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FISCAL IMPACT STATEMENT

LS 6564
BILL NUMBER: SB 238

NOTE PREPARED: Dec 27, 2023
BILL AMENDED:

SUBJECT: Jefferson County Innkeeper's Tax.

FIRST AUTHOR: Sen. Maxwell
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
DEDICATED
FEDERAL

IMPACT: Local

Summary of Legislation: The bill authorizes Jefferson County to impose its innkeeper's tax at a rate of 8% (instead of 5% under current law).

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: Jefferson County could potentially incur a one-time increase in costs if it holds an additional public hearing to discuss a proposed ordinance to increase innkeeper's tax to 8%.

If the county raises the innkeeper's tax, the county fiscal officer would update the innkeeper's tax form and instructions. The county fiscal body should be able to implement the bill's requirement within existing levels of staff and resources.

Explanation of Local Revenues: The bill authorizes the county fiscal body to increase the innkeeper's tax rate to 8%. Assuming the maximum tax rate allowed, the estimated revenue increase for Jefferson County is $0.56 M in CY 2025 and $0.57 M in CY 2026. Additional revenue could also be collected in CY 2024, depending on when the rate increase goes into effect. [The estimation assumes inelastic demand under the innkeeper's tax rate change from 5% to 8%.]

State Agencies Affected:

Local Agencies Affected: Jefferson County.

Information Sources: Legislative Services Agency, *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2023. Department of State Revenue, County Innkeeper's Tax Collections, https://www.in.gov/dor/business-tax/tax-rates-fees-and-penalties/county-innkeepers-tax/.

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