

February 16, 2015

Memorandum:

To: House Energy and Environment Committee
From: Thomas M. Palace Executive Director PMCA of Kansas
Re: Testimony Supporting HB 2192

Mr. Chairman and Members of the House Energy and Environment Committee:

My name is Tom Palace. I am the Executive Director of the Petroleum Marketers and Convenience Store Association of Kansas (PMCA of Kansas), a statewide trade association representing over 300 independent Kansas petroleum distribution companies and convenience store retailers throughout Kansas.

We stand before you as a proponent of HB 2192.

This bill:

- Creates the Environmental Stewardship Fund (ETF) to be used for whatever emergency action is necessary to respond to environment threat to public safety.
- The Environmental Trust Fund fee of \$.01 will be used to fund the UST, AST, Redevelopment Fund and ETF.
- Incentivizes Underground Storage Tank Owners to upgrade single wall UST's to double wall UST's using the Redevelopment fund. Double wall tank systems are a requirement established by the EPA and put in statute in accordance with the 2005 Federal Energy and Policy Act.
- Incentive is \$50,000 – new sites would not be eligible for this money...only replacement of existing tanks is eligible.
- The fund would pay out up to \$3 million annually.
- Reimbursement would begin July 2015 and end July 2020.
- Retroactive to 2005 (When the Federal Energy Bill was passed Congress) for facilities that replaced single wall tanks.
- Waive the deductible for facilities entering the trust fund 2015-2020.
- The Environmental Trust Fund Fee will go on and off as fund balances reach certain limits. UST - \$2-\$5M; AST - \$500,000 - \$1.5M; Redevelopment Fund - \$2-\$5m; ETF - \$2-\$5M.

PMCA has worked closely with the Kansas Department of Health and Environment on many issues related to the Underground Storage Tank (UST) program that was established in 1989. Our working relationship requires both KDHE and PMCA to be flexible when a federal mandate is passed down from the EPA.

The 2005 Federal Energy and Policy Act require UST owners to protect groundwater from releases of regulated substances...in our case releases from UST's. Currently, KDHE requires

UST owners to upgrade single wall tank systems to double wall tank systems if more than 51% of the tank is damaged and needs repair. HB 2192 potentially could speed that process up if UST owners can apply and receive the reimbursement provided in this bill.

Upgrading UST's are an expensive endeavor with costs that can reach \$250,000 per site and NO return on investment. UST owners have no way to recoup costs associated tank upgrades.

I have attached a document that will help the committee understand how the \$.01 environmental fee works and why this program is essential to UST owners in Kansas.

In closing, the committee should be aware that the environmental trust fund that KDHE administers is probably one of the best programs in the United States. We applaud the efforts of Leo Henning and Randy Carlson for their supervision over the Bureau of Environmental Remediation.

Thank you