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**FISCAL IMPACT STATEMENT**

**LS 6025**

**BILL NUMBER:** HB 1115

**NOTE PREPARED:** Oct 12, 2010

**BILL AMENDED:**

**SUBJECT:** Notice to Landlords of Delinquent Utility Bills.

**FIRST AUTHOR:** Rep. Pond

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires an electric utility or a gas utility to provide notice of a delinquent residential account and of the opportunity to enter into an amortization agreement to: (1) the customer occupying the dwelling for which the account is delinquent; and (2) the owner of the dwelling, if the dwelling is occupied by someone other than the owner. It requires an electric utility or a gas utility to provide notice of a potential termination of service for nonpayment during the heating season to: (1) the customer occupying the dwelling for which the account is delinquent; and (2) the owner of the dwelling, if the dwelling is occupied by someone other than the owner. The bill also provides that a utility's duty to provide the required notices to the owner of the dwelling applies only if the owner has given the utility written notice of the owner's address to which any notices concerning the dwelling are to be sent.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** 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 would depend on rate adjustments allowed by the IURC for cost recovery.

**Explanation of Local Expenditures:** Under current law, an electric or gas utility (publicly or privately owned) must give an individual with a delinquent account a reasonable opportunity to pay the bill. This includes giving the customer the opportunity to gradually pay off the bill (amortization agreement) and to apply for any available public assistance program such as the heating assistance program.

In the event that the utility decides to terminate service during the heating season (November 1 to April 1), the utility is obligated to serve notice of its intent to the customer and to wait 14 days after it serves notice to terminate service.

Under this bill, the utility is required to send a delinquent notice and the opportunity to enter into an amortization agreement to the customer, and also to the owner of the dwelling if the owner is different from the customer. The bill also requires the utility to send the termination of service notice to the landlord in addition to the customer. However, the landlord must agree in writing to permit the utility to forward the notice of delinquency and the notice of termination to the landlord.

This bill could result in increased costs (cost of processing and postage in forwarding delinquent and termination notices to) to utilities. As a result, utility rates could increase due to such costs being passed on to the customer.

*Background Information* - 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%).

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Diana Agidi, 317-232-9867.