

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

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FISCAL IMPACT STATEMENT

LS 7373

BILL NUMBER: SB 348

NOTE PREPARED: Apr 12, 2021

BILL AMENDED: Apr 6, 2021

SUBJECT: Wastewater Task Force.

FIRST AUTHOR: Sen. Koch

FIRST SPONSOR: Rep. Soliday

BILL STATUS: As Passed House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: *Wastewater Task Force:* The bill establishes the Task Force on Wastewater Infrastructure Investment and Service to Underserved Areas (task force). It provides that the task force consists of the following 16 members:

(1) Five members of the Senate, with the President Pro Tempore appointing three members (one of whom serves as co-chair of the task force), and the Minority Leader appointing two members. (2) Five members of the House of Representatives, with the Speaker appointing three members (one of whom serves as co-chair of the task force), and the Minority Leader appointing two members. (3) Six gubernatorial appointees, including the following: (A) One officer or employee of the state. (B) One member representing operators of wastewater management systems. (C) One engineer, or another professional, with expertise in wastewater management systems. (D) One member representing ratepayers. (E) One member representing municipalities served by a wastewater operator not under the jurisdiction of the Indiana Utility Regulatory Commission. (F) One member of the general public.

The bill sets forth the duties of the task force. It requires the task force to develop a long term plan for addressing wastewater needs in Indiana. The bill requires the task force to issue a report setting forth its recommendations to: (1) the Executive Director of the Legislative Services Agency for distribution to members of the General Assembly; and (2) the Governor; not later than December 1, 2021. It provides that the bill's provisions concerning the task force expire January 1, 2022.

Water Infrastructure Grant Program: The bill establishes the Water Infrastructure Grant Program to be administered by the Indiana Finance Authority (IFA). It establishes the Water Infrastructure Grant Fund as a source of money for grants, loans, and other financial assistance to, or for the benefit of, participants in the

program. It also sets forth purposes for which money in the fund may be used, including the planning, designing, acquisition, construction, renovation, improvement, or expansion of: (1) water systems; and (2) wastewater or storm water collection and treatment systems.

The bill requires the IFA to adopt guidelines to establish criteria for the making of grants, loans, and other financial assistance from the water infrastructure grant fund. It sets forth certain conditions that apply to the making of grants, the making of loans, and the providing of other financial assistance from the fund. The bill requires the IFA to establish a project prioritization system for the purposes of awarding loans and grants from the fund. It sets forth certain variables that the project prioritization system must include. The bill provides that the authority may provide advisory services and other services to a participant in connection with a grant, a loan, or other financial assistance from fund.

The bill requires the Public Finance Director to submit to the Budget Committee and the Legislative Council, each odd-numbered year through 2023, a report concerning grants, loans, or other financial assistance made available to participants from the fund.

Effective Date: Upon passage.

Explanation of State Expenditures: *Wastewater Task Force:* The bill establishes the Task Force for Wastewater Infrastructure Investment and Service to Underserved Areas to study the following: maintenance and life cycle management of wastewater management systems, the achievement of standards related to wastewater management systems in Indiana, the adequacy of funding for the maintenance and life cycle management of wastewater management systems, existing policies regulating wastewater management systems, the value of improved wastewater infrastructure as it relates to economic development, difficulties in connecting unserved properties to sanitary sewer systems, financing options for extending wastewater service into rural or underserved areas, roles and responsibilities of state agencies related to wastewater regulation, financing options related to wastewater utility acquisitions and related system improvements, allowing municipalities and municipally owned utilities to sell water and wastewater services outside their corporate boundaries, and the priority ranking system used by the Indiana Finance Authority.

The bill establishes a 16-member task force consisting of 10 legislators and 6 lay members. The committee is to operate under the policies governing study committees adopted by the Legislative Council. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$17,500 per interim for committees with 16 members or more. [The now-expired Storm Water Infrastructure task force had expenses of about \$10,000 in 2019.]

The bill directs the task force to submit a report to the Executive Director of the Legislative Services Agency (LSA) for distribution to the members of the General Assembly and the Office of the Governor no later than December 1, 2021. The bill requires LSA to provide staff to support the task force. This provision will increase the LSA workload.

Water Infrastructure Grant Program: The bill establishes the Water Infrastructure Grant Program, to be administered by the Indiana Finance Authority (IFA) for various grant- and loan-making purposes as outlined in the bill. The IFA is required to establish a project prioritization system for the purposes of awarding loans and grants from the fund, and to use the system to create a project priority list. The bill stipulates certain criteria that must be included in developing the prioritization system. The bill also requires the public finance director to prepare a report for the state Budget Committee and Legislative Council that covers certain information no later than August 1 of each odd-numbered year through 2023. These requirements would

increase the workload of the IFA, but should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

The fund consists of fees, grants, gifts of money, proceeds of the sale of gifts to the fund, repayments of loans and assistance, and appropriations to the fund from the General Assembly. [The bill does not include an appropriation to the fund.] Money in the fund at the end of the state fiscal year does not revert to the General Fund. The bill also requires that expenses of administering the fund shall be paid from the money in the fund, so the establishment of the fund without an appropriation from the General Assembly will not result in additional state expenditures.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: General Assembly; Legislative Services Agency; Indiana Finance Authority.

Local Agencies Affected:

Information Sources:

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