

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

**LS 6622**  
**BILL NUMBER: SB 458**

**NOTE PREPARED:** Dec 23, 2024  
**BILL AMENDED:**

**SUBJECT:** Extension of Water Services.

**FIRST AUTHOR:** Sen. Niemeyer  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

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

**IMPACT:** State & Local

**Summary of Legislation:** *School Service Extension:* This bill allows a water or wastewater utility to extend service up to three miles to a: (1) public school, including a charter school; or (2) nonpublic school that employs one or more employees; without a deposit or other adequate assurance of performance from the customer if certain conditions are met. This bill also provides that the extension qualifies as an eligible infrastructure improvement for purposes of infrastructure improvement charges.

*Extension Outreach Program:* It also provides that a public utility must conduct an outreach program before it condemns land for the purpose of extending a water or wastewater main. It also establishes certain meeting and notice requirements for the outreach program.

**Effective Date:** January 1, 2025 (retroactive); July 1, 2025.

**Explanation of State Expenditures:** *School Service Extension:* The bill expands the definition of infrastructure improvement costs for eligible utilities, and provides the IURC with the additional factor of water and wastewater utilities extending service to public and nonpublic schools a distance no greater than three miles when determining the allowable amount of cost recovery for public, municipally-owned, and not-for-profit utilities. This provision of the bill should be able to be implemented by the IURC within existing resources.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *School Service Extension:* To the extent a water or wastewater utility waives a deposit for an extension of service, local school corporation expenditures could decrease.

*Extension Outreach Program:* Municipal utility expenditures and workloads may increase to help public utilities comply with the outreach program requirement of this bill. This includes public meetings regarding proposed water or wastewater extensions, and providing evidence that notices were sent to landowners whose property maybe be condemned for the purpose of the service extensions.

County zoning authorities may also have increased workloads from processing water or wastewater main

extension requests. Costs may depend on the number of meetings required and the complexity of the utility's extension request.

**Explanation of Local Revenues:** *School Service Extension:* The bill adds to the definition of infrastructure improvement costs for municipally-owned water or wastewater utilities that are under the jurisdiction of the IURC by including the factor of extending service to public and nonpublic schools a distance no greater than three miles. The IURC could include service extensions to schools completed by water and wastewater utilities in determining the recovery of infrastructure improvement costs for those utilities.

This could result in an increase in revenues for municipally-owned utilities if these utilities are able to recover more of their expenditures under these provisions. However, any fiscal impact is ultimately indeterminable and will depend on the magnitude of cost recovery rate adjustments and the outcome of base rate cases that follow.

**State Agencies Affected:** Indiana Utilities Regulatory Commission

**Local Agencies Affected:** School Corporations and Local Zoning Boards.

**Information Sources:**

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