FISCAL IMPACT STATEMENT

LS 7028
BILL NUMBER: HB 1347
NOTE PREPARED: Feb 15, 2019
BILL AMENDED: Feb 14, 2019

SUBJECT: Municipally Owned Utilities.

FIRST AUTHOR: Rep. Burton
BILL STATUS: CR Adopted - 1st House
FIRST SPONSOR:
IMPACT: Local

FUNDS AFFECTED: GENERAL
DEDICATED
FEDERAL

Summary of Legislation: (Amended) Municipally Owned Utility: The bill provides that all rates, charges, and other fees for services rendered by a municipally owned utility (other than a municipally owned sewer utility) to property occupied by someone other than the owner are payable by the person occupying the property if the account or other customer or billing records maintained by the utility for the property indicate that: (1) the property is occupied by someone other than the owner; and (2) the person occupying the property is responsible for paying the rates, charges, and fees. It provides that rates, charges, and fees assessed by a municipally owned utility with respect to property occupied by someone other than the owner do not constitute a lien against the property. It also specifies that these provisions do not: (1) prohibit a municipal legislative body from imposing any requirement to: (A) ensure payment by; or (B) the creditworthiness of; the person occupying the property; or (2) abrogate or limit the authority of the owner of a multi-unit building to engage in electrical submetering.

Real Property Lien: The bill provides that in the case of real property: (1) that is occupied by someone other than the owner; and (2) for which municipal sewer fees become 60 days delinquent after June 30, 2019; a lien attaches to the real property only if the municipal utility provides notice of the delinquency to any first lien mortgage holder of record not later than 20 days after the time the fees become 60 days delinquent. (Current law requires that notice of the delinquency be provided only to the owner of the property.)

Effective Date: Upon passage; July 1, 2019.

Explanation of State Expenditures:

Explanation of State Revenues:
**Explanation of Local Expenditures:** (Revised) *Real Property Lien:* The bill provides that a lien attaches against real property occupied by someone other than the owner only if the municipal utility or board provides notice of the delinquency to the owner of the property and any first lien mortgage holder of record, not later than 20 days after the time the utility fees become 60 days delinquent. It also provides that the cost of sending notice is an administrative cost that may be billed to the owner of the property. The attachment of the lien could increase the collection of delinquent payments. (Current law requires that notice of the delinquency be provided only to the owner of the property.)

(Revised) *Additional Information - Real Property Lien:* Under current law, the delinquent user fees, penalty, and service charges are included in the property tax certified by the county treasurer to the county auditor for collection in the manner that delinquent property tax is collected regardless of who occupies the property. A lien attaches against real property occupied by someone other than the owner only if the owner is notified not later than 20 days after the time the user fees become 60 days delinquent. [Some of the procedures are different for a nonowner-occupied property, however.] The lien may be foreclosed to satisfy the fees, penalties, and reasonable attorney’s fees in certain situations.

Departments of storm water management (or the department of public works in Marion County) shall release liens filed with the county recorder after the recorded date of conveyance of the property, and delinquent fees incurred by the seller upon receipt of a verified demand in writing from the purchaser. The demand must state that the delinquent fees were not incurred by the purchaser as a user, lessee, or previous owner and that the purchaser has not been paid by the seller for the delinquent fees.

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:** Local government units served by municipally owned utilities.

**Information Sources:** Indiana Utility Consumer Counselor, Municipal Utilities - A Brief Regulatory Overview, [https://www.in.gov/oucc/2720.htm](https://www.in.gov/oucc/2720.htm).

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