



January 21, 2026

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## SENATE BILL No. 187

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DIGEST OF SB 187 (Updated January 20, 2026 11:49 am - DI 129)

**Citations Affected:** IC 13-11; IC 13-26.

**Synopsis:** Regional sewer districts. Specifies that a board of trustees of a regional water, sewage, or solid waste district (board) must notify the district authority in writing before taking certain actions. Provides that a trustee appointed to a board serves at the pleasure of the appointing authority. Prohibits a regional water, sewage, or solid waste district (district) created after June 30, 2026, from incurring any indebtedness without first obtaining the approval of the county fiscal body. Specifies that if a district created after June 30, 2026, contains territory in more than one county, the district must first obtain the approval of each county fiscal body in which the district contains territory before incurring any indebtedness. Establishes a timeline for the county fiscal body to approve or deny a district's request to incur indebtedness.

**Effective:** July 1, 2026.

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### Bohacek, Baldwin

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January 6, 2026, read first time and referred to Committee on Environmental Affairs.  
January 13, 2026, amended, reported favorably — Do Pass; reassigned to Committee on Tax and Fiscal Policy.  
January 20, 2026, amended, reported favorably — Do Pass.

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SB 187—LS 6801/DI 153





January 21, 2026

Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

## SENATE BILL No. 187

A BILL FOR AN ACT to amend the Indiana Code concerning environmental law.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 13-11-2-107.3 IS ADDED TO THE INDIANA  
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 2026]: **Sec. 107.3. "Indebtedness", for**  
4 **purposes of IC 13-26-10-0.5, has the meaning set forth in**  
5 **IC 13-26-10-0.5(a).**  
6 SECTION 2. IC 13-26-1-2 IS AMENDED TO READ AS  
7 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) At any time after  
8 the creation of a district, the district, after motion by the district's board  
9 **after first notifying in writing the district authority established**  
10 **under IC 13-26-11-15**, may file a petition with the department  
11 requesting the approval of the department permitting the district to:  
12 (1) increase or add to the district's purposes or modify the district  
13 plan approved by the department;  
14 (2) abandon or surrender all or part of a purpose or plan approved  
15 by the department; or  
16 (3) subject to IC 13-26-4-1, increase the number of persons  
17 serving on the board of trustees.

SB 187—LS 6801/DI 153



(b) The department may:

- (1) approve;
- (2) modify and approve; or
- (3) reject;

a request received under this section.

SECTION 3. IC 13-26-4-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. **(a)** Instead of electing the board, an order establishing a district may provide for appointments to the board by the elected executive or legislative officers of the eligible entities having territory in the district.

**(b) An appointed trustee under this chapter serves at the pleasure of the appointing authority.**

SECTION 4. IC 13-26-5-2, AS AMENDED BY P.L.232-2023, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. **After first notifying in writing the district authority established under IC 13-26-11-15**, a district may do the following:

- (1) Sue or be sued.
- (2) Make contracts in the exercise of the rights, powers, and duties conferred upon the district.
- (3) Adopt and alter a seal and use the seal by causing the seal to be impressed, affixed, reproduced, or otherwise used. However, the failure to affix a seal does not affect the validity of an instrument.
- (4) Adopt, amend, and repeal the following:
  - (A) Bylaws for the administration of the district's affairs.
  - (B) Rules and regulations for the following:
    - (i) The control of the administration and operation of the district's service and facilities.
    - (ii) The exercise of all of the district's rights of ownership.
- (5) Construct, acquire, lease, operate, or manage works and obtain rights, easements, licenses, money, contracts, accounts, liens, books, records, maps, or other property, whether real, personal, or mixed, of a person or an eligible entity.
- (6) Assume in whole or in part any liability or obligation of:
  - (A) a person;
  - (B) a nonprofit water, sewage, or solid waste project system;
  - or
  - (C) an eligible entity;
 including a pledge of part or all of the net revenues of a works to the debt service on outstanding bonds of an entity in whole or in part in the district and including a right on the part of the district



1 to indemnify and protect a contracting party from loss or liability  
 2 by reason of the failure of the district to perform an agreement  
 3 assumed by the district or to act or discharge an obligation.

4 (7) Fix, alter, charge, and collect reasonable rates and other  
 5 charges in the area served by the district's facilities to every  
 6 person whose premises are, whether directly or indirectly,  
 7 supplied with water or provided with sewage or solid waste  
 8 services by the facilities for the purpose of providing for the  
 9 following:

10 (A) The payment of the expenses of the district.

11 (B) The construction, acquisition, improvement, extension,  
 12 repair, maintenance, and operation of the district's facilities  
 13 and properties.

14 (C) The payment of principal or interest on the district's  
 15 obligations.

16 (D) To fulfill the terms of agreements made with:

17 (i) the purchasers or holders of any obligations; or

18 (ii) a person or an eligible entity.

19 (8) Except as provided in sections 2.5 and 2.6 of this chapter,  
 20 require connection to the district's sewer system of property  
 21 producing sewage or similar waste, and require the  
 22 discontinuance of use of privies, cesspools, septic tanks, and  
 23 similar structures if:

24 (A) there is an available sanitary sewer within three hundred  
 25 (300) feet of:

26 (i) the property line, if the property is adjacent to a body of  
 27 water, including a lake, river, or reservoir;

28 (ii) any part of a subdivision, or land that is divided or  
 29 proposed to be divided into lots, whether contiguous or  
 30 subject to zoning requirements, for the purpose of sale or  
 31 lease as part of a larger common plan of development or  
 32 sale; or

33 (iii) for all other properties, the improvement or other  
 34 structure from which the sewage or similar waste is  
 35 discharged;

36 (B) the district has given written notice by certified mail to the  
 37 property owner at the address of the property at least ninety  
 38 (90) days before a date for connection to be stated in the notice  
 39 and the notice includes a list of the applicable exemptions  
 40 from connecting to the sewer system available to the property  
 41 owner that are described in section 2.5 of this chapter; and

42 (C) if the property is located outside the district's territory:



(i) the district has obtained and provided to the property owner (along with the notice required by clause (B)) a letter of recommendation from the local health department that there is a possible threat to the public's health; and  
 (ii) if the property is also located within the extraterritorial jurisdiction of a municipal sewage works under IC 36-9-23 or a public sanitation department under IC 36-9-25, the municipal works board or department of public sanitation has acknowledged in writing that the property is within the municipal sewage works or department of public sanitation's extraterritorial jurisdiction, but the municipal works board or department of public sanitation is unable to provide sewer service.

However, a district may not require the owner of a property described in this subdivision to connect to the district's sewer system if the property is already connected to a sewer system that has received an NPDES permit and has been determined to be functioning satisfactorily.

(9) Provide by ordinance for a reasonable penalty, not to exceed one hundred dollars (\$100) per day, for failure to connect and also apply to the circuit or superior court of the county in which the property is located for an order to force connection, with the cost of the action, including reasonable attorney's fees of the district, to be assessed by the court against the property owner in the action.

(10) Refuse the services of the district's facilities if the rates or other charges are not paid by the user.

(11) Control and supervise all property, works, easements, licenses, money, contracts, accounts, liens, books, records, maps, or other property rights and interests conveyed, delivered, transferred, or assigned to the district.

(12) Construct, acquire by purchase or otherwise, operate, lease, preserve, and maintain works considered necessary to accomplish the purposes of the district's establishment within or outside the district and enter into contracts for the operation of works owned, leased, or held by another entity, whether public or private.

(13) Hold, encumber, control, acquire by donation, purchase, or condemnation, construct, own, lease as lessee or lessor, use, and sell interests in real and personal property or franchises within or outside the district for:

(A) the location or protection of works;

(B) the relocation of buildings, structures, and improvements



- 1 situated on land required by the district or for any other  
 2 necessary purpose; or  
 3 (C) obtaining or storing material to be used in constructing and  
 4 maintaining the works.
- 5 (14) Upon consent of two-thirds (2/3) of the members of the  
 6 board, merge or combine with another district into a single district  
 7 on terms so that the surviving district:  
 8 (A) is possessed of all rights, franchises, and authority of the  
 9 constituent districts; and  
 10 (B) is subject to all the liabilities, obligations, and duties of  
 11 each of the constituent districts, with all rights of creditors of  
 12 the constituent districts being preserved unimpaired.
- 13 (15) Provide by agreement with another eligible entity for the  
 14 joint construction of works the district is authorized to construct  
 15 if the construction is for the district's own benefit and that of the  
 16 other entity. For this purpose the cooperating entities may jointly  
 17 appropriate land either within or outside their respective borders  
 18 if all subsequent proceedings, actions, powers, liabilities, rights,  
 19 and duties are those set forth by statute.
- 20 (16) Enter into contracts with a person, an eligible entity, the  
 21 state, or the United States to provide services to the contracting  
 22 party for any of the following:  
 23 (A) The distribution or purification of water.  
 24 (B) The collection or treatment of sanitary sewage.  
 25 (C) The collection, disposal, or recovery of solid waste.
- 26 (17) Make provision for, contract for, or sell the district's  
 27 byproducts or waste.
- 28 (18) Exercise the power of eminent domain, including for  
 29 purposes of siting sewer or water utility infrastructure, but only  
 30 after the district attempts to use existing public rights-of-way or  
 31 easements.
- 32 (19) Remove or change the location of a fence, building, railroad,  
 33 canal, or other structure or improvement located within or outside  
 34 the district. If:  
 35 (A) it is not feasible or economical to move the building,  
 36 structure, or improvement situated in or upon land acquired;  
 37 and  
 38 (B) the cost is determined by the board to be less than that of  
 39 purchase or condemnation;  
 40 the district may acquire land and construct, acquire, or install  
 41 buildings, structures, or improvements similar in purpose to be  
 42 exchanged for the buildings, structures, or improvements under



contracts entered into between the owner and the district.

(20) Employ consulting engineers, superintendents, managers, and other engineering, construction, and accounting experts, attorneys, bond counsel, employees, and agents that are necessary for the accomplishment of the district's purpose and fix their compensation.

(21) Procure insurance against loss to the district by reason of damages to the district's properties, works, or improvements resulting from fire, theft, accident, or other casualty or because of the liability of the district for damages to persons or property occurring in the operations of the district's works and improvements or the conduct of the district's activities.

(22) Exercise the powers of the district without obtaining the consent of other eligible entities. However, the district shall:

- (A) restore or repair all public or private property damaged in carrying out the powers of the district and place the property in the property's original condition as nearly as practicable; or
- (B) pay adequate compensation for the property.

(23) Dispose of, by public or private sale or lease, real or personal property determined by the board to be no longer necessary or needed for the operation or purposes of the district.

SECTION 5. IC 13-26-10-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 0.5. (a) As used in this section, "indebtedness" includes leases, contracts, bonds, and public private partnership obligations.**

**(b) A district created after June 30, 2026, may not incur any indebtedness under this chapter without first obtaining the approval of the county fiscal body in which the district is located before the district may incur the indebtedness.**

**(c) If a district created after June 30, 2026, contains territory in more than one (1) county, the district may not incur any indebtedness under this chapter without first obtaining the approval of the county fiscal body of each county in which the district contains territory before the district may incur the indebtedness.**

**(d) A county fiscal body must approve or deny the district's request to incur indebtedness under subsection (b) or (c) (whichever applies) not later than sixty (60) days after the date the district makes a request to the county fiscal body to incur the indebtedness.**





## COMMITTEE REPORT

Mr. President: The Senate Committee on Environmental Affairs, to which was referred Senate Bill No. 187, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 6, line 18, after "district" insert "**created after June 30, 2026,**".

Page 6, line 21, after "district" insert "**created after June 30, 2026,**".

and when so amended that said bill do pass and be reassigned to the Senate Committee on Tax and Fiscal Policy.

(Reference is to SB 187 as introduced.)

NIEMEYER, Chairperson

Committee Vote: Yeas 6, Nays 2.

## COMMITTEE REPORT

Mr. President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 187, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 13-11-2-107.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 107.3. "Indebtedness", for purposes of IC 13-26-10-0.5, has the meaning set forth in IC 13-26-10-0.5(a).**".

Page 1, line 4, delete "and in consultation with" and insert "**after first notifying in writing**".

Page 2, line 10, delete "In consultation with" and insert "**After first notifying in writing**".

Page 6, delete lines 16 through 33, begin a new paragraph and insert:

"SECTION 5. IC 13-26-10-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 0.5. (a) As used in this section,**

SB 187—LS 6801/DI 153



**"indebtedness" includes leases, contracts, bonds, and public private partnership obligations.**

**(b) A district created after June 30, 2026, may not incur any indebtedness under this chapter without first obtaining the approval of the county fiscal body in which the district is located before the district may incur the indebtedness.**

**(c) If a district created after June 30, 2026, contains territory in more than one (1) county, the district may not incur any indebtedness under this chapter without first obtaining the approval of the county fiscal body of each county in which the district contains territory before the district may incur the indebtedness.**

**(d) A county fiscal body must approve or deny the district's request to incur indebtedness under subsection (b) or (c) (whichever applies) not later than sixty (60) days after the date the district makes a request to the county fiscal body to incur the indebtedness."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 187 as printed January 14, 2026.)

HOLDMAN, Chairperson

Committee Vote: Yeas 12, Nays 0.

