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FISCAL IMPACT STATEMENT

LS 6897

BILL NUMBER: SB 154

NOTE PREPARED: Apr 9, 2007

BILL AMENDED: Apr 5, 2007

SUBJECT: Environmental Matters.

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR: Rep. Dvorak

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill has the following provisions.

Environmental Rulemaking: This bill allows an environmental rulemaking board to adopt an emergency rule to comply with a date provided by federal law. It establishes a special environmental rulemaking process for adoption or incorporation by reference of federal provisions or for technical or clarifying amendments. It requires the Environmental Quality Service Council (EQSC) to study environmental rulemaking and recycling issues.

Indiana Recycling Market Development Board: The bill changes the name of the Indiana Recycling and Energy Development Board to the Indiana Recycling Market Development Board, reduces membership from 13 to 9, and adjusts the subject areas that must be represented by members. The bill provides for administration of the board by the Division of Pollution Prevention of the Department of Environmental Management (IDEM) instead of the Lieutenant Governor. The bill terminates the terms of the members of the former board, and directs the Governor to appoint the new board members before July 1, 2007. The bill deletes references to board activities concerning energy resources and substitutes activities concerning recycling resources and uses of solid waste.

Waste Tire Management Fund: The bill adjusts the permitted uses of the Waste Tire Management Fund, eliminating use of the fund by the Lieutenant Governor.

Regional Sewage District: The bill requires a regional sewage district that seeks to require connection to the district's sewer system of property that is (1) located outside the district's territory; and (2) within 300 feet of the system; to provide the property owner with a certification from the local health department that the

connection is necessary to protect the public's health. The bill prohibits a regional sewage district from requiring the property owner to connect the property to the district's sewer system if the property is already connected to a sewer system that (1) has received all necessary state permits and approvals; and (2) has been determined to be functioning satisfactorily. The bill sets forth the procedures to be used by a district's board to add territory to a district. It provides that if a regional sewage district changes or readjusts the district's rates and charges, the board shall mail a notice of the new rates and charges to each user affected by the change or readjustment. It provides that if a sewage district adopts an ordinance increasing the rates and charges by more than 5% per year, the required notice (1) shall be mailed to each affected user not later than seven days after the ordinance is adopted; and (2) must include a statement of a freeholder's right to file a petition objecting to the rates and charges.

Effective Date: Upon passage; July 1, 2007.

Explanation of State Expenditures: *Environmental Rulemaking:* The bill could result in a reduction in the number of administrative steps that are required for certain environmental rules. This reduction in administrative steps for IDEM could result in a reduction in administrative costs associated with the process.

(Revised) *Indiana Recycling Market Development Board:* The bill provides for administration of the Indiana Recycling Market Development Board by the Division of Pollution Prevention of IDEM instead of the Lieutenant Governor. This provision will reduce administrative expenditures for the Office of the Lieutenant Governor while increasing administrative expenses for IDEM. It is assumed that IDEM will be able to provide support for the board given its existing level of resources.

(Revised) *Waste Tire Management Fund:* The bill adjusts the permitted uses of the Waste Tire Management Fund, eliminating use of the fund by the Lieutenant Governor. It also provides that 65% of the money in the fund will no longer go to the Lieutenant Governor but to IDEM. As of April 6, 2007, the fund had a balance of around \$900,000. IDEM is to continue to use 65% of the fund to provide grants for recycling projects.

Background: IC 13-20-13-7 imposes a \$0.25 fee on the sale of each new tire that is sold at retail and each new tire mounted on a new vehicle sold at retail. The retailer collects the fee and pays it to the Department of Revenue (DOR). (The retailer is entitled to retain 1% of the fees.) The DOR deposits the fees in the Waste Tire Management Fund. Statute specifies that 35% of the money in the fund each year is to be used to assist IDEM in the removal and disposal of waste tires from sites where the waste tires have been disposed of improperly; in operating the waste tire education program; and to pay administrative expenses. Sixty-five percent of the money must be used to assist the Lieutenant Governor in providing grants and loans to persons involved in waste tire management activities and to pay administrative expenses.

The fee generated approximately \$1.3 M in FY 2006. Through an interagency agreement between the Budget Agency, IDEM, and Office of the Lieutenant Governor, all revenue generated by the waste tire fee is used by IDEM (rather than splitting the fee with the Lieutenant Governor as specified in statute).

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) *Regional Sewage District:* The regional sewage district will incur some administrative expenses associated with connecting the district's sewer system with that of certain property owners and with the district adding territory. The district could adjust the district's rates and charges

in order to cover additional expenses. The bill provides that if a district increases the rates and charges by more than 5% per year, notice must be mailed to each affected user not later than seven days after an ordinance is adopted requiring the increase. The notice must include a statement of a freeholder's right to file a petition objecting to the rates and charges.

State Agencies Affected: IDEM; Lieutenant Governor.

Local Agencies Affected: Regional Sewage Districts.

Information Sources:

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