

Approved: 2-17-93
Date

MINUTES OF THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES.

The meeting was called to order by Chairperson Don Sallee at 8:00 a.m. on February 9, 1993 in Room 423-S of the Capitol.

All members were present :

Committee staff present: Raney Gilliland, Legislative Research Department
Dennis Hodgins, Legislative Research Department
Don Hayward, Revisor of Statutes
Clarene Wilms, Committee Secretary

Conferees appearing before the committee:

Charles Jones, Director of the Division of Environment, Kansas
Department of Health and Environment
Charles Nicolay, Executive Director, Kansas Oil Marketers Association
Michael Torrey, Director of Legislative and Regulatory Affairs, Kansas Grain and
Feed Association

Others attending: See attached list

SB-106 - amending the Kansas storage tank act

Charles Jones, Director, Division of Environment, KDHE, appeared before the committee and presented testimony urging support of SB-106. Mr. Jones told committee members this bill would extend the Petroleum Storage Tank Release Trust Funds to the year 2004. The funds generated by this statute reimburse tank owners for approved costs of remedial action after payment of the appropriate deductible, thus enabling many owners with underground storage tanks to stay in business. Attachment 1

Charles Nicolay, Executive Director, Kansas Oil Marketers Association, appeared in support of SB-106. Mr. Nicolay noted this has proven to be a very valuable piece of legislation with respect to protecting our ground water and meeting the mandates imposed by the Environmental Protection Agency. He further noted the Kansas Department of Health and Environment is doing a good job of administering this act and needed the extension to continue it's work. Attachment 2

Michael Torrey, Director of Legislative and Regulatory Affairs, Kansas Grain and Feed Association, appeared and presented testimony in support of SB-106. Mr. Torrey stated his organization's support for this act is based upon the fact that the state of Kansas is in the process of initiating the clean-up of contaminated sites. They feel there will be an increase in activity regarding tank removal and clean-up as the 1998 deadline for compliance approaches. Attachment 3

SB-74 - concerning time of remittance of the tax imposed upon the sale of new tires

Senator Janis Lee told committee members the remittance of tax upon sale of new tires presently was due and payable monthly. Certain dealers whose main business is the sale of implements, etc. find themselves remitting very low amounts of tax or none at all. This bill would allow the tax to accumulate to the amount of \$25 before remittance would be required. This would cut down on paperwork for all concerned.

Discussion was taken up on SB-106 with Charles Jones explaining provisions for a minimum threshold of \$2,500,000 with a top limit of \$5,000,000. When the fund reaches the lower levels the tax takes effect. It cuts off when funds reach the upper limit.

Senator Lee made a motion to pass out SB-106 favorable for passage. Senator Emert seconded the motion and the motion carried.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES, Room 423-S Statehouse, at 8:00 a.m. on February 9, 1993.

Discussion concerning SB-74 centered around the amount allowed to accumulate and whether or not a time limit for filing should be included.

Senator Emert made a motion to amend SB-74 raising the dollar amount to \$100 and also adding provisions to file a yearly report whether or not the dollar amount has been met. Senator Martin seconded the motion and the motion carried.

Senator Martin made a motion to pass SB-74 out favorable for passage as amended. Senator Hardenburger seconded the motion and the motion carried.

A request was made by Senator Sallee for introduction of a bill similar to HB-2042 which amends the Central Interstate Low-level Radioactive Waste Compact. The bill would bring Kansas into conformity with requests for changes by the host state.

Senator Vancrum, with a second from Senator Wisdom, moved to introduce the bill.

Discussion followed with a query made as to why, when there was a bill in the House that another should be introduced. It was explained that there was concern the House bill could get bogged down while the Senate could move more swiftly, also that the Senate was the body which failed to act favorably on the conference committee working on the bill at the end of the 1992 session. Another member expressed concern that time was needed to carefully consider the bill and with the attempt to accelerate the pace the of the legislature time is growing short. Another thought put forth for consideration was that passage of a bill would bring Kansas into conformity with other members of the compact. Charles Jones also told the committee that his department was roughing out contingency plans to deal with short term storage concerns.

The motion carried.

A committee member requested a copy of written testimony mentioned in the February 3, 1993 minutes. He also noted that Secretary Ensley had not provided information on the public meetings held concerning SB-20, the big game permit bill.

Minutes for February 2, 3, 4 and 5, 1993 were presented for approval or correction. Senator Lee moved approval of the minutes with a second by Senator Lawrence. The motion carried.

Senator Lee will carry SB-74 and Senator Sallee will carry SB-106.

The meeting adjourned at 8:45 a.m.

The next meeting is scheduled for February 10, 1993

GUEST LIST

SENATE COMMITTEE ON ENERGY & NATURAL RESOURCES

DATE February 9, 1993(PLEASE PRINT)
NAME AND ADDRESS

ORGANIZATION

Harry Herington Topeka KS

League of KS municipalities

Mike Toney Topeka

KGFM

Ann Wells Topeka

KS Coop Council

Larry Knoche Topeka

KDHE

Charles Jones

KDHE

Tim Louderback Topeka

Barbee and Associates

Kent Foerster "

KDHE

Charles Nicolay Topeka

KS Oil Marketers Assn

Michelle Kister Topeka

KS Gov. Consulting

STEVE KEAGNEY Topeka

COASTAL



Department of Health and Environment

Robert C. Harder, Secretary

Reply to:

Testimony Presented to
Senate Committee on Energy and Natural Resources

by

Kansas Department of Health and Environment
Senate Bill 106

Introduction

My name is Charles Jones, Director of the Division of Environment, Kansas Department of Health and Environment. I am here today to urge your support of Senate Bill 106, which extends until 2004 the sunseting the Petroleum Storage Tank Release Trust Funds.

Summary/Background

The federal Environmental Protection Agency (EPA) passed regulations affecting USTs in December of 1988 including the requirement to obtain pollution liability insurance. The Kansas Storage Tank Act created the reimbursement funds for Underground and Aboveground storage tanks.

These funds reimburse to tank owners for approved costs of remedial action after payment of the appropriate deductible. Without this mechanism to comply with the insurance requirements many UST owners would be forced out of business.

There are about 700 sites which are now participating in the Underground fund with an average of 23 new sites being added each month. Current projections indicate the number of sites to continue to increase through December of 1998. After that date, a decrease in the number of sites is anticipated.

Senate Energy & Natural Resources
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Attachment 1

Fiscal Impact

The funds for this assistance program are collected as a one cent per gallon fee on all petroleum products sold or consumed within the state. These fees collect up to \$18,000,000 per year from the consumers of the petroleum products. Without this assistance program, however, many of the small petroleum marketing facilities will be unable to remain in business. Although this program costs tax payers a penny per gallon at the pump, abolishing this program would ultimately cause consumers to pay higher gasoline prices at the pumps due to lack of competition. Additionally, extension of the sunset will save over \$100,000 per year in state general funds which would be needed to replace funds which currently being used to match a federal LUST grant.

In closing, KDHE urges support for S.B. 106.

STATEMENT BY THE KANSAS OIL MARKETERS ASSOCIATION
PRESENTED BY CHARLES NICOLAY
TO THE SENATE ENERGY AND NATURAL RESOURCES COMMITTEE
TOPEKA, KANSAS
FEBRUARY 9, 1993

Mr. Chairman and Members of Your Committee:

My name is Charles Nicolay, Executive Director of the Kansas Oil Marketers Association. KOMA is a statewide trade association whose members are licensed distributors of motor fuel. The fuel is stored in underground and aboveground tanks owned by their customers, as well as service stations and convenience stores which they own and operate.

I appear before you today on behalf of the members of this organization in support of SB 106, a bill, which if enacted, extends the sunset date on the Kansas Storage Tank Act from July 1, 1994, to July 1, 2004.

The Kansas Storage Tank Act was first passed by the Kansas legislature in 1989 with an effective date of April 1, 1990.

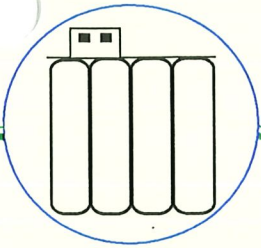
This has proven to be a very valuable piece of legislation with respect to protecting our ground water and meeting the mandates imposed by the Environmental Protection Agency.

The Kansas Department of Health and Environment is doing a good job of administering this act, and the need for extending the time for this law to fulfill its intended purpose is evident.

We urge passage of SB 106.

On behalf of the membership of the Kansas Oil Marketers Association, I thank you for the opportunity to appear in support of this bill.

Senate Energy & Natural Resources
February 9, 1993
Attachment 2



KANSAS GRAIN AND FEED ASSOCIATION

STATEMENT OF THE
KANSAS GRAIN AND FEED ASSOCIATION
TO THE
SENATE ENERGY AND NATURAL RESOURCES COMMITTEE
SEN. DON SALLEE, CHAIRMAN
REGARDING S.B. 106
FEBRUARY 9, 1993

Mr. Chairman and Members of the Committee, I am Michael Torrey, Director of Legislative and Regulatory Affairs for the Kansas Grain and Feed Association. Our Association's approximately 1,000 member locations are involved in the handling, storage and processing of grain. Some of our members also retail fuel. We appreciate the opportunity to comment today in support of S.B. 106.

This bill amends the Kansas Storage Tank Act, by extending the expiration date for the underground fund and the aboveground fund from July 1, 1994, to July 1, 2004. Essentially, our support for this act is based upon the fact that the state of Kansas is in the process of initiating the clean-up of contaminated sites. Conversations with our membership indicate that while a great deal of time has been spent on conducting site assessments, there is still much work to be done in the removal of these tanks. As the 1998 deadline for compliance with this act approaches, we believe there will be an increase in activity regarding tank removal and clean-up. In other words we have only begun to see the tip of the iceberg regarding underground and aboveground storage tank removal.

Senate Energy & Natural Resources
February 9, 1993
Attachment 3

We feel comfortable in our support for this legislation because there is a \$5 million lid on these funds. This lid provides a checks and balances so that the fund doesn't become exceedingly large.

I appreciate the opportunity to appear before you today and stand ready to answer any questions you may have.