

SENATE BILL No. 242

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-9; IC 35-52-6.

Synopsis: Innkeeper's tax. Authorizes the city of New Haven and the city of Carmel to impose an innkeeper's tax at a flat rate that does not exceed \$5 per night. Makes corresponding changes to statutes concerning innkeeper's tax administration.

Effective: July 1, 2026.

Holdman

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. 242

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

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

1 SECTION 1. IC 6-9-29-1 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2026]: Sec. 1. This chapter applies to all
3 counties **and cities** imposing an innkeeper's tax under this article.

4 SECTION 2. IC 6-9-29-1.5, AS AMENDED BY P.L.137-2022,
5 SECTION 91, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
6 JULY 1, 2026]: Sec. 1.5. (a) Unless otherwise provided in this article,
7 a county fiscal body **or a city fiscal body** that adopts an ordinance to
8 impose, rescind, or increase or decrease the rate of a county innkeeper's
9 tax **or a city innkeeper's tax**, or to make a change between collection
10 of the tax by the county treasurer **or the city fiscal officer**, or the
11 department of state revenue, must specify the effective date of the
12 ordinance to provide that the ordinance takes effect:

13 (1) at least thirty (30) days after the adoption of the ordinance;
14 and

15 (2) on the first day of a month.

16 (b) If a county fiscal body **or a city fiscal body** adopts an ordinance
17 described in subsection (a), it must immediately send a certified copy



1 of the ordinance to the commissioner of the department of state
 2 revenue. Notwithstanding subsection (a), if the department of state
 3 revenue collects the revenue from the county innkeeper's tax **or the**
 4 **city innkeeper's tax**, the department of state revenue shall begin
 5 collecting the tax as provided in the ordinance for periods beginning on
 6 or after the later of:

7 (1) the first day of the month that is not less than thirty (30) days
 8 after the ordinance is sent to the commissioner of the department
 9 of state revenue; or

10 (2) the effective date specified in the ordinance.

11 The department shall collect the tax at the rate in the ordinance unless
 12 the rate is not authorized under this article.

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

16 SECTION 3. IC 6-9-29-4 IS AMENDED TO READ AS FOLLOWS
 17 [EFFECTIVE JULY 1, 2026]: Sec. 4. Upon a request by a county
 18 auditor or treasurer, **or a city fiscal officer**, the department of state
 19 revenue shall provide summary data regarding innkeeper's tax
 20 collections for the county **or the city**. This data may not include any
 21 confidential information. The department shall provide the summary
 22 data within ten (10) business days after the request is made.

23 SECTION 4. IC 6-9-56.5 IS ADDED TO THE INDIANA CODE
 24 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 25 JULY 1, 2026]:

26 **Chapter 56.5. Carmel Innkeeper's Tax**

27 **Sec. 1. This chapter applies to the city of Carmel.**

28 **Sec. 2. The following definitions apply throughout this chapter:**

29 (1) "Fiscal body" has the meaning set forth in IC 36-1-2-6.

30 (2) "Person" has the meaning set forth in IC 6-2.5-1-3.

31 **Sec. 3. (a) Subject to section 7 of this chapter, the fiscal body of**
 32 **the city may levy a tax on every person engaged in the business of**
 33 **renting or furnishing, for periods of less than thirty (30) days, any**
 34 **room or rooms, lodgings, or accommodations in any:**

35 (1) hotel;

36 (2) motel;

37 (3) boat motel;

38 (4) inn;

39 (5) college or university memorial union;

40 (6) college or university residence hall or dormitory; or

41 (7) tourist cabin;

42 **located in the city.**



(b) The tax does not apply to a transaction in which:

(1) a student rents lodgings in a college or university residence hall while that student participates in a course of study for which the student receives college credit from a college or university located in the city; or

(2) a person rents a room, lodging, or accommodations for a period of thirty (30) days or more.

(c) The tax must be imposed at a flat rate amount per night and may not exceed the rate of five dollars (\$5) per night. The tax is in addition to:

- (1) the state gross retail tax imposed under IC 6-2.5; and
- (2) a county innkeeper's tax imposed in the county in which the city is located, if any.

(d) The tax shall be imposed, paid, and collected in exactly the same manner as the state gross retail tax is imposed, paid, and collected under IC 6-2.5.

(e) All of the provisions of IC 6-2.5 relating to rights, duties, liabilities, procedures, penalties, definitions, exemptions, and administration are applicable to the imposition and administration of the tax imposed under this section except to the extent those provisions are in conflict or inconsistent with the specific provisions of this chapter. The return to be filed for the payment of the tax under this section may be either a separate return or may be combined with the return filed for the payment of the state gross retail tax as the department of state revenue may, by rule, determine.

(f) The amounts received from the tax imposed under this section shall be paid monthly by the treasurer of state to the fiscal officer of the city upon warrants issued by the state comptroller.

Sec. 4. (a) If a tax is imposed under section 3 of this chapter, the city fiscal officer shall establish a convention, visitor, and tourism promotion fund. The city fiscal officer shall deposit into the fund all amounts received from a tax imposed under section 3 of this chapter.

(b) Money in a convention, visitor, and tourism promotion fund may be expended, after appropriation by the city fiscal body, only for the following purposes:

(1) To promote and encourage conventions, visitors, and tourism within the city, including expenditures for advertising, promotional activities, trade shows, special events, and recreation.

(2) To create new parks and amenities, and to expand and



enhance existing parks and amenities.

(3) To pay the costs of city services related to conventions, trade shows, and other special events. However, money may not be used for salaries or operating expenses related to an event.

Sec. 5. All money deposited in the convention, visitor, and tourism promotion fund shall be deposited, held, secured, invested, and paid in accordance with statutes relating to the handling of public funds. The handling and expenditure of money deposited in the convention, visitor, and tourism promotion fund is subject to audit and supervision by the state board of accounts.

Sec. 6. (a) A person who knowingly:

(1) approves the transfer of money to any person or corporation not qualified under law for that transfer; or

(2) approves a transfer for a purpose not permitted under law;

commits a Level 6 felony.

(b) A person who receives a transfer of money under this chapter and knowingly uses that money for any purpose not permitted under this chapter commits a Level 6 felony.

Sec. 7. A tax imposed by a city under this chapter terminates on January 1 of the calendar year that begins twenty-two (22) years after the effective date specified in the ordinance.

SECTION 5. IC 6-9-63.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]:

Chapter 63.5. New Haven Innkeeper's Tax

Sec. 1. This chapter applies to the city of New Haven.

Sec. 2. The following definitions apply throughout this chapter:

(1) "Fiscal body" has the meaning set forth in IC 36-1-2-6.

(2) "Person" has the meaning set forth in IC 6-2.5-1-3.

Sec. 3. (a) Subject to section 7 of this chapter, the fiscal body of the city may levy a tax on every person engaged in the business of renting or furnishing, for periods of less than thirty (30) days, any room or rooms, lodgings, or accommodations in any:

(1) hotel;

(2) motel;

(3) boat motel;

(4) inn;

(5) college or university memorial union;

(6) college or university residence hall or dormitory; or

(7) tourist cabin;



located in the city.

(b) The tax does not apply to a transaction in which:

(1) a student rents lodgings in a college or university residence hall while that student participates in a course of study for which the student receives college credit from a college or university located in the city; or

(2) a person rents a room, lodging, or accommodations for a period of thirty (30) days or more.

(c) The tax must be imposed at a flat rate amount per night and may not exceed the rate of five dollars (\$5) per night. The tax is in addition to:

(1) the state gross retail tax imposed under IC 6-2.5; and

(2) a county innkeeper's tax imposed in the county in which the city is located, if any.

(d) The tax shall be imposed, paid, and collected in exactly the same manner as the state gross retail tax is imposed, paid, and collected under IC 6-2.5.

(e) All of the provisions of IC 6-2.5 relating to rights, duties, liabilities, procedures, penalties, definitions, exemptions, and administration are applicable to the imposition and administration of the tax imposed under this section except to the extent those provisions are in conflict or inconsistent with the specific provisions of this chapter. The return to be filed for the payment of the tax under this section may be either a separate return or may be combined with the return filed for the payment of the state gross retail tax as the department of state revenue may, by rule, determine.

(f) The amounts received from the tax imposed under this section shall be paid monthly by the treasurer of state to the fiscal officer of the city upon warrants issued by the state comptroller.

Sec. 4. (a) If a tax is imposed under section 3 of this chapter, the city fiscal officer shall establish a convention, visitor, and tourism promotion fund. The city fiscal officer shall deposit into the fund all amounts received from a tax imposed under section 3 of this chapter.

(b) Money in a convention, visitor, and tourism promotion fund may be expended, after appropriation by the city fiscal body, only for the following purposes:

(1) To promote and encourage conventions, visitors, and tourism within the city, including expenditures for advertising, promotional activities, trade shows, special events, and recreation.



(2) To create new parks and amenities, and to expand and enhance existing parks and amenities.

(3) To pay the costs of city services related to conventions, trade shows, and other special events. However, money may not be used for salaries or operating expenses related to an event.

Sec. 5. All money deposited in the convention, visitor, and tourism promotion fund shall be deposited, held, secured, invested, and paid in accordance with statutes relating to the handling of public funds. The handling and expenditure of money deposited in the convention, visitor, and tourism promotion fund is subject to audit and supervision by the state board of accounts.

Sec. 6. (a) A person who knowingly:

- (1) approves the transfer of money to any person or corporation not qualified under law for that transfer; or
- (2) approves a transfer for a purpose not permitted under law;

commits a Level 6 felony.

(b) A person who receives a transfer of money under this chapter and knowingly uses that money for any purpose not permitted under this chapter commits a Level 6 felony.

Sec. 7. A tax imposed by a city under this chapter terminates on January 1 of the calendar year that begins twenty-two (22) years after the effective date specified in the ordinance.

SECTION 6. IC 35-52-6-83.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 83.5. IC 6-9-56.5-6 defines crimes concerning innkeeper's taxes.**

SECTION 7. IC 35-52-6-85.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 85.2. IC 6-9-63.5-6 defines crimes concerning innkeeper's taxes.**

