

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

LS 7075

BILL NUMBER: SB 242

NOTE PREPARED: Jan 20, 2026

BILL AMENDED: Jan 20, 2026

SUBJECT: Innkeeper's Tax.

FIRST AUTHOR: Sen. Holdman

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill authorizes the city of New Haven to impose an innkeeper's tax at a flat rate that does not exceed \$5 per night. The bill revises provisions regarding distribution and uses of the Hamilton County innkeeper's tax. 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.

(Revised) *Unlawful Transfers:* This bill makes it a Level 6 felony to unlawfully transfer the city of 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.

(Revised) *Orange County Food and Beverage Taxes:* The bill provides that transactions which are subject to both the Orange County food and beverage tax and the historic hotels food and beverage tax cannot have a refund on the tax. This should reduce the DOR's workload.

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: (Revised) The city of New Haven could potentially incur a one-time increase in costs if they hold an additional public hearing to discuss a proposed ordinance to impose an innkeeper's tax. The fiscal bodies of New Haven, Noblesville, Carmel, Westfield, and Fishers may see an increase in workload to establish an innkeepers tax fund and a convention, visitor, and tourism promotion fund. Money in these funds may only be used for the purposes listed in the bill.

Explanation of Local Revenues: (Revised) *Hamilton County Innkeeper's Tax:* This bill introduces an allocation of the Hamilton County innkeeper's tax to four of its cities. Noblesville, Carmel, Fishers, and Westfield will receive 25% of the total amount collected above the 5% rate. The current innkeepers tax rate is 8%, which will mean that these four cities will share 37.5% of the of the total innkeepers tax revenues equally. The following table shows the estimated potential revenues for CY 2027 and CY 2028 that each city will receive. [In CY 2024 Hamilton County collected \$13.69 M in innkeeper's tax.]

<u>Estimated Share of Hamilton County Innkeeper's Tax Revenue to Each City</u>	
CY 2027	CY 2028
\$1.36 M	\$1.37 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: Hamilton County, City of Carmel, City of Fishers, City of Noblesville, City of Westfield, 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.ifonline.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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