

# TITLE 170 INDIANA UTILITY REGULATORY COMMISSION

## ECONOMIC IMPACT STATEMENT

LSA Document #23-776

### IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses

#### **I. Estimate of Number of Small Businesses that Will Be Subject to this Rule**

This rule governs landlords and associations who sub-bill tenants in dwelling units. In Indiana, there are landlords renting approximately 794,621 dwelling units. Of those landlords, it is unknown how many meet the definition of a small business. Indiana also has approximately 4,800 homeowners associations, and it is also unknown how many associations are small businesses. In both cases, it is likely a substantial number of small businesses.

The economic impact of the rule on the small business should be minimal. The rule changes will not significantly change the manner in which landlords or associations sub-bill for water or wastewater service. Compliance with the rule and the statute are only required when a landlord or association voluntarily choose to sub-bill. No entity has an obligation to sub-bill. Instead, the landlord or associations could (1) have all units metered individually so the utility bills the tenants or members directly; (2) include utility services in lease payments or dues to cover potential utility costs; or (3) assume all utility costs as a cost of doing business. In addition, the rule amendments exempt from the rule very small businesses when a landlord merely passes on a utility bill to a tenant in a single-family dwelling unit. See proposed 170 IAC 15-1-0.5.

#### **II. Justification Statement**

As required by IC 4-22-2.1-5(a)(4) and IC 4-22-2-28(i)(2), the following statement justifies any requirement or cost that is imposed on small businesses by the rule; and not expressly required by the statute authorizing the agency to adopt the rule; or any other state or federal law: The costs of properly billing under the proposed regulation are costs that are largely imposed by the underlying statute itself. The regulation prescribes information and statements that must be on the bill, and the appropriate methods to calculate the bill. These costs are relatively minimal, and, even without the regulations, sub-billing entities would still need to decide what information to put on the sub-bill and carry out administrative processes to calculate bills and transmit them. The proposed regulation, in many cases, assists the landlords in knowing what type of information and calculation methodology is appropriate. It is also intended to reduce the number of complaints received by the Commission, and, indirectly, the number of customer complaints the landlord and association will receive from their tenants or members.

### **III. Regulatory Flexibility Analysis**

As required by IC 4-22-2.1-5(5) and IC 4-22-2-28, this regulatory flexibility analysis considers whether there are alternative methods of achieving the purpose of the rule that are less costly or intrusive or would otherwise minimize the economic impact of the rule on small businesses. The analysis under this subdivision considers the following methods of minimizing the economic impact of the proposed rule on small businesses.

- (A) The establishment of less stringent compliance or reporting requirements for small businesses.
- (B) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses.
- (C) The consolidation or simplification of compliance or reporting requirements for small businesses.
- (D) The establishment of performance standards for small businesses instead of design or operational standards imposed on other regulated entities by the rule.
- (E) The exemption of small businesses from part or all of the requirements or costs imposed by the rule.

There are minimal additional costs associated with this rule as small businesses engaging in sub-billing must already comply with the underlying statute. Less stringent compliance based on size would not be appropriate as all landlords and associations should have the same regulations apply to them. Tenants and members of associations should not be subject to different treatment depending on the size of the landlord or association. It is also likely impossible for the Commission to adequately make a determination as to which landlords or associations in the State of Indiana qualify as a small business, and that designation would change over time as real estate is purchased and sold. Therefore, it is not feasible or advisable to modify the proposed regulations for small businesses or exempt them from the rule.