

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

LS 6779
BILL NUMBER: HB 1187

NOTE PREPARED: Dec 20, 2024
BILL AMENDED:

SUBJECT: Watershed Development Commissions.

FIRST AUTHOR: Rep. Aylesworth
FIRST SPONSOR:

BILL STATUS: As Introduced

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: The bill alters the membership of a Watershed Development Commission (WDC) board. It allows a county to join a WDC if any part of the designated watershed lies within boundaries of the county. It alters what must be considered regarding the membership and the activities of a WDC.

The bill provides that a WDC may take certain actions with respect to certain flood plains. It expands permitted uses for certain funds collected by a WDC and establishes certain budget limits.

The bill provides that the Department of Natural Resources's Division of Water (Division) shall provide a WDC with a written summary of the Division's review of certain public works projects within 30 days of the review. It makes conforming changes.

Effective Date: July 1, 2025.

Explanation of State Expenditures: *WDC Expenditures:* The bill will have an indeterminate impact on the expenditures of the Pigeon Creek WDC and the establishment and expenditures of future WDCs. The bill allows WDCs to use special assessment revenue for implementation of best management practices, as established in the National Resources Conservation Service Field Office Technical Guide (FOTG). It allows a WDC to grant funds to another governmental entity to implement FOTG best management practices. It also allows a WDC to grant funds to a county drainage board for projects that address flood damage and water quality. The bill specifies the percentage of these funds that must be budgeted for certain purposes. In order to spend money differently than specified in an approved budget, approval of at least 75% of a WDC board must vote in favor. Funds reallocated in this way may be deemed as a loan or grant.

Other WDC Provisions: The bill may impact the establishment of WDCs and change some aspects of how they function. The bill removes the purposes of recreation and water infrastructure as allowable purposes for establishing a WDC and adds water quality and soil and water conservation purposes. The bill maintains a WDC's authority, but not exclusive authority, to perform certain designated watershed activities and also expands their authority to include other types of activities. This also expands the activities for which a county would need to obtain prior approval from a WDC board if the county wishes to perform an activity. It also

expands the activities for which an interlocal agreement may be needed if another other governmental entity has authority and collects a tax or assessment.

The bill alters the membership for WDC boards. It also allows a county with less than 10% of a designated watershed within their boundaries to establish a WDC (not just join a WDC that is already established), which may streamline the process for some WDCs by allowing these counties to be part of the initial request for recognition submitted to the Natural Resources Commission, rather than being required to be submitted and evaluated separately after the WDC is established. The bill also allows these counties (with less than 10% of a designated watershed) to have representation on a WDC board.

Additional Information: Since the passage of HEA 1639-2023, Pigeon Creek WDC is the only WDC that has been established. Vanderburg County is the only county included in the Pigeon Creek WDC (despite its designated watershed boundaries spanning Gibson, Vanderburg, and Warrick Counties, with a small portion in Pike County).

[WDCs are public bodies, corporate and politic.]

Explanation of State Revenues:

Explanation of Local Expenditures: For areas within the boundaries of a designated watershed of a WDC, the bill expands the types of activities for which a county would need to obtain prior approval from a WDC board if the county wishes to perform the activity. It also expands the activities for which an interlocal agreement with a WDC may be needed if a governmental entity has authority and collects a tax or assessment.

Expenditures could increase for the Pigeon Creek WDC or a future WDC if they decide to award grants to local units or county drainage boards, as allowed by the bill.

Explanation of Local Revenues: If the Pigeon Creek WDC or a future WDC decides to award grants from special assessments, revenue could increase for local units to implement FOTG best management practices or for a county drainage board for flood damage reduction or water quality improvement projects.

State Agencies Affected: Department of Natural Resources; Pigeon Creek Watershed Development Commission; future watershed development commissions.

Local Agencies Affected: Any local unit with authority to perform drainage, flood damage reduction, and soil and water conservation activities within the boundaries of a WDC's designated watershed.

Information Sources: https://www.in.gov/isda/files/Watershed_Map.pdf;
https://www.in.gov/nrc/files/Item_9_NRC_Sept_2024.pdf;
<https://mckinneylaw.iu.edu/practice/law-reviews/ilr/pdf/vol57p227.pdf>;
<https://www.in.gov/dnr/water/files/wa-watershed-development-commission-guidelines.pdf>;
<https://www.nrcs.usda.gov/resources/guides-and-instructions/field-office-technical-guides>.

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