

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

301 State House
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FISCAL IMPACT STATEMENT

LS 6730
BILL NUMBER: SB 120

DATE PREPARED: Mar 5, 1999
BILL AMENDED: Mar 4, 1999

SUBJECT: Environmental law.

FISCAL ANALYST: Kristin Breen
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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill establishes a General Account and a Special Projects Account within the Environmental Remediation Revolving Loan Fund. It allows certain political subdivisions to receive a loan from the Special Projects Account for remediation, development, or redevelopment activities in a brownfield. It provides that: (1) the loan agreement may provide that the payment of interest is not required during the period for the completion of remediation, development, or redevelopment of the brownfield; and (2) the loan may be forgiven if it is determined that the political subdivision's development, redevelopment, or economic development goals for the brownfield as specified in the agreement have been substantially met.

Effective Date: (Amended) Upon passage.

Explanation of State Expenditures: (Revised) This bill establishes a General Account and a Special Projects Account within the Environmental Remediation Revolving Loan Fund (ERRLF). It allows the Indiana Development Finance Authority (IDFA) to provide a loan to a political subdivision that has entered into an agreement and covenant not to sue with the U.S. Environmental Protection Agency and the state of Indiana and that will be required to undertake a remediation of a brownfield. Currently, this only applies to the former Uniroyal site in the city of Mishawaka. The remediation costs for the site could reach \$11 million. The city has already received a \$6,255,000 bank qualified bond.

The loan is to be paid from funds that are appropriated to the Special Projects Account. No money has been appropriated or transferred to that account. Under current law, not more than 10% of the money available in the Fund may be loaned or otherwise provided to any one political subdivision. However, this bill provides that a loan made under this provision may exceed that amount. The financial assistance agreement between IDFA and a political subdivision may provide that interest is not required during all or any part of the remediation activities and that the interest rate is zero or the most heavily subsidized interest rate that would be payable on other loans to political subdivisions. In addition, IDFA may forgive the loan if the remediation

goals have been substantially met.

P.L. 59 - 1997 (SEA 360) established the ERRLF and provided that \$10 million is to be transferred to the ERRLF from the Hazardous Substances Response Trust Fund between July 1, 1997 and July 1, 1999. The ERRLF currently has an unobligated balance of approximately \$7.9 million. Under current IDFA guidelines, \$2 million of the \$10 million is to be distributed as grants, while the remaining \$8 million is to be distributed as loans. Currently, \$1.5 million of the \$2 million set aside for grants has either been distributed or approved for distribution. In addition, \$550,000 of the \$8 million set aside for loans has either been distributed or approved for distribution. IDFA guidelines limit grants to \$50,000 per applicant per round. In addition, IDFA guidelines provide that 40% of available grant money available is to be distributed to cities, towns, and counties with populations of 35,000 or more, while 60% is to be distributed to remaining political subdivisions.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) See State Expenditures

State Agencies Affected: Indiana Development Finance Authority

Local Agencies Affected: Mishawaka; Political subdivisions.

Information Sources: Diana Hamilton, Indiana Development Finance Authority, 233-4332; Jeff Rea, Director of Community/Economic Development, City of Mishawaka, 219/258-1609.