

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7210

BILL NUMBER: SB 312

NOTE PREPARED: Jan 29, 2007

BILL AMENDED:

SUBJECT: Local water corporations.

FIRST AUTHOR: Sen. Hershman

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that the statute allowing local water corporations to withdraw from the jurisdiction of the Utility Regulatory Commission (IURC) for certain purposes applies to a conservancy district that: (1) has as a purpose of the district the provision of water service; and (2) provides water service to less than 2,000 customers. (Currently the statute applies only to a water or sewer utility that: (1) is privately owned and serves less than 300 customers; (2) is a not-for-profit utility; or (3) is a cooperative corporation exempt from state and federal income taxes.)

Effective Date: July 1, 2007.

Explanation of State Expenditures: This bill could impact the administrative costs and Public Utility Fee revenue of the IURC. The amount of the impact is indeterminable. The bill allows certain local water corporations to withdraw from the jurisdiction of the IURC.

The IURC may realize a cost savings in no longer being required to regulate and conduct various hearings concerning the services provided by a local water corporation that opts out of IURC jurisdiction under the bill. It must also be noted that if a local water corporation opts out of IURC jurisdiction, that entity would no longer be required to pay the Public Utility Fee.

Background on IURC Funding: The operating budgets of the IURC and OUCC are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.15% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2006,

fees from the utilities and fines generated approximately \$11.8 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Adam Brown, 317-232-9854.