

## SENATE BILL No. 218

---

### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-20.6; IC 6-2.5-11; IC 6-3.5-12; IC 6-3.6; IC 6-8.1-1-1; IC 6-9.

**Synopsis:** Circuit breaker credits for homesteads. Authorizes the fiscal body of a county, city, or town (municipality) to reduce its homestead property tax cap. Requires the reduced property tax cap to apply only in determining the net property tax revenue of the municipality that adopted it and not to any other taxing unit within the taxing district. Authorizes a municipality that has adopted a reduced homestead property tax cap to adopt any of the following local option taxes, either singly or in combination, the revenue from which must be used as property tax replacement revenue due to the reduced homestead property tax cap: (1) Local option sales tax. (2) Supplemental local income tax. (3) Supplemental innkeeper's tax. (4) Supplemental food and beverage tax. Makes conforming changes and removes obsolete provisions. Makes an appropriation.

**Effective:** July 1, 2026.

---

---

### Buck, Niemeyer

---

---

January 8, 2026, read first time and referred to Committee on Tax and Fiscal Policy.

---

---



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.

## SENATE BILL No. 218

---

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

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

1 SECTION 1. IC 6-1.1-20.6-3, AS AMENDED BY P.L.68-2025,  
2 SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2026]: Sec. 3. As used in this chapter, "property tax liability"  
4 means, for purposes of:

5 (1) this chapter, other than section 7.7 or 8.5 of this chapter,  
6 liability for the tax imposed on property under this article  
7 determined after application of all credits and deductions under  
8 this article or IC 6-3.6, except the credit granted by section 7 or  
9 7.5 of this chapter, but does not include any interest or penalty  
10 imposed under this article;  
11 (2) section 8.5 of this chapter, liability for the tax imposed on  
12 property under this article determined after application of all  
13 credits and deductions under this article or IC 6-3.6, including the  
14 credits granted by sections 7, 7.5 and 7.7 of this chapter, but not  
15 including the credit granted under section 8.5 of this chapter or  
16 any interest or penalty imposed under this article; and  
17 (3) section 7.7 of this chapter, liability for the tax imposed on



1                   property under this article determined after application of all  
 2 credits and deductions under this article or IC 6-3.6, including the  
 3 credit granted by section 7 or 7.5 of this chapter, but not including  
 4 the credits granted under section 7.7 or 8.5 of this chapter or any  
 5 interest or penalty imposed under this article.

6                   SECTION 2. IC 6-1.1-20.6-7 IS REPEALED [EFFECTIVE JULY  
 7 1, 2026]. ~~Sec. 7.~~ (a) This subsection applies to property taxes first due  
 8 and payable in 2009. A person is entitled to a credit against the person's  
 9 property tax liability for property taxes first due and payable in 2009.  
 10 The amount of the credit is the amount by which the person's property  
 11 tax liability attributable to the person's:

- 12                   (1) homestead exceeds one and five-tenths percent (1.5%);  
 13                   (2) residential property exceeds two and five-tenths percent  
 14 (2.5%);  
 15                   (3) long term care property exceeds two and five-tenths percent  
 16 (2.5%);  
 17                   (4) agricultural land exceeds two and five-tenths percent (2.5%);  
 18                   (5) nonresidential real property exceeds three and five-tenths  
 19 percent (3.5%); or  
 20                   (6) personal property exceeds three and five-tenths percent  
 21 (3.5%);

22                   of the gross assessed value of the property that is the basis for  
 23 determination of property taxes for that calendar year.

24                   (b) This subsection applies to property taxes first due and payable  
 25 in 2009. Property taxes imposed after being approved by the voters in  
 26 a referendum or local public question shall not be considered for  
 27 purposes of calculating a person's credit under this section.

28                   (c) This subsection applies to property taxes first due and payable  
 29 in 2009. As used in this subsection, "eligible county" means only a  
 30 county for which the general assembly determines in 2008 that limits  
 31 to property tax liability under this chapter are expected to reduce in  
 32 2010 the aggregate property tax revenue that would otherwise be  
 33 collected by all units of local government and school corporations in  
 34 the county by at least twenty percent (20%). Property taxes imposed in  
 35 an eligible county to pay debt service or make lease payments for  
 36 bonds or leases issued or entered into before July 1, 2008, shall not be  
 37 considered for purposes of calculating a person's credit under this  
 38 section.

39                   SECTION 3. IC 6-1.1-20.6-7.5, AS AMENDED BY P.L.205-2013,  
 40 SECTION 77, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 41 JULY 1, 2026]: Sec. 7.5. (a) A person is entitled to a credit against the  
 42 person's property tax liability for property taxes first due and payable



1       after 2009. The amount of the credit is the amount by which the  
 2       person's property tax liability attributable to the person's:

- 3       (1) homestead exceeds one percent (1%), **except as provided in**  
 4       **subsection (c);**
- 5       (2) residential property exceeds two percent (2%);
- 6       (3) long term care property exceeds two percent (2%);
- 7       (4) agricultural land exceeds two percent (2%);
- 8       (5) nonresidential real property exceeds three percent (3%); or
- 9       (6) personal property exceeds three percent (3%);

10      of the gross assessed value of the property that is the basis for  
 11      determination of property taxes for that calendar year.

12      (b) ~~This subsection applies to property taxes first due and payable~~  
 13      ~~after 2009.~~ Property taxes imposed after being approved by the voters  
 14      in a referendum or local public question shall not be considered for  
 15      purposes of calculating a person's credit under this section.

16      (e) This subsection applies to property taxes first due and payable  
 17      ~~after 2009.~~ As used in this subsection, "eligible county" means only a  
 18      county for which the general assembly determines in 2008 that limits  
 19      to property tax liability under this chapter are expected to reduce in  
 20      2010 the aggregate property tax revenue that would otherwise be  
 21      collected by all units of local government and school corporations in  
 22      the county by at least twenty percent (20%). Property taxes imposed in  
 23      an eligible county:

- 24       (1) to pay debt service:
  - 25       (A) on bonds issued before July 1, 2008; or
  - 26       (B) on bonds that:
    - 27       (i) are issued to refund bonds originally issued before July  
 28       1, 2008; and
    - 29       (ii) have a maturity date that is not later than the maturity  
 30       date of the bonds refunded;
  - 31       (2) to make lease payments on leases entered into before July 1,  
 32       2008, to secure bonds;
  - 33       (3) to make lease payments on leases:
    - 34       (A) that are amended to refund bonds secured by leases  
 35       entered into before July 1, 2008; and
    - 36       (B) that have a term that is not longer than the term of the  
 37       leases amended; or
  - 38       (4) to make lease payments on leases:
    - 39       (A) that secure bonds:
      - 40       (i) issued to refund bonds originally issued before July 1,  
 41       2008; and
      - 42       (ii) that have a maturity date that is not later than the



(c) The fiscal body of a county, city, or town may adopt an ordinance to reduce the property tax liability percentage cap set forth in subsection (a)(1) for homesteads to a percentage that is less than one percent (1%) but not less than zero percent (0%). The following apply if a fiscal body adopts an ordinance under this subsection:

15 (2) The reduced property tax liability percentage cap shall  
16 apply to taxes first due and payable in the ensuing year  
17 following the adoption of the ordinance and each year  
18 thereafter that the ordinance remains in effect.

25 (4) If a county fiscal body adopts an ordinance under this  
26 subsection or rescinds an ordinance previously adopted, the  
27 county fiscal body shall, not later than fifteen (15) days after  
28 the adoption of the ordinance, give notice of the adoption of  
29 the ordinance to:

33 SECTION 4. IC 6-1.1-20.6-9.8, AS AMENDED BY P.L.9-2024,  
34 SECTION 171, IS AMENDED TO READ AS FOLLOWS  
35 [EFFECTIVE JULY 1, 2026]: Sec. 9.8. (a) This section applies to  
36 property taxes first due and payable after December 31, 2009.

37 (b) The following definitions apply throughout this section:

38 (1) "Debt service obligations of a political subdivision" refers to:  
39 (A) the principal and interest payable during a calendar year  
40 on bonds; and  
41 (B) lease rental payments payable during a calendar year on  
42 leases;



1 of a political subdivision payable from ad valorem property taxes.  
2

3 (2) "Protected taxes" refers to the following:  
4

5 (A) Property taxes that are exempted from the application of  
6 a credit granted under section 7 or 7.5 of this chapter by  
7 section 7(b), 7(c), 7.5(b) or 7.5(c) of this chapter or another  
8 law.

9 (B) Property taxes imposed by a political subdivision to pay  
10 for debt service obligations of a political subdivision that are  
11 not exempted from the application of a credit granted under  
12 section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b) or  
13 7.5(c) of this chapter or any other law. Property taxes  
14 described in this clause are subject to the credit granted under  
15 section 7 or 7.5 of this chapter by section 7(b), 7(c), 7.5(b) or  
16 7.5(c) of this chapter regardless of their designation as  
17 protected taxes.

18 (3) "Unprotected taxes" refers to property taxes that are not  
19 protected taxes.  
20

21 (c) Except as provided in section 9.9 of this chapter, the total  
22 amount of revenue to be distributed to the fund for which the protected  
23 taxes were imposed shall be determined as if no credit were granted  
24 under section 7 or 7.5 of this chapter. The total amount of the loss in  
25 revenue resulting from the granting of credits under section 7 or 7.5 of  
26 this chapter must reduce only the amount of unprotected taxes  
27 distributed to a fund using the following criteria:  
28

29 (1) The reduction may be allocated in the amounts determined by  
30 the political subdivision using a combination of unprotected taxes  
31 of the political subdivision in those taxing districts in which the  
32 credit caused a reduction in protected taxes.  
33

34 (2) The tax revenue and each fund of any other political  
35 subdivisions must not be affected by the reduction.  
36

37 (d) When:  
38

39 (1) the revenue that otherwise would be distributed to a fund  
40 receiving only unprotected taxes is reduced entirely under  
41 subsection (c) and the remaining revenue is insufficient for a fund  
42 receiving protected taxes to receive the revenue specified by  
43 subsection (c); or  
44

45 (2) there is not a fund receiving only unprotected taxes from  
46 which to distribute revenue;  
47

48 the revenue distributed to the fund receiving protected taxes must also  
49 be reduced. If the revenue distributed to a fund receiving protected  
50 taxes is reduced, the political subdivision may transfer money from one  
51 (1) or more of the other funds of the political subdivision to offset the  
52



1 loss in revenue to the fund receiving protected taxes. The transfer is  
2 limited to the amount necessary for the fund receiving protected taxes  
3 to receive the revenue specified under subsection (c). The amount  
4 transferred shall be specifically identified as a debt service obligation  
5 transfer for each affected fund.

6 SECTION 5. IC 6-1.1-20.6-9.9, AS AMENDED BY P.L.236-2023,  
7 SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
8 JULY 1, 2026]: Sec. 9.9. (a) This subsection applies to credits  
9 allocated before January 1, 2024. If:

10 (1) a school corporation after July 1, 2016, issues new bonds or  
11 enters into a new lease rental agreement for which the school  
12 corporation is imposing or will impose a debt service levy other  
13 than:

14 (A) to refinance or renew prior bond or lease rental obligations  
15 existing before January 1, 2017; or  
16 (B) indebtedness that is approved in a local public question or  
17 referendum under IC 6-1.1-20 or any other law; and

18 (2) the school corporation's:

19 (A) total debt service levy is greater than the school  
20 corporation's total debt service levy in 2016; and  
21 (B) total debt service tax rate is greater than the school  
22 corporation's total debt service tax rate in 2016;

23 the school corporation is not eligible to allocate credits proportionately  
24 under this section.

25 (b) This subsection applies to credits allocated after December 31,  
26 2023. A school corporation is not eligible to allocate credits  
27 proportionately under this section, if a school corporation after July 1,  
28 2023, issues new bonds or enters into a new lease rental agreement for  
29 which the school corporation is imposing or will impose a debt service  
30 levy other than:

31 (1) to refinance or renew prior bond or lease rental obligations  
32 existing before January 1, 2024, but only if the refinancing or  
33 renewal is for a lower interest rate; or  
34 (2) indebtedness that is approved in a local public question or  
35 referendum under IC 6-1.1-20 or any other law.

36 (c) Subject to subsection (a) (before January 1, 2024) and  
37 subsection (b) (after December 31, 2023), a school corporation is  
38 eligible to allocate credits proportionately under this section for 2019,  
39 2020, 2021, 2022, 2023, 2024, 2025, or 2026 if the school corporation's  
40 percentage computed under this subsection is at least ten percent (10%)  
41 for its operations fund levy as certified by the department of local  
42 government finance. A school corporation shall compute its percentage



1 under this subsection as determined under the following formula:

2 STEP ONE: Determine the amount of credits granted under this

3 chapter against the school corporation's levy for the school

4 corporation's operations fund.

5 STEP TWO: Determine the amount of the school corporation's

6 levy that is attributable to new debt incurred after June 30, 2019,

7 but is not attributable to the debt service levy described in

8 subsection (a)(1)(B) (before January 1, 2024) or subsection (b)(2)

9 (after December 31, 2023).

10 STEP THREE: Determine the result of the school corporation's

11 total levy minus any referendum levy.

12 STEP FOUR: Subtract the STEP TWO amount from the STEP

13 THREE amount.

14 STEP FIVE: Divide the STEP FOUR amount by the STEP

15 THREE amount expressed as a percentage.

16 STEP SIX: Multiply the STEP ONE amount by the STEP FIVE

17 percentage.

18 STEP SEVEN: Determine the school corporation's levy for the

19 school corporation's operations fund.

20 STEP EIGHT: Divide the STEP SIX amount by the STEP SEVEN

21 amount expressed as a percentage.

22 The computation must be made by taking into account the requirements

23 of section 9.8 of this chapter regarding protected taxes and the impact

24 of credits granted under this chapter on the revenue to be distributed to

25 the school corporation's operations fund for the particular year.

26 (d) A school corporation that desires to be an eligible school

27 corporation under this section must, before May 1 of the year for which

28 it wants a determination, submit a written request for a certification by

29 the department of local government finance that the computation of the

30 school corporation's percentage under subsection (c) is correct. The

31 department of local government finance shall, not later than June 1 of

32 that year, determine whether the percentage computed by the school

33 corporation under subsection (c) is accurate and certify whether the

34 school corporation is eligible under this section.

35 (e) For a school corporation that is certified as eligible under this

36 section, the school corporation may allocate the effect of the credits

37 granted under this chapter proportionately among all the school

38 corporation's property tax funds that are not exempt under section

39 7.5(b) or 7.5(e) of this chapter, based on the levy for each fund and

40 without taking into account the requirements of section 9.8 of this

41 chapter regarding protected taxes as determined under the following

42 formula:



1                   STEP ONE: Determine the product of:

2                   (A) the percentage determined under STEP EIGHT of  
 3                   subsection (c); multiplied by  
 4                   (B) five (5).

5                   STEP TWO: Determine the lesser of the STEP ONE percentage  
 6                   or one hundred percent (100%).

7                   STEP THREE: Determine the product of:

8                   (A) the amount determined under STEP SIX of subsection (c);  
 9                   multiplied by  
 10                  (B) the STEP TWO percentage.

11                  The school corporation may allocate the amount of credits determined  
 12                  under STEP THREE proportionately under this section. The  
 13                  department of local government finance shall include in its certification  
 14                  of an eligible school corporation under subsection (d) the amount of  
 15                  credits that the school corporation may allocate proportionately as  
 16                  determined under this subsection.

17                  (f) This section expires January 1, 2027.

18                  SECTION 6. IC 6-1.1-20.6-13, AS ADDED BY P.L.241-2017,  
 19                  SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 20                  JULY 1, 2026]: Sec. 13. (a) A political subdivision is eligible to  
 21                  allocate credits proportionately under this section if the distressed unit  
 22                  appeal board has approved the waiver request of the emergency  
 23                  manager for the political subdivision under IC 6-1.1-20.3-8.5.

24                  (b) For a political subdivision that has been granted a waiver under  
 25                  IC 6-1.1-20.3-8.5, the political subdivision may allocate the effect of  
 26                  the credits granted under this chapter proportionately among all the  
 27                  political subdivision's property tax funds that are not exempt under  
 28                  section 7.5(b) or 7.5(e) of this chapter, based on the levy for each fund  
 29                  and without taking into account the requirements of section 9.8 of this  
 30                  chapter regarding protected taxes.

31                  SECTION 7. IC 6-2.5-11-2 IS AMENDED TO READ AS  
 32                  FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. As used in this  
 33                  chapter:

34                  (1) "Agreement" means the Streamlined Sales and Use Tax  
 35                  Agreement.

36                  (2) "Certified automated system" means software certified jointly  
 37                  by the states that are signatories to the agreement to calculate the  
 38                  tax imposed by each jurisdiction on a transaction, to determine  
 39                  the amount of tax to remit to the appropriate state, and to maintain  
 40                  a record of the transaction.

41                  (3) "Certified service provider" means an agent certified jointly by  
 42                  the states that are signatories to the agreement to perform all of



the seller's sales tax functions.

(4) "Person" means an individual, a trust, an estate, a fiduciary, a partnership, a limited liability company, a limited liability partnership, a corporation, or any other legal entity.

(5) "Sales tax" means:

- (A) the state gross retail tax levied under IC 6-2.5; and
- (B) the local option gross retail tax imposed under IC 6-3.5-12.

(6) "Seller" means any person making sales, leases, or rentals of personal property or services.

(7) "State" means any state of the United States and the District of Columbia.

(8) "Use tax" means the use tax levied under JC 6-2.5

(c) Use tax means the use tax levied under IC 6-2.5.

SECTION 8. IC 6-2.5-11-13 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 13. (a) As used in this section, "local taxing jurisdiction" means the taxing jurisdiction of a political subdivision.

**(b)** As used in this section, "taxing jurisdiction" means the geographical territory of the state or a political subdivision in which a sales or use tax is in effect.

(c) The department shall maintain a data base that describes boundary changes for all local taxing jurisdictions. The data base must include a description of each change and the effective date of the change.

(d) The department shall maintain a data base of all sales and use tax rates for each jurisdiction in Indiana that levies a sales or use tax. The state and each political subdivision in the data base must be identified by codes that conform with Federal Information Processing Standards, as developed by the National Institute of Standards and Technology.

(e) The department shall maintain a data base that assigns to each five (5) digit and nine (9) digit ZIP code in Indiana the taxing jurisdictions within the ZIP code that levy a sales or use tax in the taxing jurisdiction.

**(f) The department shall maintain the data bases described in subsections (c) through (e) in accordance with the requirements of the agreement.**

(g) The department shall allow sellers and certified service providers access to the data bases described in subsections (c) through (e).

**(h) The department may contract with a vendor to maintain the**



1       **data bases that the department is required to maintain under this**  
 2       **section.**

3       SECTION 9. IC 6-2.5-11-14 IS ADDED TO THE INDIANA CODE  
 4       AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 5       1, 2026]: Sec. 14. (a) Except as provided in subsection (b), a seller  
 6       or certified service provider is not liable for the tax, penalties, and  
 7       interest associated with charging and collecting the incorrect  
 8       amount of sales or use tax for a retail transaction if:

9           (1) the seller or certified service provider has relied on  
 10       erroneous data provided by the department in the data base  
 11       described in section 13(e) of this chapter; and

12           (2) the erroneous data provided by the department in the data  
 13       base described in section 13(e) of this chapter is the reason  
 14       that the seller or certified service provider charged and  
 15       collected the incorrect amount of sales or use tax on the retail  
 16       transaction.

17       (b) If the department:

18           (1) corrects the errors in the data base described in section  
 19       13(e) of this chapter; and

20           (2) provides the seller or certified service provider with notice  
 21       of the corrected data;

22       the relief provided by subsection (a) ceases ten (10) days after the  
 23       seller or certified service provider receives the department's notice  
 24       of corrected data.

25       SECTION 10. IC 6-3.5-12 IS ADDED TO THE INDIANA CODE  
 26       AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 27       JULY 1, 2026]:

28       **Chapter 12. Local Option Gross Retail Tax**

29       **Sec. 1. This chapter applies only to a county or municipality that**  
 30       **adopts an ordinance to reduce the homestead property tax cap**  
 31       **within its taxing jurisdiction under IC 6-1.1-20.6-7.5(c).**  
 32       **Notwithstanding any other provision of this chapter, a local option**  
 33       **gross retail tax may be imposed by a county or municipality under**  
 34       **this chapter only during those calendar years in which the reduced**  
 35       **homestead property tax cap is applied under IC 6-1.1-20.6-7.5(c)**  
 36       **in the county or municipality for property taxes first due and**  
 37       **payable in the year.**

38       **Sec. 2. Except as otherwise provided in this chapter, the**  
 39       **definitions set forth in:**

40           (1) IC 6-2.5-1; and

41           (2) IC 36-1-2;

42       **apply throughout this chapter.**



1       **Sec. 3. As used in this chapter, "adopting county or**  
 2       **municipality" means a county or municipality that has adopted the**  
 3       **local option gross retail tax.**

4       **Sec. 4. As used in this chapter, "gross retail income" has the**  
 5       **meaning set forth in IC 6-2.5-1-5, except that the term does not**  
 6       **include taxes imposed under IC 6-2.5 or IC 6-9.**

7       **Sec. 5. As used in this chapter, "local option gross retail tax**  
 8       **district" of an adopting county or municipality means the**  
 9       **geographic territory in which the local option gross retail tax**  
 10       **adopted by the adopting county or municipality is imposed.**

11       **Sec. 6. As used in this chapter, "municipality" means a city or**  
 12       **town.**

13       **Sec. 7. Using procedures described in this chapter, the fiscal**  
 14       **body of a county or municipality may adopt an ordinance to**  
 15       **impose or rescind the local option gross retail tax in the local**  
 16       **option gross retail tax district of the county or municipality.**

17       **Sec. 8. (a) An ordinance imposing the local option gross retail**  
 18       **tax under this chapter must specify the tax rate to be imposed**  
 19       **under this chapter, not to exceed one percent (1%).**

20       **(b) An ordinance imposing the local option gross retail tax**  
 21       **under this chapter must specify the date the local option gross**  
 22       **retail tax takes effect. A tax imposed under this chapter must take**  
 23       **effect on the first day of a calendar quarter. A tax imposed under**  
 24       **this chapter may not take effect until at least sixty (60) days after**  
 25       **the date the ordinance imposing the tax is adopted.**

26       **(c) An ordinance to rescind the local option gross retail tax must**  
 27       **specify the date the rescission of the tax takes effect.**

28       **Sec. 9. (a) An ordinance imposing the local option gross retail**  
 29       **tax under this chapter must specify the boundaries of the county or**  
 30       **municipality on the effective date of the local option gross retail**  
 31       **tax. The boundaries of the county or municipality on the effective**  
 32       **date of the local option gross retail tax are the initial boundaries of**  
 33       **the local option gross retail tax district of the county or**  
 34       **municipality.**

35       **(b) If at any time the boundaries of an adopting county or**  
 36       **municipality do not coincide with the boundaries of the local option**  
 37       **gross retail tax district of the adopting county or municipality, the**  
 38       **fiscal body of an adopting county or municipality may adopt an**  
 39       **ordinance to alter the boundaries of the local option gross retail tax**  
 40       **district to coincide with the boundaries of the adopting county or**  
 41       **municipality.**

42       **(c) An ordinance adopted under subsection (b) must specify the**



1       **date on which the altered boundaries of the local option gross retail**  
 2       **tax district take effect. The altered boundaries of the local option**  
 3       **gross retail tax district must take effect on the first day of a**  
 4       **calendar quarter. The altered boundaries of the local option gross**  
 5       **retail tax district may not take effect until at least sixty (60) days**  
 6       **after the date on which the ordinance is adopted.**

7       **(d) An ordinance adopted under subsection (b) must specify the**  
 8       **changes to the boundaries of the local option gross retail tax**  
 9       **district of the adopting county.**

10      **Sec. 10. (a) If the fiscal body of a county or municipality adopts**  
 11      **an ordinance under this chapter, the fiscal body of the county or**  
 12      **municipality shall immediately send a certified copy of the**  
 13      **ordinance to the department.**

14      **(b) If:**

15       **(1) the fiscal body of a county or municipality adopts an**  
 16       **ordinance to impose the local option gross retail tax under**  
 17       **section 7 of this chapter; or**

18       **(2) the fiscal body of an adopting county or municipality**  
 19       **adopts an ordinance to change the boundaries of the adopting**  
 20       **municipality's local option gross retail tax district under**  
 21       **section 9 of this chapter;**

22       **the fiscal body shall immediately transmit information concerning**  
 23       **the boundaries of the local option gross retail tax district to the**  
 24       **department in an electronic format prescribed by the department.**

25      **Sec. 11. (a) A tax imposed under this chapter by the fiscal body**  
 26      **of an adopting county or municipality applies only to a retail**  
 27      **transaction that:**

28       **(1) is subject to the state gross retail tax; and**

29       **(2) is sourced to the local option gross retail tax district of the**  
 30       **adopting county or municipality under the sourcing rules of**  
 31       **IC 6-2.5.**

32       **(b) Subsection (a) applies to a local option gross retail tax**  
 33       **throughout the period an ordinance imposing the local option gross**  
 34       **retail tax is in effect. An amendment of the state gross retail tax**  
 35       **applies also to the local option gross retail tax in effect in an**  
 36       **adopting county or municipality on the date the amendment to the**  
 37       **state gross retail tax becomes effective.**

38      **Sec. 12. (a) This section applies to a retail transaction that is**  
 39      **subject to the local option gross retail tax.**

40       **(b) The local option gross retail tax is measured by the gross**  
 41       **retail income received by a retail merchant in a retail unitary**  
 42       **transaction and is imposed at the rate set forth in the ordinance**



1       **imposing the tax. The rate must be stated as a whole percentage**  
 2       **point.**

3       (c) A retail merchant may apply the rounding rule of  
 4       IC 6-2.5-2-2(b) to the unrounded total of:

- 5       (1) the state gross retail tax; plus
- 6       (2) the local option gross retail tax;

7       **that is imposed on a retail transaction.**

8       **Sec. 13. (a) A person who receives goods or services in a retail**  
 9       **transaction that is taxed under this chapter is liable for the tax.**  
 10      **The person shall pay the tax to the retail merchant as a separate**  
 11      **amount added to the consideration for the goods or services. The**  
 12      **retail merchant shall collect the tax as an agent for the state and**  
 13      **the county. The tax imposed under this chapter shall be imposed,**  
 14      **paid, and collected in the same manner in which the state gross**  
 15      **retail tax is imposed, paid, and collected under IC 6-2.5.**

16      (b) A county or municipality that imposes the local option gross  
 17      retail tax under this chapter is prohibited from conducting an audit  
 18      of any retail merchant or purchaser for the purpose of determining  
 19      whether the proper amount of local option gross retail tax has been  
 20      collected or paid.

21      **Sec. 14. (a) A special account within the state general fund shall**  
 22      **be established for each adopting county or municipality that**  
 23      **imposes the local option gross retail tax. Revenue collected under**  
 24      **this chapter within an adopting county or municipality shall be**  
 25      **deposited in that adopting county's or municipality's account in the**  
 26      **state general fund.**

27      (b) Income earned on money held in an account under  
 28      subsection (a) becomes a part of that account.

29      (c) Revenue remaining in an account established under  
 30      subsection (a) at the end of a fiscal year does not revert to the state  
 31      general fund.

32      **Sec. 15. (a) Revenue derived from the imposition of the local**  
 33      **option gross retail tax shall, in the manner prescribed by this**  
 34      **section, be distributed to the adopting county or municipality that**  
 35      **imposed it. Revenue in a county's or municipality's special account**  
 36      **is appropriated to make the distributions required by this chapter.**

37      (b) Before the fifteenth business day of each month, the state  
 38      comptroller shall distribute the amount specified in subsection (c)  
 39      to the fiscal officer of each adopting county or municipality.

40      (c) The amount to be distributed each month to an adopting  
 41      county or municipality under this section is the amount  
 42      accumulated at the end of the previous month in the adopting



1       **county's or municipality's special account established under section  
2       14 of this chapter.**

3       **(d) The state comptroller may adjust the amount specified in  
4       subsection (c) to account for mathematical or clerical errors  
5       involving a previous distribution under this section. At the  
6       discretion of the state comptroller, an adjustment under this  
7       section may be prorated over two (2) or more future distributions  
8       under this section.**

9       **Sec. 16. An adopting county or municipality may use local  
10      option gross retail tax revenue received in a distribution under  
11      section 15 of this chapter only to fund replacement of the county's  
12      or municipality's property tax levy loss due to the adoption of a  
13      reduced homestead property tax cap.**

14       SECTION 11. IC 6-3-6-2-2, AS AMENDED BY P.L.239-2017,  
15       SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
16       JULY 1, 2026]: Sec. 2. "Adjusted gross income" has the meaning set  
17       forth in IC 6-3-1-3.5. However:

18       (1) except as provided in subdivision (3), in the case of a local  
19       taxpayer who is not treated as a resident local taxpayer of a  
20       county, the term includes only adjusted gross income derived  
21       from the taxpayer's principal place of business or employment;  
22       (2) in the case of a resident local taxpayer of Perry County, the  
23       term does not include adjusted gross income described in  
24       IC 6-3-6-8-7; and  
25       (3) in the case of a local taxpayer described in section 13(3) of  
26       this chapter, the term includes only that part of the individual's  
27       total income that:

28       (A) is apportioned to Indiana under IC 6-3-2-2.7 or  
29       IC 6-3-2-3.2; and  
30       (B) is paid to the individual as compensation for services  
31       rendered in the county **(or municipality in the case of a  
32       special rate under IC 6-3-6-7-29)** as a team member or race  
33       team member.

34       SECTION 12. IC 6-3-6-2-2, AS AMENDED BY P.L.68-2025,  
35       SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
36       JANUARY 1, 2028]: Sec. 2. "Adjusted gross income" has the meaning  
37       set forth in IC 6-3-1-3.5. However:

38       (1) in the case of a resident local taxpayer of Perry County, the  
39       term does not include adjusted gross income described in  
40       IC 6-3-6-8-7; and  
41       (2) in the case of a local taxpayer described in section 13(3) of  
42       this chapter, the term includes only that part of the individual's



1 total income that:

2 (A) is apportioned to Indiana under IC 6-3-2-2.7 or  
3 IC 6-3-2-3.2; and

4 (B) is paid to the individual as compensation for services  
5 rendered in the county (or municipality in the case of a local  
6 income tax imposed under ~~IC 6-3-6-22~~) **IC 6-3-6-22 or a  
7 special rate under IC 6-3-6-7-29**) as a team member or race  
8 team member.

9 SECTION 13. IC 6-3-6-2-13, AS AMENDED BY P.L.239-2017,  
10 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
11 JULY 1, 2026]: Sec. 13. "Local taxpayer", as it relates to a particular  
12 county (**or municipality in the case of a special rate under  
13 IC 6-3-6-7-29**) means any of the following:

14 (1) An individual who resides in that county (**or municipality in  
15 the case of a special rate under IC 6-3-6-7-29**) on the date  
16 specified in IC 6-3-6-8-3.

17 (2) An individual who maintains the taxpayer's principal place of  
18 business or employment in that county on the date specified in  
19 IC 6-3-6-8-3 and who does not reside on that same date in another  
20 county in Indiana in which a tax under this article is in effect.  
21 **However, for purposes of a special rate under IC 6-3-6-7-29,  
22 the term does not include an individual described in this  
23 subdivision.**

24 (3) An individual who:

25 (A) has income apportioned to Indiana as:

26 (i) a team member under IC 6-3-2-2.7; or  
27 (ii) a race team member under IC 6-3-2-3.2;

28 for services rendered in the county; and

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

30 SECTION 14. IC 6-3-6-2-13, AS AMENDED BY P.L.68-2025,  
31 SECTION 100, IS AMENDED TO READ AS FOLLOWS  
32 [EFFECTIVE JANUARY 1, 2028]: Sec. 13. "Local taxpayer" means  
33 any of the following:

34 (1) As it relates to a particular county (or municipality in the case  
35 of a local income tax imposed under ~~IC 6-3-6-22~~),  
36 **IC 6-3-6-22 or a special rate under IC 6-3-6-7-29**), an  
37 individual who resides in that county (or municipality in the case  
38 of a local income tax imposed under ~~IC 6-3-6-22~~) **IC 6-3-6-22  
39 or a special rate under IC 6-3-6-7-29**) on the date specified in  
40 IC 6-3-6-8-3.

41 (2) As it relates to a particular county, an individual who  
42 maintains the taxpayer's principal place of business or



1 employment in that county on the date specified in IC 6-3.6-8-3  
 2 and who does not reside on that same date in another county in  
 3 Indiana in which a tax under this article is in effect. However, for  
 4 purposes of a local income tax imposed by a municipality under  
 5 IC 6-3.6-6-22 **or a special rate under IC 6-3.6-7-29**, the term  
 6 does not include an individual described in this subdivision.

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

10 (A) has income apportioned to Indiana as:  
 11 (i) a team member under IC 6-3-2-2.7; or  
 12 (ii) a race team member under IC 6-3-2-3.2;  
 13 for services rendered in the county; and  
 14 (B) is not described in subdivision (1) or (2).

15 SECTION 15. IC 6-3.6-2-15, AS ADDED BY P.L.243-2015,  
 16 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 17 JULY 1, 2026]: Sec. 15. "Resident local taxpayer", as it relates to a  
 18 particular county (**or municipality in the case of a special rate under**  
 19 **IC 6-3.6-7-29**), means any local taxpayer who resides in that county  
 20 (**or municipality in the case of a special rate under IC 6-3.6-7-29**),  
 21 on the date specified in IC 6-3.6-8-3.

22 SECTION 16. IC 6-3.6-2-15, AS AMENDED BY P.L.68-2025,  
 23 SECTION 101, IS AMENDED TO READ AS FOLLOWS  
 24 [EFFECTIVE JANUARY 1, 2028]: Sec. 15. "Resident local taxpayer",  
 25 as it relates to a particular county (or municipality in the case of a local  
 26 income tax imposed under ~~IC 6-3.6-6-22~~, **IC 6-3.6-6-22 or a special**  
 27 **rate under IC 6-3.6-7-29**), means any local taxpayer who resides in  
 28 that county (or municipality in the case of a local income tax imposed  
 29 under ~~IC 6-3.6-6-22~~ **IC 6-3.6-6-22 or a special rate under**  
 30 **IC 6-3.6-7-29**), on the date specified in IC 6-3.6-8-3.

31 SECTION 17. IC 6-3.6-3-1, AS AMENDED BY P.L.137-2024,  
 32 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 33 JULY 1, 2026]: Sec. 1. (a) The following is the adopting body for a  
 34 county:

35 (1) The local income tax council in a county in which the county  
 36 income tax council adopted either:  
 37 (A) a county option income tax under IC 6-3.5-6 (repealed)  
 38 that was in effect on January 1, 2015; or  
 39 (B) a county economic development income tax for the county  
 40 under IC 6-3.5-7 (repealed) that was in effect on January 1,  
 41 2015.  
 42 (2) The county fiscal body in any other county.



(3) The county fiscal body for purposes of adopting a rate dedicated to paying for a PSAP in the county as permitted by IC 6-3.6-6-2.5.

(4) The county fiscal body for purposes of adopting a rate dedicated to paying for acute care hospitals in the county as permitted by IC 6-3.6-6-2.6.

(5) The county fiscal body for purposes of adopting a rate dedicated to paying for correctional facilities and rehabilitation facilities in the county as permitted by JC 6-3.6-6-2.7.

10 (b) A local income tax council is established for each county. The  
11 membership of each county's local income tax council consists of the  
12 fiscal body of the county and the fiscal body of each city or town that  
13 lies either partially or entirely within that county.

17 SECTION 18. IC 6-3.6-3-1, AS AMENDED BY P.L.68-2025,  
18 SECTION 102, IS AMENDED TO READ AS FOLLOWS  
19 [EFFECTIVE JULY 1, 2027]: Sec. 1. (a) The fiscal body of the county  
20 is the adopting body for a county.

24 SECTION 19. IC 6-3.6-3-3.2 IS ADDED TO THE INDIANA  
25 CODE AS A NEW SECTION TO READ AS FOLLOWS  
26 [EFFECTIVE JULY 1, 2026]: Sec. 3.2. (a) This section applies to an  
27 ordinance adopted by a city or town that adopts, increases,  
28 decreases, or rescinds a special rate under IC 6-3.6-7-29.

37 SECTION 20. IC 6-3.6-3-5, AS AMENDED BY P.L.223-2025,  
38 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
39 JULY 1, 2026]: Sec. 5. (a) The auditor of a county **(or the fiscal**  
40 **officer of a municipality in the case of a special rate under**  
41 **IC 6-3.6-7-29)** shall record all votes taken on ordinances presented for  
42 a vote under this article and not more than ten (10) days after the vote,



1       send a certified copy of the results to:  
 2           (1) the commissioner of the department of state revenue; and  
 3           (2) the commissioner of the department of local government  
 4           finance;  
 5       in an electronic format approved by the commissioner of the  
 6       department of local government finance.

7       (b) Except as provided in subsection (c), this subsection applies only  
 8       to a county that has a local income tax council. The county auditor may  
 9       cease sending certified copies after the county auditor sends a certified  
 10      copy of results showing that members of the local income tax council  
 11      have cast a majority of the votes on the local income tax council for or  
 12      against the proposed ordinance.

13      (c) This subsection applies only to a county with a single voting bloc  
 14      that proposes to increase (but not decrease) a tax rate in the county. The  
 15      county auditor may cease sending certified copies of the votes on the  
 16      local income tax council voting as a whole under section 9.5 of this  
 17      chapter after the county auditor sends a certified copy of results  
 18      showing that the individuals who sit on the fiscal bodies of the county,  
 19      cities, and towns that are members of the local income tax council have  
 20      cast a majority of the votes on the local income tax council voting as a  
 21      whole under section 9.5 of this chapter for or against the proposed  
 22      ordinance. This subsection expires May 31, 2027.

23      SECTION 21. IC 6-3.6-3-5, AS AMENDED BY P.L.223-2025,  
 24      SECTION 5, AND AS AMENDED BY P.L.68-2025, SECTION 106,  
 25      AND AS AMENDED BY THE TECHNICAL CORRECTIONS BILL  
 26      OF THE 2026 GENERAL ASSEMBLY, IS CORRECTED AND  
 27      AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2027]:  
 28      Sec. 5. ~~(a)~~ The auditor of a county *(or the fiscal officer of a  
 29      municipality in the case of a local income tax imposed under  
 30      IC 6-3.6-6-22)* **IC 6-3.6-6-22 or a special rate under IC 6-3.6-7-29**  
 31      shall record all votes taken on ordinances presented for a vote under  
 32      this article and not more than ten (10) days after the vote, send a  
 33      certified copy of the results to:

34           (1) the commissioner of the department of state revenue; and  
 35           (2) the commissioner of the department of local government  
 36           finance;

37       in an electronic format approved by the commissioner of the  
 38       department of local government finance.

39      ~~(b) Except as provided in subsection (c), this subsection applies  
 40      only to a county that has a local income tax council. The county  
 41      auditor may cease sending certified copies after the county auditor  
 42      sends a certified copy of results showing that members of the local~~



1        *income tax council have cast a majority of the votes on the local*  
 2        *income tax council for or against the proposed ordinance.*

3        *(c) This subsection applies only to a county with a single voting*  
 4        *bloc that proposes to increase (but not decrease) a tax rate in the*  
 5        *county. The county auditor may cease sending certified copies of the*  
 6        *votes on the local income tax council voting as a whole under section*  
 7        *9.5 of this chapter after the county auditor sends a certified copy of*  
 8        *results showing that the individuals who sit on the fiscal bodies of the*  
 9        *county, cities, and towns that are members of the local income tax*  
 10        *council have cast a majority of the votes on the local income tax*  
 11        *council voting as a whole under section 9.5 of this chapter for or*  
 12        *against the proposed ordinance. This subsection expires May 31, 2027.*

13        SECTION 22. IC 6-3.6-7-29 IS ADDED TO THE INDIANA CODE  
 14        AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 15        1, 2026]: Sec. 29. (a) This section applies only to a county or  
 16        municipality that adopts an ordinance to reduce the homestead  
 17        property tax cap within its taxing jurisdiction under  
 18        IC 6-1.1-20.6-7.5(c). Notwithstanding any other provision of this  
 19        section, an additional rate may be imposed by a county or  
 20        municipality under this section only during those calendar years in  
 21        which the reduced homestead property tax cap is applied under  
 22        IC 6-1.1-20.6-7.5(c) in the county or municipality for property  
 23        taxes first due in payable in the year.

24        (b) As used in this section, "municipality" means a city or town.

25        (c) The fiscal body of a county or municipality may impose a tax  
 26        on the adjusted gross income of local taxpayers at a tax rate that  
 27        does not exceed five-tenths percent (0.5%).

28        (d) Tax revenue derived from a tax this section shall be  
 29        distributed directly to the fiscal officer of the county or  
 30        municipality that adopted an ordinance to impose the tax under  
 31        subsection (c).

32        (e) Revenues raised from a tax rate imposed under this section  
 33        may be used only to fund replacement of the county's or  
 34        municipality's property tax levy loss due to the adoption of a  
 35        reduced homestead property tax cap.

36        (f) The tax rate under this section is in addition to the tax rate  
 37        under IC 6-3.6-6 and any other tax rate adopted by the county or  
 38        municipality under this chapter.

39        SECTION 23. IC 6-8.1-1-1, AS AMENDED BY P.L.1-2023,  
 40        SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 41        JULY 1, 2026]: Sec. 1. "Listed taxes" or "taxes" includes only the  
 42        pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the supplemental



1 wagering tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); the  
2 slot machine wagering tax (IC 4-35-8); the type II gambling game  
3 excise tax (IC 4-36-9); the gross income tax (IC 6-2.1) (repealed); the  
4 utility receipts and utility services use taxes (IC 6-2.3) (repealed); the  
5 state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax  
6 (IC 6-3); the pass through entity tax (IC 6-3-2.1); the supplemental net  
7 income tax (IC 6-3-8) (repealed); the county adjusted gross income tax  
8 (IC 6-3.5-1.1) (repealed); the county option income tax (IC 6-3.5-6)  
9 (repealed); the county economic development income tax (IC 6-3.5-7)  
10 (repealed); **the local option gross retail tax (IC 6-3.5-12)**; the local  
11 income tax (IC 6-3.6); the auto rental excise tax (IC 6-6-9); the  
12 financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the  
13 special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a  
14 motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3;  
15 the vehicle excise tax (IC 6-6-5); the aviation fuel excise tax (IC  
16 6-6-13); the commercial vehicle excise tax (IC 6-6-5.5); the excise tax  
17 imposed on recreational vehicles and truck campers (IC 6-6-5.1); the  
18 hazardous waste disposal tax (IC 6-6-6.6) (repealed); the heavy  
19 equipment rental excise tax (IC 6-6-15); the vehicle sharing excise tax  
20 (IC 6-6-16); the cigarette tax (IC 6-7-1); the closed system cartridge tax  
21 (IC 6-7-2-7.5); the electronic cigarette tax (IC 6-7-4); the beer excise  
22 tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax  
23 (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the petroleum  
24 severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the  
25 various food and beverage taxes (IC 6-9); the county admissions tax  
26 (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the  
27 penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-20-18); the  
28 fees and penalties assessed for overweight vehicles (IC 9-20-4 and  
29 IC 9-20-18); and any other tax or fee that the department is required to  
30 collect or administer.

31 SECTION 24. IC 6-9-80 IS ADDED TO THE INDIANA CODE AS  
32 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
33 1, 2026]:

34 **Chapter 80. Supplemental Innkeeper's Tax**

35 **Sec. 1. This chapter applies only to a county or municipality that**  
36 **adopts an ordinance to reduce the homestead property tax cap**  
37 **within its taxing jurisdiction under IC 6-1.1-20.6-7.5(c).**  
38 **Notwithstanding any other provision of this chapter, a**  
39 **supplemental innkeeper's tax may be imposed by a county or**  
40 **municipality under this chapter only during those calendar years**  
41 **in which the reduced homestead property tax cap is applied under**  
42 **IC 6-1.1-20.6-7.5(c) in the county or municipality for property**



1           **taxes first due in payable in the year.**

2           **Sec. 2. As used in this chapter:**

3           (1) "gross retail income" and "person" have the same  
 4           meanings that are prescribed by IC 6-2.5-1; and  
 5           (2) "municipality" means a city or town.

6           **Sec. 3. (a) The fiscal body of a county or municipality may adopt**  
 7           **an ordinance to levy a tax on every person engaged in the business**  
 8           **of renting or furnishing, for periods of less than thirty (30) days,**  
 9           **any room or rooms, lodgings, or accommodations in any:**

10           (1) hotel;  
 11           (2) motel;  
 12           (3) boat motel;  
 13           (4) inn;  
 14           (5) college or university memorial union;  
 15           (6) college or university residence hall or dormitory; or  
 16           (7) tourist cabin;

17           **located within the county or municipality, whichever is applicable.**

18           **(b) The tax does not apply to gross income received in a**  
 19           **transaction in which:**

20           (1) a student rents lodgings in a college or university residence  
 21           hall while that student participates in a course of study for  
 22           which the student receives college credit from a college or  
 23           university located in the county; or  
 24           (2) a person rents a room, lodging, or accommodations for a  
 25           period of thirty (30) days or more.

26           **(c) The tax is imposed on the gross retail income derived from**  
 27           **lodging income only and is in addition to:**

28           (1) the state gross retail tax imposed under IC 6-2.5; and  
 29           (2) any other innkeeper's tax imposed on the same  
 30           transactions under another chapter of this article.

31           **(d) The tax may not exceed the rate of five percent (5%).**

32           **(e) All of the provisions of IC 6-2.5 relating to rights, duties,**  
 33           **liabilities, procedures, penalties, definitions, exemptions, and**  
 34           **administration are applicable to the imposition and administration**  
 35           **of the tax imposed under this section except to the extent those**  
 36           **provisions are in conflict or inconsistent with the specific**  
 37           **provisions of this chapter or the requirements of the fiscal officer**  
 38           **of the county or municipality.**

39           **Sec. 4. (a) If the fiscal body of a county or municipality adopts**  
 40           **an ordinance under this chapter, the fiscal body of the county or**  
 41           **municipality shall:**

42           (1) specify the effective date of the ordinance; and



**(2) immediately send a certified copy of the ordinance to the commissioner of the department of state revenue.**

(b) If an ordinance does not specify an effective date, the ordinance shall be considered effective on the earliest date allowable under this section.

**Sec. 5. (a) Tax revenue collected under this chapter shall be paid on a monthly basis directly to the fiscal officer of the county or municipality that adopted an ordinance to impose the tax under section 3 of this chapter.**

(b) Amounts received under this chapter may be used only to fund replacement of the county's or municipality's property tax levy loss due to the adoption of a reduced homestead property tax cap.

SECTION 25. IC 6-9-81 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]:

## **Chapter 81. Supplemental Food and Beverage Tax**

**Sec. 1. This chapter applies only to a county or municipality that adopts an ordinance to reduce the homestead property tax cap within its taxing jurisdiction under IC 6-1.1-20.6-7.5(c). Notwithstanding any other provision of this chapter, a supplemental food and beverage tax may be imposed by a county or municipality under this chapter only during those calendar years in which the reduced homestead property tax cap is applied under IC 6-1.1-20.6-7.5(c) in the county or municipality for property taxes first due in payable in the year.**

## **Sec. 2. As used in this chapter:**

- (1) "beverage" includes, but is not limited to, any alcoholic beverage;
- (2) "food" includes, but is not limited to, any food product;
- (3) "gross retail income" has the same meaning as the definition of that term contained in IC 6-2.5-1-5;
- (4) "municipality" means a city or town;
- (5) "person" has the same meaning as the definition of that term contained in IC 6-2.5-1-3; and
- (6) "retail merchant" has the same meaning as the definition of that term contained in IC 6-2.5-1-8.

**Sec. 3. (a) The fiscal body of a county or municipality may adopt an ordinance to impose an excise tax, known as the supplemental food and beverage tax, on transactions described in section 4 of this chapter.**

**(b) The supplemental food and beverage tax imposed under this**



1 chapter is in addition to any other food and beverage tax imposed  
 2 on the same transactions under another chapter of this article.

3 (c) If the fiscal body of a county or municipality adopts an  
 4 ordinance under subsection (a), the fiscal body of a county or  
 5 municipality shall immediately send a certified copy of the  
 6 ordinance to the department of state revenue.

7 (d) If the fiscal body of a county or municipality adopts an  
 8 ordinance under subsection (a), the supplemental food and  
 9 beverage tax applies to transactions that occur after the last day of  
 10 the month following the month in which the ordinance is adopted.

11 Sec. 4. (a) Except as provided in subsection (c), a tax imposed  
 12 under section 3 of this chapter applies to a transaction in which  
 13 food or beverage is furnished, prepared, or served:

- 14 (1) for consumption at a location or on equipment provided by  
 15 a retail merchant;
- 16 (2) in the county or municipality, as applicable; and
- 17 (3) by a retail merchant for consideration.

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

- 20 (1) served by a retail merchant off the merchant's premises;
- 21 (2) sold in a heated state or heated by a retail merchant;
- 22 (3) made of two (2) or more food ingredients, mixed or  
 23 combined by a retail merchant for sale as a single item (other  
 24 than food that is only cut, repackaged, or pasteurized by the  
 25 seller, and eggs, fish, meat, poultry, and foods containing these  
 26 raw animal foods requiring cooking by the consumer as  
 27 recommended by the federal Food and Drug Administration  
 28 in chapter 3, subpart 3-401.11 of its Food Code so as to  
 29 prevent food borne illnesses); or
- 30 (4) sold with eating utensils provided by a retail merchant,  
 31 including plates, knives, forks, spoons, glasses, cups, napkins,  
 32 or straws (for purposes of this subdivision, a plate does not  
 33 include a container or package used to transport food).

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

38 Sec. 5. The supplemental food and beverage tax rate:

- 39 (1) must be imposed in an increment of twenty-five  
 40 hundredths percent (0.25%); and
- 41 (2) may not exceed one percent (1%);

42 of the gross retail income received by the merchant from the food



1       **or beverage transaction described in section 4 of this chapter. For**  
2       **purposes of this chapter, the gross retail income received by the**  
3       **retail merchant from a transaction does not include the amount of**  
4       **tax imposed on the transaction under IC 6-2.5.**

5       **Sec. 6. A tax imposed under this chapter shall be imposed, paid,**  
6       **and collected in the same manner that the state gross retail tax is**  
7       **imposed, paid, and collected under IC 6-2.5. However, the return**  
8       **to be filed with the payment of the tax imposed under this chapter**  
9       **may be made on a separate return or may be combined with the**  
10       **return filed for the payment of the state gross retail tax, as**  
11       **prescribed by the department of state revenue.**

12       **Sec. 7. (a) Tax revenue collected under this chapter shall be paid**  
13       **on a monthly basis directly to the fiscal officer of the county or**  
14       **municipality that adopted the ordinance to impose the**  
15       **supplemental food and beverage tax under section 3 of this**  
16       **chapter.**

17       **(b) Amounts received under this chapter may be used only to**  
18       **fund replacement of the county's or municipality's property tax**  
19       **levy loss due to the adoption of a reduced homestead property tax**  
20       **cap.**

