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SENATE BILL No. 242

Proposed Changes to introduced printing by AM024202

DIGEST OF PROPOSED AMENDMENT

Innkeeper's tax. Authorizes the city fiscal body to issue bonds, enter into leases, or incur other obligations for purposes of the innkeeper's tax.

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
2 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 1. This chapter applies
3 to all 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
17 ordinance described in subsection (a), it must immediately send a
18 certified copy of the ordinance to the commissioner of the department
19 of state revenue. Notwithstanding subsection (a), if the department of
20 state revenue collects the revenue from the county innkeeper's tax **or**

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1 **the city innkeeper's tax**, the department of state revenue shall begin
 2 collecting the tax as provided in the ordinance for periods beginning on
 3 or after the later of:

4 (1) the first day of the month that is not less than thirty (30) days
 5 after the ordinance is sent to the commissioner of the department
 6 of state revenue; or
 7 (2) the effective date specified in the ordinance.

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

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

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

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

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

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

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

27 (1) "Fiscal body" has the meaning set forth in IC 36-1-2-6.
 28 (2) "Person" has the meaning set forth in IC 6-2.5-1-3.

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

33 (1) hotel;
 34 (2) motel;
 35 (3) boat motel;
 36 (4) inn;
 37 (5) college or university memorial union;
 38 (6) college or university residence hall or dormitory; or
 39 (7) tourist cabin;

40 **located in the city.**

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

42 **(1) a student rents lodgings in a college or university**

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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,

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1 trade shows, and other special events. However, money may
 2 not be used for salaries or operating expenses related to an
 3 event.

4 **[The city fiscal body may issue bonds, enter into leases, or incur
 5 other obligations for the purposes set forth in subdivisions (1)
 6 through (3).]**

7 **1 Sec. 5. All money deposited in the convention, visitor, and
 8 tourism promotion fund shall be deposited, held, secured, invested,
 9 and paid in accordance with statutes relating to the handling of
 10 public funds. The handling and expenditure of money deposited in
 11 the convention, visitor, and tourism promotion fund is subject to
 12 audit and supervision by the state board of accounts.**

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

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

18 **commits a Level 6 felony.**

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

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

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

28 **Chapter 63.5. New Haven Innkeeper's Tax**

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

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

32 **(1) "Fiscal body" has the meaning set forth in IC 36-1-2-6.
 33 (2) "Person" has the meaning set forth in IC 6-2.5-1-3.**

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

38 **(1) hotel;
 39 (2) motel;
 40 (3) boat motel;
 41 (4) inn;
 42 (5) college or university memorial union;**



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

2 (7) tourist cabin;

3 located in the city.

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

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

32 officer of the city upon warrants issued by the state comptroller.
33
34 Sec. 4. (a) If a tax is imposed under section 3 of this chapter,
35 the city fiscal officer shall establish a convention, visitor, and
36 tourism promotion fund. The city fiscal officer shall deposit into
37 the fund all amounts received from a tax imposed under section 3
of this chapter.



1 advertising, promotional activities, trade shows, special
 2 events, and recreation.

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

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

9 [The city fiscal body may issue bonds, enter into leases, or incur
 10 other obligations for the purposes set forth in subdivisions (1)
 11 through (3).]

12 1 Sec. 5. All money deposited in the convention, visitor, and
 13 tourism promotion fund shall be deposited, held, secured, invested,
 14 and paid in accordance with statutes relating to the handling of
 15 public funds. The handling and expenditure of money deposited in
 16 the convention, visitor, and tourism promotion fund is subject to
 17 audit and supervision by the state board of accounts.

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

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

23 commits a Level 6 felony.

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

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

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

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

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