

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

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7032

BILL NUMBER: HB 1114

NOTE PREPARED: Feb 17, 2009

BILL AMENDED: Feb 17, 2009

SUBJECT: Septic Tanks and Sewer Systems.

FIRST AUTHOR: Rep. Cheatham

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

**FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) *Regional Sewage District*. This bill provides that the Indiana Department of Environmental Management (IDEM) may not require a county to join or form a regional sewage district to provide sewer service to an unincorporated area of the county unless IDEM determines that the population density of the unincorporated area exceeds the minimum population density at which property owners in an unincorporated area of the county may be required to discontinue septic system use.

Local Ordinances. The bill requires the legislative body of a county that contains unincorporated areas to adopt an ordinance establishing the minimum population density at which property owners in an unincorporated area of the county may be required to discontinue septic system use. A regional sewage district may not require a property owner to connect to a sewer system if the property is (1) located in an unincorporated area; and (2) served by a septic system that is, as determined by local health department, functioning satisfactorily. It prohibits the adoption or enforcement of an ordinance that would require a residential property owner to install a new septic system or update an existing septic system under certain circumstances.

Campground Sewage Service. The bill establishes an optional alternative billing method for campground sewage service. It authorizes the Indiana Utility Regulatory Commission (IURC) to resolve certain disputes concerning campground sewage service charges.

Effective Date: July 1, 2009.

Explanation of State Expenditures: (Revised) *Regional Sewage District*. The provision could have an impact on IDEM expenses associated with determining population density for unincorporated areas and

whether the density exceeds the minimum population density at which property owners in an unincorporated area of the county may be required to discontinue septic system use. The specific impact will depend on the number and nature of future requests to establish districts.

The bill also requires the IURC to investigate a dispute between a campground and a regional sewage district board and issue a final decision on the matter. Depending on the number of review requests received by the IURC, this provision could increase the use of personnel resources.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Local Ordinances.* The bill requires the legislative body of a county that contains unincorporated areas to adopt an ordinance establishing the minimum population density at which property owners in an unincorporated area of the county may be required to discontinue septic system use. The bill also specifies certain requirements that may not be included in ordinances. These provisions should have minimal impact.

Explanation of Local Revenues: *Regional Sewage District.* A regional sewage district may not require a property owner to connect to a sewer system if the property is (1) located in an unincorporated area; and (2) served by a septic system that is, as determined by local health department, functioning satisfactorily. This provision may result in a reduction in revenues received by certain local districts. The specific impact is indeterminable.

(Revised) *Campground Sewage Service.* Currently, a regional sewage district bases the number of resident equivalent units for monthly campgrounds' sewer bills on the one week of the year having the highest meter reading. The bill provides that if a campground installs a meter, the rate charged for usage may not exceed the rate charged to residential customers, and the amount charged between September 1st and May 31st must equal the greater of either the actual amount of sewage measured during that time or the lowest monthly charge paid between June 1st and August 31st. If a campground does not install a meter, the flat rate for usage may not equal more than one-third of one resident equivalent unit. The basic monthly charge for the campground's sewage service must be equal to the number of the campground's resident equivalent units multiplied by the rate charge for a resident unit. Either of these provisions could result in a decrease in monthly sewage charges received by a regional sewage district.

State Agencies Affected: IDEM's Office of Water Quality; IURC.

Local Agencies Affected: Regional sewer districts.

Information Sources: IDEM, 232-8283; <http://www.irsda.org/RSD-base.pdf>.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.