

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7110**  
**BILL NUMBER: HB 1284**

**NOTE PREPARED: Jan 8, 2006**  
**BILL AMENDED:**

**SUBJECT:** Home Energy Assistance.

**FIRST AUTHOR:** Rep. Lutz  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED: X GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill appropriates \$20,000,000 to the Division of Family Resources to provide home energy assistance in state FY 2007.

**Effective Date:** July 1, 2006.

**Explanation of State Expenditures:** This bill appropriates an additional \$20 M from the state General Fund to the Division of Family Resources to provide home energy assistance in state FY 2007.

*Background Information:* General Fund money is currently not used to support the energy assistance programs administered by the Division of Family Resources. Funding for the state's energy assistance program comes from federal sources and dedicated state funds.

Since the early 1980s, the federal government has annually appropriated funds to states to provide energy assistance to low-income families. Indiana's program is divided into two components; the Energy Assistance Program (EAP) and the Weatherization Assistance Program (WAP). The program is primarily funded through the federal LIHEAP block grant. In accordance with federal guidelines, the state uses about 90% of the federal appropriation for energy assistance programs, and the remaining funds for weatherization programs. These programs also receive funds from the state's dedicated Oil Overcharge Accounts. These accounts were funded by settlements between the federal government and oil companies.

The state's energy assistance program provides grants for winter heating assistance and summer cooling assistance. Additionally, the program provides eligible persons with a one-time credit, as necessary, to prevent

heat from becoming disconnected. Indiana's program currently provides assistance to persons within 125% of the federal poverty guidelines.

Energy assistance funds are distributed through a statewide network of 24 Community Action Agencies (CAA). In accordance with federal law, CAAs and the state retain a percentage of the federal grant money to cover administrative costs.

Over the past three fiscal years, federal LIHEAP benefits have provided approximately \$38.7 M in direct benefits to Indiana residents each year. Funding for energy assistance from the Oil Overcharge Accounts has ranged from \$2 M to \$4 M each year. Funding from the Oil Overcharge Accounts is expected to last through FY 2006.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Division of Family Resources.

**Local Agencies Affected:**

**Information Sources:** Division of Family Resources.

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