

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 7075
BILL NUMBER: SB 242

NOTE PREPARED: Jan 8, 2026
BILL AMENDED:

SUBJECT: Innkeeper's Tax.

FIRST AUTHOR: Sen. Holdman
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill 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. It makes corresponding changes to statutes concerning innkeeper's tax administration.

Effective Date: July 1, 2026.

Explanation of State Expenditures: The Department of State Revenue (DOR) will collect the innkeeper's taxes. The DOR can implement the bill's provisions within the existing level of resources.

Unlawful Transfers: This bill makes it a Level 6 felony to unlawfully transfer Carmel or New Haven's innkeeper's tax revenues. A Level 6 felony is punishable by a prison term ranging from 6 to 30 months, with an advisory sentence of 1 year. The sentence depends on mitigating and aggravating circumstances. Assuming offenders can be housed in existing facilities with no additional staff, the marginal cost for medical care, food, and clothing is approximately \$4,825 annually, or \$13.22 daily, per prisoner. However, any additional expenditures are likely to be small.

Explanation of State Revenues: *Unlawful Transfers:* If additional court cases occur and fines are collected, revenue to both the Common School Fund (from criminal fines) and the state General Fund (from court fees) would increase. The maximum fine for a Level 6 felony is \$10,000. The total fee revenue per case would range between \$113 and \$138. The amount of court fees deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

Explanation of Local Expenditures: The city of Carmel and the city of New Haven could potentially incur a one-time increase in costs if they hold additional public hearings to discuss a proposed ordinance to impose an innkeeper's tax. The fiscal bodies of the cities may see an increase in workload to establish a convention, visitor, and tourism promotion fund. Money in this fund may only be used for the purposes listed in the bill.

Explanation of Local Revenues: *Carmel Innkeeper's Tax:* The bill authorizes the city of Carmel to impose an innkeeper's tax at a rate not to exceed \$5 per night for lodging in the city. The following table shows the estimated potential revenue for CY 2027 and CY 2028 assuming a \$5 per night rate is adopted. A smaller amount could be collected in CY 2026, depending on when the city adopts an ordinance. This estimate is based on Hamilton County innkeeper's tax revenue and assumes that the average nightly stay in Carmel is between \$150 and \$200.

<u>Estimated Potential Carmel Innkeeper's Tax Revenue, \$5 per night</u>	
CY 2027	CY 2028
\$1.67 M to \$2.23 M	\$1.69 M to \$2.26 M

New Haven Innkeeper's Tax: The bill authorizes the city of New Haven to impose an innkeeper's tax at a rate not to exceed \$5 per night for lodging in the city. The following table shows the estimated potential revenue for CY 2027 and CY 2028 assuming a \$5 per night rate is adopted. A smaller amount could be collected in CY 2026, depending on when the city adopts an ordinance. This estimate is based on Allen County innkeeper's tax revenue and assumes that the average nightly stay in New Haven is between \$85 and \$150.

<u>Estimated Potential New Haven Innkeeper's Tax Revenue, \$5 per night</u>	
CY 2027	CY 2028
\$75,000 to \$133,000	\$75,000 to \$133,000

Unlawful Transfers: If additional court actions result in a guilty verdict, certain local units will collect more revenue. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

State Agencies Affected: Department of State Revenue; Department of Correction.

Local Agencies Affected: City of Carmel, City of New Haven, Trial courts, local law enforcement agencies.

Information Sources: Legislative Services Agency, *Indiana Handbook of Taxes, Revenues, and Appropriations, FY 2025*; OFMA Quarterly Census of Employment and Wages Data; Indiana Sheriffs' Association, Indiana Supreme Court, Indiana Trial Court Fee Manual, Department of Correction; Indiana Gateway for Government Units, 2023 Annual Financial Reports, <https://gateway.ifionline.org/public/download.aspx>; Bureau of Justice Statistics, 2023 Annual Survey of Jails Data Series, <https://www.icpsr.umich.edu/web/NACJD/series/7>; US Census Bureau, LEHD Origin-Destination Employment Statistics, Workplace Area Characteristics 2022, Overture Maps Foundation, <https://overturemaps.org/>

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