
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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(b) If a county fiscal body **or a city fiscal body** adopts an ordinance described in subsection (a), it must immediately send a certified copy of the ordinance to the commissioner of the department of state revenue. Notwithstanding subsection (a), if the department of state revenue collects the revenue from the county innkeeper's tax **or the city innkeeper's tax**, the department of state revenue shall begin collecting the tax as provided in the ordinance for periods beginning on or after the later of:

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

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

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

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

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

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

The county treasurer shall deposit in each fund all amounts the county treasurer receives under section 3 of this chapter and in accordance with the allocations required by sections 7 and **8 8.5** of this chapter.

(b) The county auditor shall issue a warrant directing the county treasurer to transfer money from the convention, visitor, and tourism promotion fund and tourism capital fund to the commission's treasurer

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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

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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]. Sec. 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 (c) The commission may also review and approve proposals



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

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

(A) the general population of Hamilton County; or

(B) a particular location in Hamilton County.

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

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

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

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

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

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

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



collected:

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

(b) The fiscal officer of each city under subsection (a) shall establish an innkeeper's tax fund. The fiscal officer shall deposit in the fund all money received by the city under this section. The city fiscal body shall administer the fund. The city may not establish a tourism board or similar entity for any purposes of the fund and the city fiscal body shall have sole authority regarding the use of money in the fund as set forth under subsection (c).

(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.

(d) Money transferred to a city under subsection (a) shall not be used by the city for tourism marketing, tourism promotion, or tourism planning purposes.

SECTION 8. 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



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

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

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

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

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

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

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

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

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

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

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

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

42 (3) To pay the costs of city services related to conventions,



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

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

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 9. 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 10. 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.**

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