



April 6, 1999

**ENGROSSED
SENATE BILL No. 551**

DIGEST OF SB0551 (Updated March 29, 1999 6:38 pm - DI 69)

Citations Affected: IC 5-1.5; IC 13-11; IC 13-18; noncode.

Synopsis: Drinking water and wastewater loans. Adopts the federal definition of "public water system" for purposes of the statute governing the drinking water revolving loan fund (The federal law applies to water systems that provide water to the public for human consumption and have at least 15 service connections or regularly serve at least 25 individuals, regardless of whether the system is publicly or privately owned.) Provides that a public water system is a qualified entity for purposes of financial assistance under the bond bank statute. Permits the drinking water revolving loan fund to provide financial assistance to political subdivisions and public water systems (Current law provides that the fund may be used only to provide financial assistance to political subdivisions.) Combines the supplemental wastewater assistance fund and the supplemental drinking water assistance fund into a supplemental drinking water and wastewater assistance fund.

Effective: July 1, 1999.

Gard, Simpson

(HOUSE SPONSORS — STURTZ, MANGUS)

January 21, 1999, read first time and referred to Committee on Environmental Affairs.
February 16, 1999, amended, reported favorably — Do Pass.
February 22, 1999, read second time, ordered engrossed.
February 23, 1999, engrossed.
February 25, 1999, read third time, passed. Yeas 49, nays 0.

HOUSE ACTION

March 3, 1999, read first time and referred to Committee on Environmental Affairs.
April 5, 1999, reported — Do Pass.

ES 551—LS 7497/DI 69+



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April 6, 1999

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

ENGROSSED SENATE BILL No. 551

A BILL FOR AN ACT to amend the Indiana Code concerning environmental law.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-1.5-1-8 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 8. "Qualified entity"
3 means:
4 (1) a political subdivision (as defined in IC 36-1-2-13);
5 (2) a state educational institution (as defined in
6 IC 20-12-0.5-1(b));
7 (3) a leasing body (as defined in IC 5-1-1-1(a));
8 (4) a not-for-profit utility (as defined in IC 8-1-2-125);
9 (5) any rural electric membership corporation organized under
10 IC 8-1-13;
11 (6) any corporation that was organized in 1963 under Acts 1935,
12 c. 157 and that engages in the generation and transmission of
13 electric energy;
14 (7) any telephone cooperative corporation formed under
15 IC 8-1-17;
16 (8) any commission, authority, or authorized body of any qualified

ES 551—LS 7497/DI 69+



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- 1 entity;
- 2 (9) any organization, association, or trust with members,
- 3 participants, or beneficiaries that are all individually qualified
- 4 entities; ~~or~~
- 5 (10) any commission, authority, or instrumentality of the state; **or**
- 6 **(11) any other participant (as defined in IC 13-11-2-151.1).**
- 7 SECTION 2. IC 5-1.5-4-1 IS AMENDED TO READ AS
- 8 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. (a) The bank may
- 9 issue its bonds or notes in principal amounts that it considers necessary
- 10 to provide funds for any purposes under this article, including:
- 11 (1) the purchase or acquisition of securities;
- 12 (2) the making of loans to or agreements with qualified entities
- 13 through the purchase of securities;
- 14 (3) the payment, funding, or refunding of the principal of, or
- 15 interest or redemption premiums on, bonds or notes issued by it
- 16 whether the bonds or notes or interest to be paid, funded, or
- 17 refunded have or have not become due; and
- 18 (4) the establishment or increase of reserves to secure or to pay
- 19 bonds or notes or interest on bonds or notes and all other costs or
- 20 expenses of the bank incident to and necessary or convenient to
- 21 carry out its corporate purposes and powers.
- 22 (b) Except as otherwise provided in this article or by the board,
- 23 every issue of bonds or notes shall be general obligations of the bank
- 24 payable out of the revenues or funds of the bank, subject only to
- 25 agreements with the holders of a particular series of bonds or notes
- 26 pledging a particular revenue or fund. Bonds or notes may be
- 27 additionally secured by a pledge of a grant or contributions from the
- 28 United States, a qualified entity, or a person or a pledge of income or
- 29 revenues, funds, or money of the bank from any source.
- 30 (c) Notwithstanding subsections (a) and (b), the total amount of
- 31 bank bonds and notes outstanding at any one (1) time, except:
- 32 (1) bonds or notes issued to fund or refund bonds or notes; and
- 33 (2) bonds or notes issued for the purpose of purchasing an
- 34 agreement executed by a qualified entity under IC 21-1-5;
- 35 may not exceed one billion dollars (\$1,000,000,000) for qualified
- 36 entities described in IC 5-1.5-1-8(1) through IC 5-1.5-1-8(4) and
- 37 IC 5-1.5-1-8(8) through ~~IC 5-1.5-1-8(10)~~. **IC 5-1.5-1-8(11).**
- 38 (d) Notwithstanding subsections (a) and (b), the total amount of
- 39 bank bonds and notes outstanding at any one (1) time, except bonds or
- 40 notes issued to fund or refund bonds or notes, may not exceed two
- 41 hundred million dollars (\$200,000,000) for qualified entities described
- 42 in IC 5-1.5-1-8(5) through IC 5-1.5-1-8(6).

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1 (e) Notwithstanding subsections (a) and (b), the total amount of
 2 bank bonds and notes outstanding at any one (1) time, except bonds or
 3 notes issued to fund or refund bonds or notes, may not exceed thirty
 4 million dollars (\$30,000,000) for qualified entities described in
 5 IC 5-1.5-1-8(7).

6 (f) The limitations contained in subsections (c), (d), and (e) do not
 7 apply to bonds, notes, or other obligations of the bank if:

8 (1) the bonds, notes, or other obligations are not secured by a
 9 reserve fund under IC 5-1.5-5; or

10 (2) funds and investments, and the anticipated earned interest on
 11 those funds and investments, are irrevocably set aside in amounts
 12 sufficient to pay the principal, interest, and premium on the
 13 bonds, notes, or obligations at their respective maturities or on the
 14 date or dates fixed for redemption.

15 SECTION 3. IC 5-1.5-4-4 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 4. (a) Bonds or notes
 17 of the bank must be authorized by resolution of the board, may be
 18 issued in one (1) or more series, and must:

19 (1) bear the date;

20 (2) mature at the time or times;

21 (3) be in the denomination;

22 (4) be in the form;

23 (5) carry the conversion or registration privileges;

24 (6) have the rank or priority;

25 (7) be executed in the manner;

26 (8) be payable from the sources in the medium of payment at the
 27 place inside or outside the state; and

28 (9) be subject to the terms of redemption;

29 as the resolution of the board or the trust agreement securing the bonds
 30 or notes provides.

31 (b) Except as provided in subsection (e), bonds or notes may be
 32 issued under this article without obtaining the consent of any agency of
 33 the state and without any other proceeding or condition other than the
 34 proceedings or conditions specified in this article.

35 (c) The rate or rates of interest on the bonds or notes may be fixed
 36 or variable. Variable rates shall be determined in the manner and in
 37 accordance with the procedures set forth in the resolution authorizing
 38 the issuance of the bonds or notes. Bonds or notes bearing a variable
 39 rate of interest may be converted to bonds or notes bearing a fixed rate
 40 or rates of interest, and bonds or notes bearing a fixed rate or rates of
 41 interest may be converted to bonds or notes bearing a variable rate of
 42 interest, to the extent and in the manner set forth in the resolution



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1 pursuant to which the bonds or notes are issued. The interest on bonds
 2 or notes may be payable semiannually or annually or at any other
 3 interval or intervals as may be provided in the resolution, or the interest
 4 may be compounded and paid at maturity or at any other times as may
 5 be specified in the resolution.

6 (d) The bonds or notes may be made subject, at the option of the
 7 holders, to mandatory redemption by the bank at the times and under
 8 the circumstances set forth in the authorizing resolution.

9 (e) The bank may not issue bonds for qualified entities described in
 10 IC 5-1.5-1-8(5) through IC 5-1.5-1-8(7) **or IC 5-1.5-1-8(11)** that are
 11 subject to the volume cap (as defined in IC 4-4-11.5-14) without
 12 obtaining the prior approval of the Indiana development finance
 13 authority.

14 SECTION 4. IC 13-11-2-83 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 83. (a) "Financial
 16 assistance agreement", for purposes of IC 13-18-13, ~~and IC 13-18-21~~;
 17 refers to an agreement ~~among~~ **between**:

- 18 (1) the budget agency; and
- 19 (2) a political subdivision;

20 establishing the terms and conditions of a loan or other financial
 21 assistance, including forgiveness of principal if allowed under federal
 22 law, by the state to the political subdivision.

23 (b) "Financial assistance agreement", for purposes of IC 13-19-5,
 24 means an agreement between the authority and a political subdivision
 25 that:

- 26 (1) is approved by the budget agency; and
- 27 (2) establishes the terms and conditions of a loan or other
 28 financial assistance by the state to the political subdivision.

29 (c) **"Financial assistance agreement", for purposes of**
 30 **IC 13-18-21, refers to an agreement between:**

- 31 (1) **the budget agency; and**
- 32 (2) **a participant;**

33 **establishing the terms and conditions of a loan or other financial**
 34 **assistance, including forgiveness of principal if allowed under**
 35 **federal law, by the state to the participant.**

36 SECTION 5. IC 13-11-2-87 IS AMENDED TO READ AS
 37 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 87. (a) "Fund", for
 38 purposes of IC 13-14-12, refers to the environmental management
 39 special fund.

40 (b) "Fund", for purposes of IC 13-15-10, refers to the waste facility
 41 operator trust fund.

42 (c) "Fund", for purposes of IC 13-15-11, refers to the environmental

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- 1 management permit operation fund.
- 2 (d) "Fund", for purposes of IC 13-17-6, refers to the asbestos trust
3 fund.
- 4 (e) "Fund", for purposes of IC 13-17-8, refers to the Title V
5 operating permit program trust fund.
- 6 (f) "Fund", for purposes of IC 13-17-14, refers to the lead trust fund.
- 7 (g) "Fund", for purposes of IC 13-18-8-5, refers to a sanitary fund.
- 8 (h) "Fund", for purposes of IC 13-18-13, refers to the wastewater
9 revolving loan fund established by IC 13-18-13-2. ~~The term does not
10 include the supplemental fund established by IC 13-18-13-22.~~
- 11 (i) "Fund", for purposes of IC 13-18-21, refers to the drinking water
12 revolving loan fund established by IC 13-18-21-2. The term does not
13 include the supplemental fund established by IC 13-18-21-22.
- 14 (j) "Fund", for purposes of IC 13-19-5, refers to the environmental
15 remediation revolving loan fund established by IC 13-19-5-2.
- 16 (k) "Fund", for purposes of IC 13-20-4, refers to the municipal waste
17 transportation fund.
- 18 (l) "Fund", for purposes of IC 13-20-13, refers to the waste tire
19 management fund.
- 20 (m) "Fund", for purposes of IC 13-20-22, refers to the state solid
21 waste management fund.
- 22 (n) "Fund", for purposes of IC 13-21-7, refers to the waste
23 management district bond fund.
- 24 (o) "Fund", for purposes of IC 13-21-13-2, refers to a district solid
25 waste management fund.
- 26 (p) "Fund", for purposes of IC 13-23-6, refers to the underground
27 petroleum storage tank trust fund.
- 28 (q) "Fund", for purposes of IC 13-23-7, refers to the underground
29 petroleum storage tank excess liability fund.
- 30 (r) "Fund", for purposes of IC 13-23-10, refers to the underground
31 storage tank guaranty fund.
- 32 (s) "Fund", for purposes of IC 13-25-4, refers to the hazardous
33 substances response trust fund.
- 34 (t) "Fund", for purposes of IC 13-25-5, refers to the voluntary
35 remediation fund.
- 36 (u) "Fund", for purposes of IC 13-28-2, refers to the voluntary
37 compliance fund.
- 38 SECTION 6. IC 13-11-2-151.1 IS ADDED TO THE INDIANA
39 CODE AS A NEW SECTION TO READ AS FOLLOWS
40 [EFFECTIVE JULY 1, 1999]: **Sec. 151.1. "Participant", for
41 purposes of this chapter and IC 13-18-21, means:**
42 **(1) a political subdivision; or**



1 **(2) any other owner or operator of a public water system.**

2 SECTION 7. IC 13-11-2-172 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 172. (a) "Program", for
4 purposes of IC 13-18-13, refers to the wastewater revolving loan
5 program established by IC 13-18-13-1. ~~The term does not include the~~
6 ~~supplemental program.~~

7 (b) "Program", for purposes of IC 13-18-21, refers to the drinking
8 water revolving loan program established by IC 13-18-21-1. The term
9 does not include the supplemental program.

10 (c) "Program", for purposes of IC 13-19-5, refers to the
11 environmental remediation revolving loan program established by
12 IC 13-19-5-1.

13 (d) "Program", for purposes of IC 13-23, refers to an underground
14 storage tank release:

- 15 (1) detection;
16 (2) prevention; and
17 (3) correction;

18 program created in accordance with the requirements of IC 13-23 or
19 IC 13-7-20 (before its repeal).

20 SECTION 8. IC 13-11-2-177.3 IS AMENDED TO READ AS
21 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 177.3. "Public water
22 system", for purposes of ~~IC 13-18-21-22 through IC 13-18-21-29~~;
23 ~~means a system for the provision to the public of water for human~~
24 ~~consumption through pipes or other constructed conveyances that:~~

- 25 ~~(1) has at least fifteen (15) service connections; or~~
26 ~~(2) regularly serves at least twenty-five (25) individuals.~~

27 **this chapter and IC 13-18-21, has the meaning set forth in 42**
28 **U.S.C. 300f.**

29 SECTION 9. IC 13-11-2-226 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 226. ~~(a)~~ "Supplemental
31 fund", for purposes of IC 13-18-13 **and IC 13-18-21**, refers to the
32 supplemental **drinking water and** wastewater assistance fund
33 established by ~~IC 13-18-13-22~~.

34 ~~(b) "Supplemental fund"; for purposes of IC 13-18-21, refers to the~~
35 ~~supplemental drinking water assistance fund established by~~
36 ~~IC 13-18-21-22.~~

37 SECTION 10. IC 13-11-2-227 IS AMENDED TO READ AS
38 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 227. ~~(a)~~ "Supplemental
39 program", for purposes of IC 13-18-13 **and IC 13-18-21**, refers to the
40 supplemental **drinking water and** wastewater assistance program
41 established by ~~IC 13-18-13-21~~.

42 ~~(b) "Supplemental program"; for purposes of IC 13-18-21, refers to~~



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1 the supplemental drinking water assistance program established by
2 IC 13-18-21-21.

3 SECTION 11. IC 13-18-21-2 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) The drinking
5 water revolving loan fund is established to provide money for loans and
6 other financial assistance under this chapter to or for the benefit of
7 ~~political subdivisions;~~ **participants**, including forgiveness of principal
8 if allowed under federal law.

9 (b) The general assembly may appropriate money to the fund.
10 Grants or gifts of money to the fund from the federal government or
11 other sources and the proceeds of the sale of:

12 (1) gifts to the fund; and

13 (2) loans and other financial assistance, as provided in sections 10
14 through 14 of this chapter;

15 shall be deposited in the fund.

16 (c) Repayments of loans and other financial assistance, including
17 interest, premiums, and penalties, shall be deposited in the fund.

18 (d) The treasurer of state shall invest the money in the fund that is:

19 (1) not currently needed to meet the obligations of the fund; and

20 (2) not invested under subsection (e);

21 in the same manner as other public money may be invested. Earnings
22 that accrue from these investments shall be deposited in the fund.

23 (e) As an alternative to subsection (d), the budget agency may invest
24 or cause to be invested all or part of the fund in a fiduciary account or
25 accounts with a trustee that is a financial institution. Notwithstanding
26 any other law, an investment may be made by the trustee in accordance
27 with at least one (1) trust agreement or indenture. A trust agreement or
28 indenture may allow disbursements by the trustee to:

29 (1) the department;

30 (2) the budget agency;

31 (3) a ~~political subdivision;~~ **participant**;

32 (4) the Indiana bond bank; or

33 (5) any person to which the department, the budget agency, or a
34 ~~political subdivision~~ **participant** is obligated, as provided in the
35 trust agreement or indenture.

36 The state board of finance must approve any trust agreement or
37 indenture before execution.

38 (f) Except as provided in the federal Safe Drinking Water Act (42
39 U.S.C. 300f et seq.), the cost of administering the fund and the program
40 may be paid from the fund or from four percent (4%) of the money
41 allotted to the state under 42 U.S.C. 300j-12.

42 (g) All money accruing to the fund and money allotted to the state

ES 551—LS 7497/DI 69+



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1 under 42 U.S.C. 300j-12 is appropriated continuously for the purposes
2 specified in this chapter.

3 (h) Money in the fund does not revert to the state general fund at the
4 end of a state fiscal year.

5 SECTION 12. IC 13-18-21-3 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) Money in the
7 fund may be used to do the following:

8 (1) Provide loans or other financial assistance to ~~political~~
9 ~~subdivisions~~ **participants** for the:

10 (A) planning;

11 (B) designing;

12 (C) construction;

13 (D) renovation;

14 (E) improvement;

15 (F) expansion; or

16 (G) any combination of clauses (A) through (F);

17 for ~~drinking~~ **public** water systems that will facilitate compliance
18 with national primary drinking water regulations applicable to
19 ~~drinking~~ **public** water systems under the federal Safe Drinking
20 Water Act (42 U.S.C. 300f et seq.) or otherwise significantly
21 further the health protection objectives of the federal Safe
22 Drinking Water Act (42 U.S.C. 300f et seq.) and other activities
23 necessary or convenient to complete these tasks.

24 (2) Except as provided in the federal Safe Drinking Water Act (42
25 U.S.C. 300f et seq.), pay the cost of administering the fund and
26 the program.

27 (3) Conduct all other activities that are allowed by the federal
28 Safe Drinking Water Act (42 U.S.C. 300f et seq.).

29 (b) Notwithstanding section 2(g) of this chapter, if ~~appropriated by~~
30 ~~the general assembly and~~ an adequate state match is available, the
31 department and the budget agency shall use two percent (2%) of the
32 funds allotted to the state under 42 U.S.C. 300j-12 to provide technical
33 assistance to ~~political subdivisions~~ **participants for public water**
34 **systems** serving not more than ten thousand (10,000) persons in
35 Indiana. The department and the budget agency may jointly contract
36 with a person or persons to provide the technical assistance. Funds
37 used under this subsection may not be used for enforcement actions.

38 (c) To the extent permitted by this chapter, fifteen percent (15%) of
39 the amount credited to the fund in a state fiscal year shall be available
40 solely for providing loan assistance to **participants for** public water
41 systems as ~~contemplated by the federal Safe Drinking Water Act (42~~
42 ~~U.S.C. 300f et seq.);~~ that regularly ~~serve~~ **servicing** less than ten thousand

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1 (10,000) persons in Indiana, to the extent that the money can be
 2 obligated for eligible projects of ~~public water systems~~: **under the**
 3 **federal Safe Drinking Water Act (42 U.S.C. 300f et seq.)**.

4 (d) To avoid the loss of money allotted to the state under 42 U.S.C.
 5 300j-12 et seq., the budget agency and the department shall develop
 6 and implement a strategy to assist ~~public water systems~~ **participants**
 7 in acquiring and maintaining technical, managerial, and financial
 8 capacity as contemplated by 42 U.S.C. 300g-9. This is all the legal
 9 authority required by the state for the budget agency and the
 10 department to ensure that all new community water systems and new
 11 nontransient, noncommunity water systems, as contemplated by the
 12 federal Safe Drinking Water Act (42 U.S.C. 300f et seq.), commencing
 13 operations after October 1, 1999, demonstrate technical, managerial,
 14 and financial capacity with respect to each federal primary drinking
 15 water regulation in effect on the date operations commence. The
 16 department has primary responsibility to carry out this subsection.

17 **(e) This chapter does not require the budget agency to provide**
 18 **a loan or other financial assistance to any participant that would**
 19 **cause any bonds or other obligations issued to finance the program**
 20 **to lose their exemption from federal income taxation.**

21 SECTION 13. IC 13-18-21-6 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 6. The budget agency
 23 shall do the following:

- 24 (1) Manage and implement the financial aspects of the program.
- 25 (2) Cooperate with the department in the administration and
 26 management of the program.
- 27 (3) If not accepted and held by the department, accept and hold
 28 any letter of credit from the federal government through which the
 29 state receives grant payments for the program and disbursements
 30 to the fund.
- 31 (4) Be the point of contact with ~~political subdivisions~~;
 32 **participants** and other interested persons in preparing and
 33 providing program information.
- 34 (5) Negotiate, jointly with the department, the negotiable aspects
 35 of each financial assistance agreement.
- 36 (6) Prepare or cause to be prepared each financial assistance
 37 agreement.
- 38 (7) Execute each financial assistance agreement.
- 39 (8) Conduct or cause to be conducted an evaluation as to the
 40 financial ability of each ~~political subdivision~~ **participant** to pay
 41 the loan or other financial assistance and other obligations
 42 evidencing the loans or other financial assistance, if required to



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- 1 be paid, and comply with the financial assistance agreement.
- 2 (9) Prepare, jointly with the department, annual reports
- 3 concerning the fund and the program.
- 4 (10) Submit the reports prepared under subdivision (9) to the
- 5 governor and the general assembly.
- 6 (11) Enter into memoranda of understanding with the department
- 7 concerning the administration and management of the fund and
- 8 the program.

9 SECTION 14. IC 13-18-21-8 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 8. (a) The department
 11 and the budget agency may:

- 12 (1) provide services to a ~~political subdivision~~ **participant** in
- 13 connection with a loan or other financial assistance, including
- 14 advisory and other services; and
- 15 (2) charge a fee for services provided.

16 (b) The department and the budget agency may charge a fee for
 17 costs and services incurred in the review or consideration of an
 18 application for a proposed loan or other financial assistance under this
 19 chapter to or for the benefit of a ~~political subdivision~~ **participant**,
 20 regardless of whether the application is approved or rejected.

21 (c) A political subdivision may pay fees charged under this section.

22 SECTION 15. IC 13-18-21-9 IS AMENDED TO READ AS
 23 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 9. (a) The department
 24 shall use a priority ranking system to recommend loans or other
 25 financial assistance from the fund. The department shall develop the
 26 priority ranking system consistent with federal primary drinking water
 27 regulations and health protection objectives of the federal Safe
 28 Drinking Water Act (42 U.S.C. 300f et seq.).

29 (b) Based on the recommendations made under subsection (a), the
 30 budget agency may make loans and provide other financial assistance
 31 from the fund to or for the benefit of ~~political subdivisions~~
 32 **participants**.

33 SECTION 16. IC 13-18-21-10 IS AMENDED TO READ AS
 34 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 10. The budget agency
 35 may make loans or provide other financial assistance from the fund to
 36 or for the benefit of a ~~political subdivision~~ **participant** under the
 37 following conditions:

- 38 (1) The loan or other financial assistance must be used:
- 39 (A) for planning, designing, constructing, renovating,
- 40 improving, and expanding **drinking public** water **treatment**
- 41 systems and for other activities necessary or convenient to
- 42 complete these tasks;

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- 1 (B) to:
- 2 (i) establish reserves or sinking funds; or
- 3 (ii) provide interest subsidies;
- 4 (C) to pay financing charges, including interest on the loan or
- 5 other financial assistance during construction and for a
- 6 reasonable period after the completion of construction; or
- 7 (D) to pay the following:
- 8 (i) Consultant, advisory, and legal fees.
- 9 (ii) Other costs or expenses necessary or incident to the loan,
- 10 other financial assistance, or the administration of the fund
- 11 and the program.
- 12 (2) Subject to section 15 of this chapter, upon recommendation of
- 13 the budget agency, the state board of finance shall establish the
- 14 interest rate or parameters for establishing the interest rate on
- 15 each loan, including parameters for establishing the amount of
- 16 interest subsidies.
- 17 (3) The budget agency shall establish the terms and conditions
- 18 that the budget agency considers necessary or convenient to:
- 19 (A) make loans; or
- 20 (B) provide other financial assistance under this chapter.
- 21 **(4) Notwithstanding any other law, the budget agency may**
- 22 **establish and implement requirements that:**
- 23 **(A) apply to loans and other financial assistance to be**
- 24 **made to participants that are not political subdivisions;**
- 25 **and**
- 26 **(B) are different from, or in addition to, requirements that**
- 27 **apply to loans and financial assistance made to political**
- 28 **subdivisions.**
- 29 SECTION 17. IC 13-18-21-12 IS AMENDED TO READ AS
- 30 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 12. A ~~political~~
- 31 ~~subdivision~~ **participant** receiving a loan or other financial assistance
- 32 from the fund shall enter into a financial assistance agreement. A
- 33 financial assistance agreement is a valid, binding, and enforceable
- 34 agreement of the ~~political subdivision~~ **participant**.
- 35 SECTION 18. IC 13-18-21-13 IS AMENDED TO READ AS
- 36 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 13. The budget agency
- 37 may sell loans or evidence of other financial assistance and other
- 38 obligations of ~~political subdivisions~~ **participants** evidencing the loans
- 39 or other financial assistance from the fund periodically at any price and
- 40 on terms acceptable to the budget agency. Proceeds of sales under this
- 41 section shall be deposited in the fund.
- 42 SECTION 19. IC 13-18-21-14 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 14. (a) The budget
 2 agency may pledge loans or evidence of other financial assistance and
 3 other obligations of ~~political subdivisions~~ **participants** evidencing the
 4 loans or other financial assistance from the fund to secure:

5 (1) other loans or financial assistance from the fund to or for the
 6 benefit of ~~political subdivisions~~ **participants**; or

7 (2) other loans or financial assistance from the supplemental fund
 8 to or for the benefit of ~~political subdivisions~~ **participants**;

9 to the extent allowed by the federal Safe Drinking Water Act (42
 10 U.S.C. 300f et seq.).

11 (b) The budget agency must approve the terms of a pledge under
 12 this section.

13 (c) Notwithstanding any other law, a pledge of property made under
 14 this section is binding from the time the pledge is made. Revenues,
 15 other money, or other property pledged and received are immediately
 16 subject to the lien of the pledge without any other act. The lien of a
 17 pledge is binding against all parties having claims of any kind in tort,
 18 contract, or otherwise against:

19 (1) the department;

20 (2) the budget agency; or

21 (3) the fund;

22 regardless of whether the parties have notice of any lien.

23 (d) A resolution, an indenture, or other instrument by which a
 24 pledge is created does not have to be filed or recorded, except in the
 25 records of the budget agency.

26 (e) Action taken to:

27 (1) enforce a pledge under this section; and

28 (2) realize the benefits of the pledge;

29 is limited to the property pledged.

30 (f) A pledge under this section does not create a liability or
 31 indebtedness of the state.

32 SECTION 20. IC 13-18-21-15 IS AMENDED TO READ AS
 33 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 15. (a) In
 34 recommending to the state board of finance the interest rate or
 35 parameters for establishing the interest rate on each loan (other than a
 36 loan to a qualified entity described in IC 13-11-2-164(b)(4)), as
 37 provided in section 10 of this chapter, the budget agency shall
 38 recommend and the state board of finance shall establish the following:

39 (1) A base or subsidized interest rate that:

40 (A) would be payable by ~~political subdivisions~~ **participants**

41 other than ~~political subdivisions~~ **participants** described in

42 subdivision (2) or (3); and



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- 1 (B) may provide that payment of interest is not required during
- 2 all or part of the estimated construction period for the ~~drinking~~
- 3 **public water treatment** system.
- 4 (2) A base reduced or more heavily subsidized interest rate that:
- 5 (A) is payable by a ~~political subdivision~~ **participant** with
- 6 median household incomes that are:
- 7 (i) not more than the state median household income for an
- 8 area that is not a metropolitan area, as determined and
- 9 reported periodically by the federal government; and
- 10 (ii) not less than eighty-one percent (81%) of the state
- 11 median household income for an area that is not a
- 12 metropolitan area; and
- 13 (B) may provide that payment of interest is not required during
- 14 all or part of the estimated construction period for the ~~drinking~~
- 15 **public water treatment** system.
- 16 (3) A base of zero (0) or the most heavily subsidized interest rate
- 17 that:
- 18 (A) would be payable on loans made to ~~political subdivisions~~
- 19 **participants** with median household incomes that are not
- 20 more than eighty percent (80%) of the state household income
- 21 for an area that is not a metropolitan area; and
- 22 (B) may provide that payment of interest is not required during
- 23 all or part of the estimated construction period of the ~~drinking~~
- 24 **public water treatment** system.
- 25 (b) The budget agency, in recommending to the state board of
- 26 finance the interest rate or parameters for establishing the interest rate
- 27 on each loan (including **all** loans to a ~~qualified entity described in~~
- 28 ~~IC 13-11-2-164(b)(4))~~ **participants that are not political**
- 29 **subdivisions**) under section 10 of this chapter, ~~shall~~ **may** take into
- 30 account the following:
- 31 (1) Credit risk.
- 32 (2) Environmental, water quality, and health protection.
- 33 (3) Affordability.
- 34 (4) Other fiscal factors the budget agency considers relevant,
- 35 **including the program's cost of funds and whether the**
- 36 **financial assistance provided to a particular participant is**
- 37 **taxable or tax exempt under federal law.**
- 38 **Based on the factors set forth in subdivisions (1) through (4), more**
- 39 **than one (1) interest rate may be established and used for loans**
- 40 **made to different participants in the same interest rate category.**
- 41 (c) In financing the program, the Indiana bond bank and the Indiana
- 42 development finance authority shall issue at the budget agency's

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1 request:

- 2 (1) revenue bonds payable from and secured by ~~political~~
 3 ~~subdivisions~~ **participants**; and
 4 (2) loan payments made by and to ~~political subdivisions~~
 5 **participants**.

6 The budget agency or the state board of finance ~~are~~ **is** not required by
 7 this chapter to establish interest rates on loans or parameters for
 8 establishing interest rates that would cause any revenue bonds to be
 9 insecure or otherwise negatively affect the ability of the state to
 10 continue to finance the program.

11 SECTION 21. IC 13-18-21-16 IS AMENDED TO READ AS
 12 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 16. The budget agency
 13 shall require a ~~political subdivision~~ **participant** receiving a loan or
 14 other financial assistance under this chapter to establish under
 15 applicable law and maintain sufficient user charges or other charges,
 16 fees, taxes, special assessments, or revenues available to the ~~political~~
 17 ~~subdivision~~ **participant** to:

- 18 (1) operate and maintain the ~~drinking public~~ water ~~treatment~~
 19 system; and
 20 (2) pay the obligations of the ~~drinking public~~ water ~~treatment~~
 21 system.

22 SECTION 22. IC 13-18-21-17 IS AMENDED TO READ AS
 23 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 17. (a) Notwithstanding
 24 any other law and if provided in a financial assistance agreement, a
 25 state department or state agency, including the treasurer of state, that
 26 is the custodian of money payable to a ~~political subdivision~~
 27 **participant**, other than money in payment for goods or services
 28 provided by the ~~political subdivision~~ **participant**, may withhold
 29 payment of money from that ~~political subdivision~~ **participant** and pay
 30 over the money to the budget agency or the Indiana bond bank, as
 31 directed by the budget director, for the purpose of curing a default.
 32 Withholding payment under this subsection may not occur until after
 33 written notice from the budget director that the ~~political subdivision~~
 34 **participant** is in default on the payment of principal or interest on a
 35 loan or evidence of other financial assistance.

36 (b) The withholding of payment from the ~~political subdivision~~
 37 **participant** and payment to:

- 38 (1) the budget agency; or
 39 (2) the Indiana bond bank;

40 as applicable, may not adversely affect the validity of the defaulted
 41 loan or other financial assistance.

42 SECTION 23. IC 13-18-21-20 IS AMENDED TO READ AS



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1 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 20. (a) As an
 2 alternative to making loans or providing other financial assistance to
 3 ~~political subdivisions participants~~, the budget agency may use the
 4 money in the fund to provide a leveraged loan program and other
 5 financial assistance programs allowed by the federal Safe Drinking
 6 Water Act (42 U.S.C. 300f et seq.) to or for the benefit of ~~political~~
 7 ~~subdivisions participants~~, including using money in the fund or a
 8 supplemental fund, including the supplemental fund established by
 9 section ~~21~~ **22** of this chapter, to enhance the obligations of ~~political~~
 10 ~~subdivisions participants~~ issued for the purposes of this chapter by:

11 (1) granting money to:

12 (A) be deposited in:

13 (i) a capital or reserve fund established under IC 5-1.5 or
 14 another statute or a trust agreement or indenture as
 15 contemplated by IC 13-18-21-2(e); or

16 (ii) an account established within a fund described in item
 17 (i); or

18 (B) provide interest subsidies;

19 (2) paying bond insurance premiums, reserve insurance
 20 premiums, or credit enhancement, liquidity support, remarketing,
 21 or conversion fees, or other similar fees or costs for obligations of
 22 a ~~political subdivision participant~~ or for bonds issued by the
 23 Indiana bond bank or the Indiana development finance authority
 24 if credit market access is improved or interest rates are reduced;
 25 or

26 (3) guaranteeing all or part of:

27 (A) obligations issued by ~~political subdivisions participants~~;
 28 or

29 (B) bonds issued by the Indiana bond bank or the Indiana
 30 development finance authority.

31 (b) The budget agency may enter into any agreements with the
 32 Indiana bond bank, the Indiana development finance authority, or
 33 ~~political subdivisions participants~~ to carry out the purposes specified
 34 in this chapter.

35 (c) A guarantee of obligations or bonds under subsection (a)(3) must
 36 be limited to money in the fund. A guarantee under subsection (a)(3)
 37 does not create a liability or indebtedness of the state.

38 SECTION 24. IC 13-18-21-21 IS AMENDED TO READ AS
 39 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 21. The supplemental
 40 drinking water **and wastewater** assistance program is established.

41 SECTION 25. IC 13-18-21-22 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 22. (a) The



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1 supplemental drinking water **and wastewater** assistance fund is
 2 established to provide money for grants, loans, and other financial
 3 assistance ~~to or for the benefit of: political subdivisions or public water~~
 4 ~~systems that serve economically disadvantaged municipalities~~

5 **(1) participants for the purposes described in section 23(1) of**
 6 **this chapter; and**

7 **(2) political subdivisions for the purposes described in section**
 8 **23(2) of this chapter.**

9 (b) The general assembly may appropriate money to the
 10 supplemental fund. Grants or gifts of money to the supplemental fund
 11 and proceeds of the sale of:

12 (1) gifts to the supplemental fund; and

13 (2) loans and other financial assistance, as provided in sections 25
 14 through 29 of this chapter;

15 shall be deposited in the supplemental fund.

16 (c) Repayments of loans and other financial assistance from the
 17 supplemental fund, including interest, premiums, and penalties, shall
 18 be deposited in the supplemental fund.

19 (d) The treasurer of state shall invest the money in the supplemental
 20 fund that is:

21 (1) not currently needed to meet the obligations of the
 22 supplemental fund; and

23 (2) not invested under subsection (e);

24 in the same manner as other public money may be invested. Earnings
 25 that accrue from the investments shall be deposited in the supplemental
 26 fund.

27 (e) As an alternative to the investment provided for in subsection
 28 (d), the budget agency may invest or cause to be invested all or a part
 29 of the supplemental fund in a fiduciary account or accounts with a
 30 trustee that is a financial institution. Notwithstanding any other law,
 31 any investment may be made by the trustee in accordance with one (1)
 32 or more trust agreements or indentures. A trust agreement or indenture
 33 may permit disbursements by the trustee to the department, the budget
 34 agency, a ~~political subdivision; a public water system that serves an~~
 35 ~~economically disadvantaged municipality; participant~~, the Indiana
 36 bond bank, or any other person as provided in the trust agreement or
 37 indenture. The state board of finance must approve the form of any
 38 trust agreement or indenture before execution.

39 (f) The cost of administering the supplemental fund may be paid
 40 from money in the supplemental fund.

41 (g) All money accruing to the supplemental fund is appropriated
 42 continuously for the purposes specified in this chapter.



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1 (h) Money in the supplemental fund does not revert to the state
2 general fund at the end of a state fiscal year.

3 SECTION 26. IC 13-18-21-23 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 23. Money in the
5 supplemental fund may be used to do the following:

6 (1) Provide grants, loans, or other financial assistance to or for the
7 benefit of ~~political subdivisions or public water systems that serve~~
8 ~~economically disadvantaged municipalities~~ **participants** for the
9 planning, designing, acquisition, construction, renovation,
10 improvement, or expansion of ~~drinking water treatment systems~~
11 ~~and public water supply~~ systems and other activities necessary or
12 convenient to complete these tasks, whether or not those other
13 activities are permitted by the federal Clean Water Act or the
14 federal Safe Drinking Water Act.

15 (2) **Provide grants, loans, or other financial assistance to or**
16 **for the benefit of political subdivisions for the planning,**
17 **designing, acquisition, construction, renovation,**
18 **improvement, or expansion of wastewater or stormwater**
19 **collection and treatment systems and other activities**
20 **necessary or convenient to complete these tasks, whether or**
21 **not those other activities are permitted by the federal Clean**
22 **Water Act or the federal Safe Drinking Water Act.**

23 (3) Pay the cost of administering the supplemental fund and the
24 supplemental program.

25 ~~(3)~~ (4) Conduct all other activities that are permitted by the
26 federal Clean Water Act or the federal Safe Drinking Water Act.

27 SECTION 27. IC 13-18-21-24 IS AMENDED TO READ AS
28 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 24. ~~(a)~~ The budget
29 agency shall develop a ~~supplemental priority ranking system~~ **criteria**
30 to recommend grants, loans, or other financial assistance from the
31 supplemental fund.

32 (b) The supplemental priority ranking system shall be designed to
33 establish funding for each category of projects consistent with the
34 environmental, public health, and financial objectives of the state:

35 (c) ~~The:~~

36 ~~(1) budget agency shall consult with the department in~~
37 ~~establishing; and~~

38 ~~(2) budget committee shall review~~

39 the supplemental priority ranking system.

40 SECTION 28. IC 13-18-21-25 IS AMENDED TO READ AS
41 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 25. (a) The budget
42 agency may make grants or loans or provide other financial assistance

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1 from the supplemental fund for the benefit of a ~~political subdivision or~~
 2 ~~public water system that serves an economically disadvantaged~~
 3 ~~municipality participant~~ under the following conditions:

4 (1) A grant, loan, or other financial assistance ~~must~~ **may** be used:

5 (A) for planning, designing, acquiring, constructing,
 6 renovating, improving, or expanding ~~drinking water treatment~~
 7 ~~systems or public water supply~~ systems, and other activities
 8 necessary or convenient to complete these tasks;

9 (B) to:

10 (i) establish reserves or sinking funds; or

11 (ii) provide interest subsidies;

12 (C) to pay financing charges, including interest on the loan
 13 during construction and for a reasonable period after the
 14 completion of construction; or

15 (D) to pay the following:

16 (i) Consultant, advisory, and legal fees.

17 (ii) Other costs or expenses necessary or incident to the
 18 grant, loan, or other financial assistance or the
 19 administration of the supplemental fund or the supplemental
 20 program.

21 (2) The budget agency must establish the terms and conditions
 22 that the budget agency considers necessary or convenient to make
 23 grants or loans or provide other financial assistance under this
 24 chapter.

25 **(b) In addition to its powers under subsection (a), the budget**
 26 **agency may also make grants or loans or provide other financial**
 27 **assistance from the supplemental fund to or for the benefit of a**
 28 **political subdivision under the following conditions:**

29 (1) A grant, loan, or other financial assistance **may** be used:

30 (A) for planning, designing, acquiring, constructing,
 31 renovating, improving, or expanding wastewater or
 32 stormwater collection and treatment systems, and other
 33 activities necessary or convenient to complete these tasks;

34 (B) to:

35 (i) establish reserves or sinking funds; or

36 (ii) provide interest subsidies;

37 (C) to pay financing charges, including interest on the loan
 38 during construction and for a reasonable period after the
 39 completion of construction; or

40 (D) to pay the following:

41 (i) Consultant, advisory, and legal fees.

42 (ii) Other costs or expenses necessary or incident to the

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grant, loan, or other financial assistance or the administration of the supplemental fund or the supplemental program.

(2) The budget agency must establish the terms and conditions that the budget agency considers necessary or convenient to make grants or loans or provide other financial assistance under this chapter.

SECTION 29. IC 13-18-21-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 26. (a) A grant, loan, or other financial assistance from the supplemental fund must be accompanied by all papers and opinions required by the budget agency.

(b) Unless otherwise provided by rule, a loan or other financial assistance must be accompanied by the following:

- ~~(1) An approving opinion of nationally recognized bond counsel.~~
- ~~(2) (1) A certification and guarantee of signatures.~~
- ~~(3) (2) A certification that, as of the date of the loan or other financial assistance, no litigation is pending challenging the validity of or entry into:

 - (A) the grant, loan, or other financial assistance; or
 - (B) any security for the loan or other financial assistance.~~

(c) The budget agency may require an approving opinion of nationally recognized bond counsel.

SECTION 30. IC 13-18-21-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 27. A ~~political subdivision or public water system~~ **participant** receiving a grant, loan, or other financial assistance from the supplemental fund shall enter into a financial assistance agreement. A financial assistance agreement under this section is a valid, binding, and enforceable agreement of the ~~political subdivision or public water system~~ **participant**.

SECTION 31. IC 13-18-21-28 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 28. (a) The budget agency may sell loans or evidences of other financial assistance and other obligations evidencing the loans or other financial assistance from the supplemental fund:

- (1) periodically;
- (2) at any price; and
- (3) on terms acceptable to the budget agency.

(b) Proceeds of sales under this section shall be deposited in the supplemental fund, **the wastewater revolving loan fund**, or the fund at the direction of the budget director.

SECTION 32. IC 13-18-21-29 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 29. (a) The budget

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- 1 agency may pledge:
- 2 (1) loans or evidences of other financial assistance; and
- 3 (2) other obligations evidencing the loans or other financial
- 4 assistance;
- 5 from the supplemental fund to secure other loans or financial assistance
- 6 from the fund, **the wastewater revolving loan fund**, or the
- 7 supplemental fund for the benefit of ~~political subdivisions or public~~
- 8 ~~water systems that serve economically disadvantaged municipalities-~~
- 9 **participants.**
- 10 (b) The terms of a pledge under this section must be acceptable to
- 11 the budget agency.
- 12 (c) Notwithstanding any other law, a pledge of property made by the
- 13 budget agency under this section is binding from the time the pledge is
- 14 made. Revenues, other money, or other property pledged and thereafter
- 15 received are immediately subject to the lien of the pledge without any
- 16 further act. The lien of a pledge is binding against all parties having
- 17 claims of any kind in tort, contract, or otherwise against:
- 18 (1) the department;
- 19 (2) the budget agency; or
- 20 (3) the supplemental fund;
- 21 regardless of whether the parties have notice of any lien.
- 22 (d) A resolution, an indenture, or other instrument by which a
- 23 pledge is created does not have to be filed or recorded, except in the
- 24 records of the budget agency.
- 25 (e) Action taken to:
- 26 (1) enforce a pledge under this section; and
- 27 (2) realize the benefits of the pledge;
- 28 is limited to the property pledged.
- 29 (f) A pledge under this section does not create a liability or
- 30 indebtedness of the state.
- 31 SECTION 33. THE FOLLOWING ARE REPEALED [EFFECTIVE
- 32 JULY 1, 1999]: IC 13-18-13-21; IC 13-18-13-22; IC 13-18-13-23;
- 33 IC 13-18-13-24; IC 13-18-13-25; IC 13-18-13-26; IC 13-18-13-27;
- 34 IC 13-18-13-28; IC 13-18-13-29.
- 35 SECTION 34. [EFFECTIVE JULY 1, 1999] (a) **On July 1, 1999,**
- 36 **the treasurer of state shall transfer the balance remaining in the**
- 37 **supplemental wastewater assistance fund on June 30, 1999, to the**
- 38 **supplemental drinking water and wastewater assistance fund**
- 39 **established by IC 13-18-21-22, as amended by this act.**
- 40 (b) **On July 1, 1999, all liabilities of the supplemental**
- 41 **wastewater assistance fund become liabilities of the supplemental**
- 42 **drinking water and wastewater assistance fund established by**



1 **IC 13-18-21-22, as amended by this act.**

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SENATE MOTION

Mr. President: I move that Senator Simpson be added as coauthor of Senate Bill 551.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Environmental Affairs, to which was referred Senate Bill No. 551, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-1.5-1-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 8. "Qualified entity" means:

- (1) a political subdivision (as defined in IC 36-1-2-13);
- (2) a state educational institution (as defined in IC 20-12-0.5-1(b));
- (3) a leasing body (as defined in IC 5-1-1-1(a));
- (4) a not-for-profit utility (as defined in IC 8-1-2-125);
- (5) any rural electric membership corporation organized under IC 8-1-13;
- (6) any corporation that was organized in 1963 under Acts 1935, c. 157 and that engages in the generation and transmission of electric energy;
- (7) any telephone cooperative corporation formed under IC 8-1-17;
- (8) any commission, authority, or authorized body of any qualified entity;
- (9) any organization, association, or trust with members, participants, or beneficiaries that are all individually qualified entities; ~~or~~
- (10) any commission, authority, or instrumentality of the state; **or**
- (11) any other participant (as defined in IC 13-11-2-151.1).**

SECTION 2. IC 5-1.5-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. (a) The bank may issue its bonds or notes in principal amounts that it considers necessary to provide funds for any purposes under this article, including:

- (1) the purchase or acquisition of securities;
- (2) the making of loans to or agreements with qualified entities through the purchase of securities;
- (3) the payment, funding, or refunding of the principal of, or interest or redemption premiums on, bonds or notes issued by it whether the bonds or notes or interest to be paid, funded, or refunded have or have not become due; and
- (4) the establishment or increase of reserves to secure or to pay bonds or notes or interest on bonds or notes and all other costs or

ES 551—LS 7497/DI 69+



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expenses of the bank incident to and necessary or convenient to carry out its corporate purposes and powers.

(b) Except as otherwise provided in this article or by the board, every issue of bonds or notes shall be general obligations of the bank payable out of the revenues or funds of the bank, subject only to agreements with the holders of a particular series of bonds or notes pledging a particular revenue or fund. Bonds or notes may be additionally secured by a pledge of a grant or contributions from the United States, a qualified entity, or a person or a pledge of income or revenues, funds, or money of the bank from any source.

(c) Notwithstanding subsections (a) and (b), the total amount of bank bonds and notes outstanding at any one (1) time, except:

- (1) bonds or notes issued to fund or refund bonds or notes; and
- (2) bonds or notes issued for the purpose of purchasing an agreement executed by a qualified entity under IC 21-1-5;

may not exceed one billion dollars (\$1,000,000,000) for qualified entities described in IC 5-1.5-1-8(1) through IC 5-1.5-1-8(4) and IC 5-1.5-1-8(8) through ~~IC 5-1.5-1-8(10)~~: **IC 5-1.5-1-8(11)**.

(d) Notwithstanding subsections (a) and (b), the total amount of bank bonds and notes outstanding at any one (1) time, except bonds or notes issued to fund or refund bonds or notes, may not exceed two hundred million dollars (\$200,000,000) for qualified entities described in IC 5-1.5-1-8(5) through IC 5-1.5-1-8(6).

(e) Notwithstanding subsections (a) and (b), the total amount of bank bonds and notes outstanding at any one (1) time, except bonds or notes issued to fund or refund bonds or notes, may not exceed thirty million dollars (\$30,000,000) for qualified entities described in IC 5-1.5-1-8(7).

(f) The limitations contained in subsections (c), (d), and (e) do not apply to bonds, notes, or other obligations of the bank if:

- (1) the bonds, notes, or other obligations are not secured by a reserve fund under IC 5-1.5-5; or
- (2) funds and investments, and the anticipated earned interest on those funds and investments, are irrevocably set aside in amounts sufficient to pay the principal, interest, and premium on the bonds, notes, or obligations at their respective maturities or on the date or dates fixed for redemption.

SECTION 3. IC 5-1.5-4-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 4. (a) Bonds or notes of the bank must be authorized by resolution of the board, may be issued in one (1) or more series, and must:

- (1) bear the date;

ES 551—LS 7497/DI 69+



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- (2) mature at the time or times;
- (3) be in the denomination;
- (4) be in the form;
- (5) carry the conversion or registration privileges;
- (6) have the rank or priority;
- (7) be executed in the manner;
- (8) be payable from the sources in the medium of payment at the place inside or outside the state; and
- (9) be subject to the terms of redemption;

as the resolution of the board or the trust agreement securing the bonds or notes provides.

(b) Except as provided in subsection (e), bonds or notes may be issued under this article without obtaining the consent of any agency of the state and without any other proceeding or condition other than the proceedings or conditions specified in this article.

(c) The rate or rates of interest on the bonds or notes may be fixed or variable. Variable rates shall be determined in the manner and in accordance with the procedures set forth in the resolution authorizing the issuance of the bonds or notes. Bonds or notes bearing a variable rate of interest may be converted to bonds or notes bearing a fixed rate or rates of interest, and bonds or notes bearing a fixed rate or rates of interest may be converted to bonds or notes bearing a variable rate of interest, to the extent and in the manner set forth in the resolution pursuant to which the bonds or notes are issued. The interest on bonds or notes may be payable semiannually or annually or at any other interval or intervals as may be provided in the resolution, or the interest may be compounded and paid at maturity or at any other times as may be specified in the resolution.

(d) The bonds or notes may be made subject, at the option of the holders, to mandatory redemption by the bank at the times and under the circumstances set forth in the authorizing resolution.

(e) The bank may not issue bonds for qualified entities described in IC 5-1.5-1-8(5) through IC 5-1.5-1-8(7) **or IC 5-1.5-1-8(11)** that are subject to the volume cap (as defined in IC 4-4-11.5-14) without obtaining the prior approval of the Indiana development finance authority.

SECTION 4. IC 13-11-2-83 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 83. (a) "Financial assistance agreement", for purposes of IC 13-18-13, ~~and IC 13-18-21~~, refers to an agreement ~~among~~ **between**:

- (1) the budget agency; and
- (2) a political subdivision;

ES 551—LS 7497/DI 69+



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establishing the terms and conditions of a loan or other financial assistance, including forgiveness of principal if allowed under federal law, by the state to the political subdivision.

(b) "Financial assistance agreement", for purposes of IC 13-19-5, means an agreement between the authority and a political subdivision that:

- (1) is approved by the budget agency; and
- (2) establishes the terms and conditions of a loan or other financial assistance by the state to the political subdivision.

(c) **"Financial assistance agreement", for purposes of IC 13-18-21, refers to an agreement between:**

- (1) the budget agency; and**
- (2) a participant;**

establishing the terms and conditions of a loan or other financial assistance, including forgiveness of principal if allowed under federal law, by the state to the participant.

SECTION 5. IC 13-11-2-87 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 87. (a) "Fund", for purposes of IC 13-14-12, refers to the environmental management special fund.

(b) "Fund", for purposes of IC 13-15-10, refers to the waste facility operator trust fund.

(c) "Fund", for purposes of IC 13-15-11, refers to the environmental management permit operation fund.

(d) "Fund", for purposes of IC 13-17-6, refers to the asbestos trust fund.

(e) "Fund", for purposes of IC 13-17-8, refers to the Title V operating permit program trust fund.

(f) "Fund", for purposes of IC 13-17-14, refers to the lead trust fund.

(g) "Fund", for purposes of IC 13-18-8-5, refers to a sanitary fund.

(h) "Fund", for purposes of IC 13-18-13, refers to the wastewater revolving loan fund established by IC 13-18-13-2. ~~The term does not include the supplemental fund established by IC 13-18-13-22.~~

(i) "Fund", for purposes of IC 13-18-21, refers to the drinking water revolving loan fund established by IC 13-18-21-2. The term does not include the supplemental fund established by IC 13-18-21-22.

(j) "Fund", for purposes of IC 13-19-5, refers to the environmental remediation revolving loan fund established by IC 13-19-5-2.

(k) "Fund", for purposes of IC 13-20-4, refers to the municipal waste transportation fund.

(l) "Fund", for purposes of IC 13-20-13, refers to the waste tire management fund.



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(m) "Fund", for purposes of IC 13-20-22, refers to the state solid waste management fund.

(n) "Fund", for purposes of IC 13-21-7, refers to the waste management district bond fund.

(o) "Fund", for purposes of IC 13-21-13-2, refers to a district solid waste management fund.

(p) "Fund", for purposes of IC 13-23-6, refers to the underground petroleum storage tank trust fund.

(q) "Fund", for purposes of IC 13-23-7, refers to the underground petroleum storage tank excess liability fund.

(r) "Fund", for purposes of IC 13-23-10, refers to the underground storage tank guaranty fund.

(s) "Fund", for purposes of IC 13-25-4, refers to the hazardous substances response trust fund.

(t) "Fund", for purposes of IC 13-25-5, refers to the voluntary remediation fund.

(u) "Fund", for purposes of IC 13-28-2, refers to the voluntary compliance fund.

SECTION 6. IC 13-11-2-151.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 151.1. "Participant", for purposes of this chapter and IC 13-18-21, means:**

(1) a political subdivision; or

(2) any other owner or operator of a public water system.

SECTION 7. IC 13-11-2-172 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 172. (a) "Program", for purposes of IC 13-18-13, refers to the wastewater revolving loan program established by IC 13-18-13-1. ~~The term does not include the supplemental program:~~

(b) "Program", for purposes of IC 13-18-21, refers to the drinking water revolving loan program established by IC 13-18-21-1. The term does not include the supplemental program.

(c) "Program", for purposes of IC 13-19-5, refers to the environmental remediation revolving loan program established by IC 13-19-5-1.

(d) "Program", for purposes of IC 13-23, refers to an underground storage tank release:

- (1) detection;
- (2) prevention; and
- (3) correction;

program created in accordance with the requirements of IC 13-23 or IC 13-7-20 (before its repeal).



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SECTION 8. IC 13-11-2-177.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 177.3. "Public water system", for purposes of ~~IC 13-18-21-22 through IC 13-18-21-29~~; means a system for the provision to the public of water for human consumption through pipes or other constructed conveyances that:

(1) has at least fifteen (15) service connections; or

(2) regularly serves at least twenty-five (25) individuals.

this chapter and IC 13-18-21, has the meaning set forth in 42 U.S.C. 300f.

SECTION 9. IC 13-11-2-226 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 226. ~~(a)~~ "Supplemental fund", for purposes of IC 13-18-13 **and IC 13-18-21**, refers to the supplemental **drinking water and** wastewater assistance fund established by ~~IC 13-18-13-22~~.

~~(b)~~ "Supplemental fund"; for purposes of ~~IC 13-18-21~~; refers to the supplemental drinking water assistance fund established by IC 13-18-21-22.

SECTION 10. IC 13-11-2-227 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 227. ~~(a)~~ "Supplemental program", for purposes of IC 13-18-13 **and IC 13-18-21**, refers to the supplemental **drinking water and** wastewater assistance program established by ~~IC 13-18-13-21~~.

~~(b)~~ "Supplemental program"; for purposes of ~~IC 13-18-21~~; refers to the supplemental drinking water assistance program established by IC 13-18-21-21.

SECTION 11. IC 13-18-21-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) The drinking water revolving loan fund is established to provide money for loans and other financial assistance under this chapter to or for the benefit of ~~political subdivisions~~; **participants**, including forgiveness of principal if allowed under federal law.

(b) The general assembly may appropriate money to the fund. Grants or gifts of money to the fund from the federal government or other sources and the proceeds of the sale of:

(1) gifts to the fund; and

(2) loans and other financial assistance, as provided in sections 10 through 14 of this chapter;

shall be deposited in the fund.

(c) Repayments of loans and other financial assistance, including interest, premiums, and penalties, shall be deposited in the fund.

(d) The treasurer of state shall invest the money in the fund that is:

(1) not currently needed to meet the obligations of the fund; and



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(2) not invested under subsection (e);
in the same manner as other public money may be invested. Earnings that accrue from these investments shall be deposited in the fund.

(e) As an alternative to subsection (d), the budget agency may invest or cause to be invested all or part of the fund in a fiduciary account or accounts with a trustee that is a financial institution. Notwithstanding any other law, an investment may be made by the trustee in accordance with at least one (1) trust agreement or indenture. A trust agreement or indenture may allow disbursements by the trustee to:

- (1) the department;
- (2) the budget agency;
- (3) a ~~political subdivision~~; **participant**;
- (4) the Indiana bond bank; or
- (5) any person to which the department, the budget agency, or a ~~political subdivision~~ **participant** is obligated, as provided in the trust agreement or indenture.

The state board of finance must approve any trust agreement or indenture before execution.

(f) Except as provided in the federal Safe Drinking Water Act (42 U.S.C. 300f et seq.), the cost of administering the fund and the program may be paid from the fund or from four percent (4%) of the money allotted to the state under 42 U.S.C. 300j-12.

(g) All money accruing to the fund and money allotted to the state under 42 U.S.C. 300j-12 is appropriated continuously for the purposes specified in this chapter.

(h) Money in the fund does not revert to the state general fund at the end of a state fiscal year.

SECTION 12. IC 13-18-21-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) Money in the fund may be used to do the following:

- (1) Provide loans or other financial assistance to ~~political subdivisions~~ **participants** for the:

- (A) planning;
- (B) designing;
- (C) construction;
- (D) renovation;
- (E) improvement;
- (F) expansion; or
- (G) any combination of clauses (A) through (F);

for ~~drinking public~~ **drinking public** water systems that will facilitate compliance with national primary drinking water regulations applicable to ~~drinking public~~ **drinking public** water systems under the federal Safe Drinking

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Water Act (42 U.S.C. 300f et seq.) or otherwise significantly further the health protection objectives of the federal Safe Drinking Water Act (42 U.S.C. 300f et seq.) and other activities necessary or convenient to complete these tasks.

(2) Except as provided in the federal Safe Drinking Water Act (42 U.S.C. 300f et seq.), pay the cost of administering the fund and the program.

(3) Conduct all other activities that are allowed by the federal Safe Drinking Water Act (42 U.S.C. 300f et seq.).

(b) Notwithstanding section 2(g) of this chapter, if ~~appropriated by the general assembly and~~ an adequate state match is available, the department and the budget agency shall use two percent (2%) of the funds allotted to the state under 42 U.S.C. 300j-12 to provide technical assistance to ~~political subdivisions~~ **participants for public water systems** serving not more than ten thousand (10,000) persons in Indiana. The department and the budget agency may jointly contract with a person or persons to provide the technical assistance. Funds used under this subsection may not be used for enforcement actions.

(c) To the extent permitted by this chapter, fifteen percent (15%) of the amount credited to the fund in a state fiscal year shall be available solely for providing loan assistance to **participants for public water systems** ~~as contemplated by the federal Safe Drinking Water Act (42 U.S.C. 300f et seq.); that~~ regularly ~~serve~~ **servicing** less than ten thousand (10,000) persons in Indiana, to the extent that the money can be obligated for eligible projects ~~of public water systems under the federal Safe Drinking Water Act (42 U.S.C. 300f et seq.).~~

(d) To avoid the loss of money allotted to the state under 42 U.S.C. 300j-12 et seq., the budget agency and the department shall develop and implement a strategy to assist **public water systems participants** in acquiring and maintaining technical, managerial, and financial capacity as contemplated by 42 U.S.C. 300g-9. This is all the legal authority required by the state for the budget agency and the department to ensure that all new community water systems and new nontransient, noncommunity water systems, as contemplated by the federal Safe Drinking Water Act (42 U.S.C. 300f et seq.), commencing operations after October 1, 1999, demonstrate technical, managerial, and financial capacity with respect to each federal primary drinking water regulation in effect on the date operations commence. The department has primary responsibility to carry out this subsection.

(e) **This chapter does not require the budget agency to provide a loan or other financial assistance to any participant that would cause any bonds or other obligations issued to finance the program**

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to lose their exemption from federal income taxation.

SECTION 13. IC 13-18-21-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 6. The budget agency shall do the following:

- (1) Manage and implement the financial aspects of the program.
- (2) Cooperate with the department in the administration and management of the program.
- (3) If not accepted and held by the department, accept and hold any letter of credit from the federal government through which the state receives grant payments for the program and disbursements to the fund.
- (4) Be the point of contact with ~~political subdivisions;~~ **participants** and other interested persons in preparing and providing program information.
- (5) Negotiate, jointly with the department, the negotiable aspects of each financial assistance agreement.
- (6) Prepare or cause to be prepared each financial assistance agreement.
- (7) Execute each financial assistance agreement.
- (8) Conduct or cause to be conducted an evaluation as to the financial ability of each ~~political subdivision~~ **participant** to pay the loan or other financial assistance and other obligations evidencing the loans or other financial assistance, if required to be paid, and comply with the financial assistance agreement.
- (9) Prepare, jointly with the department, annual reports concerning the fund and the program.
- (10) Submit the reports prepared under subdivision (9) to the governor and the general assembly.
- (11) Enter into memoranda of understanding with the department concerning the administration and management of the fund and the program.

SECTION 14. IC 13-18-21-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 8. (a) The department and the budget agency may:

- (1) provide services to a ~~political subdivision~~ **participant** in connection with a loan or other financial assistance, including advisory and other services; and
- (2) charge a fee for services provided.

(b) The department and the budget agency may charge a fee for costs and services incurred in the review or consideration of an application for a proposed loan or other financial assistance under this chapter to or for the benefit of a ~~political subdivision~~ **participant,**



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regardless of whether the application is approved or rejected.

(c) A political subdivision may pay fees charged under this section.

SECTION 15. IC 13-18-21-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 9. (a) The department shall use a priority ranking system to recommend loans or other financial assistance from the fund. The department shall develop the priority ranking system consistent with federal primary drinking water regulations and health protection objectives of the federal Safe Drinking Water Act (42 U.S.C. 300f et seq.).

(b) Based on the recommendations made under subsection (a), the budget agency may make loans and provide other financial assistance from the fund to or for the benefit of ~~political subdivisions~~ **participants**.

SECTION 16. IC 13-18-21-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 10. The budget agency may make loans or provide other financial assistance from the fund to or for the benefit of a ~~political subdivision~~ **participant** under the following conditions:

- (1) The loan or other financial assistance must be used:
 - (A) for planning, designing, constructing, renovating, improving, and expanding ~~drinking public water treatment~~ systems and for other activities necessary or convenient to complete these tasks;
 - (B) to:
 - (i) establish reserves or sinking funds; or
 - (ii) provide interest subsidies;
 - (C) to pay financing charges, including interest on the loan or other financial assistance during construction and for a reasonable period after the completion of construction; or
 - (D) to pay the following:
 - (i) Consultant, advisory, and legal fees.
 - (ii) Other costs or expenses necessary or incident to the loan, other financial assistance, or the administration of the fund and the program.
- (2) Subject to section 15 of this chapter, upon recommendation of the budget agency, the state board of finance shall establish the interest rate or parameters for establishing the interest rate on each loan, including parameters for establishing the amount of interest subsidies.
- (3) The budget agency shall establish the terms and conditions that the budget agency considers necessary or convenient to:
 - (A) make loans; or



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(B) provide other financial assistance under this chapter.

(4) Notwithstanding any other law, the budget agency may establish and implement requirements that:

(A) apply to loans and other financial assistance to be made to participants that are not political subdivisions; and

(B) are different from, or in addition to, requirements that apply to loans and financial assistance made to political subdivisions.

SECTION 17. IC 13-18-21-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 12. A ~~political subdivision~~ **participant** receiving a loan or other financial assistance from the fund shall enter into a financial assistance agreement. A financial assistance agreement is a valid, binding, and enforceable agreement of the ~~political subdivision~~ **participant**.

SECTION 18. IC 13-18-21-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 13. The budget agency may sell loans or evidence of other financial assistance and other obligations of ~~political subdivisions~~ **participants** evidencing the loans or other financial assistance from the fund periodically at any price and on terms acceptable to the budget agency. Proceeds of sales under this section shall be deposited in the fund.

SECTION 19. IC 13-18-21-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 14. (a) The budget agency may pledge loans or evidence of other financial assistance and other obligations of ~~political subdivisions~~ **participants** evidencing the loans or other financial assistance from the fund to secure:

(1) other loans or financial assistance from the fund to or for the benefit of ~~political subdivisions~~ **participants**; or

(2) other loans or financial assistance from the supplemental fund to or for the benefit of ~~political subdivisions~~ **participants**;

to the extent allowed by the federal Safe Drinking Water Act (42 U.S.C. 300f et seq.).

(b) The budget agency must approve the terms of a pledge under this section.

(c) Notwithstanding any other law, a pledge of property made under this section is binding from the time the pledge is made. Revenues, other money, or other property pledged and received are immediately subject to the lien of the pledge without any other act. The lien of a pledge is binding against all parties having claims of any kind in tort, contract, or otherwise against:

(1) the department;

ES 551—LS 7497/DI 69+



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- (2) the budget agency; or
- (3) the fund;

regardless of whether the parties have notice of any lien.

(d) A resolution, an indenture, or other instrument by which a pledge is created does not have to be filed or recorded, except in the records of the budget agency.

(e) Action taken to:

- (1) enforce a pledge under this section; and
- (2) realize the benefits of the pledge;

is limited to the property pledged.

(f) A pledge under this section does not create a liability or indebtedness of the state.

SECTION 20. IC 13-18-21-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 15. (a) In recommending to the state board of finance the interest rate or parameters for establishing the interest rate on each loan (other than a loan to a qualified entity described in IC 13-11-2-164(b)(4)), as provided in section 10 of this chapter, the budget agency shall recommend and the state board of finance shall establish the following:

(1) A base or subsidized interest rate that:

(A) would be payable by ~~political subdivisions~~ **participants** other than ~~political subdivisions~~ **participants** described in subdivision (2) or (3); and

(B) may provide that payment of interest is not required during all or part of the estimated construction period for the ~~drinking public water treatment~~ system.

(2) A base reduced or more heavily subsidized interest rate that:

(A) is payable by a ~~political subdivision~~ **participant** with median household incomes that are:

(i) not more than the state median household income for an area that is not a metropolitan area, as determined and reported periodically by the federal government; and

(ii) not less than eighty-one percent (81%) of the state median household income for an area that is not a metropolitan area; and

(B) may provide that payment of interest is not required during all or part of the estimated construction period for the ~~drinking public water treatment~~ system.

(3) A base of zero (0) or the most heavily subsidized interest rate that:

(A) would be payable on loans made to ~~political subdivisions~~ **participants** with median household incomes that are not

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more than eighty percent (80%) of the state household income for an area that is not a metropolitan area; and

(B) may provide that payment of interest is not required during all or part of the estimated construction period of the **drinking public water treatment** system.

(b) The budget agency, in recommending to the state board of finance the interest rate or parameters for establishing the interest rate on each loan (including **all loans to a qualified entity described in IC 13-11-2-164(b)(4)) participants that are not political subdivisions**) under section 10 of this chapter, ~~shall~~ **may** take into account the following:

- (1) Credit risk.
- (2) Environmental, water quality, and health protection.
- (3) Affordability.
- (4) Other fiscal factors the budget agency considers relevant, **including the program's cost of funds and whether the financial assistance provided to a particular participant is taxable or tax exempt under federal law.**

Based on the factors set forth in subdivisions (1) through (4), more than one (1) interest rate may be established and used for loans made to different participants in the same interest rate category.

(c) In financing the program, the Indiana bond bank and the Indiana development finance authority shall issue at the budget agency's request:

- (1) revenue bonds payable from and secured by ~~political subdivisions~~ **participants**; and
- (2) loan payments made by and to ~~political subdivisions~~ **participants.**

The budget agency or the state board of finance ~~are~~ **is** not required by this chapter to establish interest rates on loans or parameters for establishing interest rates that would cause any revenue bonds to be insecure or otherwise negatively affect the ability of the state to continue to finance the program.

SECTION 21. IC 13-18-21-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 16. The budget agency shall require a ~~political subdivision~~ **participant** receiving a loan or other financial assistance under this chapter to establish under applicable law and maintain sufficient user charges or other charges, fees, taxes, special assessments, or revenues available to the ~~political subdivision~~ **participant** to:

- (1) operate and maintain the **drinking public water treatment** system; and



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(2) pay the obligations of the ~~drinking public~~ water treatment system.

SECTION 22. IC 13-18-21-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 17. (a) Notwithstanding any other law and if provided in a financial assistance agreement, a state department or state agency, including the treasurer of state, that is the custodian of money payable to a ~~political subdivision~~ **participant**, other than money in payment for goods or services provided by the ~~political subdivision~~ **participant**, may withhold payment of money from that ~~political subdivision~~ **participant** and pay over the money to the budget agency or the Indiana bond bank, as directed by the budget director, for the purpose of curing a default. Withholding payment under this subsection may not occur until after written notice from the budget director that the ~~political subdivision~~ **participant** is in default on the payment of principal or interest on a loan or evidence of other financial assistance.

(b) The withholding of payment from the ~~political subdivision~~ **participant** and payment to:

- (1) the budget agency; or
- (2) the Indiana bond bank;

as applicable, may not adversely affect the validity of the defaulted loan or other financial assistance.

SECTION 23. IC 13-18-21-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 20. (a) As an alternative to making loans or providing other financial assistance to ~~political subdivisions~~ **participants**, the budget agency may use the money in the fund to provide a leveraged loan program and other financial assistance programs allowed by the federal Safe Drinking Water Act (42 U.S.C. 300f et seq.) to or for the benefit of ~~political subdivisions~~ **participants**, including using money in the fund or a supplemental fund, including the supplemental fund established by section ~~21~~ **22** of this chapter, to enhance the obligations of ~~political subdivisions~~ **participants** issued for the purposes of this chapter by:

- (1) granting money to:
 - (A) be deposited in:
 - (i) a capital or reserve fund established under IC 5-1.5 or another statute or a trust agreement or indenture as contemplated by IC 13-18-21-2(e); or
 - (ii) an account established within a fund described in item (i); or
 - (B) provide interest subsidies;
- (2) paying bond insurance premiums, reserve insurance



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premiums, or credit enhancement, liquidity support, remarketing, or conversion fees, or other similar fees or costs for obligations of a ~~political subdivision~~ **participant** or for bonds issued by the Indiana bond bank or the Indiana development finance authority if credit market access is improved or interest rates are reduced;

- or
- (3) guaranteeing all or part of:
- (A) obligations issued by ~~political subdivisions~~ **participants**;
 - or
 - (B) bonds issued by the Indiana bond bank or the Indiana development finance authority.

(b) The budget agency may enter into any agreements with the Indiana bond bank, the Indiana development finance authority, or ~~political subdivisions~~ **participants** to carry out the purposes specified in this chapter.

(c) A guarantee of obligations or bonds under subsection (a)(3) must be limited to money in the fund. A guarantee under subsection (a)(3) does not create a liability or indebtedness of the state.

SECTION 24. IC 13-18-21-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 21. The supplemental drinking water **and wastewater** assistance program is established.

SECTION 25. IC 13-18-21-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 22. (a) The supplemental drinking water **and wastewater** assistance fund is established to provide money for grants, loans, and other financial assistance **to or** for the benefit of: ~~political subdivisions or public water systems that serve economically disadvantaged municipalities~~

- (1) participants for the purposes described in section 23(1) of this chapter; and**
- (2) political subdivisions for the purposes described in section 23(2) of this chapter.**

(b) The general assembly may appropriate money to the supplemental fund. Grants or gifts of money to the supplemental fund and proceeds of the sale of:

- (1) gifts to the supplemental fund; and
- (2) loans and other financial assistance, as provided in sections 25 through 29 of this chapter;

shall be deposited in the supplemental fund.

(c) Repayments of loans and other financial assistance from the supplemental fund, including interest, premiums, and penalties, shall be deposited in the supplemental fund.

(d) The treasurer of state shall invest the money in the supplemental



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fund that is:

- (1) not currently needed to meet the obligations of the supplemental fund; and
- (2) not invested under subsection (e);

in the same manner as other public money may be invested. Earnings that accrue from the investments shall be deposited in the supplemental fund.

(e) As an alternative to the investment provided for in subsection (d), the budget agency may invest or cause to be invested all or a part of the supplemental fund in a fiduciary account or accounts with a trustee that is a financial institution. Notwithstanding any other law, any investment may be made by the trustee in accordance with one (1) or more trust agreements or indentures. A trust agreement or indenture may permit disbursements by the trustee to the department, the budget agency, a ~~political subdivision~~, a ~~public water system that serves an economically disadvantaged municipality~~, **participant**, the Indiana bond bank, or any other person as provided in the trust agreement or indenture. The state board of finance must approve the form of any trust agreement or indenture before execution.

(f) The cost of administering the supplemental fund may be paid from money in the supplemental fund.

(g) All money accruing to the supplemental fund is appropriated continuously for the purposes specified in this chapter.

(h) Money in the supplemental fund does not revert to the state general fund at the end of a state fiscal year.

SECTION 26. IC 13-18-21-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 23. Money in the supplemental fund may be used to do the following:

(1) Provide grants, loans, or other financial assistance to or for the benefit of ~~political subdivisions or public water systems that serve economically disadvantaged municipalities~~ **participants** for the planning, designing, acquisition, construction, renovation, improvement, or expansion of ~~drinking water treatment systems and public water supply~~ systems and other activities necessary or convenient to complete these tasks, whether or not those other activities are permitted by the federal Clean Water Act or the federal Safe Drinking Water Act.

(2) **Provide grants, loans, or other financial assistance to or for the benefit of political subdivisions for the planning, designing, acquisition, construction, renovation, improvement, or expansion of wastewater or stormwater collection and treatment systems and other activities**



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necessary or convenient to complete these tasks, whether or not those other activities are permitted by the federal Clean Water Act or the federal Safe Drinking Water Act.

(3) Pay the cost of administering the supplemental fund and the supplemental program.

(4) Conduct all other activities that are permitted by the federal Clean Water Act or the federal Safe Drinking Water Act.

SECTION 27. IC 13-18-21-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 24. (a) The budget agency shall develop a **supplemental priority ranking system criteria** to recommend grants, loans, or other financial assistance from the supplemental fund.

(b) The **supplemental priority ranking system shall be designed to establish funding for each category of projects consistent with the environmental, public health, and financial objectives of the state.**

(c) The:

(1) budget agency shall consult with the department in establishing; and

(2) budget committee shall review

the supplemental priority ranking system:

SECTION 28. IC 13-18-21-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 25. (a) The budget agency may make grants or loans or provide other financial assistance from the supplemental fund for the benefit of a **political subdivision or public water system that serves an economically disadvantaged municipality participant** under the following conditions:

(1) A grant, loan, or other financial assistance **must may** be used:

(A) for planning, designing, acquiring, constructing, renovating, improving, or expanding **drinking water treatment systems or public water supply** systems, and other activities necessary or convenient to complete these tasks;

(B) to:

(i) establish reserves or sinking funds; or

(ii) provide interest subsidies;

(C) to pay financing charges, including interest on the loan during construction and for a reasonable period after the completion of construction; or

(D) to pay the following:

(i) Consultant, advisory, and legal fees.

(ii) Other costs or expenses necessary or incident to the grant, loan, or other financial assistance or the administration of the supplemental fund or the supplemental

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program.

(2) The budget agency must establish the terms and conditions that the budget agency considers necessary or convenient to make grants or loans or provide other financial assistance under this chapter.

(b) In addition to its powers under subsection (a), the budget agency may also make grants or loans or provide other financial assistance from the supplemental fund to or for the benefit of a political subdivision under the following conditions:

(1) A grant, loan, or other financial assistance may be used:

(A) for planning, designing, acquiring, constructing, renovating, improving, or expanding wastewater or stormwater collection and treatment systems, and other activities necessary or convenient to complete these tasks;

(B) to:

(i) establish reserves or sinking funds; or

(ii) provide interest subsidies;

(C) to pay financing charges, including interest on the loan during construction and for a reasonable period after the completion of construction; or

(D) to pay the following:

(i) Consultant, advisory, and legal fees.

(ii) Other costs or expenses necessary or incident to the grant, loan, or other financial assistance or the administration of the supplemental fund or the supplemental program.

(2) The budget agency must establish the terms and conditions that the budget agency considers necessary or convenient to make grants or loans or provide other financial assistance under this chapter.

SECTION 29. IC 13-18-21-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 26. (a) A grant, loan, or other financial assistance from the supplemental fund must be accompanied by all papers and opinions required by the budget agency.

(b) Unless otherwise provided by rule, a loan or other financial assistance must be accompanied by the following:

~~(1) An approving opinion of nationally recognized bond counsel;~~

~~(2) (1) A certification and guarantee of signatures.~~

~~(3) (2) A certification that, as of the date of the loan or other financial assistance, no litigation is pending challenging the validity of or entry into:~~

~~(A) the grant, loan, or other financial assistance; or~~

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(B) any security for the loan or other financial assistance.

(c) The budget agency may require an approving opinion of nationally recognized bond counsel.

SECTION 30. IC 13-18-21-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 27. A ~~political subdivision or public water system~~ **participant** receiving a grant, loan, or other financial assistance from the supplemental fund shall enter into a financial assistance agreement. A financial assistance agreement under this section is a valid, binding, and enforceable agreement of the ~~political subdivision or public water system~~. **participant.**

SECTION 31. IC 13-18-21-28 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 28. (a) The budget agency may sell loans or evidences of other financial assistance and other obligations evidencing the loans or other financial assistance from the supplemental fund:

- (1) periodically;
- (2) at any price; and
- (3) on terms acceptable to the budget agency.

(b) Proceeds of sales under this section shall be deposited in the supplemental fund, **the wastewater revolving loan fund**, or the fund at the direction of the budget director.

SECTION 32. IC 13-18-21-29 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 29. (a) The budget agency may pledge:

- (1) loans or evidences of other financial assistance; and
- (2) other obligations evidencing the loans or other financial assistance;

from the supplemental fund to secure other loans or financial assistance from the fund, **the wastewater revolving loan fund**, or the supplemental fund for the benefit of ~~political subdivisions or public water systems that serve economically disadvantaged municipalities~~. **participants.**

(b) The terms of a pledge under this section must be acceptable to the budget agency.

(c) Notwithstanding any other law, a pledge of property made by the budget agency under this section is binding from the time the pledge is made. Revenues, other money, or other property pledged and thereafter received are immediately subject to the lien of the pledge without any further act. The lien of a pledge is binding against all parties having claims of any kind in tort, contract, or otherwise against:

- (1) the department;
- (2) the budget agency; or

ES 551—LS 7497/DI 69+



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(3) the supplemental fund;
regardless of whether the parties have notice of any lien.

(d) A resolution, an indenture, or other instrument by which a pledge is created does not have to be filed or recorded, except in the records of the budget agency.

(e) Action taken to:

(1) enforce a pledge under this section; and

(2) realize the benefits of the pledge;

is limited to the property pledged.

(f) A pledge under this section does not create a liability or indebtedness of the state.

SECTION 33. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 1999]: IC 13-18-13-21; IC 13-18-13-22; IC 13-18-13-23; IC 13-18-13-24; IC 13-18-13-25; IC 13-18-13-26; IC 13-18-13-27; IC 13-18-13-28; IC 13-18-13-29.

SECTION 34. [EFFECTIVE JULY 1, 1999] (a) **On July 1, 1999, the treasurer of state shall transfer the balance remaining in the supplemental wastewater assistance fund on June 30, 1999, to the supplemental drinking water and wastewater assistance fund established by IC 13-18-21-22, as amended by this act.**

(b) **On July 1, 1999, all liabilities of the supplemental wastewater assistance fund become liabilities of the supplemental drinking water and wastewater assistance fund established by IC 13-18-21-22, as amended by this act."**

Page 1, delete lines 1 through 17.

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and when so amended that said bill do pass.

(Reference is to SB 551 as introduced.)

GARD, Chairperson

Committee Vote: Yeas 6, Nays 0.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Environmental Affairs, to which was referred Senate Bill 551, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

STURTZ, Chair

Committee Vote: yeas 12, nays 1.

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