

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7019

BILL NUMBER: HB 1245

DATE PREPARED: Dec 30, 1999

BILL AMENDED:

SUBJECT: Recovery of fire protection costs.

FISCAL ANALYST: Brian Tabor

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill gives the Indiana Utility Regulatory Commission authority to determine whether fire protection costs should be recovered from customers of a water utility other than the municipality that provides the fire protection services.

Effective Date: July 1, 2000.

Explanation of State Expenditures: Under current law, governing bodies of local units may adopt a change in the recovery of water costs for fire protection. If adopted, fire protection fees currently charged to governmental units (and funded through property taxes) are instead assessed to customers residing in that unit through their water utility bill. However, if the unit containing the greatest number of customers in the local public water utility's district enacts this method of cost recovery, all customers served by the utility would be assessed the recovery charges.

Under this bill, fire protection cost recovery charges would not necessarily apply to customers residing outside the adopting unit, even if it contains the greatest number of customers in the local utility's district. The Indiana Utility Regulatory Commission (IURC) would have discretion over the application of such charges. This bill may result in fewer hearings for the IURC, possibly generating administrative cost savings. The operating expenses of the Commission are funded through the Public Utility Fund.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission.

Local Agencies Affected: Certain local units.

Information Sources: Mike Leppert, Director, Consumer Affairs, IURC, (317) 232-2714.