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FISCAL IMPACT STATEMENT

LS 7344

BILL NUMBER: SB 368

NOTE PREPARED: Jan 7, 2009

BILL AMENDED:

SUBJECT: Universal Service Program.

FIRST AUTHOR: Sen. Merritt

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires gas utilities to: (1) develop universal service programs to provide education and home energy assistance to low-income customers; and (2) submit plans for the universal service programs to the Indiana Utility Regulatory Commission (IURC) for review and approval.

Effective Date: Upon passage.

Explanation of State Expenditures: *IURC:* This bill will increase the administrative expenditures of the IURC. The bill provides that gas utilities must submit plans for a universal service program to the IURC for review and approval. It is estimated that the IURC will be able to implement this provision with its existing level of resources.

State & Local Utility Expenditures: This bill could increase expenditures by state agencies for utilities to the extent that the provisions allowing for cost recovery for implementing the universal service program increase utility rates. The overall impact on expenditures is indeterminable.

Explanation of State Revenues: *Utility Rates:* To the extent that any of the provisions of this bill increase utility rates, there could be an increase in Utility Receipts Tax (URT), Utility Services Use Tax (USUT), and Sales Tax collections. The amount of any increase is indeterminable and will depend on rate adjustments allowed by the IURC for cost recovery.

Taxes: The rate for both the URT and USUT is 1.4%. The URT is calculated on the gross receipts of all entities providing the retail sale of utility services in Indiana. The USUT is imposed on the retail consumption of utility services in Indiana. Both the URT and USUT are deposited in the state General Fund.

Sales Tax revenue is deposited in the state General Fund (99.178%), the Public Mass Transportation Fund (0.67%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

Background Information - Universal Service Program: This bill requires gas utilities to develop universal service programs to provide education and home energy assistance to low income customers. The bill also requires gas utilities to submit a universal service plan that meets the criteria outlined in the bill to the IURC.

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues: See *Explanation of State Revenues*.

State Agencies Affected: IURC; All.

Local Agencies Affected: All.

Information Sources:

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