

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

301 State House
(317)232-9855

FISCAL IMPACT STATEMENT

LS 6592

BILL NUMBER: HB 1187

DATE PREPARED: Dec 10, 1998

BILL AMENDED:

SUBJECT: Wastewater treatment for unincorporated areas.

FISCAL ANALYST: Beverly Holloway

PHONE NUMBER: 232-9851

**FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

(A) It allows for the establishment of a rural community wastewater district in an unincorporated area having a population of less than 1,250.

(B) The creation of the wastewater district is required to be initiated through petition, and provides for remonstrance against creation.

(C) The circuit court with jurisdiction over the township having the most land in the district is the court with jurisdiction over the petition and over future hearings of the district.

(D) Public hearings are required by the circuit court and by the township board on the petition.

(E) The township board having the most land in the district is required to review the petition, to consult with other township boards that contain land in the district, to make findings related to the district, and to make a report to the circuit court.

(F) It provides for an advisory board to oversee the district. The advisory board is composed of five members: (1) three members elected by the residents of the district; (2) one member appointed by the township board of the township having the most land in the district; and (3) one member appointed by the township trustee of the township having the most land in the district. The duties and powers of the advisory board and the administration of the district are also outlined in the bill.

(G) The district is allowed to collect fees, user charges, and penalties.

(H) The district has the authority to file a lien for past due fees, user charges, or penalties.

(I) The district is allowed to seek funding from the Wastewater Revolving Loan Fund.

(J) The district has the ability to issue revenue obligations.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill allows a rural community wastewater district to borrow from the Wastewater Revolving Loan Fund (established in IC 13-18-13). The term of the loan is not to exceed a period of 20 years. The Fund currently has approximately \$70 million available for wastewater projects.

This bill requires the Indiana Department of Environmental Management (IDEM) and the State Department of Health (SDOH) to review the loan application. The SDOH is required to investigate the loan application, make a report to the IDEM concerning the following: 1) the need for a loan; and 2) the acceptability of the works of improvement for which the loan is proposed to be used. Upon the receipt of the SDOH report, the IDEM is required to examine the loan application to determine if the proposed system meets SDOH standards and to prepare a report upon the loan application. It is unknown how many loan applications will have to be investigated and reviewed by the SDOH and IDEM.

The bill provides that state agencies shall furnish assistance to the township board necessary to accomplish the purposes of this bill.

Additionally, the IDEM is required to forward the loan application, the IDEM and SDOH reports on the application to the State Board of Finance. The State Board of Finance is required to consider the economic need of the eligible entity applying for the loan in addition to the reviewing the IDEM and SDOH reports. Based on this information, the State Board of Finance is required to approve or disapprove the loan application.

If the State Board of Finance approves the loan, the Auditor of State shall promptly make the money available to the district applying for the loan.

Explanation of State Revenues: The loan acquired from the Wastewater Revolving Loan Fund is to be repaid at an interest rate of 1 1/2% per year for the first eight years and at a rate of 5% per year until the loan is repaid in full.

All costs incurred by the SDOH, IDEM, and the State Board of Finance are to be reimbursed from the district through the township board.

Explanation of Local Expenditures: This bill allows for the establishment of a rural community wastewater district in an unincorporated area having a population of less than 1,250. The creation of the wastewater district is required to be initiated through petition, and provides for remonstrance against creation.

The circuit court with jurisdiction over the township having the most land in the district is the court with jurisdiction over the petition and over future hearings of the district. Public hearings on the petition are required by the circuit court. The fiscal impact of this provision is indeterminable and is dependent on the number of hearings that are necessary to be heard by the circuit court. The costs would be absorbed within the existing budget of the circuit court.

The township board having the most land in the district is required to review the petition, to consult with

other township boards that contain land in the district, to make findings related to the district, and to make a report to the circuit court. The township board is required to hold public hearings on the petition. The expenses of the hearings and other expenses of necessary investigations and surveys, together with any expense incurred by the township board in subsequent studies of district plans, are payable initially out of the general money of the township that contains the most land in the district. Expenditures of the township board also includes expenses incurred by an assisting or a cooperating state agency.

The county election board is to assist the township board in establishing a balloting procedure for the election of the advisory board members. The cost to the county election board for assisting the township board would be absorbed within the existing budget.

Explanation of Local Revenues: The district shall repay the expenditures of the township board from the district's planning money.

State Agencies Affected: Indiana Department of Environmental Management; State Department of Health; State Board of Finance; Auditor of State

Local Agencies Affected: Circuit court; Township board; County election board.

Information Sources: Dan Novreske, State Budget Agency, (317) 233-5707.