

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

**LS 6942**  
**BILL NUMBER: SB 241**

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

**SUBJECT:** Utility Service Enhancement Improvement Costs.

**FIRST AUTHOR:** Sen. Koch  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

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

**IMPACT:** State & Local

**Summary of Legislation:** This bill authorizes a water or wastewater utility that is eligible under existing law to recover costs for service enhancement improvements (eligible utility) to adjust the statutory adjustment tracker to reflect certain chemical and power costs if those costs have increased or decreased by more than 3% over the two most recent years. This bill provides that if the costs: (1) have increased by more than 3% over the two year period, the amount of the adjustment shall be included in the adjustment rider as an expense; or (2) have decreased by more than 3% over the two year period, the amount of the adjustment shall be included in the adjustment rider as a credit. It also provides that an eligible utility is not required to seek preapproval of a plan from the Indiana Utility Regulatory Commission in order to seek recovery of the costs of chemicals and power. It also specifies that the costs of chemicals and power may be recovered in full and without deferring 20% of the costs for recovery as part of the eligible utility's next general rate case.

**Effective Date:** July 1, 2026.

**Explanation of State Expenditures:** The workload of the IURC may increase in reviewing submitted cost documentation regarding chemical and power cost rider adjustments for water utilities.

**Explanation of State Revenues:** The revenues on sales taxes for water service may increase or decrease if several water utilities undergo chemical or power cost rider adjustments. [The sales tax revenue from water service in FY 27 is expected to be between \$76.4 M and \$86.7 M. In FY 28 it's estimated to be between \$79.5 M and \$90.2 M. Sales tax revenue is deposited in the state General Fund (99.838%), Commuter Rail Service Fund (0.131%), and Industrial Rail Service Fund (0.031%)]

**Explanation of Local Expenditures:** This bill allows municipal water utilities to include an adjustment rider in their billing if chemical or power costs increase or decrease by 3% or more. The workload of these utilities will increase in recording and submitting documentation of these costs to the IURC.

**Explanation of Local Revenues:** Municipal water utilities' revenues may increase or decrease if they undergo the bill's adjustment rider for chemical or power costs. These costs will likely vary by individual utility.

**State Agencies Affected:** IURC.

**Local Agencies Affected:** Municipal water utilities.

**Information Sources:** Department of State Revenue, Sales tax by NAICS code, 2019-2025; State Forms 56465

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