

Approved 3-26-90  
Date

MINUTES OF THE SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Senator Lana Oleen at  
Chairperson

1:35 ~~pm~~/p.m. on March 19, 1990 in room 531-N of the Capitol.

All members were present except: Senator Kanan - excused  
Senator Doyen - excused

Committee staff present: Julian Efird - Research  
Fred Carman - Revisor

Conferees appearing before the committee: Senator Phil Martin  
William Giles, United Mine Workers  
David Utermoehlen, Coal Commission and  
Alternate Fuels, Inc.  
Ron Fox, Health and Environment

Hearing on: HB 2231 - Coal Commission; continuation

Senator Martin requested approval and passage of this legislation to enhance and continue the existence of the Coal Commission.

In discussion Senator Martin stated the Commission has greatly improved the communication with other industries associated with fuel consumption. There is a study being conducted with recommendations for improvement of the coal industry in Kansas in order to compete with neighboring states. On a long term basis, the available and newly developed technologies are researched for utilization by the industry for burning coal according to federal regulations. Senator Martin stated the Commission feels there will be two options, in the future, for energy sources and that will be coal or nuclear sources. With this in mind, the Commission can serve as the conduit for grants and research programs which would be supported by the fund established with collection of 1¢/ton on coal produced. Legislation for the 1¢/ton passed the Senate earlier this session. It is hoped specific pilot programs can be installed with grants attracted through the established fund that will now average \$125,000 yearly. He also indicated that the Kansas Department of Commerce endorses the bill.

William Giles testified the Coal Commission is needed to continue the work that has been started and to address major decisions regarding our environment. It appears an Acid Rain bill will be passed this year at the federal level, and this issue will affect all of Kansas as well as the oil, chemical, gas and coal industries. The Commission can serve as the communicator with industry to face these problems with effectiveness. Mr. Giles recommends passage of this bill. (Attachment 1)

David Utermoehlen gave testimony regarding the legislative authority granted the commission to study coal utilization for the state. The study revealed the importation of coal accounts for \$300 million in lost revenue to the economy. The study also recommended the creation of a Kansas Clean Coal Technology Fund program and the commission should apply for matching fund grants to establish it. The 1¢/ton tax collected would establish a fund to obtain matching fund grants to study resources to encourage usage of Kansas coal. Management of the matching fund grants can be done by the commission and this should begin now as the process is very competitive and complicated. Continuation of the commission will allow the commission to be the coordinator. Construction of a new prison could be a possible candidate for coal utilization, an endeavor which should be pursued. (Attachment 2)

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 SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION,  
room 531-N Statehouse, at 1:35 ~~am~~/p.m. on March 19, 1990

David Woolman stated that conferees have shown how labor, industry and government can work together to further a great commodity in Kansas. As surrounding states are also facing the same problems as Kansas with expanding and improving coal usage, communication will be vital and the commission has the capability to develop this. He further clarified that the original monies for the fund were matched one to one by private industry and the federal government.  
(Attachment 3)

Chairman Oleen asked the committee to give attention to written testimony submitted by Representative Roper. (Attachment 4)

Hearing on: HB 2716 - Surface mining financing procedure

Ron Fox stated provisions of HB 2716 are basically clean up language. Clarification was made regarding bonds that newly formed coke companies must post for completion of reclamation when needed. The mine reclamation fee fund is used to cover the engineering and administrative costs for reclamation and this is paid by the active mines. Language of this bill would allow the Department of Health & Environment to charge these costs to the forfeited bonds of bankrupt companies, a provision allowed by federal law. The cleanup amendment by the House allows companies to use 50% of assessed value of real estate to meet part of their bonding requirements.  
(Attachment 5)

Hearing on: SB 664 - Concerning Advisory Commission on mental health and retardation services

Chairman Oleen requested Julian Efird to explain the repealer in this legislation. He stated that it had come to the attention of Ways & Means Committee that the functions of the Advisory Commission on Mental Health & Retardation had been replaced by the Mental Health Planning Council so two entities are carrying out identical functions.

Main Lee testified that HB 2586 established the Governor's mental health council and HB 2578 establishes the Governor's council on mental retardation. These two councils will replace the existing advisory commission.

A motion was made by Senator Bogina to recommend favorably SB 664 and be placed on the consent calendar; seconded by Senator Francisco. Motion carried.

A motion was made by Senator Strick to recommend favorably HB 2716; seconded by Senator Vidricksen. Motion carried.

A motion was made by Senator Bogina to amend HB 2231 on line 22, delete 1991 and add 1993, and recommend favorably as amended; seconded by Senator Strick. Motion carried.

Meeting adjourned. The next meeting will be March 20, 1990.

GUEST LIST

COMMITTEE: SENATE GOVERNMENTAL ORGANIZATION

DATE 3-19-90

NAME	COMPANY / ORGANIZATION	ADDRESS
Becky Ross	MH&RS / SRS	546 Fl. D60B
Mamie Lee	MH&RS / SRS	"
Bill Giles	UNITED MINE WORKERS	No. 424736 P. T. T. Bldg. 6/25
Phil Martin	State Senate - 13th Dist	Rly
Lawrence Brady	Kansas Geological Survey	1930 Constitution Ave. Lawrence, KS
Wanda Woodman	Marble Plains Fair	Ottawa, Kansas
Ann Patterson	KDOC	Topeka, KS
D. WAYNE ZIMMERMAN	KDOC	TOPEKA
Ron Fox	KDHE	TOPEKA
David Utensophen	Altercatetum's Inc.	Pittsburg, KS.
Julie Hein	Hein & Ebert	Topeka
Lue Johnson		Pittsburg, KS.

GOOD AFTERNOON, MADAM CHAIRPERSON, LADIES AND GENTLEMEN. I AM HAPPY TO BE HERE TODAY AND THANK YOU FOR THIS OPPORTUNITY.

I SUPPORT HOUSE BILL No. 2231 BECAUSE THIS STATE NEEDS A BODY TO CONTINUE THE WORK THAT HAS BEEN STARTED BY THE KANSAS COAL COMMISSION. WHAT H.B. No. 2231 DOES IS TO EXTEND THE COAL COMMISSION ANOTHER TWO (2) YEARS.

WHEN THIS COMMISSION WAS FORMED AND APPROVED BY THIS STATE WE HAD A MATCHING FUND TYPE OF FUNDINGS. I AM PROUD TO SAY THAT THE COMMISSION MATCHED THE FUNDS IN ABOUT ITS FIRST THREE (3) MONTHS FOR BOTH OF THE YEARS THAT THIS COMMISSION WAS TO LAST.

AS WE FACE THE FUTURE TODAY IN OUR STATE THERE ARE GOING TO BE SOME BIG DECISIONS THAT WE ARE GOING TO HAVE TO BE MADE REGARDING OUR ENVIRONMENT. I KNOW EVERYONE IN THIS ROOM HAS HEARD BY NOW OF THE ACID RAIN ISSUES. LADIES AND GENTLEMEN, THERE WILL BE AN ACID RAIN BILL PASSED THIS YEAR ACCORDING TO ALL REPORTS THAT WE READ.

THE STATE OF KANSAS WILL BE GREATLY EFFECTED BY THIS LEGISLATION. NOT JUST COAL MINERS AND POWER COMPANIES BUT MANY OTHER BUSINESSES AS WELL. OIL, CHEMICAL, GAS, CEMENT INDUSTRIES, AND WHOLE CITIES ARE GOING TO BE EFFECTED.

KANSAS NEEDS THIS COMMISSION TO CONTINUE ITS WORK TOWARDS GETTING THESE INDUSTRIES TOGETHER TO FACE THESE PROBLEMS, THAT WE ARE GOING TO COME ABOUT BECAUSE OF THE ACID RAIN ISSUES.

S.G.O.  
ATTACH 1  
3-19-90

I HAVE FURNISHED YOU A COPY OF THE REMARKS DELIVERED BY OUR INTERNATIONAL PRESIDENT RICHARD L. TRUMKA BEFORE THE INSTITUTE FOR INTERNATIONAL TRADE DEVELOPMENT AT MARSHALL UNIVERSITY IN CHARLESTON, WEST VIRGINIA ON THESE ISSUES I AM ADDRESSING HERE TODAY. I HOPE YOU WILL TAKE SOME TIME AND READ WHAT I AM TALKING ABOUT BEFORE YOU HERE TODAY. I WON'T READ IT BECAUSE IT WOULD TAKE TOO MUCH TIME.

WE DO NEED THE KANSAS COAL COMMISSION AND I URGE THIS COMMITTEE TO RECOMMEND PASSAGE OF THIS BILL.

MADAM CHAIRPERSON, I STAND FOR ANY QUESTIONS YOU OR THE OTHER COMMITTEE MEMBERS MIGHT HAVE.

THANK YOU.

**Remarks Delivered By**

**Richard L. Trumka, International President**

**United Mine Workers of America**

**Before**

**The Institute for International Trade Development**

**Marshall University**

**Charleston, West Virginia**

**February 20, 1989**

Thank you for your kind introduction. And, I would like to thank Marshall University for extending me this opportunity to share some of my thoughts with you about our urgent national acid-rain debate.

Indeed, for the United Mine Workers of America, no area of discussion is more important.

I also feel that it is appropriate that we meet here, today, because few states have as big a stake in the outcome of this debate as West Virginia.

And our discussion is most timely. For, in his state of the union address, President Bush recently said that he would soon send legislation to Congress that would "limit, by a date-certain, emissions which cause acid rain."

When House Speaker Jim Wright gave the Democratic response, he too indicated that acid rain legislation would be considered and passed in this session of Congress.

As for the federal Environmental Protection Agency, the new administrator, William Reilly, testified at his confirmation hearing that acid rain legislation would be the EPA's top legislative priority.

Today, unlike the past, both the administration and the Congress are ready to act—and ready to act in the very near future.

One could continue to argue that there is no solid scientific basis behind the demands for acid rain controls. And some industry groups still maintain this as their first line of defense.

To me, that sounds a lot like calling for a candidates' debate the morning after an election.

For today, we have passed the point where arguing the science, pro or con, will stop the momentum for enacting a control bill. And the genuine promise held out by the many clean-coal technology research initiatives unfortunately will not dampen the public's enthusiasm for swift and certain emission controls.

In light of all these facts, the UMWA approached key legislators last year with a comprehensive proposal to reduce sulfur-dioxide emissions from coal-burning power plants.

We began with a basic obligation and one simple idea.

Our basic obligation is that while Congress considers legislation that could so drastically alter the future of coal-mining in our nation, the United Mine Workers will never sit on the sidelines.

Our idea was that, working together with others, we could develop a control bill that would be environmentally sound, in the eyes of control advocates—and still not disrupt existing coal markets or jeopardize existing coal-mining jobs or economically destroy vast areas of the country.

According to the EPA, the compromise we helped develop would reduce annual sulfur-dioxide emissions by a total of 10 million tons in the year 2003, very close to the year 2000 target date set by the acid-rain-control lobby.

It's a two-phase proposal. In the first phase, emissions would be reduced by 4.5 million tons by the year 1995. A half-million tons of those reductions would be made at oil-fired power plants.

The other 4 million tons would be made at coal-fired plants, which would be required to install pollution-control equipment to clean 90 percent of their emissions.

The EPA already has compiled a list of some 30 power plants where the best available technology could be installed most cost-effectively. Affected utilities would receive \$200-per-kilowatt for capital costs.

In the second phase, utilities would be required to remove another 5.5 million tons of SO<sub>2</sub> emissions. In this second phase, utilities would have the "freedom-of-choice" option to switch fuels, if they chose to. But, to encourage the application of clean-coal technology, utilities will receive a \$150-per-kilowatt subsidy for capital costs.

In both phases, utilities would be granted a "technology bubble." In other words, a utility could reduce emissions at a plant that isn't among those designated by the EPA, as long as it achieves the required reductions within its system.

The proposal would be funded by a 1-mil fee paid by utilities.



And, because we understand the importance of planning for the future, a portion of the millage fee would be earmarked for new research on the Greenhouse Effect.

It's often very tough to balance justifiably competing demands. But we took up the challenge. And we worked out a landmark breakthrough—a compromise that protects both the environment and jobs and communities.

We seek to protect both, because while industry executives, consumer advocates and environmentalists debate which approach best achieves their goals, no one stands to lose as much as the coal miner—whose only source of income is taken away. The miner, whose ability to feed and care for his family, or her family, is destroyed because of widespread and unnecessary shifts in coal markets.

Of all the participants in this debate, only coal miners and their communities will suffer irrevocable harm if, as the result of clean air legislation, mines throughout northern Appalachia and the Midwest are bulldozed and boarded up forever.

That is why when potentially disastrous legislation began to move last year, we came forward with a control proposal of our own to protect jobs and the environment. I believe it is a farsighted, practical and fair proposal that accomplishes both goals—and I trust the American public will agree.

But before I go any further, let me tell you a little about our union, for inevitably there are those who will criticize our approach by misstating our motives.

Some have even gone so far as to say that we are a high-sulfur union with a bias against low-sulfur coal. That is false. Or, that we are primarily an Eastern union out to destroy Western coal production. Nothing could be further from the truth. Let's make those two points clear.

The UMWA has a quarter of a million members across the United States and Canada. Mining low-sulfur coal and high-sulfur coal. East of the Mississippi and in the West. And, we represent miners in every coal-producing state from Virginia to Wyoming and from New Mexico to Montana.

Our goal has been—and will always be—to promote safe coal production in every coal region and in every coal county. That's good energy policy, good industrial policy—and good public policy.

That's because the opportunity to expand coal production spells economic recovery for hundreds of communities that are now suffering unemployment rates more than twice the national average.

In the United States of 1980, 240,000 coal miners were on the job. Today, employment in the coal industry averages 150,000—a 37.5 percent drop in employment in only eight years.

Let us also consider some recent "official" unemployment rates. Nationally, the rate is 5.4 percent. But, in our nation's coalfields, the figure is over 10 percent—almost twice the national rate.

But even this figure does not adequately indicate the real and the needless—despair in our nation's coal-producing regions.

Remember, the official unemployment rate ignores countless other workers who have given up looking for work and those who have taken part-time jobs or employment at far lower wages. Obviously, the precarious state of the coal industry requires that we weigh the effect of proposed acid rain bills on current and future coal production and employment.

Prior to the agreement we reached last year with Senator George Mitchell, now the Senate Majority Leader, a number of acid-rain proposals started with the premise that SO<sub>2</sub>-emission limits should be mandated, but that the choice of compliance methods should be left up to the states and utilities.

While no one can predict precisely the extent to which utilities would retrofit units with scrubbers, retire older units, or switch from high-sulfur to low-sulfur coal—or natural gas—most careful analyses indicate that a total freedom-of-choice strategy for the utilities would be a combination of scrubbing and switching.

To comply with the typical 10-million ton "freedom-of-choice" acid rain control bill, we estimate that utilities would switch fuel supplies at plants comprising some 66,000 megawatts of capacity. Based on current coal supply patterns, that would displace about 130 million.

tons of annual coal production—and as many as 32,000 direct coal-mining jobs.

Representative Jim Cooper of Tennessee introduced a similar control bill which differs in that it has a more relaxed compliance schedule. But, even Cooper's bill would shift 100 million tons of coal production out of northern Appalachia and the Midwest. For the Midwest, these losses would be staggering—nearly half of its expected coal production by the year 2005.

While much of the unemployment would be visited on the high-sulfur coalfields of northern Appalachia and the Midwest, some jobs also would disappear in central and southern Appalachia. The bottom line is that regardless of where the coal market might move, the jobs of these miners—the most productive coal miners in the world—would be displaced—needlessly and in many cases permanently.

The economic suffering would be severe and long-lasting. For when the mines are shut in the coalfields, other jobs are scarce—and they are rarely competitive with the wages and benefits of coal mining.

Even without changes in the Clean Air Act," many of these parts of Rural America have depressed economies that face a long-term structural decline in employment opportunities. In other words, much of the unemployment resulting from Cooper's type of legislation would be created in areas where prospects for alternative employment are already bleakest.

The economic cost to generations-old coalfield communities would be staggering. On top of more than one billion dollars in income lost directly by coal miners, coalfield economies would be further sapped by additional losses. Industries that provide support services and retail sales to the local work force easily stand to lose \$2.5 billion each year.

Even if you haven't traversed Rural America the way I have, it's easy to see that those losses would turn much of Appalachia and the Midwest into modern-day economic ghost regions. All needlessly.

Proponents of "freedom of choice" wrongly contend that coal-state governors would take action to prevent economic disruption to coal markets and mining jobs—and devastation in the coalfields.

This argument seems to be a key feature of the proposal offered this year by the Center For Clean Air Policy. They maintain that a "freedom-of-choice" bill would provide West Virginia public officials an opportunity to protect both the state's coal industry and its environment.

Certainly, pressure from miners whose jobs are at risk would be brought to bear on elected representatives in the coal states.

It is a certainty, too, that conflicting pressures also would arise. Utilities would use their considerable political influence to seek compliance strategies that represent the least cost to them, regardless of the effects in coalfield communities. And coal companies that produce primarily low-sulfur coal would urge the governor to permit maximum fuel-switching with the predatory intent of gaining new markets.

But, even if we assume that coal-state governors would withstand these considerable political pressures and submit compliance plans that seek to preserve existing jobs, their ability to protect their citizens would be limited.

After all, some of the states with the greatest potential for employment losses consume only a small portion of their own coal production. West Virginia, for example, burned 34 million tons of steam coal in 1987, but produced over 136 million tons.

A great deal of utility coal is consumed in states that have no coal-production capacity. As an example, about 120 million tons of coal is consumed annually in Georgia, Florida, North Carolina, South Carolina, Minnesota, Michigan and Wisconsin. With the exception of a few small mines in Georgia, none of these states currently produce coal.

Coal miners whose jobs are in jeopardy would have little influence or input into the compliance strategies developed in those states. Coal-state governors, therefore, would be unable to protect large portions of their coal-mining employment base, even assuming unilateral authority over utility decisions in their own states.

Faced with the bleak predictions of job losses and the stark reality that acid-rain legislation was on the front burner both in Congress and in the presidential campaign, the UMWA last summer met with

key participants in Congress to protect against harmful effects of shortsighted control legislation on coal-producing regions.

We undertook these discussions with the basic idea that the targeted use of control technology could achieve both the environmental goal of reducing SO<sub>2</sub> and the economic and energy security goals of preserving existing markets for low, medium and high sulfur coal.

We agreed with Senator Mitchell, when he told the Senate on October 4, and I quote: "A policy that imposes huge job losses in West Virginia or Ohio or Kentucky is no more acceptable than a policy that imposes heavy pollution damage on Maine or Vermont or North Carolina."

In a study conducted for EPA, ICF Incorporated determined that our proposal would reduce annual SO<sub>2</sub> emissions 10 million tons by the year 2003, a level and timetable of reductions acceptable to the Senate's leading proponent of acid rain controls. Even more important to the UMWA, however, was the fact that these reductions would be achieved without significantly disrupting projected coal production in any coal region.

As a corollary to Senator Mitchell's statement that control advocates should not solve a problem in New England while creating a new one in the Midwest and Appalachia, we have consistently argued that acid rain legislation should not benefit one coal region at the expense of another.

In fact, in the absence of an acid-rain bill, moderate growth is expected in all coal regions. And, under the compromise we proposed, there is little change forecast.

By using a combination of targeted scrubbing and a subsidy for clean-coal technology, the compromise was the first to fairly balance what had always been viewed as mutually exclusive regional interests.

Even before the EPA analysis was released, however, individual utility companies attacked the compromise as too expensive. They flooded Capitol Hill offices with press releases claiming that the compromise would cause electric rates to catapult by 30 to 50 percent. These same utilities have yet to explain the EPA analysis—

which states that rate increases will be more in the neighborhood of two to three percent.

Under our proposal, projected rate increases are fair and reasonable—no more than 2 to 3 percent—even in states that have contributed the most to the acid rain problem.

Here in West Virginia, where clean-up costs are among the highest, the study projected rate increases of no more than five dollars per month by the year 2003 under the worst-case scenario; but given the availability of compliance coal and the expected savings associated with clean coal technology, the rate impact is more likely to be only two dollars per month by the year 2003.

It is worth pointing out the results of a recent public opinion poll, here. In West Virginia, over 70 percent of the respondents told a survey conducted by West Virginia University that they would be willing to pay an additional 5 percent, two dollars per month, for acid rain controls.

But what was the coal industry's response to our proposal? Surely, we had hoped, it would not subscribe to the statement made to me by a utility company president: "My job is to sell electricity, not worry about coal markets." Well, as it turned out, once the utility industry denounced our bill, the coal industry followed suit.

Is it in the coal industry's best interest to oppose the compromise?

I think not. Granted, companies with low-sulfur coal reserves will always believe that it is in their self-interest to support a "freedom-of-choice" bill that shifts future markets their way. In fact, low-sulfur coal producers opposed our compromise last year on the grounds that preserving projected growth in their markets was not enough—they wanted a windfall. They want acid-rain legislation to beat their competition for them and be the pot of gold at the end of the rainbow.

Likewise, companies investing in high-sulfur coal sales prefer a bill that promotes high-sulfur coal growth at the expense of low-sulfur profits.

The United Mine Workers, on the other hand, believes that the coal industry ought to support market neutrality—not just as a governing

principle in this debate, but also as a matter of public policy. The EPA study found that the Mitchell compromise made the sulfur content of coal irrelevant. As such, competition would decide which coal was burned by utilities—not a legislative ban.

The coal industry's position on acid rain, as it was recently expressed by its trade association, is this: "The Clean Air Act is working and, therefore, new legislation is not needed; further, emerging clean-coal technologies, which will meet both our long-term environmental and energy needs, will be jeopardized by a requirement that immediate reductions be achieved with the use of scrubbers.

As to the argument that the Clean Air Act is working, well, as the saying goes—"That dog won't hunt." The public doesn't believe that the Clean Air Act is working fast enough and it appears that neither does the President of the United States or a growing majority in Congress.

So their argument is really reduced to one that simply denigrates the mandatory use of scrubbers in favor of "flexibility," which is to say, widespread fuel-switching and its unacceptable consequences.

As for scrubber technology, let me point out that in the analysis of our compromise last summer, EPA dropped their estimate of scrubber costs by 40 percent compared to their 1987 assumption, and reduced their estimated operating and maintenance costs for scrubbers by 25 percent.

Belying their own argument that scrubbers should not play a role in the clean-up program, the utility industry recently submitted several new scrubber designs as part of the \$2.5 billion federal clean-coal program.

The UMWA agrees that clean-coal technologies represent our best opportunity for clean and cost-effective generation of energy. And that is why we have been in the forefront of those who have lobbied for the federal clean-coal program. But we vehemently disagree that our compromise proposal in any way jeopardizes the future of innovative technologies.

In fact, the Department of Energy has stated that many of these technologies will be commercially available by the late 1990s, and

this would give them plenty of time to compete for our Phase Two compliance deadline. Moreover, our plan calls for a subsidy of both new and old technologies that would cover most capital costs.

Utility industry complaints that our control compromise costs too much amount to just so many crocodile tears. That's an unseemly spectacle when you consider the genuine tears and suffering that their own strategy would cause throughout large parts of our nation.

And their claims that they should be able to take the route cheapest for them—regardless of the overall social and economic costs—is special-interest bookkeeping at its worst.

The real issue, I think, is this: Should our policy for addressing acid rain be simply to reduce SO<sub>2</sub> emissions as cheaply as possibly to the utilities themselves—with no regard for the resulting social and economic costs?

Or, should our goal be to cut emissions and effectively promote safe coal production that is both cost-effective and environmentally sound?

Sadly, the coal industry to date has favored the first approach. And that's clearly bad economic policy for West Virginia and bad energy policy for our nation.

Before I close I would like to emphasize again that the acid rain agreement we reached last year with Senator Mitchell, and which we fully intend to press before Congress this year, is not significantly more costly than traditional "free-choice" approaches.

For a true cost-comparison must take into account the social and economic costs of widespread fuel-switching. A true cost-comparison also must weigh the likelihood that whatever cost-advantage there is to fuel-switching will be siphoned off in the form of profits before the savings ever reach the consumer.

In short, we believe that the UMWA compromise is safely within the range of costs predicted for most, if not all, of the acid-rain bills we have seen thus far.



The big difference is that only our approach has made the true cost-comparisons and is designed to protect the environment, jobs and communities, at the same time.

Thank you very much.

# ALTERNATE FUELS, INC.

Coal Mining & Reclamation

March 19, 1990

Sen. Lana Oleen, Chairperson  
Governmental Organization Committee  
Statehouse Room 143-N  
Topeka, KS 66612

COPY

Subject: House Bill No. 2231

Dear Senator:

My name is David Utermoehlen and I operate both a coal mining and a trucking company employing over 60 people in southeast Kansas providing nearly two million dollars in annual payroll.

I request your committee recommend the continuation of the Kansas Coal Commission until July 1, 1991.

The Kansas legislature authorized the commission to conduct an extensive and costly study called the "Coal Utilization Study". This study was charged to seek methods to expand existing coal markets and to create new coal markets. This report revealed that over 12 million tons of out of state coal was being burned annually in Kansas. This importation of coal accounts for an estimated \$300 million of lost revenue to our local economy. One very important recommendation from the study was for the creation of a Kansas Clean Coal Technology Fund program. The Kansas Coal Commission (K.C.C.) should apply for matching fund grants from the United States Department of Energy Clean Coal Technology funding programs.

Senate Bill 270 established a one cent per ton tax on all coal burned in Kansas. This collected tax would establish a clean coal technology fund to obtain federal matching grants to study resources to get eligible industries and utilities to utilize more Kansas coal.

The key reason for the continuation of the K.C.C. is for it to provide management for this coal-technology-matching-fund program. The success of such a far-reaching economic impact to all of Kansas would hinge on obtaining the matching fund grants from the Department of Energy. However, obtaining the application permit will be very competitive and complicated. Therefore, the K.C.C., acting as a matching grant coordinator with the Department of Energy, will be an even more important reason for House Bill No. 2231 to be passed.

Very truly yours,



David Utermoehlen  
President, Alternate Fuels, Inc.  
Member, Kansas Coal Commission

DU:kl

CORPORATE OFFICES  
2809 N. Broadway, P.O. Box 1268  
Pittsburg, Kansas 66762  
(316) 231-3290 - Fax (316) 231-0412

S.G.O.  
ATTACH 2  
3-19-90

# THE MACKIE CLEMENS FUEL CO.



March 19, 1990

Chairperson Oleen and Members of  
Governmental Organization Committee

I come before you today as a coal producer in southeast Kansas,  
and a member of The Kansas Coal Commission, asking for your support  
in extending the term of The Kansas Coal Commission.

The future utilization of Kansas coal is highly dependent on the  
research and development of clean coal technology in burning native  
coal while also protecting our environment. With the establishment  
of the Coal Technology Fund as provided for in Senate Bill 270, the  
Kansas Coal Commission will manage this fund.

Also the Kansas Coal Commission serves as a very important vehicle  
for this purpose and allowing Labor, Industry and Government to  
work together in achieving this common goal which is very vital  
not only to a Kansas Industry that is over 100 years old, but also  
to our overall Kansas economy.

Thank you,

A handwritten signature in cursive script that reads "Dennis G. Woolman".

Dennis G. Woolman, President  
The Mackie-Clemens Fuel Co.

DGW/ldl

L. V. "SAM" ROPER  
REPRESENTATIVE, FOURTH DISTRICT  
201 S. CHEROKEE  
BOX 276  
GIRARD, KANSAS 66743-0276



TOPEKA

HOUSE OF  
REPRESENTATIVES

COMMITTEE ASSIGNMENTS  
MEMBER COMMERCIAL AND FINANCIAL INSTITUTIONS  
FEDERAL AND STATE AFFAIRS  
LABOR AND INDUSTRY  
LEGISLATIVE, JUDICIAL AND CONGRESSIONAL  
APPORTIONMENT

TESTIMONY OF REP. L. V. "SAM" ROPER  
SENATE GOVERNMENTAL ORGANIZATION  
MONDAY, MARCH 20, 1990

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE

The Kansas Coal Industry is now, and has been for several years, suffering due to Government Regulations, and an influx of lower priced, out-of-state coal.

The Kansas Coal Commission was formed for the purpose of finding solutions to the coal industry problems. The Commission is made up of Representatives of the Utilities, The Coal Mine Operators and The Legislature. It is making progress toward improving the future of the Kansas Coal Industry.

I sincerely believe that without The Kansas Coal Commission the Kansas Coal Industry has little or no future.

I urge your support of House Bill 2231.

Thank you,

A handwritten signature in black ink that reads "L. V. (sam) Roper". The signature is written in a cursive, somewhat stylized script.

S.G.O.  
ATTACH 4  
3-19-90



# State of Kansas

Mike Hayden, Governor

Department of Health and Environment

Division of Environment

Forbes Field, Bldg. 740, Topeka, KS 66620-0002

(913) 296-1535

FAX (913) 296-6247

Stanley C. Grant, Ph.D., Secretary

Testimony Presented to  
Senate 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 Mine-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.

Active mines have, in fact, paid the administrative and engineering costs for the reclamation of these 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 expenses incurred 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 work "board" and inserts the word "department." The amendments in K.S.A. 49-410(c) (Page 8, Line 9) removes the word "board" and inserts the word "secretary."

The amendment as made by the House Committee is a clarification of state law. It brings the provisions in conformity with federal law. The amendment was requested by Clemens Coal Company. It allows the mining companies to use real estate to meet part of their bonding requirements. This action would require Departmental approval. Restrictions to protect the state are incorporated into the bill. Additional requirements may be required by the department.

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

Date testimony presented: March 19, 1990

S.G.O.  
ATTACH 5  
3-19-90

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