

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 6780

BILL NUMBER: SB 453

NOTE PREPARED: Jan 6, 2007

BILL AMENDED:

SUBJECT: Uniform Environmental Covenants Act.

FIRST AUTHOR: Sen. Gard

BILL STATUS: As Introduced

FIRST SPONSOR:

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

IMPACT: State & Local

Summary of Legislation: This bill adopts the Uniform Environmental Covenants Act. The bill makes conforming amendments.

Effective Date: July 1, 2007.

Explanation of State Expenditures: If the agency that signed an environmental covenant has determined that the intended benefits of the covenant can no longer be realized, a court in an action in which all persons necessary have been given notice, may terminate the covenant or reduce its burden on the real property subject to the covenant. The agency's determination or its failure to make a determination upon request is subject to administrative adjudication. The provision may add minimal administrative expenses.

Additionally, the Department of Environmental Management (IDEM) must establish and maintain a registry that contains all environmental covenants and any amendment or termination of those covenants. The registry may also contain any other information concerning environmental covenants and the real property subject to them which IDEM considers appropriate. The registry is a public record.

Additional staff may be required to administer the registration process. An administrative assistant position would cost about \$42,000 in FY 2008. A data processing operator would cost roughly \$40,000 in FY 2008. Although it is unknown how many environmental covenants might require registration, it is presumed the electronic registry requirements could be fulfilled by using software products readily available on most

state-issued computer systems. IDEM may require \$2,000 initially for an additional computer. Networking costs, however, are currently indeterminable. Estimated costs for personnel and equipment could total \$84,000.

The funds and resources required here 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. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

For FY 2006, IDEM reverted \$2.6 M to the state General Fund.

Explanation of State Revenues:

Explanation of Local Expenditures: An environmental covenant and any amendment or termination of the covenant must be recorded in every county in which any portion of the real property subject to the covenant is located. A court may terminate the covenant or reduce its burden on the real property subject to the covenant. A civil action for injunctive or other equitable relief for violation of an environmental covenant may be maintained by a party to the covenant, which could include a political subdivision.

Explanation of Local Revenues: Counties could collect recording fees. The specific impact is indeterminable.

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

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