

Approved Fred KerrDate 1/31/84MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE AND SMALL BUSINESSThe meeting was called to order by Senator Fred Kerr at _____
Chairperson10:00 a.m./~~p.m.~~ on Monday, January 30, 1984, 19 in room 423-S of the Capitol.All members were present except: Senator Ed Reilly (E)Committee staff present: Raney Gilliland, Research Department

Conferees appearing before the committee:

Barbara Sabol, Secretary, Department of Health and Environment

Senator Kerr stated since the committee is interested in the air quality fees and inspections, mainly pertaining to grain elevators, he had asked Secretary Barbara Sabol and her staff to explain the background of how the fee schedule was developed, what sort of inspections are carried out and why the fees are such as they are.

Secretary Sabol introduced members of her staff--Charles Hamm, Special Assistant--Chief Counsel; Dr. Allan Abramson, Director, Environment Division; and Harish Agarwal, Environment Engineer. (Attention is called to Attachments 1 and 2 to which Secretary Sabol referred.) Secretary Sabol explained in compliance with the Federal Clean Air Act, Kansas, in 1967, had adopted legislation, with changes having been made in 1970 and 1977. She said it is the department's duty to protect public health by administering air quality standards.

Under Senate Bill 414 passed in 1983, their department was authorized to instigate a fee proposal. She called attention to Page 5 of Attachment 1 which sets out the grain elevator classification criteria, along with other industries. There is no fee on an elevator with less than 50,000 bushels capacity. The department did a lot of research, a notice of a public hearing was published in the Kansas Register, and sent out 1300 notices to companies and associations regarding the November 4, 1983 meeting held in Topeka. Eight conferees gave verbal testimonies and they received 87 written comments. The hearing officer reviewed the verbal and written testimonies recommending no fees and the department's recommendation that a fee schedule be instigated, and ruled in favor of the department.

Secretary Sabol pointed out the department has been in the environmental program for some time and they feel those who produce pollution should be responsible for fees. Answering Senator Gannon as to the pollution emitted by elevators, she stated dust and dirt could carry harmful elements. In answer to Senator Warren's inquiry relative to a Ponca City, Oklahoma industry, she stated they monitor Kansas only. They would check to see the location of the station located nearest Ponca City.

Senator Montgomery stated he is interested in where the 993 elevators (Attachment 1, Page 5) are located and the amount of fees assessed for the year. Emission records have been kept for five years and it is hoped there is a 95% compliance with the standards.

Answering Senator Montgomery's inquiry as to how many of the elevators are inspected each year, she stated they are all inspected at least once a year. Senator Montgomery stated many elevator managers have no knowledge of their elevator ever being inspected. Secretary Sabol stated they have a list of complaints and these are followed up--they have dates and findings on record. She requested Senator Montgomery to give her a list of those elevators he feels have not been inspected.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE SENATOR AGRICULTURE AND SMALL BUSINESS
COMMITTEE ON _____,
room 423-S, Statehouse, at 10:00 a.m./~~pm~~ on Monday, January 30, 1984, 19__.

Senator Montgomery stated the federal standards permit 100 tons of emissions, whereas Kansas limits are 10 tons.

Answering Senator Kerr's inquiry if a fee could be charged on the amount of emissions per year, Secretary Sabol stated the fees charged are based on capacity--not on emissions. Dr. Abramson stated they do not monitor all emissions. Senator Kerr stated many legislative regulations are developed for the cities but are administered uniformly on farms and sparsely populated areas as well, and he feels that perhaps there should be a differential for the number of inhabitants around such a facility. Secretary Sabol stated regardless of where a person lives, the department is responsible.

Senator Thiessen stated he felt the cost benefit ratio should be looked at.

The meeting was adjourned.

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SENATE

AGRICULTURE AND SMALL BUSINESS COMMITTEE

10:00 a.m., Room 423-S

Monday, Jan. 30, 1984
Date

NAME	ADDRESS	ORGANIZATION
DORIS NABEL	Topeka	Budget
PAT SCHAFER	"	"
Frank Kramer	Great Bend	Visitor
Janette Korman	" "	Barton County
Reidley Riley	Righter	R.H.W.C.
Harish Agarwal	Topeka	Env. Engineer Kansas Dept. of Health & Environment
Robert V. Eyr	Lawrence, Ks	"
Allan Abramson	Topeka	"
Charles Hamm	Topeka	K D H E special asst.
BARBARA J. SIBOL	Lawrence	Secy - K D H E
Mike Beam	Topeka	KLA
Dee Liker	"	"
Larry Prew	Beath	
Charles R. Sanford	Holtan	Jackson Farmers Inc (Coop)
Marvin R. W. W.	Topeka	Ks ST GR INSPIRE
TOM R. TUNNELL	HUTCHINSON	KANSAS GRAIN & FEED ASSOCIATION
Gary M. Boltwell	Topeka	KSGID
Dorothy Kantola	Kansas Co-op Council	Topeka
Larry LSL	Topeka	Ks Co-op Council
Chris Galbraith	Mayetta	Ks. NFO

Attachments 1, 11
1/30/84

The Clear Air Act (CAA) is our nation's plan for controlling and preventing air pollution. The law establishes National Ambient Air Quality Standards for protecting public health and welfare. Primary air quality standards are set to safeguard human health, secondary standards are designed to protect welfare.

There are now six primary standards covering some of the most widespread and dangerous air pollutants:

1) Sulfur Dioxide (SO₂) - A gas:

Major Sources - Electricity generating stations, smelters, petroleum refineries, industrial boilers.

Health Effect - Aggravates symptoms of heart and lung disease, obstructs breathing; increases incidence of acute respiratory diseases including coughs and colds, asthma, bronchitis and emphysema.

2) Total Suspended Particulates (TSP) - solid particles or liquid droplets:

Major Sources - Industrial processes and combustion: about 7% from natural, largely uncontrollable sources (windblown dust, forest fires, volcanoes).

Health Effect - Can carry heavy metals and cancer causing organic compounds into the deepest, most sensitive parts of the lung: with SO₂ can increase incidence and severity of respiratory diseases.

3) Carbon Monoxide: (Co) - A gas:

Major Sources - Motor vehicles

Health Effect - Interferes with blood's ability to absorb oxygen, thus impairing perception and thinking, slowing reflexes and causing drowsiness, unconsciousness and death. Co inhaled by pregnant women may threaten the unborn child's growth and mental development. Long-term exposure is suspected by aggravating arteriosclerosis and vascular disease.

4) Nitrogen Oxides: (No_x - A gas:

Major Sources - Electric utility boilers and motor vehicles.

Health Effect - High concentrations can be fatal; at lower levels, can increase susceptibility to viral infections such as influenza, irritate the lungs, and cause bronchitis and pneumonia.

Attch. 1

5) Ozone: (O₃) - A gas:

Major Sources - Formed by chemical reactions in the atmosphere from two other airborne pollutants - No_x and HC (Hydrocarbon).

6) Lead: (Pb) - A metal:

Major Sources - Motor vehicle exhaust; lead smelting and processing plants.

Health Effect - Affects blood forming, reproductive, nervous and kidney systems; can accumulate in bone and other tissues, posing a health hazard even after exposure has ended. Children are particularly susceptible and behavioral abnormalities including hyperactivity and decreased learning ability have recently been demonstrated.

Basis of program

Tens of millions of people in the United States because of their age or health status, are sensitive to one or more of the air pollutants covered by the six existing primary air quality standards. People most at risk from the effects of air pollution include children, the elderly, persons with chronic respiratory diseases (asthma, emphysema and bronchitis), persons with heart disease, and newborn babies. Because of the adverse effects of air pollution, air quality standards are essential to protect public health. Good health is a positive state, and the air we breathe should contribute to it, not interfere with it.

Q1) Why does the State of Kansas regulate any source emitting emissions greater than 10 tons per year?

A1) Looking at the health hazards the United States Environmental Protection Agency deemed it necessary to inventory any source whose potential emissions are greater than 100 tons per year. Also to inventory any source whose any point has a potential emission of 25 tons per year.

When Kansas Air Pollution Regulations were adopted, the administrators at that time deemed it necessary to regulate any source in Kansas whose potential to emit were greater than 10 tons per year for Particulate Matter, (e.g. dust from grain elevators, power plant emissions, dust from limestone operations) Sulfur Dioxide, Carbon Monoxide, Volatile Organic Compound and 50 tons per year for Nitrogen Oxides (resources won't permit to regulate less than 50 tons per year) and any measurable amount of lead, in order to protect the health and welfare of the citizens of the State of Kansas.

- Q2) How was the operating fee classification table developed?
- A2) A survey was conducted of all the states in the United States to get a feel of the type of permit fee structure they have. They were various forms from arbitrarily type of fees to the fees based on extensive formulation of different parameters. The Bureau of Air Quality went along with the idea of coming up with its own scheme. They decided to place each eligible source in any one of the twenty categories whose fees range from \$20 (Class #1) to \$400 (Class #20). Generally, the following parameters were used to place a source in any one of the categories:
- 1) Capacity
 - 2) Type of industry
 - 3) Amount of emissions
 - 4) Amount of time to perform inspection
 - 5) Complexity of the source
- Q3) In its present form, is the fee classification table fair?
- A3) Yes -- If all the different type of sources are concerned, the table basically allocates units to type, and size of the industry, owned. The more units owned the more the fees are to be paid.
- Q4) Does the grain industry as a whole pay a disproportionate position of the revenue generated by this permit fee system?
- A4) No -- Agriculture being the largest industry in the state naturally bears the largest share of revenue being generated. There are a total of 2179 sources of air contaminant emissions in the state, 993 are the grain elevators (45.6% of total sources). \$289,060 is expected to be generated, grain elevators share is \$121,960 (42.2% of total revenue).
- Q5) What are the particulate emissions from the grain elevators?
- A5) Approximately a total of 66,655 tons per year of particulate are generated from the stationary sources in the state. 35,246 tons per year are from the grain elevators, 52.87%. This particulate matter is considered to pose a health hazard to individual exposed to same.
- Q6) Within the fee structure of the grain elevators category has fair the system is?
- A6) The grain industry has been divided into six different categories based on capacity ranging in fees from \$60 to \$300. This we think is fair.

Q7) Who has to have a permit and how many?

A7) Using the primary activity test, each site of primary activity is required to have an operating permit. Therefore, in the cases where grain storage is the primary activity of an owner or operator, each site of grain storage activity is required to have a permit. Where a secondary activity such as seed cleaning is carried on by an owner or operator, such will not be required to have a permit. This policy removes the present distinction between owners and operators who have primary and secondary activities on the same parcel of property and only are required to have a permit only for the primary activity and the owners and operators who have primary and secondary activities on separate parcels of property and are currently required to have permits for each activity. This policy determination is authorized by K.A.R. 28-19-14(j) wherein the department makes industrial grouping determinations. The fiscal impact of this policy change will be minimal and is not anticipated to sacrifice the integrity of the permit fee program.

Q8) Would a seed cleaning operation located on a property owned by a person who also has a grain elevator on the same property charged the two fees?

A8) No -- If the primary activity is of grain elevator, then he will be charged only for the grain elevator and will be charged only one fee.

Q9) Are the major grain elevator corporations paying their share?

A9) Yes -- They are paying anywhere from \$620 to \$4666.

<u># of Facility</u>	<u>Name</u>	<u># Units</u>	<u>Amount</u>
4	Bartlett	31	\$ 620.00
28	Bunge	170	\$3400.00
10	Cargil	84	\$1680.00
28	Collingwood	208	\$4160.00
7	Far-Mar-Co	90	\$1800.00
42	Garvey	233	\$4660.00
4	Lincoln	49	\$ 980.00
9	Morrison-Gregg-Mitchell	35	\$ 700.00
5	Smoot	46	\$ 920.00
6	Rickel	41	\$ 820.00
6	Ross Industries (Cargil)	73	\$1460.00
12	Wolcott & Lincoln	65	\$1300.00

1982

Active Sources Subjected to Operating Permits
January 1, 1984 - December 31, 1984

<u>Source Description</u>	<u>Class Code</u>	<u>Classification Criteria</u>	<u># of Sources</u>	2 Digit Class Code
				X \$20.00 <u>Amount</u>
1) Ready Mix Plants	0202	12 to 99 cu. yd/hr cap.	109	4,360
	0302	100 cu. yd/hr cap. or	74	4,440
			<u>183</u>	<u>8,800</u>
2) Grain Elevators	0301	>50,000<174,999 bushels	188	11,280
	0501	>175,000<449,999 bushels	327	32,700
	0701	>450,000<874,999 bushels	266	37,240
	0901	>875,000<2,499,999 bushels	180	32,400
	1201	>2,500,000<9,999,999 bushels	21	5,040
	1501	>10,000,000 bushels	11	3,300
		<u>993</u>	<u>121,960</u>	
3) Natural Gas	0504	>475<949 HP	34	3,400
	0907	>950<9,999 HP	107	19,260
	1504	>10,000	44	13,200
		<u>185</u>	<u>35,860</u>	
4) Electric Power Generation	0906	Internal Combustion	60	10,800
	0909	Steam Gen. only	11	1,980
	1202	Intern. Comb. & Steam Gen.	17	4,080
	1603	Coal fired<1000 MW	7	2,240
	2001	Coal fired>1000 MW	2	800
		<u>97</u>	<u>19,900</u>	
5) Asphalt Co.	0506	< 200 T/Hr	45	4,500
	0706	>200 T/Hr	48	6,720
		<u>93</u>	<u>11,220</u>	
6) Limestone Crushing	0505	<150 T/Hr	19	1,900
	0708	>150 T/Hr	68	9,520
		<u>87</u>	<u>11,420</u>	
7) Agriculture Connected	0201	Seed Cleaning	33	1,320
	0408	Prepared feed	41	3,280
	0801	Alfalfa Dehydrators	32	5,120
	1502	Flour & other grain	24	7,200
		<u>130</u>	<u>16,920</u>	
8) Refinery	2002	Petroleum Refin.	8	3,200

	<u># of Sources</u>	<u>Amount Due</u>	<u>% of Total Amount</u>
1) Ready Mix Plants	183	8,800	3.04
2) Grain Elevator	993	121,960	42.19
3) Natural Gas	185	35,860	12.41
4) Elc. Power Gen.	97	19,900	6.88
5) Asphalt Plants	93	11,220	3.88
6) Limestone Crushing	87	11,420	3.95
7) Agriculture Connected	130	16,920	5.85
8) Refinery	8	3,200	1.11
	<u>1,776</u>	<u>229,280</u>	<u>79.31</u>
Miss Sources	403	59,780	20.69
Total Active Sources	2,179	289,060	100.00

Attach 2, 1/30/01
 \$20 Fee

- 1 Incinerators (wire reclaimers only)
- \$40.00 2 Seed Cleaning; Ready-Mix Concrete Plants, ≥ 12 to < 100 cubic yards per hour capacity; Packaging Fumigants; Concrete Block Plants; Sawmill and Planing Mills; Metal Shredding; Bituminous Coal Loadout Site; Liquid Fertilizer Converters; Pipe Organs; Popcorn, packaged but not popped; Ornamental Floriculture and Nursery Products.
- \$60.00 3 Grain Elevators, storage capacity $\geq 30,000$ bu. to $< 175,000$ bu.; Ready Mix Concrete Plants, ≥ 100 cubic yards per hour capacity; Miscellaneous Plastic Products; Aluminum Extruded Products; Drawing and Insulating of Nonferrous Wire; Heating Equipment, Except Electric and Warm Air Furnaces; Fabricated Structural Metal Products; Farm and Garden Machinery and Equipment; Special Dies and Tools, Die Sets, Jigs and Fixtures and Industrial Molds; General Industrial Machinery and Equipment; Truck and Bus Bodies; Motor Vehicle Parts and Accessories; Games, Toys and Children's Vehicles; Cheese, Natural and Processed; Shortening, Table Oils and Margarine; Fabricated Rubber Products; Boat Building; Municipal Incinerators, with capacity $< 2,000$ lbs/hr; Concrete Slabs, Sewer Pipe and Tie Manufacturing; Sand Drying Operations; Pre-blended Concrete; Furniture Manufacturing; Appliance Manufacturing; Lubricant Blending; Waste Oil Re-refining; Fabricated Pipe Products; Research and Development Laboratories; Mobile Homes (frames); Pharmaceutical Preparations; Surgical and Medical Instruments and Apparatus; Dry Wall Finishing Materials; Signs.
- \$80.00 4 Millwork; Charcoal Manufacturing; Nonferrous Foundries (castings); Metal Forgings and Stampings; Valves and Pipe Fittings; Service Industry Machines; Brooms and Brushes; Prepared Feeds and Feed Ingredients for Animals and Fowl; Micronutrient Manufacturing; Rendering Plants; Dog, Cat and Other Pet Food (without can plant); Food Emulsifiers and Conditioners; Macaroni, Spaghetti and Egg Noodles; Kitty Litter; Miscellaneous Janitorial Supplies; Pesticide Mixing, Blending and Packaging; Paperboard Containers and Boxes; Refrigerant Manufacturing; Sunflower Oil Reclaiming; Liquid Nitrogenous Fertilizer Terminal; Granola Processing; Molasses, Mixed or Blended.
- \$100.00 5 Grain Elevators, storage capacity $> 175,000$ bu. to $< 450,000$ bu.; Aluminum Dross Processing; Rock Salt Mining; Natural Gas or Petroleum Liquid Transmission, stations total maximum HP rating ≥ 475 HP to < 950 HP; *Crushed and Broken Limestone, maximum capacity of primary crusher < 150 tons per hour; Hot Mix Asphalt Plant, maximum plant capacity < 200 tons per hour; Electric Lamps; Cotton Ginning; Tire Retreading; Heating Equipment; Outdoor Recreation Equipment; Reconditioned Barrels and Drums (without incineration).
- 6 Colleges, Universities and Professional Schools; Correctional Institutions; Meat Packing Plants; Sausages and Other Prepared Meat Products; Drilling Mud Manufacturing; Aircraft Parts and Auxiliary Equipment; Railroad Equipment (railcar refurbishing); Baked and Fried Snacks, Potato Chips; Condensed and Evaporated Milk Processing; Steam Heat Generation; Hospitals.
- \$140.00 7 Secondary Aluminum Foundry; Brass and Bronze Foundry; Gray Iron Foundry; Bituminous Coal and Lignite (crusher); Grain Elevators, storage capacity $\geq 450,000$ to $< 375,000$ bu.; Hot Mix Asphalt Plants, plant maximum capacity ≥ 200 tons per hour; Dog, Cat and Other Pet Foods (with can plant); *Crushed and Broken Limestone, maximum capacity of primary crusher ≥ 150 tons per hour; Perlite and Vermiculite Manufacturing or Handling; Lead Oxide Manufacturing; Railcar Incineration; Detoxification or Destruction of Chlorinated Hydrocarbons.
- 8 Alfalfa Dehydrators and Sun Cured Plants; Roofing Granules Processing; Cement Bulk Terminals; Sewerage Systems, (lime burning); Sodium Silicate Processing.
- \$180.00 9 Grain Elevators, storage capacity $> 875,000$ bu. to $< 2,500,000$ bu.; Expanded Shale Manufacturing; Commercial Printing; Greeting Card Publishing; Beet Sugar; Electric Power Generation, internal combustion only; Natural Gas or Petroleum Liquid Transmission, stations total maximum HP rating ≥ 950 HP to $< 10,000$ HP; Natural Gas or Petroleum Liquid Storage Only; Electric Power Generation, steam generation only (excluding coal fired); Brick and Structural Clay Tile; Clay Pipe and Refractories; Paperboard Containers and Boxes (with printing); Reconditioned Barrels and Drums (with incineration); Steel Drum Manufacturing; Paperboard Mills; Paints, Varnishes, Lacquers, Enamels and Allied Products.
- 10 Salt Mining, Evaporation or Brine Process; Steel Foundries; Gasohol Manufacturing.
- 11 Aircraft Manufacturing; National Security; Sewerage Systems, (sludge incineration).
- \$240.00 12 Grain Elevators, storage capacity $\geq 2,500,000$ bu. to $< 10,000,000$ bu.; Electric Power Generation, internal combustion and steam generation (excluding coal fired).
- 13 Lubricating Oils and Greases; Petroleum Bulk Terminals; Medicinal Chemicals and Botanical Products; Petroleum Liquid Storage (with pump station).
- 14 Ammunition, Except for Small Arms; Storage Batteries.
- \$300.00 15 Grain Elevators, storage capacity $\geq 10,000,000$ bu.; Flour and Other Grain Mill Products; Soybean Oil Mills; Natural Gas or Petroleum Liquid Transmission, stations total maximum HP rating $\geq 10,000$ HP; Natural Gas Liquids; Mixed, Manufactured or Liquefied Petroleum Gas Production and/or Storage and Distribution; Helium Plants; Gypsum Manufacturing.
- 16 Carbon Black; Asphalt Felts and Coatings; Electric Power Generation, total plant generating capacity < 1000 MW (coal fired); Soap and Other Detergents.
- 17 Sulfuric Acid Manufacturing; Nitrogenous Fertilizer Manufacturing; Phosphoric Acid Manufacturing; Industrial Chemical Manufacturing; Cellophane Manufacturing.
- 18 Distilled, Rectified and Blended Liquors; Fiberglass Insulation Manufacturing; Tire Manufacturing.
- 19 Explosives; Portland Cement Manufacturing; Motor Vehicles and Passenger Car Bodies.
- 20 Electric Power Generation, total plant generating capacity ≥ 1000 MW (coal fired); Petroleum Refinery.

*Primary crusher - initial crushing unit to process quarried rock.

Atch. 2