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SENATE BILL No. 242

Proposed Changes to introduced printing by AM024204

DIGEST OF PROPOSED AMENDMENT

Hamilton County innkeeper's tax. Removes provisions in the bill that would establish a Carmel innkeeper's tax. Revises provisions of the Hamilton County 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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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~~<5 IS>~~ [-4, AS] ADDED ~~<TO THE INDIANA CODE AS>~~ [BY P.L.236-2023, SECTION 121, IS] A~~<~~ NEW CHAPTER~~>~~ [MENDED] TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]:~~<~~

~~Chapter 56.5. Carmel Innkeeper's Tax~~

~~Sec. 1. This chapter applies to the city of Carmel.~~

~~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 ~~— (1) a student rents lodgings in a college or university~~
 2 ~~residence hall while that student participates in a course of~~
 3 ~~study for which the student receives college credit from a~~
 4 ~~college or university located in the city; or~~
 5 ~~— (2) a person rents a room, lodging, or accommodations for a~~
 6 ~~period of thirty (30) days or more;~~
 7 ~~— (c) The tax must be imposed at a flat rate amount per night~~
 8 ~~and may not exceed the rate of five dollars (\$5) per night. The tax~~
 9 ~~is in addition to:~~
 10 ~~— (1) the state gross retail tax imposed under IC 6-2.5; and~~
 11 ~~— (2) a county innkeeper's tax imposed in the county in which~~
 12 ~~the city is located, if any;~~
 13 ~~— (d) The tax shall be imposed, paid, and collected in exactly the~~
 14 ~~same manner as the state gross retail tax is imposed, paid, and~~
 15 ~~collected under IC 6-2.5.~~
 16 ~~— (e) All of the provisions of IC 6-2.5 relating to rights, duties,~~
 17 ~~liabilities, procedures, penalties, definitions, exemptions, and~~
 18 ~~administration are applicable to the imposition and administration~~
 19 ~~of the tax imposed under this section except to the extent those~~
 20 ~~provisions are in conflict or inconsistent with the specific~~
 21 ~~provisions of this chapter. The return to be filed for the payment~~
 22 ~~of the tax under this section may be either a separate return or~~
 23 ~~may be combined with the return filed for the payment of the state~~
 24 ~~gross retail tax as the department of state revenue may, by rule,~~
 25 ~~determine;~~
 26 ~~— (f) The amounts received from the tax imposed under this~~
 27 ~~section shall be paid monthly by the treasurer of state to the fiscal~~
 28 ~~officer of the city upon warrants issued by the state comptroller.~~
 29 ~~—> [~~Sec. 4. (a) If a tax is imposed under section 3 of this chapter,
 30 the ~~<city fiscal officer>~~[county treasurer] shall establish ~~<a>~~[the
 31 following funds:
 32 (1) A convention, visitor, and tourism promotion fund. ~~<The~~
 33 ~~city fiscal officer shall deposit into the fund all amounts received~~
 34 ~~from a tax imposed>~~[
 35 (2) A tourism capital fund, if the county fiscal body adopts an
 36 ordinance to increase the tax rate] under section 3 of this
 37 chapter~~<~~.
 38 ~~— (b)>~~[and both the county fiscal body and the county executive
 39 adopt ordinances approving the establishment of a tourism capital fund.
 40 The county treasurer shall deposit in each fund all amounts the county
 41 treasurer receives under section 3 of this chapter and in accordance
 42 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 if the commission submits a written request for the transfer.

(c) Money in a convention, visitor, and tourism promotion fund[, or money transferred from such a fund under subsection (b),] may be expended ~~after appropriation by the city fiscal body,~~ only ~~for the following purposes:~~

~~(1) To~~ [t]o promote and encourage conventions, visitors, and tourism within the ~~city, including~~ [county. Expenditures under this subsection may include] 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, 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~~ [d] Money in a tourism capital fund, or money transferred from such a fund under subsection (b), may be expended on infrastructure projects that improve or benefit the tourism economy. Expenditures may include acquisition, construction, alteration, improvements, or installation costs of any existing tangible property or tangible property that is to be constructed. Expenditures may include fees for professional services such as architectural, building consulting or planning, and infrastructure feasibility.

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

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

(1) engaged in a] 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 5 > [or tourism business; or

(2) involved in or promoting conventions, visitors, or tourism.

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

(c) All terms of office of commission members begin on January 1. Initial appointments must be for staggered terms, with subsequent appointments for two (2) year terms. A member whose term expires may be reappointed to serve another term. If a vacancy occurs, the appointing authority shall appoint a qualified person to serve for the remainder of the term. If an initial appointment is not made by February 1 or a vacancy is not filled within thirty (30) days, the commission shall appoint a member by majority vote.

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

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

(f) Each commission member, before entering the member's duties, shall take an oath of office in the usual form, to be endorsed upon the member's certificate of appointment and promptly filed with



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the clerk of the circuit court of the county.

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

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

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

- (1) The county government;
- (2) A city government;
- (3) A separate body corporate and politic in Hamilton County;
- (4) Any Indiana nonprofit corporation in Hamilton County;

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

(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



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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 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, 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 ~~<6>~~[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 ~~<7>~~[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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