

Approved: 2-1-94
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 January 26, 1994 in Room 423-S of the Capitol.

All members were present or excused:

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, Department of Environment, KDHE
Charles H. Nicolay, Kansas Oil Marketers Association

Others attending: See attached list

Chairman Sallee explained to the committee that SB-450 had come from the Joint Committee on Rules and Regulations and developed when the Department of Health and Environment requested approval of rules and regulations concerning above ground storage tanks.

Charles Jones, Director, Department of Environment appeared to express concerns about SB-450. Mr. Jones explained to the committee the history behind the bill as explained in Attachment 1.

Discussion followed with the thought expressed that SB-450 could cause difficulties with the federally mandated Community Right-to-Know reporting for underground storage tank owners. The Right-to-Know program mandates annual reporting. The proposed amendment would require registration only every three years.

Mr. Jones told the committee the money received from the underground storage tank program went into the State General Fund with the program being operated out of the money collected from the tax on petroleum products, so in a sense the expenditures of the program are separate from fees collected.

Mr. Jones stated that the Division of Environment is pushing more and more toward dedicated fee funds. However, in this instance it was felt no change was the best route to take since other alternatives could cause difficulties with the right-to-know issue.

Charles Nicolay, Kansas Oil Marketers Association, told the committee they were conceptually in favor of the bill since they were in favor of anything that would lower the cost to the private sector. He noted agreement with Mr. Jones that this bill would have an effect on the right-to-know program.

The meeting adjourned at 8:40 a.m.

The next meeting is scheduled for January 27, 1994.

SENATE COMMITTEE ON ENERGY & NATURAL RESOURCES

DATE January 26, 1994

(PLEASE PRINT)

NAME AND ADDRESS

ORGANIZATION

Terry Leatherman	Topeka	KCCI
Charles Nicolay	Topeka	Ks Oil Marketers Assn
STEVE KEARNEY	"	" " " "
Chris Stanfield	"	KDHE
Ken Peterson	"	KS Petroleum Council
Woody Moss	✓	KAPA
Frances Kautner	"	Ks Food Dealers Assn
Jimmie Clover Adams	Topeka	Ks Grain & Feed Assn
Julie Hein	Topeka	Hein, Ebert & Wair
Marti Crow	Topeka	KDHE

State of Kansas

Joan Finney, Governor



Department of Health and Environment

Robert C. Harder, Secretary

Testimony Presented to
Senate Energy and Natural Resources

by
The Kansas Department of Health and Environment

Senate Bill 450

I'm Charles Jones, Director of the Division of Environment, Kansas Department of Health and Environment. I'm testifying on Senate Bill 450, which concerns the registration of storage tanks.

Annual registration of Underground Storage Tanks (USTs) and payment of fees has been required since 1984. As a result of amendments to the Storage Tank Act during the 1992 legislative session, the Kansas Department of Health and Environment (KDHE) began registering Aboveground Storage Tanks (ASTs). The 1992 amendments provided KDHE with a trust fund to reimburse owners and operators of ASTs for corrective action costs. Additionally statutory authority for registration of ASTs, and for collection of AST registration fees was provided.

Senate Bill 450 amends the Storage Tank Act to require registration and payment of \$10 fees for USTs and ASTs from annually to once every three years. Because the department is required by federal law to maintain UST registration data and by state law to permit USTs, the process of annual registration of USTs has been blended into the permitting process to achieve both federal and state requirements. As indicated in the attachment, Kansas has one of the lowest registration fees anywhere in the nation.

If the law is enacted as written the workload to the agency would increase, because KDHE would be required to provide a registration that would be renewed three years from the date of issuance. As new USTs are installed and registered, renewals will be scattered throughout the entire year rather than being performed during a specific time period. This change will increase the tracking and complicate the permitting process.

During this year KDHE has aligned the federally mandated Community Right-to-Know reporting for UST owners with the UST registration, to eliminate duplicate reporting. These changes will save the regulated community considerable expense and the effort of two separate registration reports. The annual fees of the Right-To-Know program which range between \$25 and \$50 per facility are waived if owners register their USTs with KDHE under the Storage Tank Act. The Right-to-Know program mandates annual reporting which could not be accommodated by the Storage Tank registration program as stated in the proposed amendment. The registration fees collected under the

Senate Energy & Nat'l Resources
January 26, 1994
Attachment 1

Community Right-to-Know program would cost the regulated community an estimated \$150,000 per year. This amount is based on an estimated 4,000 UST facilities which will be required to report and pay fees.

The overall net result from passage of S.B. 450 would be a \$30,000 per year increase in costs to the regulated community, additional reporting requirements to tank owners, and considerable modification of existing programs to accommodate the timing changes in the reporting requirements.

Once a tank owner has registered their tanks, the KDHE the annual renewal process is very simple. The annual renewal process is very similar to payment of a bill, if nothing at the facility has changed. If the ownership or status of tanks has changed, the owner must write those changes onto the form before returning it to KDHE. Copies of the KDHE UST renewal notice and the Right-to-Know report form are attached for reference.

Based on 12,000 registered USTs, an estimated \$120,000 per year is deposited into the general fund annually. The amendments would extend this income over a three year period reducing State General Fund revenue by approximately \$80,000 per year as a result. In addition, it would reduce KDHE's above ground storage tank fee fund program income by an estimated \$40,000 per year. This would represent a total decrease of \$120,000 in program cost to the regulated community.

Testimony presented by: Charles Jones, Director
Division of Environment
Kansas Department of Health & Environment
January 26, 1994

Annual UST Fees
Per tank - as of September 1993

<u>STATE</u>	<u>Annual Fee</u>
Alabama	\$25
Alaska	\$50 - \$500
Arizona	\$50 - \$100
Arkansas	< \$35
Colorado	\$35
Connecticut	?
Delaware	\$50
Florida	\$25
Illinois	\$500 heating one time
Iowa	\$10 per tank
	\$15 - \$65 annual
Kentucky	\$30
Louisiana	\$30 new or used oil
	\$125 hazardous chemicals
	\$.0015 per gallon gas and diesel
Maine	\$35
Mississippi	\$40
Missouri	\$15
Montana	\$20 1,100 gallons or less
	\$50 greater than 1,100 gallons
Nebraska	\$25
Nevada	\$15 vol. regs
New Hampshire	\$70 per facility
New Jersey	\$100/facility (1-5 tanks), +\$15@ additional tank
New Mexico	\$100
New York	?
Oregon	\$25
Pennsylvania	\$50
Rhode Island	\$35
Texas	\$50
Utah	\$45
Washington	\$75
Puerto Rico	\$30 gas station
	\$40 - \$55 non-gas station