

PROPOSED AMENDMENT

SB 241 # 4

DIGEST

Connection fees for water or wastewater service. Prohibits a water or wastewater utility (utility) from charging or collecting a capacity related fee or a tap fee to an eligible customer for connecting workforce housing to the utility's water or wastewater system (system): (1) to the extent that the extension of service to the workforce housing to be connected will result in a positive contribution to the utility's overall cost of service over a 20 year period; and (2) if the utility and the eligible customer have entered into a special contract with respect to the connection. Provides that if the utility determines that the extension of service to the workforce housing will not result in a positive contribution to the utility's overall cost of service over a 20 year period, the utility may charge and collect from the eligible customer, under the terms of a special contract between the utility and the eligible customer, a capacity related fee or a tap fee that does not exceed the difference between: (1) the capacity related fee or tap fee that would otherwise apply in connecting the workforce housing to the utility's system; minus (2) the contribution to the utility's overall cost of service over a 20 year period that will result from the extension of service to the workforce housing. Provides that for purposes of these provisions, an "eligible customer" means a not-for-profit organization that: (1) has entered into an agreement with the Indiana housing and community development authority under which the person will construct workforce housing in Indiana; and (2) seeks to connect the workforce housing to the water or wastewater system of a utility under the terms of a special contract with the utility. Provides that a utility may apply discretion with respect to the number of special contracts that it enters into with eligible customers under these provisions at any given time, so as to ensure that any costs associated with such special contracts are not unreasonably subsidized by other customers of the utility.

1 Page 3, between lines 4 and 5, begin a new paragraph and insert:
2 "SECTION 2. IC 8-1-2-101.7 IS ADDED TO THE INDIANA
3 CODE AS A NEW SECTION TO READ AS FOLLOWS
4 [EFFECTIVE UPON PASSAGE]: **Sec. 101.7. (a) As used in this**
5 **section, "authority" refers to the Indiana housing and community**
6 **development authority created by IC 5-20-1-3.**
7 **(b) As used in this section, "capacity related fee" has the**
8 **meaning set forth in section 101.6 of this chapter.**
9 **(c) As used in this section, "eligible customer" means a**
10 **not-for-profit organization that is subject to IC 23-17 and is**
11 **recognized as tax exempt under Section 501(c) of the Internal**
12 **Revenue Code of 1986 and that:**
13 **(1) has entered into an agreement:**
14 **(A) with the authority; and**

(B) under which the person will construct workforce housing in Indiana; and

(2) seeks to connect the workforce housing described in subdivision (1) to the water or wastewater system of a utility under the terms of a special contract with the utility under subsection (g) or (h).

(d) As used in this section, "tap fee" has the meaning set forth in section 101.6 of this chapter.

(e) As used in this section, "utility" means a:

- (1) public utility (as defined in section 1(a) of this chapter);
- (2) municipally owned utility (as defined in section 1(h) of this chapter), including a sewer utility operated under IC 36-9-23 or IC 36-9-25;

(3) not-for-profit utility (as defined in section 125(a) of this chapter), including a utility company owned, operated, or held in trust by a consolidated city;

(4) cooperatively owned corporation;

(5) conservancy district established under IC 14-33; or

(6) regional district established under IC 13-26;

that provides water service or wastewater service, or both, to the public, regardless of whether the entity described in subdivisions (1) through (6) is under the jurisdiction of the commission for the approval of rates and charges with respect to the water service or wastewater service that is provided.

(f) As used in this section, "workforce housing" means a single family dwelling or duplex that is:

(1) constructed for a household with an income, adjusted by family size, that is less than the area median income, as published by the United States Department of Housing and Urban Development;

(2) offered for sale or lease to a household described in subdivision (1) for a monthly amount that represents not more than thirty percent (30%) of the household's monthly income; and

(3) located in reasonable proximity to employment.

The term does not include an apartment building, a multi-family development other than a duplex, or any other building that is not described in subdivision (1) or (2).

(g) Subject to subsection (i) and notwithstanding any law or rule governing the extension of service or the imposition of capacity

1 related fees or tap fees, a utility may not charge or collect a
2 capacity related fee or a tap fee to an eligible customer for
3 connecting workforce housing to the utility's water or wastewater
4 system:

5 (1) to the extent that the extension of service to the workforce
6 housing to be connected will result in a positive contribution
7 to the utility's overall cost of service over a twenty (20) year
8 period; and
9 (2) if the terms and conditions of the connection are set forth
10 in a special contract executed by the eligible customer and the
11 utility.

12 (h) Subject to subsection (i) and notwithstanding any law or rule
13 governing the extension of service or the imposition of capacity
14 related fees or tap fees, if a utility determines that the extension of
15 service to workforce housing at the request of an eligible entity will
16 not result in a positive contribution to the utility's overall cost of
17 service over a twenty (20) year period, the utility may charge and
18 collect from the eligible customer, under terms and conditions
19 agreed to under a special contract between the utility and the
20 eligible customer, a capacity related fee or a tap fee that does not
21 exceed the difference between:

22 (1) the capacity related fee or tap fee that would otherwise
23 apply in connecting the workforce housing to the utility's
24 water or wastewater system; minus
25 (2) the contribution to the utility's overall cost of service over
26 a twenty (20) year period that will result from the extension
27 of service to the workforce housing.

28 (i) A utility may apply discretion with respect to the number of
29 special contracts that it enters into with eligible customers under
30 subsection (g) or (h) at any given time, so as to ensure that any
31 costs associated with such special contracts are not unreasonably
32 subsidized by other customers of the utility.

33 (j) The:

34 (1) exemption from a capacity related fee or a tap fee under
35 subsection (g); or
36 (2) reduction in a capacity related fee or a tap fee under
37 subsection (h);
38 is not discriminatory for purposes of this chapter or any other law
39 regulating rates and charges for service.".

40 Page 11, after line 25, begin a new paragraph and insert:

- 1 "SECTION 10. **An emergency is declared for this act.**".
- 2 Renumber all SECTIONS consecutively.
(Reference is to SB 241 as printed January 16, 2026.)