

HOUSE BILL No. 1309

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7-2-15.

Synopsis: Local regulation of no impact home based businesses.
Limits municipal regulation of a no impact home based business.

Effective: July 1, 2026.

Morris, Teshka, VanNatter, Judy

January 6, 2026, read first time and referred to Committee on Local Government.



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. 1309

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

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

1 SECTION 1. IC 36-7-2-15 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2026]: **Sec. 15. (a) The following definitions apply throughout**
4 **this section:**

5 (1) "Goods" means merchandise, equipment, products,
6 supplies, or materials.

7 (2) "Home based business" means a business:

8 (A) for the manufacture, provision, or sale of goods or
9 services; and

10 (B) that is owned and operated by:

11 (i) the owner; or

12 (ii) a tenant;

13 of a residential dwelling.

14 (3) "No impact home based business" means a home based
15 business to which all of the following apply:

16 (A) The total number of on-site employees and clients do
17 not exceed the municipal occupancy limit for the



- 1 residential dwelling.
- 2 (B) The business activities:
- 3 (i) are limited to the legal sale of goods and services;
- 4 (ii) do not generate on-street parking or a substantial
- 5 increase in traffic through the residential area;
- 6 (iii) occur inside the residential dwelling or in the yard;
- 7 and
- 8 (iv) are not visible from the street.
- 9 (b) The use of a residential dwelling for a no impact home based
- 10 business is a permitted use. A municipality may not:
- 11 (1) prohibit a no impact home based business; or
- 12 (2) require a person to apply, register, or obtain:
- 13 (A) a permit;
- 14 (B) a license;
- 15 (C) a variance; or
- 16 (D) any other type of approval;
- 17 from the municipality to operate a no impact home based business.
- 18 (c) This section does not supersede any of the following:
- 19 (1) A deed restriction, covenant, or agreement restricting the
- 20 use of land.
- 21 (2) A deed, bylaw, or other document of a homeowners
- 22 association or condominium association.
- 23 (d) A municipality may establish reasonable regulations for a no
- 24 impact home based business, if the regulations are narrowly
- 25 tailored for any of the following purposes:
- 26 (1) The protection of public health and safety, including rules
- 27 and regulations related to:
- 28 (A) fire and building codes;
- 29 (B) health and sanitation;
- 30 (C) transportation or traffic control;
- 31 (D) solid or hazardous waste; and
- 32 (E) pollution and noise control.
- 33 (2) Ensuring that the business activity is:
- 34 (A) compatible with residential use of the property and
- 35 surrounding residential use;
- 36 (B) secondary to the use as a residential dwelling;
- 37 (C) complying with state and federal law; and
- 38 (D) paying applicable taxes.
- 39 (3) Limiting or prohibiting the use of a no impact home based
- 40 business for the following purposes:
- 41 (A) To operate a structured sober living home.
- 42 (B) To manufacture, exhibit, distribute, or sell illegal



1 drugs, liquor, pornography, or obscenity.

2 (C) To operate an adult entertainment establishment (as
3 defined in IC 12-7-2-1.8).

4 (e) A municipality may not require a person as a condition of
5 operating a no impact home based business to:

6 (1) rezone the property for commercial use; or

7 (2) install or equip fire sprinklers in a:

8 (A) single family detached residential dwelling; or

9 (B) residential dwelling with not more than two (2)
10 dwelling units.

11 (f) The question of whether a regulation complies with this
12 section shall be subject to judicial review. The municipality
13 enacting the regulation must establish by clear and convincing
14 evidence that the regulation complies with this section.

