

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7356**

**BILL NUMBER: SB 381**

**NOTE PREPARED: Feb 16, 2021**

**BILL AMENDED: Feb 16, 2021**

**SUBJECT:** Tippecanoe County Innkeeper's Tax.

**FIRST AUTHOR:** Sen. Buchanan

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) *Tippecanoe County Innkeeper's Tax*: This bill changes the distribution of tax revenue in the Tippecanoe County Innkeeper's Tax Fund so that 30% of the money in the fund is distributed to the county council to be appropriated for tourism and economic development purposes. It provides that the county council must consult with the Tippecanoe County commissioners before any appropriation is made.

*Daviess County Innkeeper's Tax*: The bill provides that the Daviess County innkeeper's tax rate may not exceed 9%.

**Effective Date:** July 1, 2021.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** (Revised) The DNR currently receives 30% of total Tippecanoe Innkeeper's Tax revenue. This bill eliminates the portion of Tippecanoe Innkeeper's Tax revenue that is distributed to the DNR beginning July 1, 2021. The estimated loss of revenue for the DNR is \$0.76 M in FY 2022 and \$0.81 M in FY 2023.

**Explanation of Local Expenditures:** (Revised) *Tippecanoe County Innkeeper's Tax*: This bill requires that 30% of the total Tippecanoe County Innkeeper's Tax be distributed to the county council to be appropriated for tourism and economic development purposes. The county council must consult with the Tippecanoe County commissioners before any appropriation is made.

**Explanation of Local Revenues:** (Revised) *Tippecanoe County Innkeeper's Tax:* The bill would commit 30% of the annual Tippecanoe Innkeeper's Tax revenue to the county council (all other local distributions remain the same). Under this bill, the county council could receive an estimated \$0.31 M in CY 2021 and \$0.73 M in CY 2022 from the tax.

(Revised) *Daviess County Innkeeper's Tax:* The bill allows Daviess County to increase its innkeeper's tax rate from 5% to 9% beginning on July 1, 2021. If Daviess County changes its rate to 9% effective July 1, 2021, then its innkeeper's tax revenue could increase by an estimated \$82,000 in CY 2021, \$151,000 in CY 2022, and \$153,000 in CY 2023. Daviess County Innkeeper's Tax revenue is deposited in the County Convention and Visitor Promotion Fund.

**Additional Information:** The total amount of Innkeeper's Tax collected in Tippecanoe County was \$2.4 M in CY 2018 and \$2.8 M in CY 2019. The total amount of Innkeeper's Tax collected in Daviess County was \$472,000 in CY 2018 and CY \$189,000 in CY 2019. The projected revenue was based on forecasts of the leisure and hospitality industry in both counties.

**State Agencies Affected:** Department of Natural Resources.

**Local Agencies Affected:** Tippecanoe County; Daviess County.

**Information Sources:** IHS Markit; Legislative Services Agency, *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2020.

**Fiscal Analyst:** Seth Payton, 317-233-3546.