

MINUTES OF THE HOUSE COMMITTEE ON ENVIRONMENT.

The meeting was called to order by Chairperson Joann Freeborn at 3:30 p.m. on March 1, 2001 in Room 231-N of the Capitol.

All members were present except: Representative Ted Powers - excused
Representative Jonathan Wells - excused
Representative Jeff Peterson - excused
Representative Clay Aurand - excused

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

Conferees appearing before the committee: Chad Luce, Public Information Officer, Kansas Department
Wildlife and Parks, 900 SW Jackson, Suite 502, Topeka, KS
66612-1233
Clint Riley, Attorney, Kansas Department Wildlife and
Parks, 900 SW Jackson, Suite 502, Topeka, KS 66612-1233
Greg Krissek, Director of Operations, Kansas Corn Growers
Association, PO Box 446, Garnett, KS 66032-0446
Bill Fuller, Associate Director, Public Policy Division,
Kansas Farm Bureau, 2627 KFB Plaza, Manhattan, KS
66505-8508
Tom Palace, Executive Director, Petroleum Marketers &
Convenience Store Association, 201 NW Hwy 24, Suite 320,
Topeka, KS 66608-0479
Ken Peterson, Executive Director, Kansas Petroleum
Council, 800 SW Jackson, Topeka, KS 66612-1224
Gary Blackburn, Director, Bureau of Environmental
Remediation, Division of Environment, KDHE, Forbes Field
740, Topeka, KS 66620-0001

Others attending: See Attached Sheet

Chairperson Joann Freeborn called the meeting to order at 3:30 p.m. She asked if there was a motion to approve committee minutes for January 23, 25, and 30, which had been distributed to committee members on Friday, February 23, for review.

Rep. Tom Sloan made a motion the minutes for January 23, 25, and 30, be approved. Rep. Becky Hutchins seconded the motion. Motion carried.

The Chairperson opened hearing on **SB148**.

SB148: An act concerning fishing licenses.

Chad Luce, Public Information Officer, KS Department of Wildlife and Parks was welcomed to the committee. He testified as a proponent to the bill, which he believes is a "clean-up" bill from legislation passed during the 2000 Legislative Session. The Department believes it is highly important to approve this legislation before large numbers of nonresidents begin visiting the state during fishing season and asks that one amendment be made to the bill, to specify that it would be effective upon publication in the Kansas Register. By doing so, the Department believes the bill would restore the original intent of the 2000 Legislature. (See attachment 1) Questions and discussion followed.

There were no opponents to the bill. The Chairperson closed the hearing on **SB148**. She asked if the committee wished to take action on the bill.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ENVIRONMENT, Room 231-N of the Capitol
at 3:30 p.m. on March 1, 2001.

Rep. Becky Hutchins made a motion the bill be passed favorably and placed on the Consent Calendar. Rep. Dan Johnson seconded the motion. Motion carried.

The Chairperson opened hearing on **SB87**.

SB87: An act concerning furharvesting.

Chairperson Freeborn welcomed Clint Riley, Department Attorney, KS Department of Wildlife and Parks to the committee. He testified as a proponent to the bill and believes this bill would amend current furharvester license requirements so that a person may attest to possession of a valid furharvester education certificate at the time of purchase of a furharvester license. Any person born after July 1, 1966 is required to complete furharvester education in order to furharvest in this state. An Attorney General's Opinion released in January 2000 addressed language in the hunter education requirement similar to the current furharvester law, and stated that the law would require the hunting license buyer to physically produce the actual hunter education certificate at the time of purchase of a hunting license. This bill would make furharvesting law consistent with the hunter education law as approved by the Legislature during the 2000 Session. (See attachment 2) Questions and discussion followed.

There were no opponents to the bill. The Chairperson closed the hearing on **SB87**. She asked if committee members wished to take action on the bill.

Rep. Dan Johnson made a motion the bill be passed favorably and placed on the Consent Calendar. Rep. Sharon Schwartz seconded the motion. Motion carried.

The Chairperson opened hearing on **SB86**.

SB86: An act concerning wildlife and parks; relating to certain late payment fees.

Chairperson Freeborn welcomed Clint Riley, Department Attorney, KS Department of Wildlife and Parks, to the committee. He testified in support of the bill, which would increase the late payment fee for state park permits from \$5 to \$15. By increasing the late payment fee to \$15, the Department hopes that the fee serves as a more effective deterrence, and park users would obtain the required park permits without being cited for a violation. In addition, the higher fee may help ensure that, in the worst case scenario, real threat of prosecution would exist. (See attachment 3) Questions and discussion followed.

The Chairperson closed the hearing on **SB86**. She asked if the committee wished to take action on the bill..

Rep. Don Myers made a motion the bill be passed favorably. Rep. Dan Johnson seconded the motion. Motion carried. Rep. Don Myers will carry the bill on the House Floor.

The Chairperson opened hearing on **SB37**.

SB37: An act prohibiting sales of certain motor-vehicle fuel and providing penalties for violations.

Written only testimony in support of the bill was submitted by Jamie Clover-Adams, Secretary of Kansas Department of Agriculture. (See attachment 4)

Greg Krissek, Director of Operations, KS Corn Growers Association, was welcomed to the committee. He submitted testimony in support of the bill, which would eliminate the use of MTBE in Kansas. The US Geological Survey reports that MTBE has been detected in 27 percent of urban wells nationwide. MTBE is now the second most commonly found chemical in groundwater, behind only chloroform. Leaking underground storage tanks, spills at the land surface, urban runoff, and motor water craft are sources of MTBE water contamination. MTBE's main competition in the oxygenate market, ethanol, is a domestically produced, renewable resource made from corn, grain sorghum and other agricultural feedstocks. It provides the clean air benefits of oxygen, without the negative environmental and health effects of petroleum-based MTBE. Replacing MTBE with ethanol is good for farmers, good for consumers, good for the environment and good

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ENVIRONMENT, Room 231-N of the Capitol
at 3:30 p.m. on March 1, 2001.

for Kansas. (See attachment 5)

Bill Fuller, Associate Director, Public Policy Division, Kansas Farm Bureau, was welcomed to the committee. He testified in support of the bill on behalf Kansas Farm Bureau. Their support of this bill is based on the commitment of their farm and ranch members to protect water quality and the desire of grain producers to increase the utilization of ethanol. KFB believes this bill would achieve the desirable goals of protecting water quality, increasing net farm income and strengthening the Kansas economy. (See attachment 6)

Tom Palace, Executive Director, Petroleum Marketers and Convenience Store Association, was welcomed. He testified in support of the bill on behalf PMCA and has a number of concerns with the bill; penalties; economic impact; and quality and quantity testing. (See attachment 7) Mr. Palace is concerned that in section (H) of the bill, the state may need to obtain a waiver from the EPA before the state can ban MTBE. An amendment to the bill was submitted that would relieve the petroleum marketer and retailers of liability from the penalties of this bill. Liability should be placed on the companies that manufacture and supply the product because petroleum distributors and retail fueling sites sell only what is given to them with no control as to whether or not that product contains MTBE. (See attachment 8)

Ken Peterson, Executive Director, Kansas Petroleum Council, was welcomed to the committee. He testified in a neutral position to the bill on behalf KPC. KPC is a trade association that represents several refiners who supply motor fuel to all parts of the state. Members include Phillips, Conoco, BP (Amaco), and Texaco. He stated that Senator Dave Corbin, sponsor of the bill, asked the Senate Natural Resources Committee to strike the pump labeling requirements (d) during markup, which he feels are unneeded and expensive. An EPA waiver is necessary for Kansas to enact an MTBE ban. An EPA waiver is not unprecedented in Kansas. KDHE is seeking one from the EPA to allow the introduction of a cleaner burning fuel in the Kansas City area, a fuel that was supported by KPC refining members as a way of helping the metropolitan area maintain air quality standards. (See attachment 9) Questions and discussion followed.

The Chairperson recognized Jan Sides, Director, Air and Radiation Bureau, KDHE, in attendance. He made comments concerning the EPA waiver. He stated that from information he received from EPA, if Kansas bans MTBE, EPA doesn't know, at this time, if they would take action. EPA has the jurisdiction over the Clean Water Act. The Kansas Department of Health and Environment has taken a neutral position on this issue.

There were no opponents to the bill. The Chairperson closed the hearing on **SB37** and appointed a sub-committee to do further study; Rep. Don Myers, Chairman; Rep. Ray Merrick; and Rep. Bruce Larkin. She suggested they report back to the full committee on March 6 or March 8.

The Chairperson welcomed Gary Blackburn, Director, Bureau of Environmental Remediation, KDHE. In reference to **SB183**, (extending the sunset on the aboveground fund and underground fund to July 1, 2014), he provided an overview of the Storage Tank reimbursement funds. The federal Environmental Protection Agency passed regulations affecting underground storage tanks (USTs) in December of 1988 which included the requirement for owners and operators of underground tanks to obtain pollution liability insurance. The Kansas Storage Tank Act created the reimbursement fund for underground tanks to satisfy that requirement. The provisions for the third party insurance coverage were assigned to a program within the Insurance Department. The act was amended in 1992 to include a reimbursement fund for aboveground tanks. In addition to satisfying insurance requirements the funds provide real financial relief to tank owners for the cost of corrective action at their sites. The funds reimburse applicants for approved costs of remedial action after payment of the appropriate deductible. Since the inception of the funds, owners of about 1900 sites have participated in the underground and aboveground funds with an average of 9 new sites being added each month. (See attachment 10) Copies of the Annual Report of UST Fund Activities to the Legislature During Fiscal Year 2000 (See attachment 11) and the Annual Report of UST Fund Activities to the Legislature During Fiscal Year 2000, (See attachment 12) were distributed to committee members. Questions and discussion followed.

Chairperson Freeborn thanked Mr. Blackburn for his presentation. She reviewed the committee agenda for next week, March 6 and March 8. She announced she will be adding **SB237** to the agenda for March 6. The meeting adjourned at 4:45 p.m. The next meeting is scheduled for Tuesday, March 6, 2001.



STATE OF KANSAS
DEPARTMENT OF WILDLIFE & PARKS

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SENATE BILL NO. 148

Testimony Provided to
House Committee on Environment
March 1, 2001

Senate Bill No. 148 is a "clean-up" bill from legislation passed during the 2000 Legislative Session. The bill would reinstate previous law that required all nonresidents 65 years of age or older to purchase a fishing license. The bill is supported by the Kansas Department of Wildlife and Parks.

As passed during the 2000 Legislative Session, SB 316 required that persons 65 years of age or older, and persons with disabilities, would pay one-half price for state park motor vehicle permits. Previously, these individuals were exempt from paying for these park permits. As introduced, and as passed by the Senate, that same bill also removed an exemption for seniors concerning hunting and fishing licenses. That exemption was reinserted by amendment on the House floor, however, and the bill was finally approved as a bill addressing only state park permits.

Unfortunately, the House floor amendment included two drafting errors. The first created an exemption for nonresidents over 65 concerning fishing licenses. Nonresident seniors had not previously been exempt from purchasing a fishing license, and such an exemption was never discussed or debated in either committee or on either chamber floor. However, the effect of the amendment language was to create such an exemption. SB 148 would remove the exemption, and revert to previous law.

Second, the House floor amendment retained a statement describing the price for seniors purchasing a hunting or fishing license as one-half the general resident price, despite other language that explicitly stated seniors were not required to purchase a hunting or fishing license at all. Once again, this was clearly not contemplated as the intent of the House floor amendment. SB 148 would also strike that confusing language.

Last year's legislation became effective January 1, 2001. Due to the overriding language exempting resident seniors from needing to buy a hunting or fishing license, the language describing their fee as one-half price has had no impact. Also, because relatively few nonresidents purchase fishing licenses during the winter months, that error has had little effect to this point. Nonetheless, the department believes it is highly important to approve this legislation before large numbers of nonresidents begin visiting the state during fishing season. Consequently, the department asks that one amendment be made to SB 148, to specify that it would be effective upon publication in the Kansas Register. By doing so, the department believes SB 148 would restore the original intent of the 2000 Legislature.

*House Environment
3-1-01
Attachment 1*



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SENATE BILL NO. 87

**Testimony Provided to
House Committee on Environment
March 1, 2001**

Senate Bill No. 87 would amend current furharvester license requirements so that a person may attest to possession of a valid furharvester education certificate at the time of purchase of a furharvester license. Any person born after July 1, 1966 is required to complete furharvester education in order to furharvest in this state. An Attorney General's Opinion released in January 2000 addressed language in the hunter education requirement similar to the current furharvester law, and stated that the law would require the hunting license buyer to physically produce the actual hunter education certificate at the time of purchase of a hunting license. HB 2103, passed during the 2000 Legislative Session, amended the law to explicitly allow a person to attest to completion of hunter education when purchasing a hunting license. SB 87 would do the same for furharvester licenses.

As with hunting licenses, the department has allowed individuals to attest to completion of furharvester education for several years, and the practice has come into question largely because of the A.G. Opinion. The department supports SB 87 for a number of reasons. First, the department believes it is inappropriate to require private vendors to enforce the state law in this instance by refusing to sell a furharvester license to an individual. We have concerns about what, if any, action would be appropriate if the department discovered that a vendor had sold a license without the furharvester education certificate being shown. Instead, the department believes responsibility for checking furharvester education compliance should rest with department employees, in the same manner as with furharvester licenses and other required issuances of the department.

Also, allowing a person to attest to completion of furharvester education would enable the sale of furharvester licenses over the phone or over the internet. Thus, SB 87 would be consistent with the department's efforts to remove unnecessary barriers from participation in the sport of furharvesting.

Perhaps most important, SB 87 would make furharvesting law consistent with the hunter education law as approved by the Legislature during the 2000 Session. Both hunting and furharvesting have consistently been shown to be very safe sports, and compliance rates for education requirements are consistent with the compliance rates for other department rules and regulations. Therefore, we respectfully request approval of SB 87.

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*House Environment
3-1-01
Attachment 2*



STATE OF KANSAS
DEPARTMENT OF WILDLIFE & PARKS

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SENATE BILL NO. 86

**Testimony Provided to
House Committee on Environment
March 1, 2001**

Senate Bill No. 86 would increase the late payment fee for state park permits from \$5 to \$15. This bill was introduced at the request of the Kansas Department of Wildlife and Parks, and is supported by the department.

Although most state park patrons purchase the required permit to use our parks, thus contributing to the parks operations, a few do attempt to cheat the user-fee system. Under current law, a person who is cited for failure to purchase a required state park permit has the opportunity to pay the price of the missing permit and a \$5 late payment fee within 24 hours of the violation notice. By doing so, that person is legally excused from the violation, and may not be convicted for failure obtain the park permit. Unfortunately, it appears that a growing number of people are viewing the \$5 late payment fee as an opportunity, rather than a deterrent. In other words, they are willing to risk not buying required park permits, knowing that they would owe only an additional \$5 if caught. This leads to additional time and resources spent in monitoring park permit violations, as well as in collection of the late payment fees.

An additional, related frustration exists when the department turns in accumulated park permit violations to a county prosecutor. In certain instances, county attorneys are unwilling to prosecute violations so unimportant that a person can avoid penalty by payment of a \$5 fee. When this occurs, no enforcement threat exists to ensure that park permits are obtained, as required by law. Although no set amount would always convince a county attorney to take seriously a citation for failure to purchase a park permit, we believe a higher late payment fee may help.

By increasing the late payment fee to \$15, the department hopes that the fee serves as a more effective deterrence, and park users would obtain the required park permits without being cited for a violation. In addition, the higher fee may help ensure that, in the worst case scenario, real threat of prosecution would exist. Consequently, the department respectfully requests that the Committee support SB 86.

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*House Environment
3-1-01
Attachment 3*

STATE OF KANSAS

BILL GRAVES, GOVERNOR

Jamie Clover Adams, Secretary of Agriculture
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Topeka, Kansas 66612-1280
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KANSAS DEPARTMENT OF AGRICULTURE

House Environment Committee

March 1, 2001

Written Testimony Regarding SB 37

Kansas Department of Agriculture

Good afternoon Chairman Freeborn and members of the committee. Thank you for accepting the Kansas Department of Agriculture's written testimony as you consider Senate Bill 37. KDA supports SB 37 because it will protect the state's waters from further pollution and because it provides an opportunity for ethanol to become the oxygenate of choice, which will increase domestic marketing opportunities for Kansas corn and grain sorghum.

Environmental Impact of MTBE

Much has been said and written about the prevalence of MTBE in our nation's waters, including Kansas waters. You heard from the Kansas Department of Health and Environment (KDHE) during the 2000 session that MTBE has been a chemical of concern for underground storage tank sites since 1991. KDHE analytical data from 818 sites reveal that MTBE contamination was present at 88 percent of the sites. They also report that MTBE plumes move much faster in groundwater than other gasoline constituents. In addition, in late 1999, an EPA blue ribbon panel recommended the phase-out of MTBE in the nation's fuel supply because of environmental concerns.

As you know, KDA routinely tests motor fuel quality in retail channels under the Kansas Weights and Measures Law. KDA tests approximately 2,000 motor fuel samples per year. These samples are analyzed for oxygenates, including MTBE. Between 1996 and February 1999, 34 percent of these samples contained MTBE, with a detection rate ranging from 0.1 to 15.4 volume percentage. While this bill places enforcement authority with KDHE, KDA will continue to provide KDHE with retail sample results to supplement any sampling done at the terminal to enforce the proposed MTBE prohibition.

Ethanol — Fuel Additive of Choice

Removing MTBE as an approved fuel additive enhances environmental protection and provides an opportunity for agriculture. For the past decade, ethanol has served well as the oxygenate of choice in certain parts of the United States, including Chicago and Milwaukee.

During calendar year 1999, Governor Graves served as chairman of the 23-state Governors' Ethanol Coalition (GEC). In October 1999, the GEC completed a study, *The Fate and Transport of Ethanol-Blended Gasoline in the Environment*, that clearly shows ethanol's environmental friendliness. The study concludes that:

- Because biodegradability decreases with increased chemical branching, highly branched oxygenated organic compounds, including MTBE, will have a higher residence time in the environment. In contrast, the structural characteristics of ethanol favor rapid biodegradation.
- Microorganisms capable of metabolizing ethanol are widely distributed in the environment and relatively rapid rates of ethanol biodegradation have been measured under aerobic and anaerobic conditions.
- Ethanol is a short-lived compound in surface waters and subsurface aquifers.

One of the primary purposes of this study was to include its results in a package submitted by the GEC to California state officials so that as Governor Gray Davis' phase-out of MTBE proceeded opportunities for ethanol use in California could expand. KDA staff represented Governor Graves in presenting this, and other information from the GEC, at the California Energy Commission hearings in Sacramento in November 1999. In January 2000, the California Environmental Policy Council gave ethanol a clean bill of health for the environment. Unfortunately, over the past year efforts to bring ethanol to the California market have not moved as quickly as KDA would have liked.

The California gasoline market holds the potential for using over 200 million bushels of feed grains for ethanol production, which some economists estimate could raise the price of corn by as much as 20 cents per bushel. Gasoline marketers in the northeastern United States have started to substitute ethanol for MTBE with similar market opportunities available for expanded ethanol use.

EPA Waiver

We respectfully ask the Committee to carefully consider Section 1(j), which delays implementation of SB 37 until the Environmental Protection Agency (EPA) grants Kansas a waiver to control or prohibit MTBE. We would submit that the State of Kansas does not have to wait for action by EPA on this matter. The Clean Air Act requires motor vehicle fuel refiners to add an oxygenate to the fuel to improve air quality in nonattainment areas. Kansas does not have nonattainment areas nor does the Clean Air Act require the use of MTBE to meet its oxygenate standard. As we have outlined above, there are other options, namely ethanol.

Conclusion

The Kansas Department of Agriculture supports protection of the state's waters as well as creating increased opportunities for ethanol. Therefore, we support the passage of Senate Bill 37.



WRITTEN STATEMENT

TO: — Kansas House Environment Committee
FROM: Greg Krissek, Director of Operations
DATE: March 1, 2001
SUBJECT: Senate Bill No. 37

The Kansas Corn Growers Association and Kansas Grain Sorghum Producers wish to submit this testimony in support of S.B. 37, a bill that would eliminate the use of MTBE in Kansas. The U.S. Geological Survey reports that MTBE has been detected in 27 percent of urban wells nationwide. Indeed, MTBE is now the second most commonly found chemical in groundwater, behind only chloroform. Leaking underground storage tanks, spills at the land surface (often the result of car wrecks), urban runoff, and motor watercraft are sources of MTBE water contamination. One gallon of MTBE is enough to pollute 26 million gallons of water. MTBE has a very unpleasant odor and taste that can be detected in water at extremely low concentrations. And the fact is that we currently have groundwater detections of MTBE in Kansas. The petroleum industry will dismiss MTBE as a non-issue because it isn't really used much in Kansas or because the feds will deal with the issue. Experience in other states would indicate that a failing storage tank leaking fuel with MTBE is a concern, regardless of the prominence in sales. And to date, while there are several MTBE ban bills proposed at the federal level, none are certain. The MTBE industry used that excuse last year to convince the Kansas House of Representatives that it was inappropriate to act at the state level. They were wrong then...and they still are.

The notion that petroleum marketers would not be able to get product if this bill becomes law is ludicrous. At one point they tell us it isn't used in Kansas, then they suggest that mom and pop fuel retailers will be driven out of business in rural Kansas. We would support a transfer of penalties from fuel retailers to those that supply the fuel to them. It seems only logical to place the burden of compliance on those that can make it happen.

We support the reinstatement of the labeling language deleted in section 1 (d). We do suggest that the 0.5% volume level described under (b) should be substituted for the detection limit language used in the

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Attachment 5*

original bill. The same industry that has supported the labeling of ethanol-blended fuels at the pump for decades now believes that it is inappropriate because “suppliers frown upon decals on gas pumps”. They have even suggested that it might violate contracts. No, I am not an environmental attorney, but my general legal education leads me to doubt if there a contract exists between a convenience store and a fuel supplier that preempts the authority of the state on pump labeling issues. This is a joke at best, an insult at worst.

The petroleum lobby has continued to raise the issue of whether an EPA waiver is required to ban the sale of MTBE in Kansas. It should be noted that there is no area of Kansas that currently requires the use of reformulated gasoline. That is a key difference between Kansas and California, New York or even the City of Chicago. Also, I am a little disappointed that those that oppose this bill and continue to raise the issue of a federal waiver apparently do not believe they need to conduct the research to determine the answer to this issue. According to our research, there is only one federal limit of the state’s regulation of MTBE. It is found at section 211(c)(4) of the Clean Air Act and it only limits the ability of states to regulate fuel components or characteristics for the purpose of controlling motor vehicle emissions. Also, there are only two federal fuel regulations that relate to MTBE. The reformulated gasoline regulations under section 211(k), found at 40 CFR Part 80, simply define parameters on the content of oxygenates in fuels, and do not specifically regulate MTBE. The second regulation deals with guidance on the definition of “substantially similar” in regards to fuel additives and with its limit of the oxygen content of fuels that are oxygenated with MTBE (56 Fed. Reg. 5352 (February 11, 1991)). A preemption of the state does not exist when the issue is not reformulated gasoline or emission controls, as is the case with SB 37.

I would be remiss not to mention that ethanol, MTBEs main competition in the oxygenate market, is a domestically produced, renewable resource made from corn, grain sorghum and other agricultural feedstocks. It provides the clean air benefits of oxygen, without the negative environmental and health effects of petroleum-based MTBE. The State of California, the hotbed of MTBE controversy, confirmed last year that ethanol does not have negative environmental issues associated with its distribution and use. Replacing MTBE with ethanol is good for farmers, good for consumers, good for the environment and good for Kansas.



PUBLIC POLICY STATEMENT

HOUSE COMMITTEE ON ENVIRONMENT

**RE: SB 37 – Prohibits sales of motor-vehicle fuel
containing MTBE.**

**March 1, 2001
Topeka, Kansas**

**Presented by:
Bill R. Fuller, Associate Director
Public Policy Division
Kansas Farm Bureau**

Madam Chair Freeborn and members of the House Committee on Environment, we certainly appreciate this opportunity to express Kansas Farm Bureau support for SB 37. The bill prohibits sales in Kansas of motor-vehicle fuel containing methyl tertiary-butyl ether (MTBE).

My name is Bill Fuller. I serve as the Associate Director of the Public Policy Division for Kansas Farm Bureau.

Farm Bureau support for SB 37 is based on the commitment of our farm and ranch members to protect water quality and the desire of grain producers to increase the utilization of ethanol.

Kansas Farm Bureau member-adopted policy encourages additional efforts to prevent contamination of groundwater and surface water in Kansas. KFB policy contains statements calling for protecting, enhancing, improving and protecting water quality.

News reports have identified MTBE as a pollutant present in several groundwater sources in Kansas. MTBE is an octane enhancer and is used to make gasoline burn cleaner and produce less air pollution. It is very soluble in water and has been found in soil and groundwater near leaking storage tanks.

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Attachment 6*

We are fortunate that the Kansas Department of Health and Environment is ahead of many states in detecting, monitoring and developing treatment systems to remove MTBE from public water supplies. However, the fact remains that MTBE pollutes water and has contaminated groundwater at a number of sites in Kansas.

We believe Kansas has a good alternative to MTBE. The grain-rich state of Kansas produces a significant supply of ethanol. The construction of additional ethanol production plants is under consideration. This source of renewable energy protects air quality, reduces a severe water quality risk and provides another market for Kansas grain.

Record low grain prices are causing economic stress in farm country. In fact, the Chairman of the Department of Agricultural Economics at K-State recently told the House and Senate Agriculture Committees that net farm income is declining. He projected, when all the data is collected and analyzed, net farm income of Kansas Farm Management Association members would fall 29 percent to \$30,000 in 2000 from \$42,000 in 1999. Additional grain marketing opportunities will not only result in stronger grain prices for producers, but will also strengthen the Kansas economy.

The 435 farmers and ranchers serving as Voting Delegates representing the 105 county Farm Bureaus at the 82nd Annual Meeting of Kansas Farm Bureau strengthened and broadened the Farm Bureau policy resolution on "Agricultural Product Utilization:"

"We support increased efforts to develop, promote and utilize traditional and alternative products derived from the crops and livestock produced by our state's farmers and ranchers.

The increased utilization of crop-based fuels will reduce U.S. reliance on foreign oil, expand grain markets, improve air quality and protect water quality. We support consumer education, promotion efforts and tax credits to expand the production and use of crop-based alternative fuels. We encourage development of an ethanol blend that has the same octane rating as unleaded gasoline in order to improve price competition at the pump and more fully meet the needs

of all consumers All fuel marketers, including farmer cooperatives, should make ethanol blend fuel and bio-diesel available to consumers. We encourage agricultural producers to take the lead in utilizing crop-based fuels in their vehicles and machinery. Vehicles operated by the State of Kansas should utilize fuel that contains ethanol. Wherever available, machinery and equipment owned by the state should be powered with bio-diesel."

We appreciate this opportunity to express our support for SB 37 that would achieve the desirable goals of protecting water quality, increasing net farm income and strengthening the Kansas economy. We respectfully encourage the committee to approve and advance SB 37 to the full House of Representatives.

Thank you!



MEMO TO: House Environment Committee
FROM: Thomas M. Palace, Executive Director of the Petroleum Marketers and
Convenience Store Association of Kansas
DATE: March 1, 2001
RE: SB 37

Madam Chairman and members of the House Environment Committee:

I appreciate the opportunity to appear before you today to offer comments regarding SB 37.

I am the Executive Director of the Petroleum Marketers and Convenience Store Association of Kansas (PMCA), a statewide trade association that represents over 360 independent petroleum marketers and convenience stores throughout Kansas.

PMCA has a number of concerns with SB 37. They are:

Penalties

Under the penalties of the bill, a petroleum retailer or distributor could be fined up to \$10,000 if more than 0.5% of MTBE is found in a tank through the testing by the Department of Agriculture Weights and Measures Division. PMCA finds this troublesome due to the fact that a petroleum marketer sells only what is purchased at the terminal from a supplier (i.e., Phillips, Amoco etc.). The supplier determines what components make up motor fuel. The marketer is simply the selling agent. The marketer has no control as to what components make up motor fuel and yet, could be penalized because the fuel blend has too much MTBE.

Economic Impact

There is an economic impact that petroleum marketers and consumers could anticipate should this bill become law. As an example, potentially, if a marketer orders a load of product (semi-load) and the bill of lading states that the MTBE content is over the allowed limit (0.5%) he would not, by statute, be permitted to receive the load of fuel and thus be without product until another load could be delivered. In this scenario, a location could be potentially shut down for a couple of days. Also, if this should occur in a community where there is only one filling station, the entire community would suffer as well.

Quality and Quantity Testing

In 1996 the petroleum industry initiated SB 704, a bill that provides for quality and quantity testing of motor fuel. Our industry wanted to police itself to make sure that when a consumer purchased 5 gallons of gas, they were actually getting 5 gallons of gas. When testing for quality, the Weights and Measures Division tests fuel to make sure that when a consumer buys mid-grade or premium fuel, the pumps are accurate. The fiscal note to provide this service is ½ of one cent per barrel (50 gallons) paid by the marketer. The state takes in \$850,000, of which \$250,000 goes directly into the general fund, and Weights and Measures gets \$600,000 to do the testing. Realistically, due to the fact that PMCA started the testing program and is paying for it, under this bill marketers could be severely penalized, using a program that they developed.

Using the same philosophy, PMCA would suggest that the state use a portion of the money that goes into

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Attachment 7*

the State General Fund or look to the terminal owner/operator or the suppliers to pay for the testing devices that could prevent MTBE from leaving the terminal, thus avoiding the problem of petroleum marketers having more than the 0.5% amount of MTBE in their tanks,

Waiver

I understand that in section (H) of the bill, the state may need to obtain a waiver from the EPA before the state can ban MTBE. I am not an attorney, but I have heard from my colleagues in other states such that a waiver is required.

PMCA would like to offer an amendment to this bill that would relieve the petroleum marketer, and retailers, of liability from the penalties of this bill. Liability should be placed on the companies that manufacture and supply the product because petroleum distributors and retail fueling sites sell only what is given to them with no control as to whether or not that product contains MTBE.

Thank you Madam chair, I will stand for questions.

SENATE BILL No. 37

By Senator Corbin

1-16

House Environment
3-1-01
Attachment 8

AN ACT prohibiting sales of certain motor-vehicle fuel and providing penalties for violations, deliveries and importing

Be it enacted by the Legislature of the State of Kansas:

Section 1. ~~(a) No person shall sell or offer for sale in Kansas any motor-vehicle fuel, as defined in K.S.A. 79-3401, and amendments thereto, containing methyl tertiary butyl ether (MTBE), except as provided in this section.~~

~~(b) On and after July 1, 2003, no motor-vehicle fuel delivered to any service station within Kansas shall contain MTBE in quantities greater than 0.5% by volume. On and after July 1, 2004, no motor-vehicle fuels delivered at the pump to any motor-vehicle in Kansas shall contain MTBE in quantities greater than 0.5% by volume.~~

(c) ~~On and after July 1, 2003, the motor-vehicle fuel retailer~~ shall be provided, at the time of delivery of motor-vehicle fuel, on an invoice, bill of lading, shipping paper or other documentation, a declaration of the MTBE content, by volume percent, in the motor-vehicle fuel delivered.

~~(d) On and after July 1, 2002, a notice stating "THIS FUEL CONTAINS MTBE" shall be displayed on each dispenser from which motor-vehicle fuel containing MTBE in excess of the detection limit of the approved test method is sold to the public. The letters on the notice shall be at least 1/2 inch in height and 1/4 inch stroke (width of type). The notice shall be conspicuously displayed on the upper 50% of the dispenser front panel in a position clear and conspicuous from the driver's position.~~

~~(e)~~ (d) Determination of the volume percentage of MTBE in motor-vehicle fuel shall be by one or more test methods approved by the secretary of agriculture.

(f) (e) In no event shall the provisions of this section be interpreted to authorize quantities of MTBE in motor-vehicle fuels to exceed those specified in any applicable Kansas or federal statute.

(g) (f) The secretary of health and environment or the director of the division of environment, upon a finding that a person knowingly and willfully has violated this section, may impose a penalty not to exceed \$10,000 which shall constitute an actual and substantial economic deterrent to the

(a) As used in this section, terms have the meanings provided by K.S.A. 79-3401, and amendments thereto.

(b) No person shall sell or deliver to any distributor within Kansas or import into Kansas for sale in this state any motor-vehicle fuel containing methyl tertiary-butyl ether (MTBE) in quantities greater than 0.5% by volume.

The distributor



TO: Members of the House Environment Committee

FROM: Ken Peterson, executive director

DATE: March 1, 2001

RE: Senate Bill 37, legislation to ban MTBE in gasoline

I appreciate the opportunity to offer these comments on Senate Bill 37, a resurrected version of legislation (Senate Bill 469) introduced last session to ban MTBE in gasoline. The House Environment Committee last year tabled the bill.

The Kansas Petroleum Council is a trade association that represents several refiners who supply motor fuel to all parts of the state. Members include Phillips, Conoco, BP (Amoco), and Texaco.

My goal is to make this legislation as palatable as possible to our members. In light of comments by some witnesses at today's hearing, I make the following points in hopes of putting the Senate Bill 37 in perspective.

1. Senator Dave Corbin, sponsor of the bill, asked the Senate Natural Resources Committee to strike the pump labeling requirements (d) during markup. He said the labeling requirements were unneeded and expensive. The section should remain stricken in the bill.
2. An EPA waiver is necessary for Kansas to enact an MTBE ban. Senator John Vratil, a member of last year's Environment Committee, succeeded in adding the EPA waiver requirement (i) after he checked provisions of the Clean Air Act. EPA has imposed controls applicable to oxygenates for Reformulated Gasoline and conventional fuel, the type sold in Kansas.

In last year's comments to the House Environment Committee, the Kansas Department of Health and Environment said, "KDHE understands that the United States Environmental Protection Agency's (USEPA) current interpretation of section 211(c)(4) of the Federal Clean Air Act (42 USCA 7545 (c)(4) prevents States from controlling or prohibiting the use of MTBE in gasoline. According to USEPA, a waiver from this prohibition can be granted only by a formal demonstration to the USEPA that the control or prohibition is necessary to achieve a national primary or secondary ambient air quality standard. KDHE cannot testify as to whether the EPA would actively seek enforcement of this interpretation if Kansas were to implement SB 469."

Kansas Petroleum Council
Comments on Senate Bill 37
Page 2

An EPA waiver is not unprecedented in Kansas. KDHE is seeking one from the EPA to allow the introduction of a cleaner-burning fuel in the Kansas City area, a fuel that incidentally was supported by our refining members as a way of helping the metropolitan area maintain air quality standards.

3. A decision on MTBE should be a uniform and national policy. Senator Corbin said as much in the Senate Natural Resources Committee markup of his bill. He told the committee that the legislation was a way of sending a message to Washington that Kansas joins other states is demanding a national decision on a phase-out of MTBE.

Information given to the committee last year was an accurate assessment of events – that the EPA was close to a decision on the national MTBE phase-out. Election-year politics intervened between Congress and the Administration, however, and nothing happened. This year, congressional committees with jurisdiction over MTBE and the oxygenate mandate have made a decision their first priority. So the debate continues. Discussions and decisions about MTBE are going on right now within the refining industry as well. Kansas should not make itself an island, but instead should wait until a decision on MTBE is made at the national level.

Thank you for your attention to our comments on Senate Bill 37.

Underground and Aboveground Storage Tank Release Trust Fund Overview

Chairperson Freeborn and members of the Environment Committee, I am pleased to appear before you today to provide an overview of the Storage Tank reimbursement funds.

The federal Environmental Protection Agency (EPA) passed regulations affecting underground storage tanks (USTs) in December of 1988 which included the requirement for owners and operators of underground tanks to obtain pollution liability insurance. The Kansas Storage Tank Act created the reimbursement fund for underground tanks to satisfy that requirement. The provisions for the third party insurance coverage were assigned to a program within the Insurance Department. The act was amended in 1992 to include a reimbursement fund for aboveground tanks.

In addition to satisfying insurance requirements the funds provide real financial relief to tank owners for the cost of corrective action at their sites. The funds reimburse applicants for approved costs of remedial action after payment of the appropriate deductible. Since the inception of the funds, owners of about 1900 sites have participated in the underground and aboveground funds with an average of 9 new sites being added each month.

The funds as established required that competitive bidding be used as a cost control measure. Although those provisions were initially difficult to employ the results have been very effective. I have included copies of the Underground and Aboveground funds annual reports to provide background information about the program performance.

The funding for this assistance program is collected as a one cent per gallon fee on all petroleum products sold within the state. The provisions of the statute prevent the program from collecting excessive fees by turning the fee off when both funds reach their maximum. The fees are not collected until the unencumbered balance in the UST fund falls below \$2,000,000 or the AST fund falls below \$500,000. Collection of the fee continues until the balance of the UST fund reaches \$5,000,000 and the AST fund reaches \$1,500,000.

Although this program costs tax payers a penny per gallon at the pump, the program as established allows KDHE to take the actions necessary to protect the public. Our recent experience with MtBE provides a reminder of the advantage of the reimbursement funds over an insurance program. KDHE was able to respond to MtBE contamination in wells even though there was no regulatory mandate to do so. An insurance provider would have first determine if their insured is responsible for the incident and then the response would have been limited to that which was required by the law.

Without this assistance program many of the petroleum marketing facilities will be unable to by the insurance to remain in business.

Additionally, the UST fund provides about \$100,000 per year to match a federal Leaking Underground Storage Tank (LUST) grant. Without the fund, state general funds would be needed for matching funds.

I thank you for the opportunity to appear before the Environment Committee and will gladly stand for questions the committee may have on this topic.

*House Environment
3-1-01
Attachment 10*

**KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
DIVISION OF ENVIRONMENT
BUREAU OF ENVIRONMENTAL REMEDIATION
STORAGE TANK SECTION**

**ANNUAL REPORT OF
UST FUND ACTIVITIES TO THE LEGISLATURE
DURING FISCAL YEAR 2000**

Pursuant to the requirements of K.S.A. 65-34,121.

*House Environment
3-1-01
Attachment II*

This report is submitted in accordance with **K.S.A. 65-34,121. Annual report to governor and legislature.** On or before the first day of the regular session of the legislature in each year, the secretary shall prepare and submit a report to the governor and to the chairperson, vice-chairperson and ranking minority member of the standing committees on the energy and natural resources of the house of representatives and the senate regarding the receipts and disbursements from the underground fund and the aboveground fund during the preceding fiscal year, indicating the extent of the corrective action taken under this act.

During fiscal year 2000, the average number of new applications received by the UST Fund has increased to 9.00 sites per month as compared to the previous year average of 8.91 per month. The volume of applications for assistance was expected to decline slowly during the future, since all active underground storage tanks (USTs) were required to be upgraded during fiscal year 1999. Owners and operators of existing USTs were required to comply with spill, overfill and corrosion protection requirements by December 22, 1998 if their USTs were going to remain in service. Although upgraded tanks can still leak, the frequency and size of those releases should be decreasing. Several hundred USTs were taken out of service prior to the upgrade deadline and environmental assessments were performed. Numerous releases were discovered during the removal of those tanks and more are expected as owners continue to permanently abandon use of out of service tanks.

The department continues to use the site priority ranking system to focus remedial efforts on those sites which pose the greatest risks to the general public. Immediately after approval for inclusion into the program, sites are ranked to determine which sites need immediate action. The primary objective of the ranking system is to expedite remedial activities at sites where public health or water supplies are threatened. The department continues to work on risk based corrective action (RBCA) procedures which establish remedial levels based on the risk a site poses to the public rather than using one numeric action level for all sites. The risk based remedial system will result in the cleanup levels varying from site to site. While such procedures might delay remedial activities at low risk sites, they help preserve the financial solvency of the Kansas UST fund.

Effort continued to improve the technology utilized by the consulting firms performing UST fund clean-ups. Previously, many firms proposed the use of pump and treat technologies to remediate sites. Because pump and treat systems are very time consuming, expensive, and labor intensive to maintain, KDHE has encouraged the use of more effective clean-up processes. Vacuum extraction and air sparging systems are proving to be the most cost effective technologies for most sites. Groundwater treatment systems are limited to sites where water must be treated for public consumption. Pump and treat technology commonly require 10 years or more of active remedial action to accomplish a site clean-up, where vacuum extraction and air sparging systems clean-up soil and groundwater in about half the time with less expense. These newer technologies remediate soil and groundwater in place.

The UST fund, as enacted by the Kansas Legislature (Session of 1989), requires competitive bidding to establish reimbursement limits prior to the work being performed. Implementation of the bidding required considerable effort to develop and implement; however the bidding process is presently working very effectively. Due to the technical nature of the activities, few tank owners are able to prepare the bid documents needed to obtain three competitive bids for site investigation and remediation. The department developed pre-approved work-plans for each phase of corrective action needed to complete site remediation. These scopes of work are adapted for individual sites which reduce the overall level of effort required to bid each site.

Although the UST fund is operating very effectively at the present time, the large number of sites continue to pose a potential long term financial risk to the fund. Care must be taken to continue the priority ranking system in conjunction with the bidding process to maintain a strong program. As indicated in the attached UST fund balance information, KDHE encumbers funds for remedial activities as the work is approved. This process insures that when invoices are submitted, funds are available to provide timely reimbursements. The Kansas UST fund is continuing to operate well within the budget constraints established by the legislation. During FY 2000, the processing of most reimbursement requests were performed in less than four weeks.

The second attachment indicates the FY 2000 UST fund activities. It reflects that the number of sites being remediated continues to increase at a steady pace. Previously, several consulting firms who were awarded numerous bids were then unable to complete the work in a timely fashion. This problem prompted the agency to carefully track the activities of each consultant to insure that problems of this type do not recur. Compliance with deadlines are now tracked to prevent firms from continuing to accept new bids when existing work is not being completed. In order to limit cost, KDHE is careful not to approve unneeded remedial action. As shown by the statistics, a large percentage of sites are being monitored.

The Kansas Storage Tank Program earned national recognition for work performed in relation to the fuel oxygenates Methyl Tertiary Butyl Ether (MTBE) and Ethanol. The Kansas program has been proactive in monitoring and remediating these additives since 1991. Recent national interest in fuel oxygenates has prompted several requests, by leading institutions, for Kansas to share program information. Currently, the Kansas program is acknowledged as the leader in remedial efforts and data acquisition for these compounds. Staff have attended several national meetings to share this information. Currently over 90 sites with MTBE contamination are being remediated by the storage tank program.

**STATE OF KANSAS
UNDERGROUND PETROLEUM STORAGE TANK
RELEASE TRUST FUND**

Statement of:
Receipts, Disbursements
and Fund Balance
for period July 1, 1999
through June 30, 2000

RECEIPTS:

Fees	\$8,108,514.65	
Fines	\$22,672.50	
Interest	\$1,377,581.85	
Recovery of Current Year Expenditures	\$0.00	
Recovery of Prior Year Expenditures	\$0.00	
Excess Earnings from the Plan*	\$674,537.00	
Misc Other Receipts	<u>\$12,803.22</u>	
 Total Receipts		 \$10,196,109.22

DISBURSEMENTS (Schedule #1)

To Owner/Operators, Current Year Obligations	\$1,866,390.28	
To Owner/Operators, On Prior Year Obligations	\$5,018,497.22	
Salaries and Benefits	\$1,279,067.41	
Other State Operations	<u>\$365,994.64</u>	
 Total Disbursements		 \$8,529,949.55
 Total Receipts over Disbursements		 <u><u>\$1,666,159.67</u></u>

FUND BALANCE:

Beginning Fund Balance July 1, 1999 Unreserved	\$1,714,371.17	
Prior Year Outstanding Firm Encumbrance	<u>\$20,756,624.94</u>	
Beginning Fund Balance July 1, 1999 Unreserved	<u>\$22,470,996.11</u>	
Receipts over Disbursements	\$1,666,159.67	
 Ending Fund Balance June 30, 2000	 \$24,137,155.78	
Reserve for Encumbrances (Firm)	\$17,528,581.06	
 Ending Fund Balance, Unreserved, June 30, 2000		 \$6,608,574.72

* Third party Insurance Plan administered through Kansas Insurance Department

**STATE OF KANSAS
UNDERGROUND PETROLEUM STORAGE TANK
RELEASE TRUST FUND**

Schedule #1
Disbursements
for period July 1, 1999
through June 30, 2000

DISBURSEMENTS:

General Management

Office of the Secretary

Salaries and Benefits	\$0.00	
Other State Operations	\$0.00	
Total		\$0.00

Internal Management (formerly Accounting Services)

Salaries and Benefits	\$0.00	
Other State Operations	\$0.00	
Total		\$0.00

Legal Services

Salaries and Benefits	\$51,144.91	
Other State Operations	\$0.00	
Total		\$51,144.91

Information Services

Salaries and Benefits	\$0.00	
Other State Operations		
Total		\$0.00

Division of Environment

Bureau of Environmental Remediation

Salaries and Benefits	\$985,279.58	
Other State Operations	\$200,752.93	
Total		\$1,186,032.51

Bureau of Environmental Field Services (formerly District operations)

Salaries and Benefits	\$242,642.92	
Other State Operations	\$112,633.32	
Total		\$355,276.24

Health and Environmental Lab

Salaries and Benefits	\$0.00	
Other State Operations	\$52,608.39	
Total		\$52,608.39

Total Operational Disbursements:

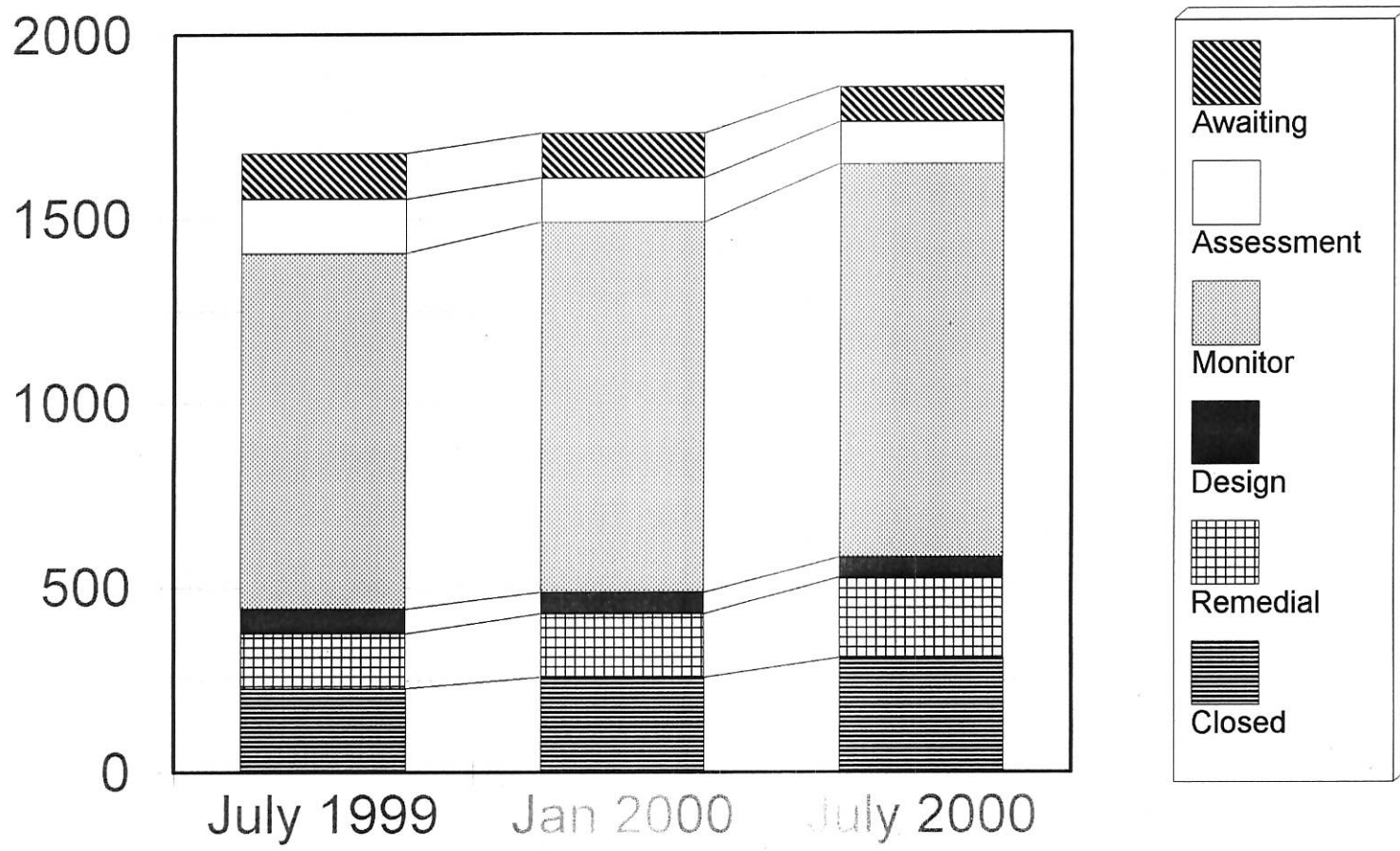
Reimbursements for Corrective Action:

Current Year Obligations	\$1,866,390.28	
Prior Year Obligations	\$5,018,497.22	
Total Reimbursements for Corrective Action		\$6,884,887.50

TOTAL DISBURSEMENTS

\$8,529,949.55

UNDERGROUND STORAGE TANK TRUST FUND 2000 PROGRAM ACTIVITIES



**KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
DIVISION OF ENVIRONMENT
BUREAU OF ENVIRONMENTAL REMEDIATION
STORAGE TANK SECTION**

**ANNUAL REPORT OF
AST FUND ACTIVITIES TO THE LEGISLATURE
DURING FISCAL YEAR 2000**

Pursuant to the requirements of K.S.A. 65-34,121.

*House Environment
3-1-01
Attachment 12*

This report is submitted in accordance with **K.S.A. 65-34,121. Annual report to governor and legislature.** On or before the first day of the regular session of the legislature in each year, the secretary shall prepare and submit a report to the governor and to the chairperson, vice-chairperson and ranking minority member of the standing committees on the energy and natural resources of the house of representatives and the senate regarding the receipts and disbursements from the underground fund and the aboveground fund during the preceding fiscal year, indicating the extent of the corrective action taken under this act.

The number of applications received by the Aboveground Storage Tank (AST) Fund remained low during FY 2000. No federal mandate is in place to encourage owners of ASTs to upgrade their facilities and perform routine testing. Due to the similarity of the Underground Storage Tank (UST) program and the fact that many AST sites are adjacent to UST sites, the two storage reimbursement programs are operated by the same section.

The department continues to use the site priority ranking system to focus remedial efforts on those sites which pose the greatest risks to the general public. The primary objective of the ranking system is to expedite remedial activities at sites where public health or water supplies are threatened. The department continues to work toward establishing remedial levels based on the risk a site poses to the public rather than using one numeric action level for all sites.

Efforts to improve the technology utilized by the consulting firms performing AST fund clean-ups has been effective during recent years. In the past the majority of remediation firms proposed the use of pump and treat technologies to remediate sites. Recently vacuum extraction and air sparging systems are proving to be the most cost effective technologies for most sites. Groundwater treatment systems are limited to sites where water must be treated for public consumption. The newer remedial technologies treat soil and groundwater in place with less time and expense.

The AST fund, as enacted by the Kansas Legislature (Session of 1992), requires competitive bidding to establish reimbursement limits prior to the work being performed. Due to the technical nature of the activities, the department developed a bidding assistance program to help owners obtain the required bids for site investigation and remediation. The bidding program required considerable effort to develop and implement; however the process is presently working very effectively.

Although the AST fund is operating very effectively at the present time and the number of sites being addressed remain low, KDHE operates the fund under the same guidance as the UST fund to avoid inconsistent handling of sites and wasted resources. Funds are encumbered as the work is approved to insure that money is available to provide timely reimbursements when invoices are submitted. During FY 2000, the processing of reimbursement requests were performed in an average time of four weeks.

The attached chart indicates the AST fund activities for FY 2000 and reflects an increased number of sites being remediated. Although limited applications have been made for assistance to the AST fund, the priority ranking system being used focuses staff activities toward the sites which pose the highest risk to the public while conserving program resources. In order to conserve tax payer's resources, sites where low environmental and health risks exists are placed on a long term monitoring program, rather than being actively remediated using expensive technologies. As a result the statistics indicate a large percentage of sites are presently being monitored and the overall program costs have remained low.

STATE OF KANSAS
ABOVEGROUND PETROLEUM STORAGE TANK
RELEASE TRUST FUND

Statement of:
Receipts, Disbursements
and Fund Balance
for period July 1, 1999
through June 30, 2000

RECEIPTS:

Fees	\$0.00
Fines	\$0.00
Interest	\$203,735.35
Recovery of Current Year Expenditures	\$0.00
Recovery of Prior Year Expenditures	<u>\$0.00</u>
Total Receipts	\$203,735.35

DISBURSEMENTS (Schedule #1)

To Owner/Operators, Current Year Obligations	\$353,625.44
To Owner/Operators, On Prior Year Obligations	\$447,162.53
Salaries and Benefits	\$90,880.66
Other State Operations	<u>\$28,058.27</u>
Total Disbursements	\$919,726.90
Total Receipts over Disbursements	<u>(\$715,991.55)</u>

FUND BALANCE:

Beginning Fund Balance July 1, 1999 Unreserved	\$2,555,196.59
Prior Year Outstanding Firm Encumbrance	<u>\$1,438,281.57</u>
Beginning Fund Balance July 1, 1999 Unreserved	\$3,993,478.16
Receipts over Disbursements	(\$715,991.55)
Ending Fund Balance June 30, 2000	\$3,277,486.61
Reserve for Encumbrances (Firm)	\$1,466,144.10
Ending Fund Balance, Unreserved, June 30, 2000	\$1,811,342.51

**STATE OF KANSAS
ABOVEGROUND PETROLEUM STORAGE TANK
RELEASE TRUST FUND**

Schedule #1
Disbursements
for period July 1, 1999
through June 30, 2000

DISBURSEMENTS:

General Management

Office of the Secretary

Salaries and Benefits	\$0.00	
Other State Operations	\$0.00	
Total		\$0.00

Internal Management (formerly Accounting Services)

Salaries and Benefits	\$0.00	
Other State Operations	\$0.00	
Total		\$0.00

Legal Services

Salaries and Benefits	\$5,739.22	
Other State Operations	\$0.00	
Total		\$5,739.22

Information Services

Salaries and Benefits	\$0.00	
Other State Operations	\$0.00	
Total		\$0.00

Division of Environment

Bureau of Environmental Remediation

Salaries and Benefits	\$54,312.43	
Other State Operations	\$13,875.49	
Total		\$68,187.92

Bureau of Environmental Field Services (formerly District operations)

Salaries and Benefits	\$30,829.01	
Other State Operations	\$8,770.61	
Total		\$39,599.62

Health and Environmental Lab

Salaries and Benefits	\$0.00	
Other State Operations	\$5,412.17	
Total		\$5,412.17

Total Operational Disbursements:

Reimbursements for Corrective Action:

Current Year Obligations	\$353,625.44	
Prior Year Obligations	\$447,162.53	
Total Reimbursements for Corrective Action		\$800,787.97

TOTAL DISBURSEMENTS		\$919,726.90
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ABOVE GROUND STORAGE TANK TRUST FUND 2000 PROGRAM ACTIVITIES

