

Members

Rep. Markt Lytle, Chairperson  
Rep. James Bottorff  
Rep. Richard Mangus  
Rep. Phyllis Pond  
Sen. Potch Wheeler  
Sen. Becky Skillman  
Sen. Richard Young  
Sen. James Lewis



# NATURAL RESOURCES STUDY COMMITTEE

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Authority: IC 2-5-5-1

## MEETING MINUTES<sup>1</sup>

**Meeting Date:** September 13 & 14, 2001  
**Meeting Time:** 1:00 P.M.  
**Meeting Place:** Thrall's Opera House (9/13/01)  
Bayou Grill Conference Center  
Room B (9/14/01)  
**Meeting City:** New Harmony, Indiana  
**Meeting Number:** 2

**Members Present:** Rep. Markt Lytle, Chairperson; Rep. James Bottorff (9/13); Rep. Richard Mangus; Rep. Phyllis Pond; Sen. Potch Wheeler; Sen. Becky Skillman (9/13); Sen. James Lewis.

**Members Absent:** Rep. James Bottorff (9/14); Sen. Becky Skillman (9/14); Sen. Richard Young.

Representative Markt Lytle called the Natural Resources Study Committee (Committee) meeting to order at 1:20 p.m. After a moment of silence and prayer for the families of the victims of the September 11th terrorist attack, the Committee members introduced themselves to the public.

**Jim Hebenstreit**, Assistant Director, Division of Water, Department of Natural Resources

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<sup>1</sup> Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Mr. Hebenstreit gave the Committee a report on the Water Resource Management Program (IC 14-25-7). In 1984, the Natural Resources Commission approved a plan to assess water resource availability within the State of Indiana. (Exhibit #1) The state was divided into twelve water basin study areas. Five basins have been completely studied since 1984. A sample report of the Maumee River Basin study was distributed to Committee members. (Exhibit #2) The Department of Natural Resources (DNR) Division of Water's studies have taken longer to complete than was expected. Reasons for the delayed reports have included staff turn-over and the great amount of detail that has been included in the past reports. The Division hopes to complete one new study per year by reducing the amount of information that will be included in the future reports.

Mr. Hebenstreit distributed copies of "Trends in Indiana's Water Use 1986-1996" (Exhibit #3) which summarizes an inventory of the state's significant water withdrawal facilities (i.e. facilities capable of pumping 100,000 gallons or more per day). There are mixed indications on the need for a permit system for significant water withdrawal facilities. The cumulative number of complaints that have been received by DNR concerning high use wells affecting other water wells has been about 300. DNR has placed about 300,000 well log records on a data base that is available on DNR's website.

In response to questions from the Committee concerning U.S. Army ammunition plant water wells in Charleston, Indiana, Larry Mackin, Director of DNR, stated that though the actual production of the seven wells is not known yet, it is estimated that each well is capable of producing 10 million gallons of water per day. DNR has not developed a plan to distribute the water from these wells. Mr. Macklin stated that he does not want to see DNR become a water utility business but he does want this resource to be kept available for use by Indiana residents.

Mr. Hebenstreit continued by discussing issues concerning flood plain and floodway building laws and regulations. IC 14-28-2-26.5 and P.L.135-1997, Section 19 (Exhibit #4) were passed in response to the flood of 1997. Indiana law does not allow a non-mobile home residence to be built in a flood plain, except for the exception under P.L.135-1997, Section 19 that expired on December 31, 2000. P.L.135-1997, Section 19 allowed replacement and repair of residences that were destroyed in the flood of 1997. The exception was not intended to allow new residential construction sites - though permits may have been approved that were not supposed to have been issued. Under Indiana law a dwelling that is located in a flood plain is supposed to have a bottom elevation two feet higher than the 100 year flood level (federal law allows dwellings to have a bottom elevation at the 100 year flood level). DNR's original rules concerning buildings in the floodway fringe were adopted in 1973. DNR's new rules would allow certain activities within the floodway without a state permit (e.g. placing a pipeline under a river).

Sen. Wheeler noted that the exception that was allowed under P.L.135-1997, Section 19 was intended for mobile homes that could be moved when a flood was approaching, not permanent manufactured housing.

**Connie Weinzapfel, Director, Historic New Harmony**

Ms. Weinzapfel provided a chronology of New Harmony institutions (Exhibit #5) including the following:

- 1937, the State of Indiana created the New Harmony Memorial Commission which provided the means to purchase and protect key historic properties. The Commission was disbanded in 1955.
- 1959, Blaffer Trust created, which initiated contemporary additions to New Harmony.
- 1973, second New Harmony Memorial Commission is created.
- 1974, Historic New Harmony, Inc. created to carry out a comprehensive restoration plan.
- 1985, Historic New Harmony becomes a division within the University of Southern Indiana.
- 1991, Historic New Harmony becomes a unified program with the state's New Harmony State Historic Site. The New Harmony Memorial Commission oversees the unified program.
- 1995, Rapp Granary/David Dale Owen Foundation is incorporated.

#### **Kent Agness, Attorney, Indiana State Museum Foundation**

Mr. Agness spoke about the proposal to create a State Museum Commission to operate and administer the Indiana State Museum (ESB 510-2001 Reprinted April 26, 2001 (Exhibit #6)). The Indiana State Museum Foundation (Foundation) is a private volunteer group. The state is investing \$65 million to build a new state museum. The Foundation is in the process of raising \$40 million for exhibits and an endowment. The Foundation has currently raised \$30 million. The new state museum has the ability to be a world class museum, but the management structure needs to be upgraded to be able to compete for the best personnel. A new CEO (Doug Nobel) has been hired for the state museum, but the CEO's acceptance was based on the condition that the operational structure of the new state museum be enacted. The board of trustees also needs to be comprised of individuals who are part of effective private organizations. The state's bond bank and the White River Commission already have trustees who are outside of government. The state's procurement laws work well for government but not for a museum (e.g. buying plywood for an exhibit background, buying a T.C. Steele painting). Mr. Agness gave a detailed example of the problems faced in securing a Chinese paleontology exhibit for the state museum's opening caused by the fact that the museum cannot prepay expenses or buy private insurance because of state laws. He stated that historic sites would benefit from the new structure but that no historic site would be forced to be part of the new state museum. The Foundation will be preparing legislation based on ESB 510 that will address various issues that have been raised (e.g. including/excluding historic sites, labor issues).

#### **Brooks Martin, Friends of Angel Mounds**

Mr. Martin stated that he is impressed with the plans that Mr. Nobel and the Foundation have been working on. Angel Mounds Historic Site is the nation's largest excavated tribal village. Each year Angel Mounds receives over 100,000 visitors, while others benefit from their out-reach programs. Their site operates more like a state forest/park than a museum. Angel Mounds is well suited to work with DNR. The DNR provides forest services, erosion control, and archaeology services that Angel Mounds needs. They do not want to be in a position where they are competing with the State Museum for state appropriations.

#### **Jack Gallien, Friends of T.C. Steele**

Mr. Gallien stated that the Friends of T.C. Steele does not have a heavy reliance on

money provided by DNR. However, money has been diverted that has made it difficult to complete maintenance projects. He believes various friends groups should be given some voting input on budgetary matters on the Natural Resources Commission.

In response to a question by the Committee, Mr. Gallien stated that he has experienced some inefficiency while trying to work under the state procurement system and would favor procurement under a quasi-governmental system.

**John Molitor, Indiana Historical Landmark Foundation**

Mr. Molitor stated that the Indiana Historical Landmark Foundation (IHLF) still supports the idea of creating a Department of Indiana Heritage. IHLF is not opposed to the idea of the Indiana State Museum being made a quasi-governmental agency. However, IHLF does not support including state historic sites. Including historic sites would further fragment the agencies that deal with Indiana's heritage. The Governor has created a council to examine the issue of creating a Department of Heritage and issue a report in 1 ½ years. However, no appointments have yet been made to this council.

**John Seifert, President, Indiana Forestry and Woodland Owners Association**

Mr. Seifert stated that he has been meeting with various groups to reach a consensus on establishing a timber forestry management system. The goal is to maintain or increase the amount of land that is under a forestry management system. Currently, only 10% of Indiana's timber land is under a forestry management system. The various forestry groups have not reached a consensus on the best method to reach this goal. The Indiana Forestry and Woodland Owners Association (IFWOA) supports Indiana's Classified Forestry Program. Mr. Seifert made a formal presentation to the Committee (Exhibit #7) that included the following information:

- IFWOA was established in 1975 and has over 700 members who own or manage over 120,000 acres of private forest land.
- The forest industry is Indiana's 5th largest manufacturing industry. The state's forest products industry employs over 50,000 Hoosiers.
- In 1998, forests covered 19% of Indiana's land base - totaling 4.3 million acres. 3.3 million acres of forest land was in private holdings.
- From 1986-98, 381,900 acres were converted to non-forest land use.
- A 1997 Virginia Department of Forestry study determined that about 20% of the forestry base was unlikely to be used for timber production because of forest fragmentation and increased population density in forested areas.
- Sixteen other states have already established forestry reinvestment programs to sustain future forests.
- As the forest base shrinks and becomes more fragmented the remaining forest land owners will assume more responsibility for sustaining the diversity of native flora and fauna.
- 80% of all Indiana wildlife species use the forest for part of their life cycle. On the Indiana Threatened and Endangered Species list over 40 of the approximately 60 listed species are forest based.

Mr. Seifert outlined a proposal that is being developed to establish a forestry reinvestment system.

**Ray Moistner, Indiana Hardwood Lumbermen's Association**

Mr. Moistner testified in opposition to the proposed forestry reinvestment system. Mr. Moistner distributed a handout that included his testimony, testimony from companies not attending the Committee meeting, letters from members of the IFWOA, and the Indiana Hardwood Lumbermen's Association's (IHLA) position paper (Exhibit #8). Specific concerns mentioned included the following:

- The proposed forestry reinvestment system assumes landowners will not reinvest in their own forest assets without a government program.
- Does the projection of available funds reflect the current depressed state of the hardwood industry?
- Who will serve on the governing board and what is the extent of their authority?
- How will interstate transactions be treated and will the proposal create a economic disadvantage to Indiana companies?
- Are existing conservancy and stewardship programs (e.g. Classified Forest Program) ineffective in achieving the goals that are in the proposed forestry reinvestment system?

**Jeff Roll, Westwood Lumber, Inc.**

Mr. Roll stated that he is a past president of IHLA and that he supports the concept of the forestry reinvestment system but not the details. The number of sawmills in the state has declined dramatically from the 1970's. Assessing a four percent fee on logs would put small margin sawmills out of business. Also, today's log broker is more likely to sell groups of logs from producers in several states which would complicate assessing a fee.

**Trey Clark, Kirkham Hardwoods, Inc.**

Mr. Clark testified that there is a need to maintain hardwood resources. He supports conservation not preservation. Because of the lack of details he cannot support the proposed forestry reinvestment system, but would back improving existing forestry programs. While some individuals sell their trees only one time, using their trees as an investment to draw from, most sellers are engaged in timber management. Most deciduous hardwood trees are self seeding thus seedling planting is not required to reforest an area. Most deciduous hardwood tree seedlings are used to convert farmlands to forests and to provide erosion control.

**Greg Koontz, Foley Hardwoods, Inc.**

Mr. Koontz stated that he has been a timber buyer for 23 years. Currently, timberland changes ownership about every eleven years. He has some concerns with the U. S. Department of Agriculture's study entitled "Indiana's Forests in 1998". He does not believe that more forest land is needed. He supports better education to improve the quality of existing forest land. The overpopulation of deer in Indiana causes many seedlings that are planted to be eaten. He believes everyone in the hardwood industry knows there is a problem but a consensus has not been reached on how to solve the problem.

**Carol Lewis, Director, Forest Discovery Center**

Ms. Lewis stated that she is the director of the Forest Discovery Center in Starlight, Indiana. The center has many exhibits, a full-size theater, and a forest located in the center. Many groups come to the center for tours. The public is very interested in forests but many individuals do not have accurate information on forests. She stated that the U. S. Department of Agriculture's "Indiana's Forests in 1998" publication is very good because it provides information that allows year to year comparisons and permits detection of emerging trends. She supports the Classified Forest Program because it provides a tax incentive combined with management of the land. This program assures quality forest land for the future. However, the Classified Forest Program has not been publicized enough to make citizens of the state aware of the benefits of participating in the program. Ms. Lewis concluded that the impact on Indiana hardwood industry must be assessed before the industry adopts the forest reinvestment proposal.

**Larry Frye, Indiana Veneers**

Mr. Frye testified that he had been involved in the timber industry for 40 years. Indiana has a high percentage of all the veneer mills in the nation. Only about 10 percent of the veneer wood used at Indiana mills comes from Indiana trees. He stated that he thought John Seifert was a visionary but that the details of the forest reinvestment program still needed to be worked out.

**Bob Burke, Tree Farmer, Martinsville**

Mr. Burke stated that he has been in the forestry industry for the past 40 years. He supports the establishment of a forestry advisory council (FAC) in Indiana because of the success other states have had when they have developed FACs. Not all states have had to pass legislation to establish a forestry advisory council (e.g. Wisconsin's FAC was established by executive order). The purpose of a FAC is to help the timber industry, not to operate DNR. Other commissions have been established in the state that in part study issues that may affect forestry but these commissions have too many other issues to deal with to adequately focus on private timber industry issues. He would like to see SB 154-2001 reintroduced with a few small changes.

**Pete Hanebutt, Indiana Farm Bureau**

Mr. Hanebutt stated that the Indiana Farm Bureau represents woodland owners and that the Bureau supports the formation of a forest advisory council.

**John Seifert, President, Indiana Forestry and Woodland Owners Association**

Mr. Seifert stated that the Indiana Forestry and Woodland Owners Association believes that creating a forestry advisory council is a very important issue. Initiatives need to be developed to maintain the timber base in Indiana for future foresters. A FAC would be able to address timber issues that are outside the scope of DNR (e.g. sales tax changes) and elevate forestry issues that are a concern of DNR.

**John Davis, Deputy Director, Department of Natural Resources**

Mr. Davis stated that DNR does not support the formation of a FAC because DNR already has two advisory committees that study forestry issues. Also, creating a FAC would move DNR further from the discussions of forestry issues in which DNR has an interest.

Representative Lytle announced that the meeting would continue at 9:00 a.m. in Room B of the Bayou Grill Conference center. The meeting was recessed at 6:10 p.m.

The meeting was reconvened at 9:25 a.m. Testimony was received concerning the Indiana Conservation Officers' Organization Youth Camp and the New Harmony historic site.

**Dan Mathis, Assistant Director, Legislative Relations/Legal Counsel, Department of Natural Resources**

Mr. Mathis explained the proposal supported by the Safari Club and the Indiana Sportsmen's Roundtable that would assign a conservation officer, with the rank of sergeant, as a permanent coordinator of the Indiana Conservation Officers' Organization Youth Camp. He stated that DNR supports educational efforts, especially those programs directed at youth. There would be a fiscal impact to the state to create a dedicated position to coordinate youth camp activities.

John Davis indicated that DNR currently has nine positions for conservation officers that are vacant.

Senator Wheeler stated that he is very supportive of the Indiana Conservation Officers' Organization Youth Camps and has personally seen the positive effects on young persons who have participated in the program.

Representative Lytle indicated that DNR should examine the possibility of having a private contractor provide boating safety classes to help free up conservation officers for other duties.

**Connie Weinzapfel, Director, Historic New Harmony**

Ms. Weinzapfel stated that New Harmony has been operated under a DNR/University of Southern Indiana (USI) partnership for the past ten years. From 1975-82 the Lilly Foundation invested \$14 million to help restore New Harmony. Since 1985, USI has held the deed to the publicly owned historic properties. Each year New Harmony attracts about 30 thousand visitors. The high volume of tourists allows a small community like New Harmony to have its own pharmacy, grocery store, etc. Many of the historic buildings are privately owned. New Harmony does not have any preservation ordinances. Property tax reassessment may hurt efforts to restore historic buildings since they will be faced with higher property taxes. The current population is about 850, which is close to the population of the town in 1814. There were two attempts to create a utopian society before Indiana became a state. Many of the community members were actively involved in founding Indiana and Indianapolis.

Representative Lytle noted that in addition to the new higher property taxes, older buildings also have higher maintenance costs than newer buildings.

**Jean Lee, New Harmony State Historical Site**

Ms. Lee stated that New Harmony was founded in 1814 by the Harmony Society. The Harmony Society was a Lutheran group that emigrated from Germany to Pittsburgh, Pennsylvania, and then on to Harmonie on the Wabash. The original group contained over 800 individuals. They planned out the town and built many buildings, including houses, a saw mill, and a winery. They made many goods (e.g. textiles, whiskey, pottery) that were exported to other states and seven other countries. In 1824, the Harmony Society decided to move back to Pennsylvania and the land and buildings were sold to Robert Owen, a British industrialist. Mr. Owen organized a few groups that tried to create a utopian society but they never equalled the success of the original group. New Harmony from the 1820's through 1840's was considered a regional center for intellectual knowledge. By the 1860's New Harmony was just another small Indiana town. The first efforts to preserve the community began in 1914.

Representative Lytle announced that a tour of New Harmony would be given after the meeting for Committee members and any of the members of the public who wished to attend.

The meeting was adjourned at 10:25 a.m.