

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

**LS 6165**

**BILL NUMBER:** HB 1178

**NOTE PREPARED:** Nov 9, 2005

**BILL AMENDED:**

**SUBJECT:** Insurance Proceeds Set Aside.

**FIRST AUTHOR:** Rep. McClain

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill applies, to any municipality or county that adopts an unsafe building law ordinance, the requirement for insurance proceeds to be set aside to pay certain expenses incurred by the municipality or county with respect to an unsafe building damaged by fire or explosion. The bill makes conforming amendments and repeals a definition no longer used in these provisions.

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

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** According to current statute, a first- or second-class city that has adopted the Unsafe Building Law is able to certify to its insurer expenses related to demolition or rehabilitation of a building deemed unsafe due to fire or explosion damages. This bill will also allow other municipalities and counties that have adopted the Unsafe Building Law to do the same. This may lead to a reduction in expenditures for those local units who certify such demolition or rehabilitation expenditures to their insurers. The fiscal impact on a local unit affected by this provision is dependent on local action.

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:** Municipalities and counties that have adopted Unsafe Building Law ordinances.

**Information Sources:**

**Fiscal Analyst:** Valerie Ruda, 317-232-9867.