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MEMORANDUM

To: Chairman Hedke and Members of the Committee on Energy and Environment
From: Matt Sterling, Assistant Revisor of Statutes
Date: 02/16/2015
Subject: House Bill 2192

HB 2192 would create the environmental stewardship fund to be funded with moneys from the environmental assurance fee transferred pursuant to 65-34,117(b)(5). The fund would be used by the secretary of the Kansas Department of Health and Environment to: Take necessary emergency actions; implement state-led programs to investigate, monitor, remediate, and perform long-term care actions; use as state matching funds and long-term care actions at federal remedial actions; and to pay administrative, personnel, and contractual service expenses. The secretary could undertake cost recovery actions for any expenditures from the fund if a responsible party was identified. Moneys in the environmental stewardship fund would not be subject to allotments and could not be transferred by the KDHE to be used for other purposes.

Section 2 of the bill would provide the secretary with up to \$3,000,000 per fiscal year to provide for the reimbursement to eligible owners of underground storage tanks. An owner of an underground storage tank would be eligible for reimbursement if the: Tank system stores petroleum products for resale and is subject to the environmental assurance fee in K.S.A. 65-34,117, owner was approved by the secretary, owner replaced all components of a single-wall storage tank system with a secondary containment system between August 8, 2005, and June 30, 2020, owner was in substantial compliance with the Kansas storage tank act, owner provided 30-day notice and access to the KDHE to perform an environmental assessment of the site and corrective action was taken to address contamination, and tank was registered with the KDHE after May 1, 1981.

For replacements made after July 1, 2015, reimbursement for expenses would require the storage tank owner to submit an application for the proposed secondary containment system plan with at least three bids for the installation. For replacements undertaken before July 1, 2015, the owner would be required to submit an application for reimbursement with proof of costs and receive approval from the secretary. The secretary would have discretion to determine allowable installation costs. The KDHE would not reimburse more than \$50,000 per facility to an applicant for the approved cost of the secondary containment system. The bill would give the secretary the authority to adopt rules and regulations.

Section 3 of the bill would amend K.S.A. 2014 Supp. 65-34,117 to make the necessary change to the environmental assurance fee so that moneys would be transferred to the environmental stewardship fund. The fee would first pay moneys into the underground fund, the

aboveground fund, and the UST redevelopment fund before moneys would be transferred to the environmental stewardship fund.

Section 4 of the bill would amend K.S.A. 65-34,119 to waive the first costs of corrective actions for any site where petroleum contamination was discovered and reported during the replacement of a single-wall underground storage tank from July 1, 2015, to June 30, 2020, and replaced with a secondary containment system pursuant to K.S.A. 65-34,138.

Section 5 of the bill would amend K.S.A. 2014 Supp. 65-34,131 to provide that the funds credited to the UST redevelopment fund could also be expended to reimburse an eligible owner of an underground storage tank for allowable expenses for replacement and installation of all components of a single-wall underground storage tank system with a secondary containment system that complied with K.S.A. 65-34,138.