

HOUSE BILL No. 1623

DIGEST OF INTRODUCED BILL

Citations Affected: IC 13-11-2-176.6; IC 13-18-21.

Synopsis: Drinking water revolving loan fund. Allows public utilities that own, operate, manage, or control systems for the provision to the public of water for human consumption through pipes or other constructed conveyances that: (1) serve at least 15 service connections used by year-round residents; or (2) regularly serve at least 25 year-round residents to obtain loans and other financial assistance from the drinking water revolving loan fund and supplemental drinking water assistance fund. (Current law allows only political subdivisions to obtain loans and other financial assistance from the drinking water revolving loan fund and supplemental drinking water assistance fund.)

Effective: July 1, 1999.

Murphy

January 21, 1999, read first time and referred to Committee on Commerce and Economic Development.

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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.

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HOUSE BILL No. 1623



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 13-11-2-176.6 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 1999]: **Sec. 176.6. "Public utility", for**
4 **purposes of IC 13-18-21, means a corporation, a company, a**
5 **partnership, a limited liability company, an individual, or an**
6 **association of individuals that owns, operates, manages, or controls**
7 **a system for the provision to the public of water for human**
8 **consumption through pipes or other constructed conveyances that:**

- 9 (1) serves at least fifteen (15) service connections used by
- 10 year-round residents; or
- 11 (2) regularly serves at least twenty-five (25) year-round
- 12 residents.

13 SECTION 2. IC 13-18-21-2 IS AMENDED TO READ AS
14 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) The drinking
15 water revolving loan fund is established to provide money for loans and
16 other financial assistance under this chapter to or for the benefit of:

- 17 (1) political subdivisions; **and**



- 1 **(2) public utilities;**
 2 including forgiveness of principal if allowed under federal law.
 3 (b) The general assembly may appropriate money to the fund.
 4 Grants or gifts of money to the fund from the federal government or
 5 other sources and the proceeds of the sale of:
 6 (1) gifts to the fund; and
 7 (2) loans and other financial assistance, as provided in sections 10
 8 through 14 of this chapter;
 9 shall be deposited in the fund.
 10 (c) Repayments of loans and other financial assistance, including
 11 interest, premiums, and penalties, shall be deposited in the fund.
 12 (d) The treasurer of state shall invest the money in the fund that is:
 13 (1) not currently needed to meet the obligations of the fund; and
 14 (2) not invested under subsection (e);
 15 in the same manner as other public money may be invested. Earnings
 16 that accrue from these investments shall be deposited in the fund.
 17 (e) As an alternative to subsection (d), the budget agency may invest
 18 or cause to be invested all or part of the fund in a fiduciary account or
 19 accounts with a trustee that is a financial institution. Notwithstanding
 20 any other law, an investment may be made by the trustee in accordance
 21 with at least one (1) trust agreement or indenture. A trust agreement or
 22 indenture may allow disbursements by the trustee to:
 23 (1) the department;
 24 (2) the budget agency;
 25 (3) a political subdivision;
 26 **(4) a public utility;**
 27 ~~(5)~~ **(5)** the Indiana bond bank; or
 28 ~~(6)~~ **(6)** any person to which the department, the budget agency, a
 29 **public utility**, or a political subdivision is obligated, as provided
 30 in the trust agreement or indenture.
 31 The state board of finance must approve any trust agreement or
 32 indenture before execution.
 33 (f) Except as provided in the federal Safe Drinking Water Act (42
 34 U.S.C. 300f et seq.), the cost of administering the fund and the program
 35 may be paid from the fund or from four percent (4%) of the money
 36 allotted to the state under 42 U.S.C. 300j-12.
 37 (g) All money accruing to the fund and money allotted to the state
 38 under 42 U.S.C. 300j-12 is appropriated continuously for the purposes
 39 specified in this chapter.
 40 (h) Money in the fund does not revert to the state general fund at the
 41 end of a state fiscal year.
 42 SECTION 3. IC 13-18-21-3 IS AMENDED TO READ AS



1 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) Money in the
2 fund may be used to do the following:

3 (1) Provide loans or other financial assistance to political
4 subdivisions **or public utilities** for the:

5 (A) planning;

6 (B) designing;

7 (C) construction;

8 (D) renovation;

9 (E) improvement;

10 (F) expansion; or

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

12 for drinking water systems that will facilitate compliance with
13 national primary drinking water regulations applicable to drinking
14 water systems under the federal Safe Drinking Water Act (42
15 U.S.C. 300f et seq.) or otherwise significantly further the health
16 protection objectives of the federal Safe Drinking Water Act (42
17 U.S.C. 300f et seq.) and other activities necessary or convenient
18 to complete these tasks.

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

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

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

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

40 (d) To avoid the loss of money allotted to the state under 42 U.S.C.
41 300j-12 et seq., the budget agency and the department shall develop
42 and implement a strategy to assist public water systems in acquiring

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1 and maintaining technical, managerial, and financial capacity as
 2 contemplated by 42 U.S.C. 300g-9. This is all the legal authority
 3 required by the state for the budget agency and the department to
 4 ensure that all new community water systems and new nontransient,
 5 noncommunity water systems, as contemplated by the federal Safe
 6 Drinking Water Act (42 U.S.C. 300f et seq.), commencing operations
 7 after October 1, 1999, demonstrate technical, managerial, and financial
 8 capacity with respect to each federal primary drinking water regulation
 9 in effect on the date operations commence. The department has primary
 10 responsibility to carry out this subsection.

11 SECTION 4. IC 13-18-21-6 IS AMENDED TO READ AS
 12 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 6. The budget agency
 13 shall do the following:

- 14 (1) Manage and implement the financial aspects of the program.
- 15 (2) Cooperate with the department in the administration and
 16 management of the program.
- 17 (3) If not accepted and held by the department, accept and hold
 18 any letter of credit from the federal government through which the
 19 state receives grant payments for the program and disbursements
 20 to the fund.
- 21 (4) Be the point of contact with political subdivisions, **public**
 22 **utilities**, and other interested persons in preparing and providing
 23 program information.
- 24 (5) Negotiate, jointly with the department, the negotiable aspects
 25 of each financial assistance agreement.
- 26 (6) Prepare or cause to be prepared each financial assistance
 27 agreement.
- 28 (7) Execute each financial assistance agreement.
- 29 (8) Conduct or cause to be conducted an evaluation as to the
 30 financial ability of each political subdivision **and public utility**
 31 to pay the loan or other financial assistance and other obligations
 32 evidencing the loans or other financial assistance, if required to
 33 be paid, and comply with the financial assistance agreement.
- 34 (9) Prepare, jointly with the department, annual reports
 35 concerning the fund and the program.
- 36 (10) Submit the reports prepared under subdivision (9) to the
 37 governor and the general assembly.
- 38 (11) Enter into memoranda of understanding with the department
 39 concerning the administration and management of the fund and
 40 the program.

41 SECTION 5. IC 13-18-21-8 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 8. (a) The department



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1 and the budget agency may:

2 (1) provide services to a political subdivision **or public utility** in
3 connection with a loan or other financial assistance, including
4 advisory and other services; and

5 (2) charge a fee for services provided.

6 (b) The department and the budget agency may charge a fee for
7 costs and services incurred in the review or consideration of an
8 application for a proposed loan or other financial assistance under this
9 chapter to or for the benefit of a political subdivision **or public utility**
10 regardless of whether the application is approved or rejected.

11 (c) A political subdivision **and public utility** may pay fees charged
12 under this section.

13 SECTION 6. IC 13-18-21-9 IS AMENDED TO READ AS
14 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 9. (a) The department
15 shall use a priority ranking system to recommend loans or other
16 financial assistance from the fund. The department shall develop the
17 priority ranking system consistent with federal primary drinking water
18 regulations and health protection objectives of the federal Safe
19 Drinking Water Act (42 U.S.C. 300f et seq.).

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

24 SECTION 7. IC 13-18-21-10 IS AMENDED TO READ AS
25 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 10. The budget agency
26 may make loans or provide other financial assistance from the fund to
27 or for the benefit of a political subdivision **or public utility** under the
28 following conditions:

29 (1) The loan or other financial assistance must be used:

30 (A) for planning, designing, constructing, renovating,
31 improving, and expanding drinking water treatment systems
32 and for other activities necessary or convenient to complete
33 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 or
38 other financial assistance during construction and for a
39 reasonable period after the 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 loan,

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1 other financial assistance, or the administration of the fund
2 and the program.

3 (2) Subject to section 15 of this chapter, upon recommendation of
4 the budget agency, the state board of finance shall establish the
5 interest rate or parameters for establishing the interest rate on
6 each loan, including parameters for establishing the amount of
7 interest subsidies.

8 (3) The budget agency shall establish the terms and conditions
9 that the budget agency considers necessary or convenient to:

10 (A) make loans; or

11 (B) provide other financial assistance under this chapter.

12 SECTION 8. IC 13-18-21-12 IS AMENDED TO READ AS
13 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 12. A political
14 subdivision **or public utility** receiving a loan or other financial
15 assistance from the fund shall enter into a financial assistance
16 agreement. A financial assistance agreement is a valid, binding, and
17 enforceable agreement of the political subdivision **or public utility**.

18 SECTION 9. IC 13-18-21-13 IS AMENDED TO READ AS
19 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 13. The budget agency
20 may sell loans or evidence of other financial assistance and other
21 obligations of political subdivisions **and public utilities** evidencing the
22 loans or other financial assistance from the fund periodically at any
23 price and on terms acceptable to the budget agency. Proceeds of sales
24 under this section shall be deposited in the fund.

25 SECTION 10. IC 13-18-21-14 IS AMENDED TO READ AS
26 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 14. (a) The budget
27 agency may pledge loans or evidence of other financial assistance and
28 other obligations of political subdivisions **and public utilities**
29 evidencing the loans or other financial assistance from the fund to
30 secure:

31 (1) other loans or financial assistance from the fund to or for the
32 benefit of political subdivisions **and public utilities**; or

33 (2) other loans or financial assistance from the supplemental fund
34 to or for the benefit of political subdivisions **and public utilities**;
35 to the extent allowed by the federal Safe Drinking Water Act (42
36 U.S.C. 300f et seq.).

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

39 (c) Notwithstanding any other law, a pledge of property made under
40 this section is binding from the time the pledge is made. Revenues,
41 other money, or other property pledged and received are immediately
42 subject to the lien of the pledge without any other act. The lien of a



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1 pledge is binding against all parties having claims of any kind in tort,
2 contract, or otherwise against:

- 3 (1) the department;
4 (2) the budget agency; or
5 (3) the fund;

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

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

10 (e) Action taken to:

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

13 is limited to the property pledged.

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

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

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

24 (A) would be payable by political subdivisions **and public**
25 **utilities** other than political subdivisions **and public utilities**
26 described in subdivision (2) or (3); and

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

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

31 (A) is payable by a political subdivision **and a public utility**
32 **that has a service area** with median household incomes that
33 are:

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

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

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



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

3 (A) would be payable on loans made to political subdivisions
4 **and a public utility that has a service area** with median
5 household incomes that are not more than eighty percent
6 (80%) of the state household income for an area that is not a
7 metropolitan area; and

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

11 (b) The budget agency, in recommending to the state board of
12 finance the interest rate or parameters for establishing the interest rate
13 on each loan (including loans to a qualified entity described in
14 IC 13-11-2-164(b)(4)) under section 10 of this chapter, shall take into
15 account the following:

- 16 (1) Credit risk.
17 (2) Environmental, water quality, and health protection.
18 (3) Affordability.
19 (4) Other fiscal factors the budget agency considers relevant.

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

- 23 (1) revenue bonds payable from and secured by political
24 subdivisions **and public utilities**; and
25 (2) loan payments made by and to political subdivisions **and**
26 **public utilities**.

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

32 SECTION 12. IC 13-18-21-16 IS AMENDED TO READ AS
33 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 16. The budget agency
34 shall require a political subdivision **or public utility** receiving a loan
35 or other financial assistance under this chapter to establish under
36 applicable law and maintain sufficient user charges or other charges,
37 fees, taxes, special assessments, or revenues available to the political
38 subdivision **or public utility** to:

- 39 (1) operate and maintain the drinking water treatment system; and
40 (2) pay the obligations of the drinking water treatment system.

41 SECTION 13. IC 13-18-21-17 IS AMENDED TO READ AS
42 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 17. (a) Notwithstanding

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1 any other law and if provided in a financial assistance agreement, a
 2 state department or state agency, including the treasurer of state, that
 3 is the custodian of money payable to a political subdivision **or public**
 4 **utility**, other than money in payment for goods or services provided by
 5 the political subdivision **or public utility**, may withhold payment of
 6 money from that political subdivision **or public utility** and pay over
 7 the money to the budget agency or the Indiana bond bank, as directed
 8 by the budget director, for the purpose of curing a default. Withholding
 9 payment under this subsection may not occur until after written notice
 10 from the budget director that the political subdivision **or public utility**
 11 is in default on the payment of principal or interest on a loan or
 12 evidence of other financial assistance.

13 (b) The withholding of payment from the political subdivision **or**
 14 **public utility** and payment to:

15 (1) the budget agency; or

16 (2) the Indiana bond bank;

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

19 SECTION 14. IC 13-18-21-20 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 20. (a) As an
 21 alternative to making loans or providing other financial assistance to
 22 political subdivisions **and public utilities**, the budget agency may use
 23 the money in the fund to provide a leveraged loan program and other
 24 financial assistance programs allowed by the federal Safe Drinking
 25 Water Act (42 U.S.C. 300f et seq.) to or for the benefit of political
 26 subdivisions **and public utilities**, including using money in the fund or
 27 a supplemental fund, including the supplemental fund established by
 28 section 21 of this chapter, to enhance the obligations of political
 29 subdivisions **and public utilities** issued for the purposes of this chapter
 30 by:

31 (1) granting money to:

32 (A) be deposited in:

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

36 (ii) an account established within a fund described in item
 37 (i); or

38 (B) provide interest subsidies;

39 (2) paying bond insurance premiums, reserve insurance
 40 premiums, or credit enhancement, liquidity support, remarketing,
 41 or conversion fees, or other similar fees or costs for obligations of
 42 a political subdivision **or public utility** or for bonds issued by the



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1 Indiana bond bank or the Indiana development finance authority
 2 if credit market access is improved or interest rates are reduced;
 3 or

4 (3) guaranteeing all or part of:

5 (A) obligations issued by political subdivisions **and public**
 6 **utilities**; or

7 (B) bonds issued by the Indiana bond bank or the Indiana
 8 development finance authority.

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

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

16 SECTION 15. IC 13-18-21-22 IS AMENDED TO READ AS
 17 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 22. (a) The
 18 supplemental drinking water assistance fund is established to provide
 19 money for grants, loans, and other financial assistance for the benefit
 20 of political subdivisions, **public utilities**, or public water systems that
 21 serve economically disadvantaged municipalities.

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

25 (1) gifts to the supplemental fund; and

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

28 shall be deposited in the supplemental fund.

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

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

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

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

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

40 (e) As an alternative to the investment provided for in subsection
 41 (d), the budget agency may invest or cause to be invested all or a part
 42 of the supplemental fund in a fiduciary account or accounts with a

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1 trustee that is a financial institution. Notwithstanding any other law,
 2 any investment may be made by the trustee in accordance with one (1)
 3 or more trust agreements or indentures. A trust agreement or indenture
 4 may permit disbursements by the trustee to the department, the budget
 5 agency, a political subdivision, **a public utility**, a public water system
 6 that serves an economically disadvantaged municipality, the Indiana
 7 bond bank, or any other person as provided in the trust agreement or
 8 indenture. The state board of finance must approve the form of any
 9 trust agreement or indenture before execution.

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

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

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

16 SECTION 16. IC 13-18-21-23 IS AMENDED TO READ AS
 17 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 23. Money in the
 18 supplemental fund may be used to do the following:

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

28 (2) Pay the cost of administering the supplemental fund and the
 29 supplemental program.

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

32 SECTION 17. IC 13-18-21-25 IS AMENDED TO READ AS
 33 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 25. The budget agency
 34 may make grants or loans or provide other financial assistance from the
 35 supplemental fund for the benefit of a political subdivision, **public**
 36 **utility**, or public water system that serves an economically
 37 disadvantaged municipality under the following conditions:

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

39 (A) for planning, designing, acquiring, constructing,
 40 renovating, improving, or expanding drinking water treatment
 41 systems or water supply systems, and other activities necessary
 42 or convenient to 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
- 5 during construction and for a reasonable period after the
- 6 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
- 10 grant, loan, or other financial assistance or the
- 11 administration of the supplemental fund or the supplemental
- 12 program.
- 13 (2) The budget agency must establish the terms and conditions
- 14 that the budget agency considers necessary or convenient to make
- 15 grants or loans or provide other financial assistance under this
- 16 chapter.
- 17 SECTION 18. IC 13-18-21-27 IS AMENDED TO READ AS
- 18 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 27. A political
- 19 subdivision, **public utility**, or public water system receiving a grant,
- 20 loan, or other financial assistance from the supplemental fund shall
- 21 enter into a financial assistance agreement. A financial assistance
- 22 agreement under this section is a valid, binding, and enforceable
- 23 agreement of the political subdivision or public water system.
- 24 SECTION 19. IC 13-18-21-29 IS AMENDED TO READ AS
- 25 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 29. (a) The budget
- 26 agency may pledge:
- 27 (1) loans or evidences of other financial assistance; and
- 28 (2) other obligations evidencing the loans or other financial
- 29 assistance;
- 30 from the supplemental fund to secure other loans or financial assistance
- 31 from the fund or the supplemental fund for the benefit of political
- 32 subdivisions, **public utilities**, or public water systems that serve
- 33 economically disadvantaged municipalities.
- 34 (b) The terms of a pledge under this section must be acceptable to
- 35 the budget agency.
- 36 (c) Notwithstanding any other law, a pledge of property made by the
- 37 budget agency under this section is binding from the time the pledge is
- 38 made. Revenues, other money, or other property pledged and thereafter
- 39 received are immediately subject to the lien of the pledge without any
- 40 further act. The lien of a pledge is binding against all parties having
- 41 claims of any kind in tort, contract, or otherwise against:
- 42 (1) the department;

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1 (2) the budget agency; or
2 (3) the supplemental fund;
3 regardless of whether the parties have notice of any lien.
4 (d) A resolution, an indenture, or other instrument by which a
5 pledge is created does not have to be filed or recorded, except in the
6 records of the budget agency.
7 (e) Action taken to:
8 (1) enforce a pledge under this section; and
9 (2) realize the benefits of the pledge;
10 is limited to the property pledged.
11 (f) A pledge under this section does not create a liability or
12 indebtedness of the state.

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