



State Legislative Update

January 16, 2026

2026 INDIANA GENERAL ASSEMBLY WEEK 2

General Legislative Information

- Week 2 of the 2026 legislative session is in the books. The only way to describe it so far is fast and furious. Committees are meeting, often overlapping, bills are moving on to the floor in both chambers, and deadlines are quickly approaching. A week from Monday, both chambers will complete their committee work for the first half of the session. The end of the month will mark the conclusion of the first half of the session!
- As candidate filing for the 2026 primary continues, a couple of items of note. State Senator JD Ford announced that he has decided to challenge Congresswoman Victoria Spartz in a run for the 5th Congressional District instead of seeking re-election to his Senate District 29 seat. Additionally, Senate Democrat Assistant Minority Leader Andrea Hunley announced that she will not seek re-election to the state Senate in 2026.
- As of Friday morning, all but two members of Indiana's current Congressional delegation have filed for re-election. It is expected that Congressman Rudy Yakym and Marlin Stutzman will file soon.
- For the 2026 legislative session, a total of 742 bills (453 House, 289 Senate) and 17 Joint Resolutions (4 House, 13 Senate) have been introduced for consideration.
- Governor Braun delivered his State of the State this week, focusing his remarks on affordability for Hoosiers including electricity bills, property taxes, and childcare. There was no mention of redistricting, and lots of touting Indiana's accomplishments over the past year. The Governor spoke about how state government is beginning to run more efficiently under his watch and commended the Indiana State Police for their efforts at taking a significant amount of illegal drugs off the streets.
- Additionally, Chief Justice Loretta Rush gave the annual State of the Judiciary.

General Legislation of Interest

- There is no shortage of interesting legislation this session dealing with local government, tax policy, and yes, even alternative methods for carrying out Indiana's death penalty. And do not forget the tenderloin sandwich! The caucus priority legislation is beginning to move through committee and next week there will be even more movement on that front. Below are a couple of local government-related bills worth taking a look at. Please see the Weekly Tracking List for additional bills of interest.
 - Senate Bill 216 – Eminent Domain – was heard in the Senate Local Government Committee. This bill deals with eminent domain and has been introduced in some version the last several sessions. SB 216 provides that a person operating a business on a property may be



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compensated for business losses resulting from a condemnation of the property. It also provides that a municipality may not acquire property using an alternative condemnation procedure if the municipality is notified of the person's intent to claim compensation for business losses. The bill also specifies that if a unit of local government provides forgivable loans, the unit must - as a condition of providing forgivable loans - require that a person operating a business on a property may be entitled to compensation under the bill's provisions concerning compensation for business losses. The measure passed out of the committee 9-1 but will be recommitted to the Senate Appropriations Committee due to its fiscal impact.

- House Bill 1315 calls for Indiana township reorganization. It was heard in the House Local Government Committee this week. HB 1315 proposes that on January 1, 2028, certain townships in Indiana would be dissolved and their powers, duties, offices, and property would be transferred to a municipality or county. It requires a township to adopt a resolution not later than June 1, 2026, that designates the municipality or county that will reorganize the township. It also requires the appointment of a joint board consisting of representatives of the township and the county or municipality to prepare a plan of reorganization. The bill also provides that a township must reorganize with the county if the township does not adopt a resolution by June 1, 2026, or if the municipality that the township designated in its resolution does not adopt a reorganization plan by December 31, 2026. It provides that a designated unit has all of the powers of the government modernization act in reorganizing the township. It also amends the government modernization act to require a political subdivision to respond to a resolution that names the political subdivision as a participant in a proposed reorganization. HB 1315 was recommitted to the House Ways and Means Committee due to its fiscal impact.

Energy and Utility Legislation of Interest

- On the energy and utility front, the House Energy, Utilities, and Telecommunications Committee met this week and heard testimony on House Bill 1002. This is the House Republican priority energy legislation for the session. The committee held the bill until next week, with the anticipation of a significant amendment addressing several aspects of the bill.
 - Currently contained in HB 1002 are several provisions related to utility budget billing, utility disconnection and reconnection policies, performance-based ratemaking for the IOUs, and the creation of a Low-Income Assistance Program for Electric Utility Service.



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While much of the legislation applies to the five investor-owned electric utilities, the budget billing and low-income assistance program sections do currently apply to all rate-regulated electric utilities, including the three municipal electric utilities that remain under IURC jurisdiction for rates and charges – Anderson, Auburn and Frankfort. All other community-owned and locally governed municipal electric utilities and all 38 REMCs do not fall under the bill's budget billing and low-income program provisions because they are out of IURC jurisdiction. The bill mandates that rate regulated utilities provide a budget billing plan to residential customers with the option to opt out (versus the ability to opt in). Additionally, these utilities must true-up those budget billing accounts at least twice a year. HB 1002 also mandates that rate-regulated utilities fund and offer a low-income assistance program to residential customers who are eligible for the Energy Assistance Program. IMPA testified in committee on behalf of the three rate-regulated municipal utilities, expressing concerns that unlike the IOUs, the municipals would have difficulty funding such a program and could potentially need to file for a rate increase in order to do so.

- The language in HB 1002 expands the current disconnection prohibition during winter heating season for customers who are eligible for the Energy Assistance Program. The bill provides that on any day for which an extreme heat warning is issued by the National Weather Service, the electric utility may not terminate residential electric service for a customer who receives residential electric service and has been determined to be eligible for assistance under the state's energy assistance program. It also provides that if electric service is terminated for such a customer, the electric utility shall restore the terminated service as soon as practicable.
- The committee will consider a significant amendment next week.
- The Senate Utilities Committee also met this week to consider Senate Bills 240, 241 and 258.
 - Senate Bill 240 would require electric utilities that file Integrated Resource Plans (IRPs) to analyze the use of Surplus Interconnection Service (SIS) – defined as unneeded portions of interconnection service capacity that can be utilized at various facilities. As amended in committee, SB 240 provides that an electric utility that is required to file an IRP with the IURC must include in any IRP filed after December 31, 2029 an analysis of the potential for surplus interconnection service (SIS) to meet immediate needs for capacity and energy at facilities owned by the electric utility.

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It authorizes an electric utility to solicit information from owners or operators of third-party facilities about the potential use of SIS at those facilities. An electric utility may include in its IRP the results of a third-party solicitation to the extent that the utility receives information concerning viable opportunities for the use of SIS at the third-party facilities considered. This bill requires the IURC to study the potential use of SIS by the state's electric utilities and requires the IURC to include its findings in its 2027 annual report. SB 240 was approved by committee unanimously and now moves to the full Senate for consideration.

- Senate Bill 241 authorizes a conservancy district providing water service to withdraw from the jurisdiction of the IURC if the conservancy district serves less than 3,000 customers instead of 2,000 customers. This broadens the applicability of existing regulations to include more utility providers. SB 241 expands the definition and recoverability of "service enhancement improvements," including chemical and power costs, and details procedures for their recalculation and inclusion in rate adjustments. New provisions allow utilities to recover 100% of certain costs without deferral and establish processes for recalculating and adjusting rates annually. The bill also mandates that economic development projects in rural areas must be supported while providing just and reasonable protections for existing ratepayers. Additional processes are included in the bill for adjusting utility rates based on changes in chemical and power costs. SB 241 passed out of committee unanimously and moves on to the full Senate.
- Senate Bill 258 concerns nuclear facility permitting. SB 258 repeals provisions in state statute that prohibit the construction or operation, or increasing output, of a nuclear facility without a permit from IDEM. It also repeals the requirement that the Environmental Rules Board (ERB) adopt rules regarding the issuance of a permit for and the operation of a nuclear facility. Additional language is repealed requiring the IDEM Commissioner to conduct public hearings on a proposed facility. The bill requires a person proposing to construct a nuclear facility to file with IDEM an environmental feasibility report concurrently with the filing of documents required to be filed with the United States Nuclear Regulatory Commission. SB 258 was approved by the committee along a party line vote of 7-3. Next stop is the full Senate.

