

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

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7251**

**BILL NUMBER: HB 1248**

**DATE PREPARED:** Jan 12, 2000

**BILL AMENDED:**

**SUBJECT:** Regional water and sewer districts.

**FISCAL ANALYST:** Bernadette Bartlett; Brian Tabor

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**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill gives regulatory oversight of regional water and sewer districts to the Indiana Utility Regulatory Commission or the county executives of the counties in which the district is located. It establishes notice and hearing procedures for establishment of a district and for certain district actions. It requires a district to have technical, managerial, and financial capacity to operate a utility and provides for election of a district's board members. The bill also provides for areas to opt in or out of a district and requires a district to exhaust all available public funding before issuing bonds.

This bill establishes a dispute mechanism for consumer complaints and to appeal rate increases. It eliminates mandatory connection to a district if the existing system is environmentally sound and eliminates the option of a district to serve areas outside the district. It eliminates solid waste service as a district purpose and changes requirements for district plans. The bill changes the standards and procedure for dissolution of a district. It also gives the Department of Environmental Management rulemaking authority to implement its responsibilities under the statute.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** *Indiana Utility Regulatory Commission:* This bill would place regional sewer and water districts under the regulatory authority of the county or the Indiana Utility Regulatory Commission (IURC). This would increase the administrative and rule-making expenses of the IURC, although the extent of this impact is not known at this time. The information in this fiscal note regarding costs to the Commission will be updated as more precise estimates of the bill's impact become available. There are currently 86 regional water and sewer districts (RSDs) in Indiana and another twelve are in the process of formation.

*Department of Environmental Management (IDEM):* Additional staff would be needed to review plans; conduct public hearings; conduct outreach and education to the districts; and coordinate with other state

agencies and utilities. IDEM will need one attorney (ESM I), two senior environmental managers (PAT I), and one administrative assistant (PAT III). Annual personnel costs are estimated at \$213,259 for FY 2001 and \$214,533 for FY 2002. (These totals include fringe benefits and indirect costs.)

The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. The operating expenses of the IURC are funded through the Public Utility Fund and in FY 1999, the IURC spent \$590,000 less than it was appropriated. As of December 17, 1999, the IURC had 73 authorized full-time positions and six vacancies. As of the same date, IDEM had 888 filled full-time positions, 87 filled temporary positions, and 96 vacancies. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** If an RSD is not subject to oversight by the IURC, the executive body of a county would act as a regulator, increasing the administrative expenses of the county government. The number of RSDs that would not be regulated by the IURC is not known at this time.

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Utility Regulatory Commission, Indiana Department of Environmental Management.

**Local Agencies Affected:**

**Information Sources:** State Budget Agency; Erika Seydel Cheney, Director of the Office of Business and Legislative Relations, IDEM (317) 232-8598; Wendy Hoffspiegel, Legislative Coordinator, IDEM (317) 233-3835.