



Testimony on Senate Bill 365
presented to
Senate Commerce Committee
by
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The Kansas Department of Health and Environment (KDHE) is providing testimony in support of SB 365 for the establishment of a new program and fund for the Bureau of Environmental Remediation (BER). BER is responsible for protecting human health and the environment from releases of hazardous substances, petroleum and other pollutants. The bureau has a number of remedial programs with the goal of ensuring contamination is properly addressed to protect human health and the environment.

KDHE is proposing the Contaminated Property Redevelopment Act to provide a release of environmental liability to an innocent or prospective property owner. KDHE will achieve the environmental liability release through a Certificate of Environmental Liability Release (CELR). The CELR would be issued to an entity wishing to purchase a contaminated property or to an entity who receives contaminated property through foreclosure or tax sale. The Contaminated Property Redevelopment Program is a voluntary program.

Under current law and practice, a property owner can be held liable for the contamination on the property even though the current property owner did not cause the contamination. Since the owner can be held liable for the contamination, many times contaminated properties end up being abandoned because no one wants to assume the environmental liability of owning contaminated property. KDHE has made the decision and proposed this legislation to **only** hold the person that created the contamination responsible for cleaning up the contamination.

KDHE believes private investors, lending institutions and local governments will be more inclined to take ownership of these contaminated properties for potential sale or redevelopment if the state provided an environmental liability release. Senate Bill 365 provides KDHE with the authority to issue the certificates of environmental liability release which will provide certainty and assurances that will stimulate property transactions for economic redevelopment.

KDHE is proposing a one-time payment from the prospective buyer or innocent landowner to request a Certificate of Environmental Liability Release. This payment would be deposited in the Contaminated Property Redevelopment Fund which is a new fee fund that is created by this act and it would be used for the Contaminated Property Redevelopment Program. The fund will provide KDHE an operational fund to administer the program and to receive payments from the US Environmental Protection Agency (EPA) Brownfields Revolving Loan Program. The money received from the EPA Brownfields Program will be used for redevelopment grants or low interest loans to municipalities for KDHE approved redevelopment actions.

KDHE solicited input from Kansas businesses, legal firms, municipalities and environmental consulting companies concerning the Contaminated Property Redevelopment Act and the proposed legislation was developed with input from this group.

KDHE sees this legislation as a common sense way of resolving many contaminated property ownership issues. The legislation is **not retroactive**; therefore, it will not affect any sites currently under order for clean-up but the environmental liability release will be available for any new property transfers after July 1, 2016.

KDHE is not requesting any additional staff to implement the work associated with the Contaminated Property Redevelopment Program; existing staff will absorb the work.

Thank you for allowing me to explain the benefits of this bill. I will be happy to stand for any questions.