

SENATE BILL No. 242

AM024202 and AM024204 have been incorporated into introduced printing.

Synopsis: Innkeeper's tax.

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2026

IN 242—LS 7075/DI 120



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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
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.

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

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

25 SECTION 4. IC 6-9-56-4, AS ADDED BY P.L.236-2023,
26 SECTION 121, IS AMENDED TO READ AS FOLLOWS
27 [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) If a tax is imposed under
28 section 3 of this chapter, the county treasurer shall establish the
29 following funds:

30 (1) A convention, visitor, and tourism promotion fund.
31 (2) A tourism capital fund, if the county fiscal body adopts an
32 ordinance to increase the tax rate under section 3 of this chapter
33 and both the county fiscal body and the county executive adopt
34 ordinances approving the establishment of a tourism capital
35 fund.

36 The county treasurer shall deposit in each fund all amounts the county
37 treasurer receives under section 3 of this chapter and in accordance
38 with the allocations required by sections 7 and 8.5 of this chapter.



1 if the commission submits a written request for the transfer.

2 (c) Money in a convention, visitor, and tourism promotion fund,
 3 or money transferred from such a fund under subsection (b), may be
 4 expended only to promote and encourage conventions, visitors, and
 5 tourism within the county. Expenditures under this subsection may
 6 include expenditures for advertising, promotional activities, trade
 7 shows, special events, and recreation.

8 (d) Money in a tourism capital fund, or money transferred from
 9 such a fund under subsection (b), may be expended on infrastructure
 10 projects that improve or benefit the tourism economy. Expenditures
 11 may include acquisition, construction, alteration, improvements, or
 12 installation costs of any existing tangible property or tangible property
 13 that is to be constructed. Expenditures may include fees for
 14 professional services such as architectural, building consulting or
 15 planning, and infrastructure feasibility.

16 SECTION 5. IC 6-9-56-5, AS ADDED BY P.L.236-2023,
 17 SECTION 121, IS AMENDED TO READ AS FOLLOWS
 18 [EFFECTIVE JULY 1, 2026]: Sec. 5. (a) The county executive shall
 19 create a commission to promote the development and growth of the
 20 convention, visitor, and tourism industry in the county.

21 (b) The county executive shall determine the number of members,
 22 which must be an odd number and may not exceed fifteen (15)
 23 members, to be appointed to the commission. A simple majority of the
 24 members must **not** represent the hospitality industry or be:

- 25 (1) engaged in a convention, visitor, or tourism business; or
- 26 (2) involved in or promoting conventions, visitors, or tourism.

27 A member appointed to the commission under subdivision (1) or (2)
 28 need not be a resident of the county if the member is an owner or an
 29 executive level employee of a convention, visitor, or tourism business
 30 that is located within the county. However, the member must be a
 31 resident of Indiana. If available and willing to serve, at least two (2) of
 32 the members must be engaged in the business of renting or furnishing
 33 rooms, lodging, or accommodations (as described in section 3 of this
 34 chapter). Not more than one (1) member may be affiliated with the
 35 same business entity. Except as otherwise provided in this subsection,
 36 each member must reside in the county. The county executive shall
 37 also determine who will make the appointments to the commission.

38 (c) All terms of office of commission members begin on January
 39 1. Initial appointments must be for staggered terms, with subsequent
 40 appointments for two (2) year terms. A member whose term expires
 41 may be reappointed to serve another term. If a vacancy occurs, the



1 appointing authority shall appoint a qualified person to serve for the
 2 remainder of the term. If an initial appointment is not made by
 3 February 1 or a vacancy is not filled within thirty (30) days, the
 4 commission shall appoint a member by majority vote.

5 (d) A member of the commission may be removed for cause by the
 6 member's appointing authority.

7 (e) Members of the commission may not receive a salary.
 8 However, commission members are entitled to reimbursement for
 9 necessary expenses incurred in the performance of their respective
 10 duties.

11 (f) Each commission member, before entering the member's
 12 duties, shall take an oath of office in the usual form, to be endorsed
 13 upon the member's certificate of appointment and promptly filed with
 14 the clerk of the circuit court of the county.

15 (g) The commission shall meet after January 1 each year for the
 16 purpose of organization. It shall elect one (1) of its members president,
 17 another vice president, another secretary, and another treasurer. The
 18 members elected to those offices shall perform the duties pertaining to
 19 the offices. The first officers chosen shall serve from the date of their
 20 election until their successors are elected and qualified. A majority of
 21 the commission constitutes a quorum, and the concurrence of a
 22 majority of the commission is necessary to authorize any action.

23 SECTION 6. IC 6-9-56-8 IS REPEALED [EFFECTIVE JULY 1,
 24 2026]. See: 8. (a) The county treasurer shall deposit in the tourism
 25 capital fund the amount of money received under section 3 of this
 26 chapter that exceeds five percent (5%). Money deposited in the tourism
 27 capital fund shall be transferred or expended only as provided in this
 28 section.

29 (b) The commission must approve any transfer of money from the
 30 tourism capital fund and may transfer money from the tourism capital
 31 fund to support capital projects in the county that promote long term
 32 tourism, convention, or recreation projects proposed by any of the
 33 following:

34 (1) The county government.

35 (2) A city government.

36 (3) A separate body corporate and politic in Hamilton County.

37 (4) Any Indiana nonprofit corporation in Hamilton County.

38 The commission may transfer money under this subsection on a
 39 monthly basis or at another frequency as determined by the
 40 commission.

41 (e) The commission may also review and approve proposals



1 submitted by applicants that seek money from the tourism capital fund
 2 with the purpose and view of enhancing or providing support for
 3 capital projects that promote long term tourism, convention, or other
 4 economic development related to recreation. Funding available under
 5 this subsection shall be made available on an annual basis. In
 6 determining whether to provide funding to a particular capital project
 7 under this subsection, the commission may use the following factors as
 8 a guide for capital project funding:

9 (1) The proposed capital project is believed to be economically
 10 sound to the Hamilton County tourism, convention, or recreation
 11 economy and is also believed to be beneficial to:

12 (A) the general population of Hamilton County; or
 13 (B) a particular location in Hamilton County.

14 (2) The proposed capital project provides for reasonably
 15 adequate public assembly, gathering, or entertainment space and
 16 is integrally related to enhancing the tourism, convention, or
 17 recreation opportunities in Hamilton County or a particular
 18 location in Hamilton County.

19 (3) The commission makes a reasonable effort to assess whether
 20 a proposed capital project aligns with the purpose of the
 21 commission and has a direct, indirect, or supportive relationship
 22 to the mission and promotional efforts of the commission as
 23 established and funded by the convention, visitor, and tourism
 24 promotion fund.

25 A capital project proposed by an applicant that does not meet at least
 26 one (1) of the criteria set forth in this subsection will not be funded;
 27 and any remaining funds collected revert to the tourism capital fund for
 28 distribution by the commission on projects within Hamilton County.

29 (d) An applicant that receives a grant of money from the tourism
 30 capital fund under subsection (c):

31 (1) must agree to provide to the commission proof of project
 32 completion, including proof that the project was completed
 33 through the use of the grant money; and

34 (2) may be subject to annual financial reporting and audit.

35 SECTION 7. IC 6-9-56-8.5 IS ADDED TO THE INDIANA CODE
 36 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 37 1, 2026]: Sec. 8.5. (a) The county treasurer shall transfer the
 38 amount of money received under section 3(c)(2) of this chapter that
 39 is generated by a rate that exceeds five percent (5%) to the fiscal
 40 officer of each of the following cities with each city receiving an
 41 equal twenty-five percent (25%) share of the total amount



1 collected:

- (1) Noblesville.
- (2) Carmel.
- (3) Fishers.
- (4) Westfield.

(c) Money in the fund may be used only for capital projects for tourism related purposes as determined by the city fiscal body. The city fiscal body may issue bonds, enter into leases, or incur other obligations for the purposes of this subsection.

20 SECTION 8. IC 6-9-63.5 IS ADDED TO THE INDIANA CODE
21 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
22 JULY 1, 2026]:

Chapter 63.5. New Haven Innkeeper's Tax

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

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:

- (1) hotel;
- (2) motel;
- (3) boat motel;
- (4) inn;
- (5) college or un
- (6) college or un
- (7) tourist cabin

40 located in the city.

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

29 **SECTION 10. IC 35-52-6-85.2 IS ADDED TO THE INDIANA**
 30 **CODE AS A NEW SECTION TO READ AS FOLLOWS**
 31 **[EFFECTIVE JULY 1, 2026]: Sec. 85.2. IC 6-9-63.5-6 defines crimes**
 32 **concerning innkeeper's taxes.**

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