

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

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**FISCAL IMPACT STATEMENT**

**LS 7211**  
**BILL NUMBER: SB 275**

**NOTE PREPARED: Jan 31, 2003**  
**BILL AMENDED:**

**SUBJECT:** Environmental remediation.

**FIRST AUTHOR:** Sen. Gard  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

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

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires certain environmental remediation plans to specify remediation objectives based on specified factors. The bill directs the Department of Environmental Management to certify completion of plans and to issue covenants not to sue with respect to completed plans.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** (Revised) Directing the Department of Environmental Management (IDEM) to certify completion of plans and to issue covenants not to sue (CNTS) with respect to completed plans will impact IDEM administrative expenses, including staffing. The impact will affect expenses incurred by the Leaking Underground Storage Tank (LUST) Program, the Voluntary Remediation Program (VRP), Remedial Response, State Cleanup, RCRA Corrective Action, and the Brownfields Program. IDEM may need to hire an additional 14 environmental managers if the state increases requirements for all cleanup programs to the same level of confidence that exists for the VRP program before a CNTS is issued. (If the state does not increase the level of confidence before issuing CNTS, the state could be liable for sites that later pose a significant environmental or public health problem. Potential liability costs are indeterminable.) IDEM could experience increased costs for project management, public notice, and confirmation sampling.

Project Management. Because standards for achieving a Covenant Not to Sue (CNTS) are greater than standards needed to obtain a No Further Action (NFA) document, additional scrutiny of the sites would be necessary. If administrative efforts required by the proposal resulted in a 20% increase in oversight, four additional environmental managers would be needed. (As a point of information, VRP program costs are paid by the person in the program, so there is little cost to the state. All other RISC-based cleanups are conducted by the state and program costs are paid for by the state.)

Public Notice. CNTS require greater public noticing efforts than currently needed. An additional environmental manager may be needed to implement the public notice requirements.

Confirmation Sampling. Each CNTS site will require confirmation sampling. Sampling could require four additional days of effort per site, which would include making laboratory arrangements, scheduling arrangements with responsible parties and for site access, equipment set up and acquisition, field sample collection, equipment cleanup and storage, delivery of samples to lab, chemistry quality assurance and control reviews, and project manager reviews. Applying the four additional days needed to all sites could result in the need for three additional environmental managers. Additionally, laboratory costs average a minimum of \$1,000 per site, for an estimated total of \$200,000 per year for the LUST program.

CNTS are reviewed by the IDEM Office of Legal Counsel and by the Attorney General's office. This review typically adds a minimum of 90 days and would add to administrative costs for both offices.

In addition to estimated staffing requirements for the LUST program, the Brownfields program, Remedial Response, State Cleanup, and RCRA could require an additional six environmental managers for a total for all divisions of 14 PAT IIs. Personnel costs are estimated at \$655,000, including fringe benefits. Total lab costs for all divisions are estimated at \$480,000. Lab costs plus increased staffing costs are estimated at \$855,000 annually.

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. As of September 2002, IDEM reported 894 full-time employees with 155 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:** The proposal could affect local units of government if the local units plan to remediate. The impact will depend on the extent and nature of the remediation project.

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Environmental Management and the Attorney General's Office.

**Local Agencies Affected:** Local units of government.

**Information Sources:** IDEM and the Department of Personnel.

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