

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

**LS 6781**  
**BILL NUMBER: HB 1317**

**NOTE PREPARED: Jan 4, 2026**  
**BILL AMENDED:**

**SUBJECT:** IURC and Utility Audits.

**FIRST AUTHOR:** Rep. Bartlett  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

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

**IMPACT:** State

**Summary of Legislation:** *IURC Audits:* This bill provides that every three years, beginning in 2026, the State Board of Accounts shall conduct an audit of the funds, accounts, financial affairs, and all compliance related matters of the Indiana Utility Regulatory Commission (IURC) for the state fiscal year ending in the year in which the audit is conducted. It provides that a report of an audit conducted under these provisions must be submitted to the executive director of the Legislative Services Agency for distribution to members of the General Assembly.

*Public Utility Audits:* This bill provides that the IURC: (1) may, with good cause, as part of an examination, inquiry, or investigation authorized by specified statutes conduct a forensic audit of a public utility; and (2) shall as part of a base rate case that is filed with or pending before the IURC after December 31, 2025, for a change in a public utility's basic rates and charges, conduct a forensic audit of the public utility. It authorizes the IURC to appoint: (1) an independent accounting firm; or (2) another qualified agent; with experience or expertise in conducting forensic audits to conduct a forensic audit under these provisions. The bill specifies the scope of a forensic audit under these provisions.

The bill also provides that upon the completion of a forensic audit, the IURC may do the following:

- (1) Issue an order directing the public utility to take actions to correct or cure certain acts or practices examined as part of the audit.
- (2) Refer any suspected criminal activities uncovered during the audit to an appropriate law enforcement agency or prosecutorial agency or official.

The bill specifies how expenses incurred by the IURC or the IURC's agent in conducting a forensic audit under this section shall be charged and paid.

**Effective Date:** January 1, 2026 (retroactive); July 1, 2026.

**Explanation of State Expenditures:** *IURC Audits:* The bill requires the State Board of Accounts to audit the IURC ever three years beginning in 2026. The audit report will be submitted to the Legislative Services Agency not later than November 1. This will increase the workload of the State Board of Accounts. An audit

of the IURC by SBOA may take up to a year to perform, but its costs would be paid by the IURC.

SBOA's website, effective July 1, 2023, the agency charges the following rates:

- Full direct and indirect cost rate: \$968 per day
- Non-federal taxing unit and soil and water conservation district rate: \$395 per day
- Technology fee: \$55 per day
- Processing fee: \$35 per day
- Procured audit and opt-out unit processing fee: \$375 per report

The bill's requirements are within routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

*Public Utility Audits:* The bill enables the IURC to perform a forensic audit as part of an examination of accounts under a public utility, an inquiry pursuant to the enforcement of law, complaints of a wrong charge, or at the request of the Utility Consumer Counselor. The workload increase of the IURC and overall cost will depend on the scope and count of complaints the commission receives as well as the count of base rate cases filed. Any criminal findings uncovered may be reported to the appropriate law enforcement agency, thus increasing their workload. [The IURC reports that in FY 2025, there were a total of 2,089 complaints received. The majority of them pertained to utility bills.]

**Explanation of State Revenues:** *Public Utility Audits:* Upon completion of an audit, the IURC may order actions that may reduce utility revenues. This would conversely reduce sales taxes on public utility revenues. [In FY 2027, sales tax from all utility sales is expected to generate between \$768.2 M and \$876.8 M, and in FY 2028 between \$791.8 M and \$903.7 M]

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** IURC, State Board of Accounts, Legislative Services Agency, State Law Enforcement Agencies.

**Local Agencies Affected:**

**Information Sources:** 2025 IURC Annual Report, Department of State Revenue, Sales tax by NAICS code, 2019-2025; Energy Information Administration, Form 176 and Form 861; Indiana State Board of Accounts, <https://www.in.gov/sboa/about-us/our-rates/>

**Fiscal Analyst:** Abdul Abdulkadri, 317-232-9852.