

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

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FISCAL IMPACT STATEMENT

LS 6847

BILL NUMBER: HB 1541

NOTE PREPARED: Feb 6, 2023

BILL AMENDED:

SUBJECT: Utility Service to Rental Premises.

FIRST AUTHOR: Rep. Soliday

FIRST SPONSOR:

BILL STATUS: As Introduced

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: This bill has the following provisions:

- (1) Amends the statute concerning a landlord's obligations under a residential rental agreement to include within those obligations the duty to remain current on all bills for utility service to the rental premises (other than for utility service for which a tenant is responsible for paying under the rental agreement or state law).
- (2) Provides that a landlord that:
 - (A) offers for rent at least 100 rental units that are part of one or more structures that:
 - (I) are located on the same parcel of property or on contiguous parcels of property; and
 - (II) are master metered for one or more utility services; and
 - (B) fails to meet this new obligation; may not file or prosecute an eviction action for nonpayment of rent against a tenant of the rental premises until the delinquency for utility service provided to the rental premises has been cured.
- (3) Requires the Indiana Housing and Community Development Authority (IHCDA) to do the following not later than August 31, 2023:
 - (A) Designate itself to serve as, or contract to provide, an escrow agent to whom a tenant of a rental premises for which the landlord has failed to meet this new obligation, resulting in a utility bill that is at least 60 days past due, may pay rent until the delinquency has been cured.
 - (B) In collaboration with the Indiana Utility Regulatory Commission (IURC), create a form that:
 - (I) is accessible on the authority's website and the IURC's website; and
 - (II) allows a utility to:
 - (i) report the delinquency; and
 - (ii) request that the designated escrow agent perform certain duties with respect to the delinquency.

(4) Provides that a utility that submits a form to report a delinquency and request the services of the escrow agent must provide to the tenants, through conspicuous signage placed within the utility's property rights on the affected parcels, notice of the landlord's delinquency and of a tenant's right to pay rent to the escrow agent, instead of the landlord, until the delinquency for utility service is cured.

(5) Specifies the duties of the escrow agent with respect to: (A) collecting rent from tenants; (B) paying collected rent to the utility; (C) paying remaining amounts of collected rent to the landlord upon the delinquency being cured; (D) reporting to the landlord, the utility, the authority, and the IURC certain collection and payment data on a monthly basis; and (E) providing a final accounting and notice once the delinquency has been cured and the escrow has been closed.

Effective Date: July 1, 2023.

Explanation of State Expenditures: This bill could increase the workload and/or expenditures of the Indiana Housing and Community Development Association (IHCDA) to administer the newly created program to provide utility assistance to qualified renters.

The bill's provisions represent an additional workload and/or expenditure on the agency that falls outside the agency's routine administrative functions, but would be structured similarly to other programs administered by the agency. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

(Revised) *Additional Information* - For FY 2022, the IHCDA received a \$1.5 M General Fund appropriation, of which a total of \$30,000 of this appropriation was reverted. This reversion amount included \$17,800 from appropriations made to the Housing First Program. The Housing First Program provides rental assistance and supportive services to individuals and families with serious and persistent mental illnesses. Additionally, the IHCDA administers other programs that provide rental assistance through other programs similar to the program established in the bill.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IHCDA, IURC.

Local Agencies Affected:

Information Sources: FY 2022 Reversion Amounts; IHCDA website.

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