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## SENATE BILL No. 187

AM018703 has been incorporated into January 14, 2026 printing.

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**Synopsis:** Regional sewer districts.

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SB 187—LS 6801/DI 153



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January 14, 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  
15 approved 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.

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

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

18 (1) Sue or be sued.

19 (2) Make contracts in the exercise of the rights, powers, and

20 duties conferred upon the district.

21 (3) Adopt and alter a seal and use the seal by causing the seal to

22 be impressed, affixed, reproduced, or otherwise used. However,

23 the failure to affix a seal does not affect the validity of an

24 instrument.

25 (4) Adopt and use a seal in the following manner:

25 (4) Adopt, amend, and repeal the following:

26 (A) Bylaws for the administration of the district's affairs.

27 (B) Rules and regulations for the following:

28 (i) The control of the administration and operation of

29 the district's service and facilities.

30 (ii) The exercise of all of the district's rights of

31 ownership.

32 (5) Construct, acquire, lease, operate, or manage works and  
33 obtain rights, easements, licenses, money, contracts, accounts,  
34 liens, books, records, maps, or other property, whether real,  
35 personal, or mixed, of a person or an eligible entity.

36 (6) Assume in whole or in part any liability or obligation of:  
37 (A) a person;  
38 (B) a nonprofit water, sewage, or solid waste project  
39 system; or  
40 (C) an eligible entity;  
41 including a pledge of part or all of the net revenues of a works to

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1 the debt service on outstanding bonds of an entity in whole or in  
2 part in the district and including a right on the part of the district  
3 to indemnify and protect a contracting party from loss or liability  
4 by reason of the failure of the district to perform an agreement  
5 assumed by the district or to act or discharge an obligation.

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

12 (A) The payment of the expenses of the district.  
13 (B) The construction, acquisition, improvement, extension,  
14 repair, maintenance, and operation of the district's facilities  
15 and properties.  
16 (C) The payment of principal or interest on the district's  
17 obligations.  
18 (D) To fulfill the terms of agreements made with:  
19 (i) the purchasers or holders of any obligations; or  
20 (ii) a person or an eligible entity.

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

26 (A) there is an available sanitary sewer within three  
27 hundred (300) feet of:  
28 (i) the property line, if the property is adjacent to a  
29 body of water, including a lake, river, or reservoir;  
30 (ii) any part of a subdivision, or land that is divided or  
31 proposed to be divided into lots, whether contiguous or  
32 subject to zoning requirements, for the purpose of sale  
33 or lease as part of a larger common plan of  
34 development or sale; or  
35 (iii) for all other properties, the improvement or other  
36 structure from which the sewage or similar waste is  
37 discharged;

38 (B) the district has given written notice by certified mail to  
39 the property owner at the address of the property at least  
40 ninety (90) days before a date for connection to be stated in  
41 the notice and the notice includes a list of the applicable



exemptions from connecting to the sewer system available to the property owner that are described in section 2.5 of this chapter; and

(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.

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

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1 works owned, leased, or held by another entity, whether public  
2 or private.

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

7 (A) the location or protection of works;  
8 (B) the relocation of buildings, structures, and  
9 improvements situated on land required by the district or for  
any other necessary purpose; or  
10 (C) obtaining or storing material to be used in constructing  
11 and maintaining the works.

12 (14) Upon consent of two-thirds (2/3) of the members of the  
13 board, merge or combine with another district into a single  
14 district on terms so that the surviving district:

15 (A) is possessed of all rights, franchises, and authority of  
16 the constituent districts; and  
17 (B) is subject to all the liabilities, obligations, and duties of  
18 each of the constituent districts, with all rights of creditors  
19 of the constituent districts being preserved unimpaired.

20 (15) Provide by agreement with another eligible entity for the  
21 joint construction of works the district is authorized to construct  
22 if the construction is for the district's own benefit and that of the  
23 other entity. For this purpose the cooperating entities may jointly  
24 appropriate land either within or outside their respective borders  
25 if all subsequent proceedings, actions, powers, liabilities, rights,  
26 and duties are those set forth by statute.

27 (16) Enter into contracts with a person, an eligible entity, the  
28 state, or the United States to provide services to the contracting  
29 party for any of the following:

30 (A) The distribution or purification of water.  
31 (B) The collection or treatment of sanitary sewage.  
32 (C) The collection, disposal, or recovery of solid waste.

33 (17) Make provision for, contract for, or sell the district's  
34 byproducts or waste.

35 (18) Exercise the power of eminent domain, including for  
36 purposes of siting sewer or water utility infrastructure, but only  
37 after the district attempts to use existing public rights-of-way or  
38 easements.

39 (19) Remove or change the location of a fence, building,  
40 railroad, canal, or other structure or improvement located within

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1 or outside the district. If:  
 2 (A) it is not feasible or economical to move the building,  
 3 structure, or improvement situated in or upon land acquired;  
 4 and  
 5 (B) the cost is determined by the board to be less than that of  
 6 purchase or condemnation;  
 7 the district may acquire land and construct, acquire, or install  
 8 buildings, structures, or improvements similar in purpose to be  
 9 exchanged for the buildings, structures, or improvements under  
 10 contracts entered into between the owner and the district.  
 11 (20) Employ consulting engineers, superintendents, managers,  
 12 and other engineering, construction, and accounting experts,  
 13 attorneys, bond counsel, employees, and agents that are  
 14 necessary for the accomplishment of the district's purpose and  
 15 fix their compensation.  
 16 (21) Procure insurance against loss to the district by reason of  
 17 damages to the district's properties, works, or improvements  
 18 resulting from fire, theft, accident, or other casualty or because  
 19 of the liability of the district for damages to persons or property  
 20 occurring in the operations of the district's works and  
 21 improvements or the conduct of the district's activities.  
 22 (22) Exercise the powers of the district without obtaining the  
 23 consent of other eligible entities. However, the district shall:  
 24 (A) restore or repair all public or private property damaged  
 25 in carrying out the powers of the district and place the  
 26 property in the property's original condition as nearly as  
 27 practicable; or  
 28 (B) pay adequate compensation for the property.  
 29 (23) Dispose of, by public or private sale or lease, real or  
 30 personal property determined by the board to be no longer  
 31 necessary or needed for the operation or purposes of the district.  
 32 SECTION 5. IC 13-26-10-0.5 IS ADDED TO THE INDIANA  
 33 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 34 [EFFECTIVE JULY 1, 2026]: Sec. 0.5. (a) As used in this section,  
 35 "indebtedness" includes leases, contracts, bonds, and public  
 36 private partnership obligations.  
 37 (b) A district created after June 30, 2026, may not incur any  
 38 indebtedness under this chapter without first obtaining the  
 39 approval of the county fiscal body in which the district is located  
 40 before the district may incur the indebtedness.  
 41 (c) If a district created after June 30, 2026, contains territory  
 42 in more than one (1) county, the district may not incur any

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1       **indebtedness under this chapter without first obtaining the**  
2       **approval of the county fiscal body of each county in which the**  
3       **district contains territory before the district may incur the**  
4       **indebtedness.**

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

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