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SENATE BILL No. 187

Proposed Changes to January 14, 2026 printing by AM018703

DIGEST OF PROPOSED AMENDMENT

Regional water, sewage, and solid waste districts. Replaces the phrase "in consultation with" with "after first notifying in writing" in SECTIONS 1 and 3 of the current bill. Revises the current bill's provision regarding the prohibition on a regional water, sewage, and solid waste district's (district) ability to incur any indebtedness without first obtaining the approval of the county fiscal body to require: (1) for a district containing territory in more than one county, the district must first obtain the approval of each county fiscal body in which the district contains territory (instead of the county fiscal body of the county that contains more than 50% of the district's service area); and (2) county fiscal body approval or denial of a district's request to incur indebtedness not later than 60 days after the date the district makes a request to the county fiscal body to incur the indebtedness. Removes the provision urging the legislative council to assign to the appropriate interim study committee the task of studying whether to transfer administrative duties related to regional water, sewage, or solid waste districts.

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 ~~1~~ [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 ~~&and~~ [after first notifying] in ~~consultation with~~ [writing] the
10 district authority established under IC 13-26-11-15, may file a

SB 187—LS 6801/DI 153



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petition with the department requesting the approval of the department permitting the district to:

- (1) increase or add to the district's purposes or modify the district plan approved by the department;
- (2) abandon or surrender all or part of a purpose or plan approved by the department; or
- (3) subject to IC 13-26-4-1, increase the number of persons serving on the board of trustees.

(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. ~~<In consultation with>~~ [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,

SB 187—LS 6801/DI 153



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

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

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

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

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

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

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

(ii) a person or an eligible entity.

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

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

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

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

(iii) for all other properties, the improvement or other

SB 187—LS 6801/DI 153



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- 1 structure from which the sewage or similar waste is
 2 discharged;
- 3 (B) the district has given written notice by certified mail to
 4 the property owner at the address of the property at least
 5 ninety (90) days before a date for connection to be stated in
 6 the notice and the notice includes a list of the applicable
 7 exemptions from connecting to the sewer system available
 8 to the property owner that are described in section 2.5 of
 9 this chapter; and
- 10 (C) if the property is located outside the district's territory:
- 11 (i) the district has obtained and provided to the
 12 property owner (along with the notice required by
 13 clause (B)) a letter of recommendation from the local
 14 health department that there is a possible threat to the
 15 public's health; and
- 16 (ii) if the property is also located within the
 17 extraterritorial jurisdiction of a municipal sewage
 18 works under IC 36-9-23 or a public sanitation
 19 department under IC 36-9-25, the municipal works
 20 board or department of public sanitation has
 21 acknowledged in writing that the property is within the
 22 municipal sewage works or department of public
 23 sanitation's extraterritorial jurisdiction, but the
 24 municipal works board or department of public
 25 sanitation is unable to provide sewer service.
- 26 However, a district may not require the owner of a property
 27 described in this subdivision to connect to the district's sewer
 28 system if the property is already connected to a sewer system
 29 that has received an NPDES permit and has been determined to
 30 be functioning satisfactorily.
- 31 (9) Provide by ordinance for a reasonable penalty, not to exceed
 32 one hundred dollars (\$100) per day, for failure to connect and
 33 also apply to the circuit or superior court of the county in which
 34 the property is located for an order to force connection, with the
 35 cost of the action, including reasonable attorney's fees of the
 36 district, to be assessed by the court against the property owner in
 37 the action.
- 38 (10) Refuse the services of the district's facilities if the rates or
 39 other charges are not paid by the user.
- 40 (11) Control and supervise all property, works, easements,
 41 licenses, money, contracts, accounts, liens, books, records, maps,
 42 or other property rights and interests conveyed, delivered,

SB 187—LS 6801/DI 153



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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 situated on land required by the district or for any other necessary purpose; or

(C) obtaining or storing material to be used in constructing and maintaining the works.

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

(A) is possessed of all rights, franchises, and authority of the constituent districts; and

(B) is subject to all the liabilities, obligations, and duties of each of the constituent districts, with all rights of creditors of the constituent districts being preserved unimpaired.

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

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

(A) The distribution or purification of water.

(B) The collection or treatment of sanitary sewage.

(C) The collection, disposal, or recovery of solid waste.

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

(18) Exercise the power of eminent domain, including for purposes of siting sewer or water utility infrastructure, but only

SB 187—LS 6801/DI 153



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after the district attempts to use existing public rights-of-way or easements.

(19) Remove or change the location of a fence, building, railroad, canal, or other structure or improvement located within or outside the district. If:

(A) it is not feasible or economical to move the building, structure, or improvement situated in or upon land acquired; and

(B) the cost is determined by the board to be less than that of purchase or condemnation;

the district may acquire land and construct, acquire, or install buildings, structures, or improvements similar in purpose to be 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 ~~<4>~~[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

SB 187—LS 6801/DI 153



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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 ~~<shall>~~[may not
incur any indebtedness under this chapter without] first
~~<obtain>~~[obtaining] the approval of the county fiscal body of
~~<the>~~[each] county ~~<that contains more than fifty percent (50%)~~
~~of>~~[in which] the ~~<district's service area>~~[district contains
territory] before the district may incur ~~<any>~~[the indebtedness.

(d) A county fiscal body must approve or deny the district's
request to incur] indebtedness under ~~<this chapter:~~

~~— SECTION 5. [EFFECTIVE UPON PASSAGE] (a) The
legislative council is urged to assign to the appropriate interim
study committee the task of studying whether to transfer
administrative duties under IC 13-26 from the department of
environmental management to another agency or entity.~~

~~— (b) This SECTION expires December 31, 2026.~~

~~— SECTION 6. An emergency is declared for this act.~~

➤[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.

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