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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.

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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     1     SECTION ~~2~~[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

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

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

9       (b) The department may:

10       (1) approve;  
 11       (2) modify and approve; or  
 12       (3) reject;

13       a request received under this section.

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

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

21       SECTION ~~4~~<sup>4</sup>. IC 13-26-5-2, AS AMENDED BY  
 22       P.L.232-2023, SECTION 2, IS AMENDED TO READ AS FOLLOWS  
 23       [EFFECTIVE JULY 1, 2026]: Sec. 2. ~~In consultation with~~<sup>After</sup> **first notifying in writing** the district authority established under  
 24       **IC 13-26-11-15**, a district may do the following:

25       (1) Sue or be sued.  
 26       (2) Make contracts in the exercise of the rights, powers, and  
 27       duties conferred upon the district.

28       (3) Adopt and alter a seal and use the seal by causing the seal to  
 29       be impressed, affixed, reproduced, or otherwise used. However,  
 30       the failure to affix a seal does not affect the validity of an  
 31       instrument.

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

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

34       (B) Rules and regulations for the following:

35       (i) The control of the administration and operation of  
 36       the district's service and facilities.

37       (ii) The exercise of all of the district's rights of  
 38       ownership.

39       (5) Construct, acquire, lease, operate, or manage works and  
 40       obtain rights, easements, licenses, money, contracts, accounts,  
 41       liens, books, records, maps, or other property, whether real,

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1 personal, or mixed, of a person or an eligible entity.  
2

3 (6) Assume in whole or in part any liability or obligation of:  
4

5 (A) a person;  
6

7 (B) a nonprofit water, sewage, or solid waste project  
8 system; or  
9

10 (C) an eligible entity;  
11

12 including a pledge of part or all of the net revenues of a works to  
13 the debt service on outstanding bonds of an entity in whole or in  
14 part in the district and including a right on the part of the district  
15 to indemnify and protect a contracting party from loss or liability  
16 by reason of the failure of the district to perform an agreement  
17 assumed by the district or to act or discharge an obligation.  
18

19 (7) Fix, alter, charge, and collect reasonable rates and other  
20 charges in the area served by the district's facilities to every  
21 person whose premises are, whether directly or indirectly,  
22 supplied with water or provided with sewage or solid waste  
23 services by the facilities for the purpose of providing for the  
24 following:  
25

26 (A) The payment of the expenses of the district.  
27

28 (B) The construction, acquisition, improvement, extension,  
29 repair, maintenance, and operation of the district's facilities  
30 and properties.  
31

32 (C) The payment of principal or interest on the district's  
33 obligations.  
34

35 (D) To fulfill the terms of agreements made with:  
36

37 (i) the purchasers or holders of any obligations; or  
38 (ii) a person or an eligible entity.  
39

40 (8) Except as provided in sections 2.5 and 2.6 of this chapter,  
41 require connection to the district's sewer system of property  
42 producing sewage or similar waste, and require the  
discontinuance of use of privies, cesspools, septic tanks, and  
similar structures if:  
43

44 (A) there is an available sanitary sewer within three  
45 hundred (300) feet of:  
46

47 (i) the property line, if the property is adjacent to a  
48 body of water, including a lake, river, or reservoir;  
49

50 (ii) any part of a subdivision, or land that is divided or  
51 proposed to be divided into lots, whether contiguous or  
52 subject to zoning requirements, for the purpose of sale  
53 or lease as part of a larger common plan of  
54 development or sale; or  
55

56 (iii) for all other properties, the improvement or other  
57



structure from which the sewage or similar waste is discharged;

(B) the district has given written notice by certified mail to the property owner at the address of the property at least ninety (90) days before a date for connection to be stated in 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,

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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

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

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

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

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

11 the district may acquire land and construct, acquire, or install  
 12 buildings, structures, or improvements similar in purpose to be  
 13 exchanged for the buildings, structures, or improvements under  
 14 contracts entered into between the owner and the district.

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

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

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

28 (A) restore or repair all public or private property damaged  
 29 in carrying out the powers of the district and place the  
 30 property in the property's original condition as nearly as  
 31 practicable; or

32 (B) pay adequate compensation for the property.

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

36 SECTION ~~44~~<sup>44</sup>5. IC 13-26-10-0.5 IS ADDED TO THE  
 37 INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS  
 38 [EFFECTIVE JULY 1, 2026]: Sec. 0.5. (a) As used in this section,  
 39 "indebtedness" includes leases, contracts, bonds, and public  
 40 private partnership obligations.

41 (b) A district created after June 30, 2026, may not incur any  
 42 indebtedness under this chapter without first obtaining the

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1 approval of the county fiscal body in which the district is located [  
2 before the district may incur the indebtedness].

3 (↔) [c] If a district created after June 30, 2026, contains  
4 territory in more than one (1) county, the district ~~shall~~ [may not  
5 incur any indebtedness under this chapter without] first  
6 ~~obtain~~ [obtaining] the approval of the county fiscal body of  
7 ~~the~~ [each] county ~~that contains more than fifty percent (50%)~~  
8 ~~of~~ [in which] the ~~district's service area~~ [district contains  
9 territory] before the district may incur ~~any~~ [the indebtedness.

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

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

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

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

19 ~~>[subsection (b) or (c) (whichever applies) not later than sixty (60)~~  
20 ~~days after the date the district makes a request to the county fiscal~~  
21 ~~body to incur the indebtedness.~~

22 1

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