2026 Indiana Innkeeper's Tax Update: HEA 1210 and HEA 1406

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The 2026 Indiana General Assembly passed two bills making significant changes to Indiana's innkeeper's tax laws. House Enrolled Act (HEA) 1210 raises rate caps in several counties, creates new municipal revenue-sharing mechanisms, and establishes a uniform sunset date across multiple innkeeper's tax chapters. HEA 1406 authorizes Delaware County to consolidate its hospitality tax boards into a single entity. Unless otherwise noted, these provisions took effect July 1, 2026.[1]

Who Is Impacted?

- County and municipal officials, fiscal officers, treasurers, and auditors in Hamilton, Delaware, DeKalb, Noble, Jackson, and Marion Counties
- Convention and visitor commission members and tourism bureau directors statewide
- Hotel, motel, and lodging operators in affected counties
- Legal counsel advising Indiana local government clients on tax and fiscal matters

New County Rate Increases

HEA 1210 expands the counties authorized to exceed the general 5% innkeeper's tax cap. Effective after June 30, 2026, DeKalb, Noble, and Jackson Counties may impose rates of up to 8%.

County	Statutory Code	Maximum Innkeeper's Tax I
DeKalb County	IC 6-9-18	↑ 8%
Noble County	IC 6-9-18	↑ 8%
Jackson County	IC 6-9-32	↑ 8%
Howard County	IC 6-9-18	8%
Daviess County	IC 6-9-18	9%
All Other Counties	IC 6-9-18	5%

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The legislation leaves the general 5% cap unchanged for all other counties that didn't previously have exceptions.

New Municipal Revenue Sharing

A key theme in HEA 1210 is directing innkeeper's tax revenue to municipalities for capital projects. Under new IC 6-9-9-5, county treasurers must transfer 2% of innkeeper's tax revenue to the fiscal officer of each city in the county with a population over 15,000 and under 200,000 (based on the population of the most recent decennial census in the city). Each eligible city must establish a municipal tourism capital fund, administered by its fiscal body, for capital projects for tourism-related purposes only — expressly excluding tourism marketing, promotion, or planning.

Hamilton County sees a similar but distinct change. HEA 1210 restructures the innkeeper's tax funds for counties under IC 6-9-56, renaming the former "convention, visitor, and tourism promotion fund" to the "convention, visitor, tourism promotion, and capital fund" and expanding authorized expenditures to include infrastructure projects that benefit the tourism economy. Revenue generated by the portion of the tax rate exceeding 5% will now be distributed equally — 25% each — to the cities of Noblesville, Carmel, Fishers, and Westfield. Each city must establish a municipal tourism capital fund for tourism-related capital projects as determined by its fiscal body.

Uniform 2049 Sunset

Across multiple chapters, HEA 1210 establishes the same sunset structure: innkeeper's tax rates above 5% are permitted through December 31, 2048, but the excess expires January 1, 2049. This uniform sunset applies to the rate increases in IC 6-9-9 (Marion County), IC 6-9-18 (DeKalb and Noble Counties), IC 6-9-32 (Jackson County), and IC 6-9-56 (Hamilton County). Counties that have adopted rates above 5% should plan for a reversion to the 5% cap beginning in 2049.

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Delaware County Hospitality Tax Board Consolidation (HEA 1406)

Section 16 of HEA 1406 enacts new IC 6-9-30, applicable only to Delaware County. The law authorizes the county executive to adopt an ordinance consolidating all existing boards, bureaus, commissions, and similar entities that administer funds from the county's innkeeper's tax (IC 6-9-18) and food and beverage tax (IC 6-9-21) into a single consolidated entity. Upon adoption, each former entity is immediately abolished, and all terms of individuals serving on those entities end. The county executive determines the consolidated entity's composition, including the number of members (an odd number), qualifications, term lengths (not to exceed four years), and grounds for removal. All existing funds, bonds, leases, contractual agreements, records, and property transfer to the consolidated entity. The consolidation is final — the statute expressly prohibits the county executive from later restoring the former entities. The county executive must send a certified copy of the ordinance to the Department of State Revenue, the treasurer of state, and the state comptroller.

Action Items

Counties and municipalities affected by HEA 1210 and HEA 1406 should consider the following steps:

- **DeKalb County, Noble County, and Jackson County:** Evaluate whether to adopt an ordinance imposing the higher innkeeper's tax rate (up to 8%) now authorized under HEA 1210.
- **Eligible mid-size cities (population over 15,000 and under 200,000):** Prepare to establish a municipal tourism capital fund to receive the new 2% innkeeper's tax transfer under IC 6-9-9-5.
- **Noblesville, Carmel, Fishers, and Westfield:** Establish municipal tourism capital funds and determine how to allocate the 25% share of Hamilton County innkeeper's tax revenue that each city will receive.

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- **Delaware County:** If considering consolidation of hospitality tax boards, consult with counsel on the scope and finality of the ordinance before adoption. Once adopted, the consolidation cannot be reversed.
- **All affected counties:** Plan long-term budgeting and bond issuance accordingly.[2]

For more information on the innkeeper's tax changes under HEA 1210 and HEA 1406, please contact the author or any attorney with FBT Gibbons' Government Services Practice Group.

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[1] This notice summarizes the principal changes under HEA 1210 and HEA 1406 and does not address every amendment made by the legislation.

[2] Note the uniform 2049 sunset — rates above 5% expire January 1, 2049.

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