

SESSION OF 2025

SUPPLEMENTAL NOTE ON SENATE BILL NO. 184

As Amended by Senate Committee on
Agriculture and Natural Resources

Brief*

SB 184, as amended, would amend the Kansas Drycleaner Environmental Response Act (Act) to modify certain fees and penalties for violation of the Act.

[*Note:* The Act is administered by the Bureau of Environmental Remediation of the Kansas Department of Health and Environment (KDHE) which addresses facility registration, pollution, and soil and groundwater contamination at retail drycleaning facilities. The Act was passed by the 1995 Legislature.]

Drycleaning Facility Release Trust Fund Information and Advertisement

The bill would state that nothing should be interpreted to prevent KDHE from sharing information or advertising the Drycleaning Facility Release Trust Fund (Fund) or from responding to complaints or related information that the agency may obtain that indicates a problem with water quality or other human health concerns related to drycleaning facilities.

[*Note:* The Fund requires payment of a deductible, but covers the cost of qualified environmental cleanups, up to \$5.0 million.]

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

Payment of Costs of Corrective Action

The bill would clarify that whenever a release poses a threat to human health or the environment, KDHE will expend moneys available in the Fund to provide for the payment of costs of corrective action conducted by KDHE or other entities that have received approval by KDHE to conduct the corrective action, as set out in a corrective action plan.

Deductible

The bill would require, on and after July 1, 2025, any owner or other person applying for reimbursement from the fund the Fund for costs incurred or anticipated to be incurred for performing corrective actions to submit a \$10,000 deductible due with submission of an application to KDHE. [Note: The current deductible is \$5,000.]

Environmental Surcharge Rate

Under continuing law, an environmental surcharge is imposed in the form of a gross receipts tax for the privilege of engaging in the business of laundering and drycleaning garments and other household fabrics in the state. The bill would increase the surcharge from 2.5 percent to 5.0 percent.

The bill would require the Secretary of Revenue to report any delinquency in paying the tax to the Secretary of Health and Environment (Secretary) at least once per calendar year.

The bill would authorize the Secretary, or the Director of the Division of Environment (Director), to collect any delinquent taxes assessed pursuant to the Act, including any interest or penalty assessed, upon issuing an order requiring payment of the amount due.

Violations and Penalties

Upon a finding that a person has violated the Act regarding the tax payments or acquisition of drycleaning solvent by any owner of a drycleaning facility, the bill would authorize the Secretary or Director to impose a penalty, in addition to any other penalty provided by law.

The penalty could not exceed \$10,000 per violation; the bill would require the penalty to constitute an actual and substantial economic deterrent to the violation for which it is assessed. In the case of a continuing violation, every month that the violation continues would be deemed a separate violation.

Technical and Conforming Amendments

The bill would also make technical and conforming amendments.

Background

The bill was introduced by the Senate Committee on Agriculture and Natural Resources at the request of Senator Peck on behalf of the Kansas Department of Health and Environment (KDHE).

Senate Committee on Agriculture and Natural Resources

In the Senate Committee hearing, **proponent** testimony was provided by the Deputy Director of Environment, KDHE, who stated the agency has a list of 198 drycleaning sites in the Fund that must be addressed. The Deputy Director stated that since 2007, Fund revenue has dropped from around \$1.4 million to below \$800,000. The recent average annual revenue was approximately \$695,000, which results in less funding available for site clean-ups.

No other testimony was provided.

The Senate Committee amended the bill to:

- Restore law regarding a fine for every violation that was proposed to be deleted by the bill, as introduced;
- Restore law regarding a prohibition on KDHE seeking contaminated sites and add clarifying language regarding what information the agency may share;
- Clarify the Secretary's and Director's role in the collection of taxes assessed pursuant to the Act; and
- Clarify language regarding payment of corrective actions.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, KDHE and the Department of Revenue state enactment of the bill would increase annual revenue to the Drycleaning Facility Release Trust Fund by \$613,000 to \$710,000 beginning in FY 2026. The bill would increase the environmental surcharge in the form of a gross receipts tax for the privilege of engaging in the business of laundering and drycleaning garments and other household fabrics from 2.5 percent to 5.0 percent. The deductible for corrective actions would also increase, from \$5,000 to \$10,000. Revenues would be deposited to the Drycleaning Facility Release Trust Fund and there would be no impact the State General Fund.

KDHE states enactment of the bill would result in an overall net zero fiscal effect for the agency. The agency reports that program expenditures are based on actual revenues and are used to address the numerous backlog

sites needing assessment, remediation, and monitoring. KDHE states that revenue would be used for site-related costs for addressing environmental contamination, compliance inspections, registering operating facilities, and normal program administration.

The Department of Revenue anticipates increased expenditures related to implementation of the bill would total \$11,258, including administrative costs of \$3,258 and management report expenses of \$8,000 (for 160 hours).

Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2026 Governor's Budget Report*.

Kansas Drycleaner Environmental Response Act; deductible; corrective actions; environmental surcharge rate; solvent fee; delinquency penalty