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**TITLE 312 NATURAL RESOURCES COMMISSION**

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**Economic Impact Statement**

LSA Document #09-199

**IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses****Estimated Number of Small Businesses Subject to this Rule:**

No small business will be subject to this rule. This rule does not affect and will have no negative impact on small businesses. The Flood Control Revolving Fund was created by [IC 14-28-5](#) in the 1950s and intended to encourage local initiatives to solve local flooding and water resource problems. By statute, this Fund provides only to local units of government low interest loans to help finance relevant local flood control programs. By statute, this loan program can only be obtained by entities falling under the definition of local unit as set forth by [IC 14-28-5-4](#). Local unit is defined as county, city, town, or special taxing district created by law, such as a conservancy district. Therefore, this loan program is not available to small businesses.

Since inception, the administration of the fund was vested jointly in the State Board of Finance and Natural Resources Commission. SB 105, passed in January of 2008, shifts the responsibility and administration of this Fund exclusively to the NRC. With NRC delegation, the Division of Water coordinates matters regarding applications for loans from the Flood Control Revolving Fund and provides technical analysis. By statute, loans may not exceed \$300,000 to any one local governmental unit. The loan terms are a three percent interest rate and are to be repaid over 10 years. Fund appropriations were originally made from the state general fund and do not revert to the state general fund.

Only certain types of projects qualify and may be funded under the flood control revolving fund. Among qualifying projects include removal of obstructions and accumulated debris, clearing and straightening channels, channel widening, building or repairing levees or flood protective works, and construction of bank protection works.

**Estimated Average Annual Reporting, Record Keeping, and Other Administrative Costs Small Businesses Will Incur for Compliance:**

There will be no annual reporting, record keeping, or other administrative costs incurred by small businesses because of this rule. By statute, this loan program can only be obtained by entities falling under the definition of local unit as set forth by [IC 14-28-5-4](#). Local unit is defined as county, city, town, or special taxing district created by law, such as a conservancy district. The proposed rule does not impose any additional requirements on the business owner.

The proposed rule mirrors ongoing practice, clarifies definitions and the existing requirements as set forth by [IC 14-28-5](#), and utilizes the same practices and definitions already recognized in agency guidelines. The primary purpose of this rule adoption is to implement the legislative mandate of [IC 14-28-5](#) and SB 104, which directed that the administrative control of the fund be vested in the Natural Resource Commission, thereby dropping the State Board of Finance.

**Estimated Total Annual Economic Impact on Small Businesses to Comply:**

There will be no annual economic impact on small business to comply with this rule.

A. By statute, this loan program can only be used by such entities as a county, city, town, or special taxing district created by law, such as a conservancy district. The DNR anticipates that no additional annual economic impact will be incurred by small business in order to comply with the proposed rule change, as it already mirrors ongoing practicing and does not impose any additional requirement on the business owner due to the fact that this rule will apply only to local units (county, city, town, special taxing district).

B. No assumptions were made and no data was used to determine the total annual economic impact of the proposed rule, as the proposed rule mirrors ongoing practice and does not apply to small business owners only local units of government.

C. The outcome of this fund is likely to be beneficial to small businesses and local economies. The Flood Control Revolving Fund allows local governmental entities to borrow money at economical rates. Often local governmental entities will hire small business owners for professional services like engineering or construction with the funds obtained through this loan process.

**Justification Statement of Requirement or Cost:**

A. No requirement or cost is imposed on small business by the rule beyond those already statutorily established; and

B. Nothing is imposed that was not expressly required by the authorizing statute.

**Regulatory Flexibility Analysis of Alternative Methods:**

The rule details a loan process only available to local units of government. A regulatory flexibility analysis of

alternative methods was not conducted by DNR due to the anticipated lack of adverse economic impact on small businesses as a result of compliance with the proposed rule.

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