

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

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FISCAL IMPACT STATEMENT

LS 6903

BILL NUMBER: HB 1315

NOTE PREPARED: Apr 3, 2023

BILL AMENDED: Mar 27, 2023

SUBJECT: Home Warranties and Regulation of Residential Structures.

FIRST AUTHOR: Rep. Miller D

FIRST SPONSOR: Sen. Baldwin

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Home Warranties:* The bill allows a builder to disclaim implied warranties for a new home that is first occupied by a person renting the home as a residence from the initial home buyer. It allows a builder to disclaim implied warranties on a model home in the same manner as a home that is first occupied as a residence.

It prohibits regulation of a mobile home, a manufactured home, or an industrialized residential structure on private property (other than within a mobile home community) based on age. It also allows the owner of a legal, nonconforming residential structure on private property that is damaged or destroyed to replace or repair the structure without losing legal nonconforming use status as long as the structure continues to be used for residential purposes. The bill provides that a comprehensive plan and ordinance in a county (other than Marion County) may not preclude the installation of manufactured homes that exceed a certain width (in addition to a certain square footage) as permanent residences on a lot on which any other type of dwelling unit may be placed. The bill also provides that after June 30, 2023, a mobile home, a manufactured home, or an industrialized residential structure is not considered a new home or model home subject to the provisions concerning home warranties.

Zoning for Fraternity and Sorority Houses: This bill prohibits a county, city, or town from exercising its planning and zoning authority in a way that differentiates between fraternity and sorority houses on the sole basis of whether the fraternity or sorority is officially approved or recognized by the college or university.

Effective Date: July 1, 2023.

Explanation of State Expenditures:

Explanation of State Revenues: *Home Warranties:* Assuming a potential increase in caseload for local trial courts due to owners of model homes bringing action against home builders for breach of warranty, there would also be a corresponding increase in revenues associated with court fees.

Additional information- Court Fee Revenue: If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

In addition, some or all of the judicial salaries fee (\$20), public defense administration fee (\$5), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Revenue from the pro bono services fee (\$1) is transferred by the State Auditor to the Indiana Bar Foundation for use to assist with pro bono legal services programs in Indiana, and proceeds from the automated record keeping fee (\$20) are deposited into the State User Fee Fund.

Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

Explanation of Local Expenditures: *Zoning for Fraternity and Sorority Houses:* The bill's provision of prohibiting a county, city, or town from adopting or enforcing a zoning ordinance on the sole basis that distinguishes between collegiate sponsored fraternity and sorority houses and non-collegiate sponsored fraternity or sorority houses will have an indeterminate impact on the local units. Actual impact would depend on the actions of the local units and whether they choose to enact or amend any zoning ordinances that pertain to fraternity and sorority houses within their jurisdiction.

Explanation of Local Revenues: *Home Warranties:* Assuming a potential increase in caseload for local trial courts, there would also be a corresponding increase in revenues associated with court fees.

Additional information- Court Fee Revenue: If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge, depending upon the particular type of case.

Persons filing a civil case are also required to pay the following fees that are deposited in local funds. The document storage fee (\$5) is deposited into the clerk record perpetuation fund.

The following fees are deposited into the general fund of the county in which the court is located:

- Document fees (\$1 per page) are charged for preparing transcripts or copies of record or certificate under seal.
- A civil garnishee defendant service fee (\$10) is collected from the filing party for each defendant beyond the first three garnishee defendants cited in the lawsuit.

State Agencies Affected:

Local Agencies Affected: County, city & town local units of government; Trial courts, city and town courts.

Information Sources:

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