

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

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7939

BILL NUMBER: HB 1687

DATE PREPARED: Apr 27, 1999

BILL AMENDED: Apr 26, 1999

SUBJECT: Public water systems and water supply systems.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 X FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) (A) This bill amends the definition of "public water system" for purposes of the law concerning the supplemental drinking water assistance program to incorporate federal requirements by reference to the federal statute. It also amends the definition of "water supply system" for purposes of: (1) the law concerning operators of water treatment plants, wastewater treatment plants, and water distribution systems and (2) other environmental management laws to mean the system of wells, pumps, structures, pipes, facilities, and other constructed conveyances through which water is obtained, treated as required, and supplied through a water distribution system to the public for human consumption.

(B) It specifies that nonprofit water utilities that reconstitute as water authorities: (1) retain all privileges, rights, and exemptions as nonprofit water utilities under their bylaws and articles and all laws applicable to nonprofit water utilities and local water corporations; (2) are subject only to the laws applicable to nonprofit water utilities and local water corporations; and (3) are subject to the laws concerning municipally owned utilities for purposes of setting rates and charges.

Effective Date: (Amended) January 1, 1999 (retroactive); July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues: (A) This provision amends the definitions of "public water system" and "water supply system" to reflect the U.S. Environmental Protection Agency's definitions. Indiana is required to amend these definitions in order to maintain primary enforcement authority for the drinking water program. If Indiana fails to amend the definitions by April 28, 2000, Indiana could lose authority for the program and the associated federal grants. The federal grant for FY 99 equals almost \$1.9 million.

Explanation of Local Expenditures: (Revised) (B) This provision makes technical corrections to a statute enacted in the 1998 General Assembly that allowed a nonprofit water utility to adopt a resolution that

reconstitutes the utility as a water authority. This will not have a fiscal impact.

Explanation of Local Revenues:

State Agencies Affected: Indiana Department of Environmental Management

Local Agencies Affected:

Information Sources: Erika Seydel Cheney, Indiana Department of Environmental Management, 232-8598; Mark Moore, Ice Miller Donadio & Ryan, 236-5837.