

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

LS 6034
BILL NUMBER: SB 18

NOTE PREPARED: Sep 18, 2024
BILL AMENDED:

SUBJECT: Air Quality.

FIRST AUTHOR: Sen. Randolph Lonnie M
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill authorizes a town, city, or county to establish or designate an agency to act for the town, city, or county as a local air pollution control agency (agency).

It requires the Commissioner of the Department of Environmental Management (IDEM) to enter into a contract with the agency of a town, city, or county if the agency is willing to enter into the contract. The bill provides that a contract between the IDEM and the agency of a town, city, or county must:

- (1) require the IDEM to advise, consult, cooperate with, and provide technical assistance to the agency;
- (2) authorize the agency to undertake air pollution control activities on behalf of the department or initiate enforcement of ordinances of the town, city, or county; and
- (3) provide for the payment of fair monetary compensation for the air pollution control activities performed by the agency.

It provides that: (1) the compensation paid to an agency under a contract must be at least sufficient to cover the agency's staffing and operating costs; and (2) the rate of compensation must be adjusted each year according to changes in the Consumer Price Index.

Effective Date: July 1, 2025.

Explanation of State Expenditures: Contracting out certain air pollution control activities to local air pollution control agencies would reduce related expenditures for IDEM. A contract must require IDEM to pay fair monetary compensation to local air pollution control agencies for air pollution control activities. The bill allows IDEM to use multiple sources to pay for these contracts, including funds from the EPA's Clean Air Act Section 103 and 105 grants, state air pollution control permit fee revenue, the Environmental Management Special Fund, and any other source of funds approved by the Governor and the Budget Agency. The fiscal impact will depend upon the number and nature of these contracts that might occur.

Contracting out certain air pollution control activities to local air pollution control agencies would also reduce workload for IDEM. However, IDEM would be required to advise, consult, cooperate with, and

provide technical assistance to the agencies, which would increase the agency's workload. Any net change in workload for IDEM is indeterminable.

Explanation of State Revenues: Federal funding currently available to IDEM for administration of air pollution control laws would also be available to local air pollution control agencies. The local control agencies could receive certain federal grants directly, decreasing grants received by the state.

Additional Information: In 2008 and 2009, IDEM allowed contracts with six local air agencies to expire and brought IDEM-related permitting, compliance, and monitoring activities in-house. The local agencies were located in the following local units: Anderson, Evansville, Gary, Hammond, Indianapolis, and Vigo County. Total state expenditures for these local contracts were estimated at about \$2 M annually.

Explanation of Local Expenditures: Under current law, a town, city, or county may enforce local air pollution ordinances consistent with or more restrictive than air pollution control laws. The bill stipulates that in order for a town, city, or county to enforce these ordinances, the unit must establish or designate an agency as the local air pollution control agency.

Under the bill, a local air pollution control agency may choose to enter into a contract with IDEM. A contract must either authorize the local air pollution control agency to enforce air pollution control efforts on behalf of IDEM or in accordance with their ordinance. The bill only requires annual reports to be submitted (as requested by IDEM) if the local air pollution control agency has entered into a contract with IDEM (currently required of all air pollution control agencies, if IDEM requests the information).

Explanation of Local Revenues: The bill requires that local air pollution control agencies be paid fair monetary compensation sufficient to cover staffing and operating costs for air pollution control permitting and activities (with annual adjustments) from certain funds available to IDEM. The fiscal impact of these provisions will depend on the number and nature of contracts established with IDEM.

State Agencies Affected: Indiana Department of Environmental Management.

Local Agencies Affected: Towns, cities, and counties.

Information Sources:

<https://www.4cleanair.org/wp-content/uploads/Documents/FundingNeedsOverview.pdf>;

https://www.epa.gov/system/files/documents/2022-01/epaig_20220112-22-e-0017.pdf;

<https://www.epa.gov/inflation-reduction-act/climate-pollution-reduction-grants>;

IDEM, Office of Air Quality, *Indiana 2010 Ambient Air Monitoring Network Plan*, July 1, 2009:

https://www.in.gov/idem/airmonitoring/files/monitoring_network_review_2010.pdf.

Fiscal Analyst: Jasmine Noel, 317-234-1360.