

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

LS 6849
BILL NUMBER: SB 277

NOTE PREPARED: Jan 13, 2026
BILL AMENDED:

SUBJECT: Indiana Department of Environmental Management.

FIRST AUTHOR: Sen. Niemeyer
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **X** GENERAL
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill amends, repeals, or adds certain terms. It makes certain changes concerning the purpose, structure, and powers of the Department of Environmental Management or the Environmental Rules Board. It makes certain changes to various boards or funds. It eliminates or amends rulemaking provisions.

This bill makes certain changes to hearing and permitting processes. It changes or eliminates certain reporting requirements. It makes various changes to the water pollution statutes. It makes various changes to the solid waste and hazardous waste management statutes. It moves the Indiana Recycling Market Development Board to Title 13. It repeals or amends various sections regarding: (1) hazardous substances; (2) the voluntary remediation programs; (3) regional water districts; and (4) citizen lawsuits. It also makes conforming and technical changes.

Effective Date: July 1, 2026.

Explanation of State Expenditures: *Funds:* The bill modifies the permitted uses of the nonreverting Voluntary Compliance Fund, as well as the nonreverting Electronic Waste Fund.. The bill removes the requirement that IDEM recommend to the General Assembly that the registration fee, or the proportion of sales from video display devices required to be recycled, be lowered to reduce revenue to the Electronic Waste Fund if the fund exceeds the amount required for its permitted uses.

Restrictive Covenant: The bill allows IDEM to impose a restrictive covenant on property where remediation objectives have not been met. IDEM would need to pay filing fees to file restrictive covenant documents with county recorders.

Boards: The bill also adds one lay member to the Petroleum Storage Tank Financial Assurance Board which will have a minor increase in expenses for per diem and travel reimbursement. [The board met once in FY 2025 and once during the first half of FY 2026.] The bill sunsets the Indiana Recycling Market Development Board and the Petroleum Storage Tank Financial Assurance Board on July 1, 2031. The bill adds three new

ex-officio, nonvoting members to the Environmental Rules Board (ERB). Ex-officio members do not receive compensation.

IDEM Workload Impacts: The bill makes the following changes regarding permitting and remediation that will impact IDEM workload: transfers duties regarding the Septage Management Permit Program (from the ERB); extends the time allowed for IDEM to make a determination on certain permit applications; sets parameters for when a pending application shall be considered as approved when IDEM fails to make a decision within the allotted time frame; and modifies requirements regarding remedial actions and extends the minimum time frame for applicants to submit a proposed voluntary remediation work plan to IDEM.

The bill makes the following changes regarding administration of the agency and administrative rules and policies that will impact IDEM workload: codifies IDEM's existing agricultural and small business liaison staff positions; restructures the makeup of divisions within IDEM; makes changes to public hearing requirements and criteria for public rule proposals; provides that certain new policies put into effect after July 1, 2026 expire after 10 years.

The bill will decrease workload for IDEM as it repeals the Clean Air Act Permit Compliance Program, removes certain reporting requirements, removes requirements to develop certain information clearinghouses and to assist in the development and implementation of public education programs, eliminates requirements to assist local units in developing programs and facilities for pollution control and water/waste management, and eliminates certain required notices from state agencies and state institutions.

Workload Impacts for Various Agencies: The bill will increase workload for the ISDA and decrease workload for the Lieutenant Governor as it removes the Lieutenant Governor and adds the ISDA Director to the ERB. It will also reduce workload for the DNR by no longer requiring notices of actions taken by citizens, businesses, associations, or public officers/agencies to be filed with the agency.

The bill will reduce workload for all state agencies and state institutions as it removes the requirement that all state agencies and institutions must report to IDEM any plans or activities that affect or may affect the environment of Indiana, and including in certain recommendations and reports an environmental impact including unavoidable environmental effects, alternative approaches, and other related information.

Legislative Committees: The bill eliminates the requirement that, once every five years, an interim study committee or a statutory committee must assess solid waste management districts and determine if any changes should be made to their governing statutes. It also requires IDEM to file certain information to either the House or the Senate Environmental Affairs Committee rather than the Interim Study Committee on Environmental Affairs.

Explanation of State Revenues: State revenue from permit and registration fees, civil and criminal penalties, and court fee revenue may decrease due to the elimination of the Clean Air Act Permit Compliance Program. [The Program requires, under certain circumstances, that an individual obtains a registration, a construction permit, or an operating permit. It also provided causes for individuals to bring civil action, causes that may result in a Class C misdemeanor with an additional criminal fine of no less than \$10,000 per day per violation, and a civil penalty of up to \$3,000 per violation for failure to possess a permit or registration.]

Court Fees and Fines: If fewer civil and criminal cases occur and fewer court fees are collected, then revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would

decrease. The maximum fine for a Class C misdemeanor is \$500. The total revenue per case would range between \$100 and \$138. The amount deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked documents describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases](#) and [court fees imposed in criminal, juvenile, and civil violation cases](#).

Explanation of Local Expenditures: *Workload:* Solid waste districts will no longer be required to conduct public educational programs regarding electronic waste.

Penalty Provision: The bill may result in fewer Class C misdemeanors. A Class C misdemeanor is punishable by up to 60 days in jail.

Explanation of Local Revenues: *Filing Fees:* If the bill results in additional restrictive covenants being filed by IDEM, then county recorders may receive additional fees for the filing of these restrictive covenants.

Court Fees and Fines: If fewer cases occur, less revenue will be collected by certain local units. If the case is filed in a court of record, the county will receive \$32 and qualifying municipalities will receive a share of \$3. If the case is filed in a municipal court, the county receives \$20, and the municipality will receive \$37. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases](#).

Penalty Provision: If fewer court actions result in a guilty verdict, certain local units will collect less revenue. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases](#).

State Agencies Affected: Indiana Department of Environmental Management; Environmental Rules Board; Office of Administrative Law Proceedings; Department of Natural Resources; Indiana State Department of Agriculture; Lieutenant Governor, all state agencies and state institutions.

Local Agencies Affected: Solid waste districts; county recorders; trial courts, city and town courts; local law enforcement agencies.

Information Sources: Indiana Supreme Court, Indiana Trial Court Fee Manual; Alexander Goodnight, IDEM; www.nrc.gov/info-finder/region-state/indiana; supreme.justia.com/cases/federal/us/461/190; www.in.gov/idem/legal/rulemaking/petroleum-storage-tank-financial-assurance-board-packets.

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