

MINUTES OF THE HOUSE COMMITTEE ON ENVIRONMENT.

The meeting was called to order by Chairperson Joann Freeborn at 3:30 p.m. on February 8, 2000 in Room 423-S of the Capitol.

All members were present except: Rep. Douglas Johnston - excused  
Rep. Melvin Minor - excused

Committee staff present: Raney Gilliland, Kansas Legislative Research Department  
Mary Torrence, Revisor of Statute's Office  
Mary Ann Graham, Committee Secretary

Conferees appearing before the committee: Bruce Pfeiffer, Chapter Chairman, IAPMO, 2308 SW High, Topeka, KS 66611  
David Finley, Exec. Director, KS Plumbing, Heating, Cooling, Contractors Assoc., 320 Laura, Wichita, KS 67211  
James A Lanzrath, Executive Plumbing Inc., 619 E. Helbert, Mulvane, KS 67110  
Gary Schmidt, Manager, Ray Omo, Inc., 309 E. Trail, Dodge City, KS 67801  
Terry Irwin, 2231 Forestview, Wichita, KS 67213  
Kevin J. Connell, Owner, Connell Plumbing & Heating, 237 Spruce, Junction City, KS 66441  
Evan Ice, Lawrence Apartment Assoc., P.O. Box 189, Lawrence, KS 66044  
Tim Ryan, Codes Administrator, City of Overland Park, 8500 Santa Fe Drive, Overland Park, KS 66212  
Karl Muedener, Director, Bureau of Water, Forbes Field, Bldg. 283, Topeka, KS 66620-0001  
Ron R. Worley, Building Codes Administrator, City of Lenexa, 12350 W. 87<sup>th</sup> Parkway, Lenexa, KS 66215  
Joe McCoy, Heart of America Chapter, International Conference of Building Officials  
Diana Edmiston, Assistant General Counsel, Kansas Corporation Commission, 130 S. Market, Ste 2078, Wichita, KS 67202  
Robert E. Krehbiel, Exec. Vice-President, Kansas Independent Oil & Gas Assoc., 105 S. Broadway Ste 500, Wichita, KS 67202-4262  
Ken Peterson, Kansas Petroleum Council, 800 SW Jackson, Ste.1005, Topeka, KS 66612  
Maurice Korphage, Director, Conservation Division, Kansas Corporation Commission, 130 S. Market, Ste. 2078, Wichita, KS 67202

Others attending: See Attached Sheet

Chairperson Joann Freeborn called the meeting to order at 3:30 p.m. She opened public hearing on **HB2686.**

**HB2686: An act enacting the plumbing, mechanical, heating, refrigeration, air-conditioning and ventilation license law and protection act; regulating such practices and prescribing certain guidelines and powers, duties and functions for the secretary of health and environment; establishing the Kansas state advisory board of plumbing and mechanical, heating, ventilation, refrigeration and air-conditioning.**

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ENVIRONMENT, Room 423-S of the Capitol  
at 3:30 p.m. on February 8, 2000.

The Chairperson welcomed the first proponent, Bruce Pfeiffer, Kansas/Missouri Chapter Chairman of International Association of Plumbing and Mechanical Officials, to the committee. He testified in support of the bill and believes in today's world, danger to our potable water and clean air is ever present. Pesticides, chemicals, petroleum products and animal waste are just a few of the hazards that deteriorate the quality of our water supply. O-zone depletion and contamination of our air by refrigerants have been cited as causes for skin cancer and increases in respiratory illnesses. Office buildings have become virus incubators due to inadequate or improperly installed ventilation systems. He feels our first line of defense against these perils must be well-trained trades persons in the plumbing and mechanical fields. State licensing is the initial step in providing the constituents of the State of Kansas, with a knowledgeable and skilled work force. (See attachment 1)

David Finley, Executive Director, Kansas Plumbing, Heating, Cooling, Contractors Association, Inc., was welcomed to the committee. He appeared on behalf of the more than one hundred member contracting companies throughout the State of Kansas, and strongly supports the bill. They believe with the rapid change in our industry, it is critical for public safety that people engaged in the plumbing and mechanical trades upgrade their skill and knowledge. Realtors, teachers, beauticians, engineers, nurses, etc., are all uniformly licensed at the state level. The state long since has recognized the need for this. It is way past the time for our state to bring our profession into line with these other professions. (See attachment 2)

James A. Lanzrath, President, Executive Plumbing, Inc., Mulvane, Kansas, testified in support of the bill, for several reasons. It provides for a grandfather clause, allowing companies engaged in business for the required amount of time in an area that does not require licensing to receive a license, therefore, would not be excluded but given an opportunity to join in the effort to insure public health and safety. The continuing education clause will help insure that in this rapidly changing profession that new products will be correctly installed. This will relieve the cost to employees to obtain many different journeyman certificates in each town they work in. Also, this will bring more responsibility and accountability to the profession as the state board can monitor contractor ethics (i.e. fraud, poor work resulting in hazardous situations for consumers). (See attachment 3)

Gary Schmidt, Ray Omo, Inc., Dodge City, Kansas, was welcomed to the committee. He testified in support of the bill and having been in the mechanical contracting business for the past sixteen years has had the opportunity to work in many communities in Southwest Kansas. Over this time span he has seen a growing trend towards upgrading city standards to improve and protect it's citizens. Most of these improvements have been in adopting some form of code or standard of operation. As people retire, move or change jobs many times the next person in line has a different idea or vision on how things should be managed. He was referring to the small communities who may not have the resources to hire a building inspector to manage this very important area. He believes this bill would create continuity and uniformity throughout the state for every community small, medium or large. (See attachment 4)

Terry Irwin, Wichita, Kansas was welcomed. He testified on behalf of Lowell Thiesen, Thiesen Plumbing, Inc., Newton, Kansas, in support of the bill. Mr. Thiesen has been in the plumbing business for almost thirty years, first as an employee and now as a business owner. In all that time he has only been required to pass a master's plumbing exam once. There has been no requirement for retesting or continuing education. He feels continuing education should be required of anyone in the trade. As a small business owner he does not believe these requirements would be a hardship for anyone and would be a benefit for both people in the plumbing trade and consumers. (See attachment 5)

Kevin J. Connell, Connell plumbing and Heating, Inc., Junction City, Kansas, was welcomed to the committee and appeared in support of the bill. He has been in the plumbing, heating, and air conditioning business for the last thirty-two years and has seen many plumbers come and go. He has heard many stories of plumbers not having the training to complete the task that they were called to do. He feels this bill is needed for the plumbing industry in Kansas. It will not have a great impact on those who presently have a license. It will make those who have or acquire a license be a better contractor. Also, he believes, continuing education is very important. (See attachment 6) Questions and discussion followed.

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ENVIRONMENT, Room 423-S of the Capitol  
at 3:30 p.m. on February 8, 2000.

Written testimony only, in support of the bill, was submitted by Wes Bennett, City Inspector and Rich Lanzrath, Certified Building Inspector, City Administration Center, Wellington, Kansas (See attachment 7); Joe Long, Newton's, Cherryvale, Kansas (See attachment 8); Robert J. Kreutzer, Master Plumber, Tatro, Ulysses, Kansas (See attachment 9); David Kime, President, Kime Plumbing Inc., Wichita, Kansas (See attachment 10); Ronald V. Means, Partner, Means Construction Services, Wichita, Kansas (See attachment 11); Charles M. Dirck, Owner, A-Plus Plumbing, Haysville, Kansas (See attachment 12); Greg Swab, Building Official, City of Colby, Kansas (See attachment 13); George Fahnestock, Air Conditioning Contractors of America, Wichita, Kansas. (See attachment 14)

Raney Gilliland, Legislative Research Department, explained the bill.

Chairperson Freeborn welcomed Evan Ice, Lawrence Apartment Association, Lawrence, Kansas, to the committee. He appeared in opposition to the bill and believes it would raise the cost of operating apartments in Kansas, and thus, will ultimately raise rentals in Kansas. All studies show that additional expenses in the apartment industry are ultimately reflected in increased rentals. It will decrease service to tenants in Kansas. One of the advantages to the onsite maintenance person is prompt service in the repair of minor mechanical or plumbing problems. He suggests if the committee does approve the bill that a specific exemption be included for maintenance personnel doing work at multi-family dwelling complexes. (See attachment 15)

Tim Ryan, Codes Administrator, City of Overland Park, Kansas, was welcomed to the committee. He presented testimony in opposition to the bill. One of the primary reasons for the City of Overland Park's opposition is that this is a mandate, which pre-empts the concept of home rule. Several municipalities throughout the state have dealt with this issue and have varying requirements. Most require licensure or registration for purposes of obtaining revenue to support provided services. This bill would prohibit jurisdictions from continuing this practice. He addressed other concerns with the proposed bill such as the educational requirements, grand-fathering, and allocation of fees. (See attachment 16)

Karl Mueldener, Director, Bureau of Water, Division of Environment, KDHE, was welcomed to the committee. He appeared in opposition to the bill and addressed several areas of concern. First, the broad scope of the proposed act will require the establishment of a substantial statewide program. Second, the new system described by the law will be far reaching as it supercedes existing local programs and establishes new requirements in areas previously not covered. The Department is also concerned with the state resources it takes to implement the bill. The quickest KDHE can adopt a regulation is 5 to 6 months, due to mandatory development and review procedure. Implementation by July, 2000 is not realistic. Considering the detailed provisions of the advisory board membership, and their charge, he anticipates it would be a year or more before the advisory board would develop recommendations on state regulations. Another issue to consider is the grandfather cutoff date of December 1999. Establishment of this date is a policy consideration. (See attachment 17)

Ron R. Worley, Building Codes Administrator, City of Lenexa, Kansas, was welcomed. He appeared in opposition to the bill with four main concerns. First, the membership of the board. Given the number of licensed persons that would be required to be involved in this statewide program, it would seem that this board would need to meet at least once a month and likely more often. What plumbers or mechanics, especially journeymen, could afford to serve without compensation on a board that would need to meet this often. Second, Contractor business license, Section 17 of the bill clearly says that a city may not charge for a journeyman or master license or card as many do at the present time. However, under this bill it is not clear whether a city could still charge for an annual Plumbing Contractor or Mechanical Contractor Business License. Third, enforcement of license requirement. Many smaller cities and most counties currently do not require any plumbing or mechanical permit to do work in their jurisdiction and have no inspection program. How would this license requirement be enforced in those jurisdictions? Fourth, cities forced to grandfather. Currently the City of Lenexa and many other cities require applicants for a new license to have passed the Block and Associates examination to obtain such a license. Lenexa, and most other cities that require a license, do not reciprocate on any other basis. Section 6 of this bill would force Lenexa and all other cities to reduce this requirement. (See attachment 18)

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ENVIRONMENT, Room 423-S of the Capitol  
at 3:30 p.m. on February 8, 2000.

Joe McCoy, Board Member, Heart of America Chapter, ICBO, was welcomed to the committee. He appeared in opposition to the bill and addressed six concerns on behalf of the chapter. (1) Support and endorse licensing at the state level, however, licensing of contractors should be all-inclusive and include the plumbing, electrical, mechanical/HVAC trades, residential builders and general contractors. (2) The appropriate state agency for licensing should be the Kansas State Board of Technical Professions. (3) The state should adopt statewide uniform building codes. Would strongly recommend the new International Codes as published by all three national model code groups. (4) The licensing review/advisory board should be balanced with an equal number of contractor representatives and building code officials. (5) Administration and enforcement should be the responsibility of the state and not mandated back to local jurisdictions. (6) Local jurisdictions that currently license contractors would be impacted fiscally by state licensing requirements. (See attachment 19) Questions and discussion followed.

Written testimony only in opposition to the bill was submitted by Mike Taylor, Government Relations Director, City of Wichita, Kansas. (See attachment 20); and Kim Gulley, Director of Policy Development, League of Kansas Municipalities, Topeka, Kansas. (See attachment 21)

Chairperson Freeborn thanked the conferees for appearing today and closed the hearing on **HB2686**. She announced that on Thursday, February 10, the Secretary of Agriculture, Jamie Clover-Adams may report to the committee on TMDLs (Total Maximum Daily Loads), however, this has not been confirmed.

The Chairperson opened the hearing on **HB2781**.

**HB2781:**     **An act concerning the state corporation commission; relating to application of certain penalties.**

Diana Edmiston, Senior Assistant General Counsel, State Corporation Commission of Kansas, was welcomed to the committee and testified in support of the bill. She believes this bill proposes a concise amendment to KSA 55-164. KSA 55-164 is the statute which authorizes the KCC to impose monetary penalties against oil and gas operators. This proposed amendment is a clarification which has become necessary over time to various amendments and additions to KSA Chapter 55. The proposed statutory language will not result in a change in the enforcement practices of the Commission, but will clarify the Commission's statutory authority to impose monetary penalties for any violation of a rule or regulation adopted, or order issued by the Commission under its Chapter 55 authority. (See attachment 22)

There were no opponents to the bill. Chairperson Freeborn closed the hearing on **HB2781** and opened the hearing on **HB2782**.

**HB2782:**     **An act concerning oil and gas; relating to disposition of certain fees.**

The Chairperson welcomed Robert E. Krehbiel, Executive Vice President, Kansas Independent Oil and Gas Association. He appeared on behalf of the KIOGA in support of the bill. The abandoned well fund was created during the 1996 Legislative Session with the passage of House Substitute for SB755. The purpose of the fund was to provide the Conservation Division with additional funding with which to plug existing abandoned oil and gas wells. Funding of \$1.6 M came from four different sources. In addition to the creation of the fund to plug abandoned wells in existence at the time the bill became effective, the legislation directed that oil and gas operators establish financial assurance before a license is granted to assure that all wells drilled after July 1, 1996, the effective date of the act, would be properly plugged upon abandonment. He believes it would be contrary to the to the intention of House Substitute of SB755 to use financial assurance funds to pay for plugging old oil and gas wells. Therefore, he supports the creation of a well plugging assurance fund. (See attachment 23)

Ken Peterson Kansas Petroleum Council, Topeka, was welcomed to the committee. He appeared on behalf the KP Council in support of the bill. They support the bill because it recognizes that current operators are paying into a financial assurance fund that will be set aside for the future. They agree with KIOGA that the financial assurance requirements were not meant to pay for the plugging of old oil and gas wells. The intent

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ENVIRONMENT, Room 423-S of the Capitol  
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of this bill is the creation of a distinct fund, paid by current operators, to address abandoned well plugging needs of the future. (See attachment 24)

Maurice Korphage, Director, Conservation Division, State Corporation Commission, was welcomed to the committee. He appeared in support of the bill. The Division would suggest two amendments to the current form of the bill. The first proposed amendment deals with the Commission's obligation to cover liabilities of the well assurance fund and the abandoned oil and gas well fund with monies from the conservation fee fund. The second deals with the disposition of funds recovered under KSA 55-180. (See attachment 25) Questions and discussion followed.

There were no opponents to the bill. The Chairperson closed the hearing on **HB2782**. She thanked all the conferees for their participation, and guests and committee members for their attention.

The meeting adjourned at 5:45 p.m. The next meeting is scheduled for Thursday, February 10.

# HOUSE ENVIRONMENT COMMITTEE GUEST LIST

DATE: February 8, 2000

NAME	REPRESENTING
Tim Ryan	City of Overland Park, Ks.
Kelly Kuitala	City of Overland Park
Joe L. McCoy	Heart of America Chapter ICBO
RON R. WORLEY	CITY OF WENEXA
J. C. Long	UtiliCorp Limited
Cynthia Smith	KEPL
BRUCE PFEIFFER	IA PWD
Rob Krentzer	Kansas Plumbing Heating Cooling Contractors
Gray Schmidt	KPHCC
Jim Lanzetta	KPHCC
Ken Peterson	KS Petroleum Council
Walter Hallock	Western Resources
Evan Ice	Lawrence Apartment Assoc.
Wanda Emmitson	KCC
Jim D. Powell	Mid-America Lumbermen Assn (M.L.A.)
Terry Irwin	PHCC
KEVIN J. CONNELL	PHCC of KANSAS
DAVID FINLEY	MECHANICAL CONTRACTORS ASSN.
Tom Burgess	KPHCC A

# HOUSE ENVIRONMENT COMMITTEE GUEST LIST

DATE: Feb 8, 2000

NAME	REPRESENTING
Mike Burgess	
Denny Burgess	KPHCC
Thaine Hoffman	DOAS
BARRY COEBS	DOAS
Tom Day	KCC
Bill Brady	Ks God'f Consulting
Sandy Braden	McBull Coakos & Assoc.
Jon & Miles	K&C
Bob Kichel	KIOGA

**INTERNATIONAL ASSOCIATION  
OF  
PLUMBING AND MECHANICAL OFFICIALS  
KANSAS/MISSOURI CHAPTER**

**To: The House Environment Committee  
House Bill No. 2686**

My name is Bruce Pfeiffer, and I am here to speak in favor of House Bill No. 2686, that would establish State Licensing for the Plumbing and Mechanical trades in the State of Kansas.

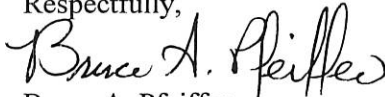
I have been a licensed plumber in Topeka, Kansas, for the past 25 years and have been a Plumbing Inspector in Topeka since 1989. Currently I am licensed as a Master in both the Plumbing and Mechanical trades and am the Chapter Chairman for the Kansas/Missouri Chapter of the International Association of Plumbing and Mechanical Officials. (IAPMO)

Through the many years that I have been associated with the technical trades, I have had the opportunity to work with and inspect the work of licensed and unlicensed trades persons from numerous jurisdictions in Kansas and Missouri. Though most cities and towns require licensing for the technical trades, few have similar requirements for attaining those licenses. While cities such as Topeka require a minimum of four (4) years of trade school in conjunction with a working apprenticeship, others may require very little or no experience to take the examination for journeyman in the trades. These discrepancies in training have led to improperly installed plumbing and mechanical systems, adding thousands of dollars in maintenance and replacement costs for home and business owners. In cities where inspections are made, errors in installations by poorly trained mechanics cause untimely delays in construction and expensive cost overruns. In many small towns and counties where licenses are not required and inspections are not done, the public is at the mercy of "would-be contractors" with little or no formal training in their trade.

In today's world, danger to our potable water and clean air is ever present. Pesticides, chemicals, petroleum products and animal waste are just a few of the hazards that deteriorate the quality of our water supply. O-zone depletion and contamination of our air by refrigerants have been cited as causes for skin cancer and increases in respiratory illnesses. Office buildings have become virus incubators due to inadequate or improperly installed ventilation systems.

Our first line of defense against these perils must be well-trained trades persons in the plumbing and mechanical fields. State licensing is the initial step in providing the constituents of the State of Kansas, with a knowledgeable and skilled work force. Minimum apprenticeships, uniformity in training and continuing education in the plumbing and mechanical trades can only raise the level of competency of the contractors, journeymen and inspectors that are charged with the task of protecting the health of the citizens of Kansas.

Respectfully,



Bruce A. Pfeiffer

Kansas/Missouri Chapter Chairman

International Association of Plumbing and Mechanical Officials

*House Environment  
2-8-00  
Attachment 1*





**KANSAS**  
**PLUMBING, HEATING, COOLING, CONTRACTORS ASSOCIATION, INC.**

320 LAURA, WICHITA, KANSAS 67211 (316) 262-8860 FAX (316) 262-2782

February 8, 2000

Honorable Representative Freeborn  
Members of the House Environment Committee

RE: House bill 2686

On behalf of our more than one hundred member contracting companies throughout the State of Kansas, we strongly support House Bill 2686. With the rapid change in our industry, it is critical for public safety that people engaged in the plumbing and mechanical trades upgrade their skill and knowledge.

Realtors, teachers, beauticians, engineers, nurses, etc, are all uniformly licensed at the state level. The state long since has recognized the need for this. It is way past the time for our state to bring our profession into line with these other professions.

Thank you for your consideration of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Finley'.

David Finley  
Executive Director

*House Environment  
2-8-00  
Attachment 2*

**EXECUTIVE PLUMBING  
INC.**619 E. HELBERT  
MULVANE, KANSAS 67110  
TEL. (316) 686-9444  
FAX (316) 777-0912

February 6, 2000

Subject: State License Proposal

First, let me thank you for the opportunity to speak on this matter here today. Let me introduce myself, my name is JIM LANZRATH (PRESIDENT OF EXECUTIVE PLUMBING INC.).

There are several reasons I support HB 2686:

1. It provides for a grandfather clause, allowing companies engaged in business for the required amount of time in an area that does not require licensing to receive a license, therefore, we are not excluding out but, giving them this opportunity to join us in the effort to insure public health and safety.
2. The continuing education clause will help insure that in this rapidly changing profession that new products will be correctly installed.
3. This will relieve the cost to our employees to obtain many different journeyman certificates in each town they work in.
4. This will also bring more responsibility and accountability to our profession as the state board can monitor contractor ethics (i.e. fraud, poor work resulting in hazardous situations for consumers).

Sincerely,



JAMES A. LANZRATH  
PRESIDENT

*House Environment  
2-8-00  
Attachment 3*

# Ray OMO Inc.

Water Conditioning

To: House Environment Committee  
From: Gary Schmidt  
Date: 2-5-2000  
Subject: House Bill 2686

Sheet Metal

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Refrigeration

•

Air Conditioning

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Heating

•

Plumbing

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Having been in the Mechanical Contracting business for the past 16 years I've had the opportunity to work in many communities in Southwest Kansas. Over this time span I've seen a growing trend towards upgrading City standards to improve and protect it's citizens. Most of these improvements have been in adopting some form of code or standard of operation. As people retire, move or change jobs many times the next person in line has a different idea or vision on how things should be managed. Understand I'm talking about the small communities who may not have the resources to hire a building inspector to manage this very important area

House Bill 2686 would create continuity and uniformity throughout the State for every community small, medium or large. It would help the small communities by establishing a guide for them to follow. It would protect them from non conforming companies, as all they would need to say is may I see your STATE LICENSE.

I also feel we can raise the publics confidence in businesses which come in their homes by establishing a State License. The businesses will have to conform to the law by maintaining a license and continuing education. The fly by niters and non conformers would be discouraged from doing business if they knew the homeowner might ask to see their license. I feel it would raise the level of service over time, especially in the rural areas.

I strongly support house bill 2686 and ask for your consideration on passing this bill.

Thank you

Gary L. Schmidt



House Environment  
2-8-00  
Attachment 4

**Thiesen Plumbing Inc**

1220 West 9<sup>th</sup> Street  
Newton, KS 67114  
316-283-0278

February 6, 2000

House Environment Committee

Members of the committee,

I am writing this letter to state my support for House Bill 2686. I have been in the plumbing business for almost thirty years, first as an employee and now as a business owner. In all that time I have only been required to pass a master's plumbing exam once. There has been no requirement for retesting or continuing education. I feel that continuing education should be required of anyone in the trade.

I have been reading in the paper that the legislature is considering requiring that people who braid hair be trained and licensed. I believe that plumbers have a much greater impact on the health and safety of the public than someone who braids hair does.

As I mentioned I am a small business owner (one employee), so I would like to say that I do not believe these requirements would be a hardship for anyone and would be a benefit for both people in the plumbing trade and consumers.

Sincerely

Lowell Thiesen  
Thiesen Plumbing Inc.

*House Environment  
2-8-00  
Attachment 5*

N  
OF  
MECHANICAL AND SHEET METAL CONTRACTORS OF KANSAS, INC.

Connell Plumbing & Heating Inc.  
237 West Spruce  
Junction City, Kansas 66441  
1-785-762-4582  
connellp@flintfalls.com

February 7, 2000

To Representative Freeborn and Committee Members,

I have been in the plumbing, heating, and air conditioning business for the last thirty-two years. I have seen many plumbers come and go. I have heard many stories of plumbers not having the training to complete the task that they were called to do.

I feel that House Bill 2686 is needed for the plumbing industry in Kansas. It will not have a great impact on those who presently have a license. It will make those who have or acquire a license be a better contractor. The continuing education is very important.

The continuing education is very important. Some plumbers in Kansas do not have a license at all. How do we know if these individuals know what they are doing? Some plumbers in Kansas have not had any training in the field sense they received their license. Are they trained as well as they could be?

I have gone to some sort of school or training each year for the past thirty-two years. It was not a hardship for me to do so.

Please act favorably on House Bill 2686. Several states around Kansas already have legislation similar to House Bill 2686.

Thank You,  
*Kevin J. Connell*  
Kevin J. Connell  
Connell Plumbing & Heating Inc.



METAL & CONDITIONING ASSOCIATION

TOTAL P. 01 *House Environment*  
*2-8-00*  
*Attachment 6*

**CITY ADMINISTRATION CENTER**

317 South Washington  
Wellington, Kansas 67152

February 4, 2000

To Whom It May Concern:

RE: State licensing of Plumbing and Mechanical Contractors

This department supports the effort underway by the Plumbing-Heating-Cooling Contractors (PHCC) Association to lobby the State Legislators to enact legislation that will establish state licensing for these trades.

Our City currently requires contractors to obtain a license from the City before performing any work in our jurisdiction. The population of our City is less than 10,000 citizens. Recent years have seen a decline in the number of local contractors resulting in citizens seeking the services of contractors from other communities. Our local licensing requirement sometimes becomes a hurdle for small less profitable jobs involving out of town contractors. When this occurs it creates a hardship for our citizens who are unable to obtain a contractor for these smaller jobs.

This effort if successful, would remove this hurdle (requirement) of multiple licenses for contractors working in multiple jurisdictions.

We have been informed there is a concern among smaller jurisdictions of financial hardships stemming from lost revenue if licensing at the local level was removed. We believe that the revenue generated from issuing contractor licenses does not offset the cost of issuing them. Therefore, we would support this effort from this standpoint

The State of Kansas and its residents, both contractors and citizens will benefit from statutes that will elevate the professionalism of contractors while allowing ease of working throughout the state with one single license.

Sincerely,

*Wes Bennett*  
Wes Bennett  
City Inspector

*Rick Lanzrath*  
Rick Lanzrath  
Certified Building Inspector

*House Environment  
2-8-00  
Attachment 7*



# NEWTON'S

Plbg. — Heating — Air Cond. — Wiring  
116 W. Main St.  
Cherryvale, Kansas 67335  
Phone (316) 336-2276  
Fax (316) 336-2408



February 07, 2000

House Environmental Committee

In rural Kansas the legitimate contractor needs your help. We need the state licensing bill passed by the state legislatures this session. This will help all of us that try and run a legitimate business. If I can answer any questions be sure to call.

Thank you,

Joe Long  
Newton's Inc.

House Environment  
2-8-00  
Attachment 8

# TATRO

Plumbing of Ulysses, LLC

## PHCC

1219 East Illinois

Ulysses, Kansas 67880

316-356-5319

Fax 316-356-5561

February 7, 2000

Representative JoAnn Freeborn  
Chair Person - House Environment Committee

Dear Ms. Freeborn,

I believe the House Bill 2686 is important to the plumbing industry. In our area, Southwest Kansas, code enforcement is practically non-existent. This bill would insure the people that are licensed in the State of Kansas would at least get continuing education. This will help them to be more knowledgeable in code changes and practices as time goes on. This would also benefit the Consumers as well by protecting them from unsafe practices by unlicensed Contractors.

Sincerely,



Robert J. Kreutzer  
Master Plumber

House Environment  
2-8-00  
Attachment 9



KIME PLUMBING INC #1529  
910 DOOLEY  
WICHITA KS 67213  
(316) 263-4449

FEBRUARY 4, 2000

Representative Joann Freeborn:

The continuing education aspect of State Licensing is especially important. This would address the safety issues with new products and procedures such as the high pressure gas lines and medical gas piping. Ongoing education will raise the standard of the industry, increasing the consumer's value and safety.



David Kime  
President, Kime Plumbing Inc

*House Environment  
2-8-00  
Attachment 10*

W.P.P. #279

**Means Construction Services**

Wichita License #3108

2704 Glacier Ct., Wichita, KS 67215

(316)-721-3068/FAX 773-0053

2-2-00

Subject: House Bill #2686

To Whom It May Concern:

I would like to document my support of the above-mentioned bill, which establishes State licensing for the mechanical and plumbing contractors. Not only is this bill good for the contractors and their employees, it is good for the general public of Kansas.

The continuing education requirements alone would justify this bill. More knowledgeable contractors and installers will provide better and safer installations statewide. There will be a new wealth of learning opportunities for all licensed mechanical and plumbing personnel, regardless of the size of their business.

This would also represent a huge step toward unraveling the labyrinth of testing and licensing we all now face, as we move our work locations from city to city or county to county.

Sincerely,



Ronald V. Means  
Partner, Means Construction Services  
Block Master Plumbing Certificate Holder  
Wichita Master Plumber  
Sedgwick County Master Plumber  
Butler County, Mulvane, Andover, Haysville, etc.

*House Environment  
2-8-00  
Attachment II*



9141 York Lane  
Haysville, Kansas 67060  
Call: 316-522-4746 FAX: 316-524-0064

February 7, 2000

Honorable Representative Freeborn  
Members of the House Committee

RE: House Bill No. 2656

I have been a plumbing contractor in Haysville, Derby, Wichita and surrounding areas for over 30 years. I have always perceived myself as a professional who helps protect the health of the nation. The age old problem of moonlighters calling themselves contractors has confused the consumer and injured the image of the true professional.

While no subject can animate me more than the subject of too many regulations telling me how to conduct my business, I do recognize the importance of licensing, codes, insurance and continuing education. These not only protect those of us who earn our living in the PHC industry, but they directly serve the consumer by helping to keep contractors honest, accountable and their workmanship safe. Given the ever increasing impact on installation techniques from ADA, OSHA mandates, Code changes, growing environmental concerns - not to mention new technology changes...the need for ongoing education and training updates is more important than ever before. Shoddy and unsafe workmanship by unqualified, unlicensed, uninsured or uneducated tradesmen is bad for everyone. I feel that House Bill #2656 addresses these problems and offers help in controlling them.

I fully support House Bill #2656 and I respectfully request your consideration and would appreciate your support. If you have any questions, feel free to contact me at any time.

Sincerely,

Charles M. Dirck  
Owner, A-Plus Plumbing

*House Environment  
2-8-00  
Attachment 12*

Carolyn S. Armstrong  
City Manager  
(785) 462-4410

Sally A. Tibbles  
Finance Director  
(785) 462-4400

Beverly J. Stleben  
City Clerk  
(785) 462-4400

February 7, 2000

Attn: David Finley  
Ks. Plumbing Heating & Cooling Contractors Association

Mr. Finley,

I have reviewed HB 2686. This is a well-written and well-meaning document of which I agree with the majority of its content, but would not support the bill without at least one or two changes.

I do not believe K.D.H.E. is the correct organization to oversee licensing of contractors- this should be left to the Division of Technical Professions, who now oversee licensure of architects, engineers and land surveyors. I see KDHE as an over burdened organization and am not certain they have the expertise, staff or budget to oversee plumbing and mechanical contractors. Currently, Governor Graves is asking all agencies of the State to reduce their budgets dramatically. With such a reduction, it is inevitable that current programs will either fall by the wayside or at the very least their current status of progress will be reduced.

I do agree with the basic tenet of a state-wide license program, continuing education credit requirements, etc. However, I feel that the Board of Technical Professions is already aware of procedures to implement, enforce and discipline licensed professionals. KDHE would be breaking new ground and taxing their staff more.

One more change I would support is to have more representation of code officials on the review board. My crystal ball tells me a lot of votes will be 15-1, with the dissenting voter being the code official representative on this board.

Again, I feel this is basically a well-written document with a lot of merit. I wish P.H.C.C. in their goal of state wide licensing and in calling for competency for contractors in these respective fields.

Respectfully,

  
Greg Swob  
Building Official

House Environment  
2-8-00  
Attachment 13



3532 N. Comotara, Wichita, KS 67226

316-943-4328

February 3, 2000

Representative JoAnn Freeborn  
Chairperson - House Environment Committee

Re: House Bill 2686

Dear Chairperson Freeborn,

On behalf of the Kansas South Central Region of Air Conditioning Contractors of America, I would like to seek your committee's support of the above referenced bill concerning a Plumbing, Heating, Air Conditioning, and Ventilation License Law and Protection Act. Our association represents over sixty air conditioning contractors and associates and has been instrumental in assisting with the creation of this Act.

Our industry sees the need to do everything we can to protect the health and well being of the public we serve. By providing a law that will insure statewide consistency, continuing education, and create a statewide advisory board to advise the secretary of health and environment in adopting rules and regulations regarding the enforcement and regulation of this Act, we will be insuring that the best practices are achieved in order to attain these ideals.

Thank you in advance for giving your favorable consideration to this request. Please give me a call should you have any questions, or desire any additional information.

Sincerely,

George Fahnestock

Cc Board of Directors – KSCR-ACCA  
Mr. David Finley – Kansas PHCC Association

*House Environment  
2-8-00  
Attachment 14*

STATEMENT OF LAWRENCE APARTMENT ASSOCIATION  
ON HB 2686

Before the House Environment Committee

February 8, 2000

*Oppose*

My name is Evan Ice and I represent the Lawrence Apartment Association, which is an organization of 22 of the largest apartment complexes in Lawrence.

We are concerned about the language of Section 14(a), which reads as follows:

Sec. 14.(a) It shall be a class A misdemeanor for any person, firm or corporation to engage in or work at the business of installing plumbing or mechanical, heating, ventilation, refrigeration or air-conditioning work unless such work is performed by or under the supervision and control of the appropriate licensee for such trades as defined under this act except as otherwise specifically provided under this act.

Most of our members employ in-house maintenance people to do repair maintenance work on the mechanical and plumbing systems in the members' apartment complexes. These in-house maintenance people do not install completely new systems. Their work is simply repair and maintenance of existing systems. However, we are concerned that the phrase "**to engage in or work at the business of installing plumbing or mechanical, heating, ventilation, refrigeration or air-conditioning work**" may be construed to require the licensing of in-house apartment maintenance personnel. Among our 22 complexes, we employ approximately 100 such maintenance people. We estimate that there may be 200-300 of such employees in Lawrence. We would urge that the following compelling reasons exist not to make the change:

1. It will raise the cost of operating apartments in Kansas, and thus, will ultimately raise rentals in Kansas. All studies show that additional expenses in the apartment industry are ultimately reflected in increased rentals.

2. It will decrease service to tenants in Kansas. One of the advantages to the onsite maintenance person is prompt service in the repair of minor mechanical or plumbing problems. Anyone who has tried to have their air conditioning unit serviced in July understands that the speed with which mechanical problems in apartments are solved is critical. Anyone with a toilet that won't flush or garbage disposal that doesn't work certainly appreciates an immediate response from a maintenance person, rather than waiting hours or days for a licensed plumber.

3. As currently proposed, the bill arguably covers basic items such as the following: changing filters on furnace units, changing garbage disposals, changing sink faucets, installing a new shutoff valve on a toilet, installing new ceiling lights, performing preventative maintenance on HVAC systems, replacing a stove that does not require additional electrical power, and other basic maintenance. Maintenance personnel at apartment complexes should be able to perform activities such as these without a license.

4. There are no demonstrable advantages to Kansas or apartment tenants. In the 28 years we have represented the Lawrence Apartment Association, we have not heard of a problem resulting from an apartment complex employee maintenance person doing service work directly, rather than hiring an outside plumber or mechanical contractor to do the work. If public health and safety is truly at issue, it appears that electricians would also be included in the bill.

Of course, apartment owners do hire plumbers and mechanical contractors, but the real question is whether or not they will continue to have the right to decide when to hire a mechanical contractor and when to have the work done by their own maintenance personnel. Thus, the question is whether the State, by statute, should unilaterally make the decision that all plumbing and mechanical work must be done by a licensed contractor, or whether multi-family owners and managers can make the decision what work outside contractors should do. There is

absolutely no evidence that any of these decisions that have been made in Lawrence for the past 28 years have been flawed.

If your Committee does approve HB 2686, we urge that a specific exemption be included for maintenance personnel doing work at multi-family dwelling complexes.

Thank you for your consideration.



Evan Ice



City Hall 8500 Santa Fe Drive  
Overland Park, Kansas 66212

**TO: HOUSE ENVIROMENT COMMITTEE**  
Chair; Representative Joann Freeborn

**RE: Testimony in Opposition to House Bill 2686**

**DATE: February 8, 2000**

**FROM: Tim Ryan**  
Codes Administrator  
City of Overland Park, Kansas

After reviewing House Bill No. 2686, which would require all plumbing and mechanical contractors in the State of Kansas to be tested and licensed, the City of Overland Park is opposed to the passage of this bill.

- One of the primary reasons for the City of Overland Park's opposition is that this is a mandate, which pre-empts the concept of home rule. Several municipalities throughout the state have dealt with this issue and have varying requirements. Most require licensure or registration for purposes of obtaining revenue to support provided services. This bill would prohibit jurisdictions from continuing this practice.
- Some communities elect to rely on strong code enforcement programs utilizing nationally recognized model codes and highly trained and certified staff in lieu of contractor licensure programs. These types of programs have been very successful.
- The administration and enforcement of such a program historically is a very extensive process, particularly the enforcement. Will such legislation put a burden on the resources of the Kansas Secretary of Health and Environment? How will this impact locally adopted building safety codes? Will the tests utilized be specific to a particular safety code? There are several different codes and various editions of these codes being used within the State of Kansas by municipalities.
- We feel that the Kansas State Board of Technical Professions should be the responsible board for this type of program although there would still be concerns related to administration and enforcement. The proposed advisory board is weighted heavily toward labor and industry. Any advisory board should be a balanced committee or board consisting of contractors, design professionals, code enforcement officials, and the general public. Further, these individuals should have specific credential requirements.
- The program as outlined is a traditional licensure program, which has not been proven to be effective except to generate revenue. Quality of work is rarely

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addressed and is a very arbitrary area to regulate. A traditional program does not mandate licensure of all workers but only masters and journeyman positions within the respective trades. The positions within contracting companies that hold this level of achievement are usually supervisors who are not doing the actual day-to-day work and in some cases are not even in the field but are office personnel.

- The bill as proposed also would negate business licenses, such as occupational tax licenses that several municipalities have and enforce.
- There are other concerns with the proposed bill such as the educational requirements, grand-fathering, allocation of fees, etc.

a) The educational requirement is admirable and the City of Overland Park fully agrees with this philosophy but the requirement is neither specific nor requires a sufficient amount of yearly training.

b) Quality contractor's who are currently unlicensed and have been working for several years without complaints or technical problems would be severely impacted. Further, there are no exemptions for homeowners doing their own work on their own property.

c) How will fees be allocated? Programs such as this historically generate a lot of revenue. Current programs such as this utilize revenues for education and training, enforcement services, recovery funds for homeowners, etc. How would programs similar to these be administered and funded?

Respectfully Submitted By;



Tim Ryan, CBO  
CODES ADMINSTRATOR  
City of Overland Park



**KANSAS**  
**DEPARTMENT OF HEALTH & ENVIRONMENT**  
BILL GRAVES, GOVERNOR  
Clyde D. Graeber, Secretary

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Testimony Presented to  
House Environment Committee  
February 8, 2000  
by  
Karl Mueldener  
House Bill 2686

I am here today to appear in opposition to House Bill 2686, the Plumbing, Mechanical, Heating, Refrigeration, Air-conditioning, and Ventilation License Law and Protection Act. The fundamental principle of the act appears to be insuring public safety and consumer protection. These are laudable goals which should not be dismissed lightly. There are, however, several areas of concern. First, the broad scope of the proposed act will require the establishment of a substantial statewide program. Second, the new system described by the law will be far reaching as it supercedes existing local programs and establishes new requirements in areas previously not covered.

Some local governments address these issues through licenses for people performing these trades or adoption of building codes. We hear complaints about contractors not being allowed to work in a community as they do not hold a license issued by the particular community. This bill appears to establish a state system which would level the playing field through a state managed license program.

We are concerned with the state resources it would take to implement the bill. For instance, Arizona runs a Registry of Contractors, covering nearly 170 types of building contractor licenses. Arizona has 140 employees in this department (Arizona Registrar of Contractors). They investigate 8000 complaints a year, hold forums and hearings on customer problems, issue exams, issue and revoke licenses, settle customer claims against contractors through a state recovery fund paying out \$2.8 Million in 1999. Arizona's license fees are \$400 to \$700 for the initial license and about \$400/year for renewal. Arizona's program is very comprehensive and long standing as it was established in 1931. State programs of less intensity are certainly possible, but we think this demonstrates the state resources potentially needed.

The quickest KDHE can adopt a regulation is 5 to 6 months, due to mandatory development and review procedure. Implementation by July 2000 is not realistic. Considering the detailed provisions of the advisory board membership, and their charge, we anticipate it would be a year or more before

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DIVISION OF ENVIRONMENT  
Bureau of Water

Forbes Field, Building 283  
(785) 296-5500

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*2-8-00*  
*Attachment 17*  
Topeka, KS 66620-0001  
FAX (785) 296-5509

the advisory board would develop recommendations on state regulations. Another issue to consider is the grandfather cutoff date of December 1999. Establishment of this date is a policy consideration. While it might not be an issue for those used to licensing, there are likely people in small communities who are unfamiliar with such requirements. These folks would have the steepest learning curve, or incur the biggest impact.

Of particular note, this bill would override local government's authority to locally regulate these trades. Section 17 of the bill would allow a person with a state license to work in any municipality without obtaining a local municipal license to practice the trade. Also, the bill dictates that a municipality accept a certificate of insurance rather than a bond.

TO: HOUSE ENVIRONMENT COMMITTEE  
Chairperson, Representative Freeborn

Re: Testimony in Opposition to House Bill 2686

Date: February 8, 2000

From: Ron R. Worley  
Building Codes Administrator  
City of Lenexa, Kansas

I have several concerns with this bill. The four main ones are listed below:

1. **The membership of the board.** Sec. 3 of this bill establishes a 23 member advisory board, 21 of which are voting members and 18 of those are directly involved in the plumbing or mechanical contracting industry. Two members would be inspectors and only one would represent the general public. It would appear that the 3 non-industry members are clearly outvoted to the extent that I would wonder if they would find it worthwhile to attend the meetings. A smaller and much more balanced board would better serve the interest of all the State's citizens.

Given the number of licensed persons that would be required to be involved in this statewide program, it would seem that this board would need to meet at least once a month and likely more often. What plumbers or mechanics, especially journeymen, could afford to serve without compensation on a board that would need to meet this often?

2. **Contractor business license.** Sec. 17 of this bill clearly says that a city may not charge for a journeyman or master license or card as many do at the present time. However, under this bill it is not clear whether a city could still charge for an annual Plumbing Contractor or Mechanical Contractor Business License. A large number of cities currently require such a business license to help fund inspection programs which are also necessary to assure the public of code-compliant and safe plumbing or mechanical systems. People without a license sometimes do bad work and people with a license sometimes do bad work. Inspection greatly reduces that problem.

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Page 2,  
Opposition to HB-2686  
Feb. 8, 2000  
Ron R. Worley

**3. Enforcement of license requirement.** Many smaller cities and most counties currently do not require any plumbing or mechanical license or plumbing or mechanical permit to do work in their jurisdiction and have no inspection program. How would this license requirement be enforced in those jurisdictions? It would seem that the Dept. of Health and Environment would be required to hire field investigators to prevent those without a license from doing any plumbing and/or mechanical work in these and other areas of the State and to impose the civil penalties required by Sec. 9 of this bill. Such a program would surely come at a significant cost to the Department.

**4. Cities forced to grandfather.** Currently the City of Lenexa and many other cities require applicants for a new license to have passed the Block & Associates examination to obtain such a license. Lenexa, and most other cities that require a license, do not reciprocate on any other basis. Sec. 6 of this bill would force Lenexa and all other cities to reduce this requirement. This bill grants every plumber or mechanic who can prove that he or she has had a license in any city a statewide license to do work in every city. This is a serious reduction in qualifications for many cities and serves to negate the accomplishments of those plumbers and mechanics that have studied for and passed the Block & Associates examination over the past 15 years.

Thanks for your attention. If the Chairperson or members of the committee have questions now I would be glad to respond or if you have questions later you can reach me at (913) 477-7701, or e-mail [rworley@ci.lenexa.ks.us](mailto:rworley@ci.lenexa.ks.us).

## HOUSE BILL No. 2686

*House Committee - Testimonial in opposition as bill is proposed on  
February 8, 2000 – 3:30 PM – Room No. 423 South – State Capitol*

My name is Joe L. McCoy, past president and current member of the board of directors of the Heart of America Chapter – International Conference of Building Officials (ICBO). Officers and board members of the above-mentioned chapter and members of the Western Kansas Chapter met in session on Friday, February 4, 2000 to discuss and review the proposed bill. The following items are concerns of the chapter and represent the majority of local jurisdictions throughout the State of Kansas.

- (1) We support and endorse licensing at the state level, however, licensing of contractors should be all-inclusive and include the plumbing, electrical, mechanical/HVAC trades, residential builders and general contractors.
- (2) The appropriate state agency for licensing should be the Kansas State Board of Technical Professions.
- (3) The state should adopt statewide uniform building codes. We would strongly recommend the new International Codes as published by all three national model code groups.
- (4) The licensing review/advisory board should be balanced with an equal number of contractor representatives and building code officials.
- (5) Administration and enforcement should be the responsibility of the state and not mandated back to local jurisdictions.
- (6) Local jurisdictions that currently license contractors would be impacted fiscally by state licensing requirements.

### SUMMARY:

Our chapters have supported statewide contractor licensing for many years. Kansas is one of the few states remaining that still does not regulate contractors at the state level.

The officers and directors of our International Conference of Building Officials (ICBO) Chapters are ready and willing to assist in whatever manner we can to bring our state to the same requirements of our neighbors.

We applaud the efforts of the authors of Bill No. 2686 for a step in the right direction; however, we cannot support the bill in its current form unless the above-defined items are included in the proposed legislation.

Respectfully,

Joe L. McCoy – Board Member, Heart of America Chapter - ICBO

*House Environment  
2-8-00  
Attachment 19*



# TESTIMONY

City of Wichita  
Mike Taylor, Government Relations Director  
455 N Main, Wichita, KS. 67202  
Phone: 316-268-4351 Fax: 316-268-4519

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## House Bill 2686

**Plumbing, Mechanical, Heating, Refrigeration, Air-Conditioning and Ventilation Protection Act**

Delivered to  
House Environment Committee  
February 8, 2000

The City of Wichita generally supports the concept of statewide certification and the continuing education requirements set out in House Bill 2686. There are however, a couple of concerns.

The City of Wichita opposes any measure would pre-empt local regulations or control. The City of Wichita now has an extensive testing and licensing program which requires licensees working in Wichita to post a bond. HB 2686 prevents the City from requiring such a bond from licensees licensed by the State. In our view, the bond is not the same as the certificate of insurance required by the bill. The bond assures the contractor will abide by local ordinances and the contractor must notify the City when it is canceled. A certificate of insurance can be canceled without notifying the City.

The second concern involves the "method and content of examinations" as outlined in Section 2(b).

Presently, Master and Journeyman level certificates are issued in Wichita and a number of other jurisdictions with testing by Block & Associates, which bases its tests on IAPMO/Uniform Code Standards. Over the past few years, there has been a concerted effort by all the major model code groups (BOCA, ICBO and SBCCI) to develop a single family of model codes called the International Codes, which would be governed by the International Codes Council. The first editions of these codes, which include: International Building Code (IBC), the International Residential Code (IRC), the International Fire Code (IFC), the International Plumbing Code (IPC) and the International Mechanical Code (IMC) are being published and made available during this month.

It is the City of Wichita's intent, as well as the intent of most other major Kansas jurisdictions, to adopt the 2000 editions of the International Codes during the year 2000 or early in the year 2001. If House Bill 2686, or subsequent regulations, require that the testing mechanism be based on Block and Associates, IAPMO, or codes developed by one of the current three national model code groups, it will fly in the face of efforts to adopt the single family of International Codes. It would make no sense for Wichita or other jurisdictions to adopt the International Codes, only to have the State require certification testing based on other codes/standards like IAPMO or ICBO.

It is our feeling that this bill could be better discussed on its merits and overall benefit to Kansas next year, when the International Codes Council has been reviewed and adopted by many Kansas jurisdictions and all the International Codes tests have been finalized and are in circulation and fully available to certificate applicants.

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Attachment 20*





League of Kansas Municipalities

300 SW 8th Ave  
Topeka, Kansas 66603-3912  
Phone: (785) 354-9565  
Fax: (785) 354-4186

To: House Environment Committee  
From: Kim Gulley, Director of Policy Development  
Date: February 8, 2000  
Re: HB 2686

Thank you for allowing the League to submit written comments concerning HB 2686. We would like to concur in the testimony that has been submitted on behalf of several individual cities. Our membership supports the current law with respect to trade licensing.

The provisions of HB 2686 would require the Kansas Department of Health & Environment to establish procedures and guidelines for the licensing of certain trade professions. Cities currently license such professions and impose specific regulations with regard to issues such as bond requirements, training, etc.

Without a compelling reason to do so, we do not believe that it is necessary to establish a large state bureaucracy to regulate in this area. Local governments can and do regulate in this area. Although the bill does not explicitly preempt local authority, requiring both state and local licensure could create additional confusion and complexity.

We respectfully request that HB 2686 not be reported favorably for passage. Thank you.



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*Kansas Corporation Commission*

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Bill Graves, Governor   John Wine, Chair   Cynthia L. Claus, Commissioner   Brian J. Moline, Commissioner

Testimony of Diana Edmiston  
Senior Assistant General Counsel  
State Corporation Commission of Kansas  
Conservation Division  
before the  
House Committee on the Environment  
February 8, 2000

Good afternoon. I am appearing here today to testify in support of House Bill 2781. House Bill 2781 proposes a concise amendment to KSA 55-164. KSA 55-164 is the statute which authorizes the Kansas Corporation Commission to impose monetary penalties against oil and gas operators. KSA 55-164, which was first enacted in 1982, refers only to penalties for violations of "this act", rather than violations of any Commission rule or regulation adopted, or order issued under its KSA Chapter 55 authority. KSA Chapter 55 is dedicated solely to the oil and gas industry in Kansas, but has become a patchwork of several acts enacted and amended over the life of the oil and gas industry in Kansas, beginning in the early 1900s. There is no language elsewhere in Chapter 55 specifically authorizing the Commission to impose monetary penalties on oil and gas operators who violate provisions of Chapter 55 or Commission rules, regulations or orders.

This proposed amendment is a clarification which has become necessary over time to conform the Commission's enforcement and penalty authority to the various amendments and additions to KSA Chapter 55. The proposed statutory language will not result in a change in the enforcement practices of the Commission, but will clarify the Commission's statutory authority to impose monetary penalties for any violation of a rule or regulation adopted, or order issued by the Commission under its Chapter 55 authority.

The Oil and Gas Advisory Committee, the committee which was established pursuant to KSA 55-153 to review and make recommendations on oil and gas activities, has reviewed this proposed amendment.

Should the members of the Committee have any questions I would be glad to address them.

Thank you.

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Attachment 22*



## KANSAS INDEPENDENT OIL & GAS ASSOCIATION

105 S. BROADWAY • SUITE 500 • WICHITA, KANSAS 67202-4262  
(316) 263-7297 • FAX (316) 263-3021

TESTIMONY OF  
ROBERT E. KREHBIEL, EXEC VICE-PRESIDENT  
KANSAS INDEPENDENT OIL AND GAS ASSOCIATION  
ON H.B.2782  
FEBRUARY 8, 2000

Chairman Freeborn and Members of the Committee:

My name is Robert E. Krehbiel and I am appearing on behalf of the Kansas Independent Oil and Gas Association. The Kansas Independent Oil and Gas Association was organized 63 years ago and consists of independent oil and gas producers, service companies and professionals serving the oil and gas industry in Kansas. I appear in support of H.B. 2782.

The abandoned well fund was created during the 1996 Legislative Session with the passage of House Substitute for S.B. 755. The purpose of the fund was to provide the Conservation Division with additional funding with which to plug existing abandoned oil and gas wells. Funding of \$1.6 million came from four different sources of which you are all familiar.

In addition to the creation of the fund to plug abandoned wells in existence at the time the bill became effective, the legislation directed that oil and gas operators establish financial assurance before a license is granted to assure that all wells drilled after July 1, 1996, the effective date of the act, would be properly plugged upon abandonment.

The policy question which the Legislature addressed in 1996 was this: Should oil and gas producers operating today pay the costs of plugging old oil and gas wells drilled back in the early 1900's by others. It was argued that the developing industry benefitted all of society, that the El Dorado Field, once the largest producing field in the world, and the rest of America's producing oil fields, played a significant role in America's war effort. Indeed, when Hitler was able to effectively cut off imports of crude oil from America to England by sinking our ships, America sent drilling crews and rigs to develop British Oil undercover in Sherwood Forrest. A monument exists in Sherwood Forrest today honoring the success of American oil producers in finding a crude oil supply on British soil for British forces. Crude oil was one key to success in the war effort.

Others argued that landowners had a right to do with their land as they chose. In pre-regulatory times that included drilling a hole in it and leaving it there. Indeed, in areas where oil and gas was found at shallow depths of 300 to 600 feet, many landowners did just that.

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Attachment 23*

Protecting the environment was not a concern.

The other side of the argument was that the oil and gas industry caused this problem and the oil and gas industry should pay for it. It did not matter that the individuals in the industry had changed.

As a result, a compromise was struck which resulted in the four pronged funding with which you are familiar. It was the understanding of my Association that this funding was to go towards plugging abandoned wells in existence at the time of passing the new legislation.

The policy arguments with respect to wells drilled after the new legislation are quite different. Financial assurance is now required before operators can be licensed to drill new wells. The individual's in this industry today share the same concerns that the rest of society shares with respect to environmental obligations. These individuals know going in that they will be obligated to plug their wells and that they will have to provide the financial assurance going in that their wells will be plugged if they should become bankrupt or otherwise unable to perform. That has been accomplished with the financial assurances set out and reiterated in H.B. 2782 and we support and accept that responsibility.

We believe it would be contrary to the intention of H. Sub of S.B 755 to use financial assurance funds to pay for plugging old oil and gas wells. We therefore, support the creation of a well plugging assurance fund in the state treasury to affirm this intent.

Thank you very much.



**Testimony on House Bill 2782  
Submitted by the Kansas Petroleum Council  
To the House Environment Committee**

**February 8, 2000**

Chairwoman Freeborn and members of the committee, my name is Ken Peterson. I am director of the Kansas Petroleum Council, a trade association that represents several major production companies in our state, including BP Amoco, Exxon Mobil, Occidental and Vastar, a subsidiary of Arco.

I am pleased to join my colleague from KIOGA and appear today in support of House Bill 2782. Mr. Krehbiel's testimony offered an excellent perspective on the history of oil and gas production in Kansas and how and why the abandoned well plugging bill (H. Sub. for Senate Bill 755) became law four years ago.

I can say that as a participant in development of that key legislation, our trade association and KIOGA had a number of disagreements as the proposal made its way through the Legislature. Through some hard bargaining sessions between our members, overtime work by several legislators, and prodding from the governor's office, we came up with a well-plugging bill that became law.

Mr. Korphage of the Kansas Corporation Commission has provided this committee with annual updates on the progress being made on the plugging of abandoned wells and the remediation of contamination sites.

From our perspective, the financial responsibility requirements are a crucial part of the law. H. Sub. for SB 755 required oil and gas operators for the first time in state history to prove that they have the financial resources to plug their own wells.

We support House Bill 2782 because it recognizes that current operators are paying into a financial assurance fund that will be set aside for the future. We agree with KIOGA that the financial assurance requirements were not meant to pay for the plugging of old oil and gas wells. The intent of this bill is the creation of a distinct fund, paid by current operators, to address abandoned well plugging needs of the future. We join KIOGA in supporting this bill. We encourage you to make the fund a part of the state treasury.

Thank you.

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2-8-00  
Attachment 24*

Testimony of M.L. Korphage  
Director  
Conservation Division  
of the  
State Corporation Commission  
before the  
House Committee on the Environment  
February 8, 2000

Good afternoon, Chair Freeborn and members of the committee. I am M.L. Korphage, Director, of the Conservation Division of the State Corporation Commission. I am appearing here today to testify in support of HB 2782.

During the 1996 legislative session K.S.A. 55-155 was amended to provide additional requirements for all operators who operate oil and gas wells in Kansas. Specifically those operators were required, beginning in January of 1998, to demonstrate to the Commission some kind of financial assurance. The statute was very specific as to the amount and kinds of financial assurances that would be required for oil and gas operators when they applied for a KCC license to operate. Those types of assurances included:

- A. Operators with an acceptable level of compliance over the proceeding 36 months with Commission rules and regulations would provide assurance through the payment of a \$50 non refundable fee.
- B. Operators that have not been licensed for at least the 36 preceding months or have not met the acceptable record of compliance requirement must furnish one of the following as financial assurance on an annual basis:
  1. A performance bond or letter of credit in the amount equal to \$.75 X the aggregate depth of all wells under their control
  2. A blanket bond or letter of credit between \$5,000 and \$30,000 based on the depth and number of all wells operated.
  3. A fee equal to 3% of the blanket bond required under 1 or 2 above.
  4. A first lien on equipment equal to the bond requirement.
  5. Other financial assurances as approved by the Commission.

The 1996 amendment to K.S.A. 55-155 further directed the Commission to deposit all revenues generated pursuant to these requirements into the conservation fee fund. As such those funds could be used to plug abandoned wells and remediation sites or could be used to pay general operating expenses of the Conservation Division.

During the 1997-1998 audit of the Conservation Division the audit team from legislative post-audit suggested that the Division seek clarification of legislative intent with respect to these funds. The question being: "Did the legislature intend these funds to be used for future well pluggings not covered by the Abandoned Well / Site Remediation Fund or should the monies be used to fund normal operations of the Conservation Division?" During the past two calendar years since the implementation of financial assurance requirements the Conservation Division has tracked the amount of financial assurance monies generated through the licensing process as set out in the 1996 amendment to K.S.A. 55-155 and set those monies aside. The Division has provided this information during our annual status report to this and other legislative committees. During calendar year 1998 those fees generated in excess of \$160,000 and in calendar year 1999 in excess of \$150,000.

The Commission believes the monies raised through financial assurance fees should be set aside to pay for potential future plugging liabilities of orphaned wells that may not be met through the current Abandoned Well/ Site Remediation Fund ( orphaned wells drilled after to July 1, 1996) or those plugging liabilities which are incurred by the Division by acting as a bonding agent for certain operators who are unable to secure bonding (section (d)(4) of the statute). The statutory changes embodied in HB 2782 through amendments to K.S.A . 55-155, K.S.A . 55-161, K.S.A .55-179, and K.S.A . 55-180, specifically earmark those fees generated from the financial assurance process into such a dedicated well plugging assurance fund and is supported by the Commission.

The Division would suggest two amendments to the current form of the bill. The first proposed amendment deals with the Commission's obligation to cover liabilities of the well assurance fund and the abandoned oil and gas well fund with monies from the conservation fee fund. Under New Section 3 line 20 the Division would include the following language:

*"on the conservation fee fund, provided such liabilities were incurred in accordance with the commission's prioritization schedule established pursuant to Section 1(b) in this act and in K.S.A . 55-192 (b) (2)."*

The second deals with the disposition of funds recovered under K.S.A. 55-180. It is suggested that lines 30 through 32 of this section should be amended to read: *"If such costs were paid from the conservation fee fund, any moneys recovered shall be credited to the conservation fee fund."*

Should the members of the Committee have any questions I would be glad to address them.

Thank you.