

Approved Thomas F. Walker
Date 2-13-90

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Representative Thomas F. Walker at
Chairperson

9:00 a.m./p.m. on Thursday, February 8, 1990 in room 522-S of the Capitol.

All members were present except:

Representative Graeber - Excused

Committee staff present:

Avis Swartzman - Revisor
Carolyn Rampey - Legislative Research
Jackie Brey Meyer - Committee Secretary

Conferees appearing before the committee:

Ron Fox, Director - Bureau of Environmental Quality, Division of Environment
Jeffrey M. Lee, Secretary - The Clemens Coal Company, Pittsburg, Kansas

Chairman Walker called the meeting to order. He stated the minutes would stand approved at the end of the meeting if there were no corrections or additions. There was a piece of legislation to be introduced dealing with real estate brokers and salespersons; relating to exemptions from licensure.

Representative Ramirez moved that this legislation be introduced.
Representative Sughrue gave a second to the motion. The motion carried.

The first item on the day's agenda was HB 2711, Kansas Civil Service Act (dentists). Avis Swartzman, Revisor took the committee through the parts of the bill that cleaned up the legislation to 'marry' the content contained in two bills. As there was no one else to speak to the bill, the Chairman declared the hearing closed on HB 2711.

Representative Ramirez moved to recommend HB 2711 favorably for passage and place it on the Consent Calendar. Representative Turnbaugh gave a second to the motion. The motion carried.

The Chairman directed the committee's attention to HB 2716 - relating to the reclamation of mined-land; financing procedure.

Ron Fox, Director, Bureau of Environmental Quality, Division of Environment, spoke first to the bill. Under this bill authority would be granted to the Department of Health and Environment to transfer monies from the Mined-Land Reclamation Fund to the Mined-Land Conservation and Reclamation Fee Fund to cover administrative and engineering costs incurred for land reclamation. Active mines pay into this fee fund to cover costs associated with regulation. The active mines have paid the costs for the reclamation of sites left by the bankrupt companies. The previous administration did not charge those costs to the individual bonds. New language would allow the reimbursement of the fee fund for those expenses. Mr. Fox added that there were 46 unreclaimed sites. There is some minor cleanup that would need to be amended into the bill. (Attachment 1)

Jeffrey M. Lee, Secretary, The Clemens Coal Company, testified next on the bill. Mr. Lee gave a short history of how the surface coal mine operators have been required to make provision for reclamation of land disturbed by mining activities. He offered an amendment that would allow coal companies to bond a portion of their reclamation liability with real estate mortgages. This would have definite advantages to the state as there would be less danger of becoming involved in a situation of default with no assets to achieve reclamation under current laws. (Attachment 2)

The Chairman stated that the amendment would be given to the Revisor and action would not be held on the bill until at least a week. He declared the hearing closed on HB 2716.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION,
room 522-S Statehouse, at 9:00 a.m./p.m. on Thursday, February 8, 1990

The Chairman stated final action would be taken on a number of bills.

HB 2677 - weights and measures

Representative Sughrue moved to recommend HB 2677 favorably for passage.
Representative Reinert gave a second to the motion. The motion carried.

HB 2588 - Kansas Public Broadcast Commission

Representative Gjerstad moved to recommend HB 2588 favorably for passage.
Representative Brown gave a second to the motion. The motion carried.

SB 371 - commission on epilepsy

There was no fiscal note to refer to and staff was unsure of what it might be.

Representative Brown had several amendments to offer and Avis Swartzman, Revisor, went through the bill where the amendments would occur. Besides some cleanup language, the Revisor stated that epilepsy Kansas, inc. was an incorrect appellation. The Kansas affiliate of the epilepsy foundation of America is the correct wording. Another amendment contained the language, "All vacancies in the appointive membership of the commission shall be filled in the same manner as originally filled, except that vacancies created for reasons other than expiration of terms of office shall be filled for the unexpired terms." The sunset provision was removed. On Line 31 inserted is language to specify the type of doctor to be appointed. It was commented that the bill will probably wind up going to a conference committee.

Representative Brown moved the adoption of the amendments.

Representative Ramirez gave a second to the motion. The motion carried.

Representative Brown moved that SB 371 be recommended favorably for passage as amended. Representative Sughrue gave a second to the motion.
The motion carried.

The meeting was adjourned.



State of Kansas

Mike Hayden, Governor

Department of Health and Environment

Division of Environment

Stanley C. Grant, Ph.D., Secretary

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Testimony Presented to
House Governmental Organization Committee
by
The Kansas Department of Health and Environment

House Bill 2716

House Bill 2716 amends the current act. The new language would grant authority to the Department of Health and Environment to transfer monies from the Mined-Land Reclamation Fund, where all monies from forfeiture of bonds are deposited, to the Mined-Land Conservation and Reclamation Fee Fund to cover administrative and engineering costs incurred for land reclamation.

These costs were paid from the Mined-Land Conservation and Fee Fund in previous years. The monies paid to this fee fund are paid by active mines to cover the cost associated with regulation. The monies generated must cover 50% of the agency's cost as required by federal law.

Active mines have, in fact, paid the administrative and engineering costs for the reclamation of sites left by bankrupt companies. The agency may charge for these services. However, the previous administration did not charge those costs to the individual bonds as they occurred. The new language would allow the reimbursement of the fee fund for those expenses. Those incurred expenses total \$32,382.50.

The reclamation on all lands covered by these bonds has been completed and the lands released to the landowners. The State of Kansas has fulfilled all obligations relating to these lands.

Two proposed amendments are cleanup language, reflecting past legislative action. During the 1987 Legislative Session, the Mined Land Conservation and Reclamation Board was eliminated and the staff, duties, and functions were transferred to the Department of Health and Environment. The amendment in K.S.A. 49-406(h)(1) (Page 5, Line 32) removes the word "board" and inserts the word "department." The amendment in K.S.A. 49-410(c) (Page 8, Line 9) removes the word "board" and inserts the word "secretary."

Testimony presented by: Ron Fox, Director
Bureau of Environmental Quality
Division of Environment

Date testimony presented: February 8, 1990

ATTACHMENT 1
GOVERNMENTAL ORG.
2/8/90

THE CLEMENS COAL COMPANY

P. O. BOX 299

PITTSBURG, KANSAS 66762

February 8, 1990

Chairman Walker and Members of the
Governmental Organization Committee

ISSUE: RECLAMATION BOND REQUIREMENTS FOR SURFACE COAL MINING OPERATIONS

HISTORY: Since the late 1970's, surface coal mine operators have been re-
quired to make provision for the ultimate reclamation of all land disturbed
by their mining activities.

Federal Regulations allow for this obligation to be handled in a variety of
ways, including cash deposits, certificates of deposit, surety bonds, first
mortgage interests in real estate, and in the case of larger companies, self-
bonding.

The State of Kansas incorporated by reference the above possibilities to follow
the Federal guidelines; however, when the Kansas Statute was recently reviewed,
it was discovered that the use of a first mortgage interest in real estate
had been omitted.

This Amendment in H.B. 2716 will correct that omission and allow coal companies
to bond a portion of their reclamation liability with real estate mortgages.

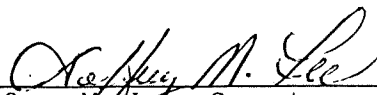
ADVANTAGES: The State of Kansas benefits by holding a fixed asset (real estate)
in the amount of twice the potential reclamation cost, as well as continuing
to hold at least half the total bond amount in CD's, cash, bonds, etc.

There is thus less danger of the State being involved again in a situation
where a bonding company or bank defaults and there are no assets to achieve
the quality of reclamation envisioned under current laws.

In addition, by using real estate as collateral, coal companies can gain
flexibility and free up cash assets to improve operations. More cash is
then available for expansion and recapitalization.

For those reasons, then, we respectfully ask that you would favorably con-
sider this amendment regarding the important issue of reclamation bonding.

THE CLEMENS COAL COMPANY


Jeffrey M. Lee, Secretary

ATTACHMENT 2
GOVERNMENTAL ORGANIZATION
2/8/90