



## **ITA's Mission**

To advocate the **value of tourism** in Indiana's economy and support the **best practices** of its member organizations.



## History of Innkeepers Tax

- **Marion County** adopted the first Indiana tax in 1966
- **Collection** – collected by the business owner in anticipation that the money will come back to support the community
- **But it is a Class C Felony** if collected and not remitted
- **Has been used to fund infrastructure projects** like convention centers as well as marketing and community development



## Innkeepers Tax Background

- The **Uniform Innkeepers Tax** (Indiana Code 6-9-18) was adopted in 1982
- Legislation allows up to **5%** by county ordinance
- Anything over 5% requires **special legislation**
- **79 counties** collect
- Funds go to local tourism commissions and often to a non profit (IE: convention and visitors bureaus or **destination managers**)



## How are Innkeepers Tax Funds Used?

- **Staffing** – as a sales industry, we use direct selling for group, meeting, sport and specialty markets
- **Marketing** – visitors guides, websites, digital marketing
- **Research** – data on the visitors who come, residents who are supported, community value
- **Development** – we are destination managers, not just marketers



## ITA Working with SBOA

- Provided our members with communication consistent with SBOA regarding audits
- Provided support for ITA members with:
  - Sample County Ordinances
  - Sample Contracts between commission and NFP
  - Assisted with questions and resources for those commission wishing to move to a NFP



## 2019 Legislative Changes that Impacted Innkeepers Tax

### 1. Taxation of Short Term Rentals

Short Term Rental platforms (such as AirBnb, VRBO, Home Away) are now subject to collecting and remitting State Sales Tax and County Innkeeper's Tax – at the time of the online transaction - starting July 1, 2019 as long as the property is not an individual's personal primary residence that has been rented out for less than 15 days in a calendar year.

NOTE: Collection for these innkeepers tax funds currently go through the platform (IE: Air BnB) and the innkeepers tax will be paid directly to the state, regardless of how their hoteliers submit. DOR will then disperse the county collections.



## 2019 Legislative Changes that Impacted Innkeepers Tax

### 2. Tax Collection Disclosure

For counties where the innkeeper remits to the county treasurer: Beginning July 1, the county treasurer may enter into an agreement with the “fiscal officer” of your tourism commission regarding the disclosure of tax remittance information.

This agreement allows the county treasurer to disclose individual business remittance data to the tourism commission treasurer so the local tourism organization can monitor individual property compliance.

ITA has a sample confidentiality agreement that was created by our lawyer and reviewed both by the Public Access Counselor and SBOA.



## How can we help?

- ITA has 59 members that are at the county level (that includes tourism commissions as well as NFP).
- We communicate regularly to our members regarding changes and providing support.

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