of public utility and benefit;
- (3) whether the formula or method to be used for the assessment of special benefits is appropriate;
- (4) whether the district contains all, or more or less than all, of the territory specially benefited by the activities and improvements; and
- (5) whether each individual business owner:
 - (A) that did not sign to approve the petition; and
 - (B) would be subject to the assessment of the district that has otherwise reached the approval threshold;

16 Sec. 13. (a) After conducting a hearing on the proposed
17 district, the legislative body may adopt an ordinance establishing
18 the district if it determines that:

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1 **determines is reasonable as it relates to the operation of the**
 2 **district.**

3 **For purposes of subdivision (2), the collection of special**
 4 **assessments under this chapter may occur at the same time and in**
 5 **the same manner as for an innkeeper's tax under IC 6-9, including**
 6 **the application of any enforcement mechanisms and interest and**
 7 **penalty attributable to innkeeper's taxes under IC 6-9-29.**

8 **(d) The adoption of an ordinance establishing a district does**
 9 **not affect and may not be construed to authorize any decrease in**
 10 **the level of publicly funded tourism promotion services that existed**
 11 **before the district's establishment.**

12 **Sec. 14. (a) The unit's fiscal officer shall establish a special**
 13 **fund, known as the tourism improvement fund, and shall deposit**
 14 **in the tourism improvement fund all special assessments received**
 15 **under this chapter and any other amounts received by the fiscal**
 16 **officer.**

17 **(b) The unit's fiscal officer may transfer money in the tourism**
 18 **improvement fund to the district management association to be**
 19 **used only for the purposes specified in the ordinance establishing**
 20 **the district. Any bonds issued under this chapter are payable solely**
 21 **from special assessments deposited in the tourism improvement**
 22 **fund and other revenues of the district.**

23 **(c) Any money earned from investment of money in the**
 24 **tourism improvement fund becomes a part of the tourism**
 25 **improvement fund.**

26 **Sec. 15. (a) The unit shall contract with the district**
 27 **management association designated in the district plan to**
 28 **administer and implement the district's activities and**
 29 **improvements.**

30 **(b) The district management association may be either an**
 31 **existing nonprofit corporation or a newly formed nonprofit**
 32 **corporation. If the district management association is a new**
 33 **nonprofit corporation created to manage the district, the certificate**
 34 **of incorporation or bylaws of the district management association**
 35 **shall provide for voting representation of owners within the**
 36 **district. If the district management association is an existing**
 37 **nonprofit corporation, the existing nonprofit corporation may**
 38 **create a committee of district owners or owners' representatives.**

39 **(c) The district management association may make**
 40 **recommendations to the unit's legislative body with respect to any**
 41 **matter involving or relating to the district.**

42 **(d) The unit's legislative body, for any consideration that it**



1 **considers appropriate, may license or grant to the district**
 2 **management association the right to undertake or permit**
 3 **commercial activities or other private uses of the streets or other**
 4 **parts of the district in which the unit has any real property**
 5 **interest.**

6 **Sec. 16. (a) A district may issue bonds to provide**
 7 **improvements. The term of any bonds issued may not exceed ten**
 8 **(10) years. If a district is renewed under section 17 of this chapter,**
 9 **the term of any bonds issued may not exceed ten (10) years from**
 10 **the date of renewal.**

11 **(b) Bonds issued under this chapter do not constitute an**
 12 **indebtedness of the unit within the meaning of a constitutional or**
 13 **statutory debt limitation.**

14 **Sec. 17. (a) The initial term for a district shall be at least three**
 15 **(3) years and not more than ten (10) years.**

16 **(b) A district may be renewed for one (1) additional period of**
 17 **not more than ten (10) years by following the procedures for the**
 18 **initial establishment of a district as set forth in sections 9 through**
 19 **13 of this chapter.**

20 **(c) If a district is renewed, any remaining revenues derived**
 21 **from the levy of a special assessment, or any revenues derived from**
 22 **the sale of assets acquired with the revenues, shall be transferred**
 23 **to the renewed district. The following apply to the transfer of any**
 24 **remaining revenues of a renewed district:**

25 **(1) If the renewed district includes a business not included in**
 26 **the prior district, the remaining revenues shall be spent to**
 27 **benefit only the business in the prior district.**

28 **(2) If the renewed district does not include a business**
 29 **included in the prior district, the remaining revenues**
 30 **attributable to the parcel shall be refunded to the owners of**
 31 **the business by applying the method the district used under**
 32 **section 11 of this chapter to calculate the special assessment**
 33 **before the renewal.**

34 **(d) The boundaries, special assessments, improvements, or**
 35 **activities of a renewed district are not required to be the same as**
 36 **the original or prior district.**

37 **Sec. 18. An ordinance adopted under section 13 of this chapter**
 38 **may be amended if notice of the proposed amendment is published**
 39 **and mailed in the manner provided by section 12 of this chapter.**
 40 **However, if an amendment proposes to:**

41 **(1) levy a new or increased special assessment;**
 42 **(2) change the district's boundaries; or**



5 **Sec. 19. (a) During the operation of the district, there shall be**
6 **a thirty (30) day period, beginning one (1) year after the date of the**
7 **district's establishment and in each year thereafter, in which the**
8 **owners may request dissolution of the district in accordance with**
9 **this section.**

22 district.

23 (d) The unit's legislative body shall first adopt a resolution of
24 intention to dissolve the district before the public hearing to
25 dissolve a district under this section. The resolution of intention
26 must include each of the following items:

27 (1) The reason for the dissolution.

(2) The time and place of the public hearing.

(3) A proposal to dispose of any assets acquired with the revenues of the special assessments levied within the district.

31 **The notice of the hearing on the resolution of intent to dissolve the**
32 **district shall be published in the manner provided by IC 5-3-1 and**
33 **must also be given by mail to the owner of each business subject to**
34 **a special assessment in the district. The legislative body shall**
35 **conduct the public hearing on the resolution of intention to dissolve**
36 **the district not later than thirty (30) days after the date the notice**
37 **is mailed to the assessed owners.**



1 **that established the district.**

2 **Sec. 20. (a) The district management association shall submit**
 3 **an annual report to the legislative body and the fiscal body before**
 4 **January 1 of each year, beginning in the year after the first year of**
 5 **the district's establishment.**

6 **(b) The report shall contain the following information:**

7 **(1) The use of revenue collected from special assessments**
 8 **levied under this chapter for that year.**

9 **(2) The activities and improvements to be provided for the**
 10 **ensuing year and an estimate of the cost of providing the**
 11 **activities and improvements for the ensuing year.**

12 **(3) The estimated amount of any surplus or deficit revenues**
 13 **to be carried over from the prior year.**

14 **Sec. 21. (a) Upon the dissolution or expiration without renewal**
 15 **of a district, any remaining revenues, after all outstanding debts**
 16 **are paid, derived from the:**

17 **(1) levy of special assessments; or**

18 **(2) sale of assets acquired with the revenues of the district or**
 19 **from bond reserve funds or construction funds;**

20 **shall be refunded to the owners located within the district on or**
 21 **before the date of the district's dissolution or expiration without**
 22 **renewal.**

23 **(b) The amount of the refund provided under subsection (a) to**
 24 **an owner shall be determined by applying the method the district**
 25 **used under section 11 of this chapter to calculate the special**
 26 **assessment in the year:**

27 **(1) in which the district was dissolved or allowed to expire**
 28 **without renewal; or**

29 **(2) before the district was dissolved or allowed to expire**
 30 **without renewal if a special assessment had not been levied.**

31 **However, in lieu of providing a refund, the unit's legislative body**
 32 **may instead elect to spend any remaining revenues on activities**
 33 **and improvements specified in the ordinance that established the**
 34 **district before its dissolution or expiration without renewal.**

35 **(c) Any liabilities incurred by the district are not an obligation**
 36 **of the unit and are payable solely from the collection of special**
 37 **assessments deposited in the special fund under section 14 of this**
 38 **chapter and other revenues of the district.**

39 **Sec. 22. Notwithstanding any other provision of this chapter,**
 40 **special assessments levied to pay the principal and interest on any**
 41 **bonds issued under this chapter may not be reduced or terminated**
 42 **if doing so would interfere with the timely retirement of the debt.**



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