

HOUSE BILL No. 2525

AN ACT concerning the department of health and environment; relating to fees established for the regulation of wastewater treatment facilities, water wells and underground injection control wells; providing for additional sources of revenue for the water program management fund; authorizing the secretary of health and environment to establish additional fees for the regulation of underground injection control wells; amending K.S.A. 65-166b, 65-4514 and 82a-1206 and K.S.A. 2023 Supp. 55-1,117 and repealing the existing sections.

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

Section 1. K.S.A. 2023 Supp. 55-1,117 is hereby amended to read as follows: 55-1,117. (a) As used in this section; *and* K.S.A. 65-171d and ~~K.S.A.~~ 55-1,118 through 55-1,122, and amendments thereto:

(1) "Company or operator" means any form of legal entity including, but not limited to, a corporation, limited liability company and limited or general partnerships.

(2) "Secretary" means the secretary of health and environment.

(3) "Underground porosity storage" means the storage of hydrocarbons in underground, porous and permeable geological strata ~~which~~ *that* have been converted to hydrocarbon storage.

(b) For the purposes of protecting the health, safety and property of the people of the state, and preventing surface and subsurface water pollution and soil pollution detrimental to public health or to the plant, animal and aquatic life of the state, the secretary of health and environment shall adopt separate and specific rules and regulations establishing requirements, procedures and standards for the following:

(1) Salt solution mining;

(2) the safe and secure underground storage of liquid petroleum gas and hydrocarbons, other than natural gas in underground porosity storage; and

(3) the safe and secure underground storage of natural gas in bedded salt.

(c) Such rules and regulations shall include, but not be limited to:

(1) Site selection criteria;

(2) design and development criteria;

(3) operation criteria;

(4) casing requirements;

(5) monitoring and measurement requirements;

(6) safety requirements, including public notification;

(7) closure and abandonment requirements, including the financial requirements of subsection (f); and

(8) ~~long term~~ *long-term* monitoring.

(d) (1) The secretary may adopt rules and regulations establishing fees for the following services:

(A) Permitting, monitoring and inspecting salt solution mining operators;

(B) permitting, monitoring and inspecting underground storage of liquid petroleum gas and hydrocarbons, other than natural gas in underground porosity storage; and

(C) permitting, monitoring and inspecting underground storage of natural gas in bedded salt.

(2) The fees collected under this section by the secretary shall be remitted by the secretary to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the subsurface hydrocarbon storage fund.

(e) The secretary or the secretary's duly authorized representative may impose on any holder of a permit issued pursuant to this section such requirements relating to inspecting, monitoring, investigating, recording and reporting as the secretary or representative deems

necessary to administer the provisions of this section and rules and regulations adopted hereunder.

(f) Any company or operator receiving a permit under the provisions of this act shall demonstrate annually to the department of health and environment evidence, satisfactory to the department, that such permit holders have financial ability to cover the cost of closure of such permitted facility as required by the department.

(g) The secretary may enter into contracts for services from consultants and other experts for the purposes of assisting in the drafting of rules and regulations pursuant to this section.

~~(h) (1) For a period of two years from July 1, 2001, or until the rules and regulations provided for in subsection (b)(3) are adopted, the injection of working natural gas into underground storage in bedded salt is prohibited, except that cushion gas may be injected into existing underground storage in bedded salt. Natural gas currently stored in such underground storage may be extracted.~~

~~(2) Any existing underground storage of natural gas in bedded salt shall comply with the rules and regulations adopted under this section prior to the commencement of injection of working natural gas into such underground storage.~~

~~(3) Rules and regulations adopted under subsection (b)(3) shall be adopted on or before July 1, 2003.~~

(h) No hydrocarbon storage shall be allowed in any underground formation if water within the formation contains less than 5,000 milligrams per liter chlorides.

(i) (1) *The secretary shall adopt rules and regulations to establish fees for permitting, monitoring, testing, inspecting and regulating underground injection control class I wells. Such fees shall not exceed:*

(A) \$6,500 per active, hazardous waste injection well;

(B) \$4,500 per active, non-hazardous waste injection well; or

(C) \$1,000 for any hazardous or non-hazardous waste injection well in monitoring or inactive status.

(2) *The secretary shall provide for a reduction in such fees for facilities already subject to fees under subsection (d).*

(j) *The secretary shall adopt rules and regulations to establish fees for permitting, monitoring, testing, inspecting and regulating underground injection control class V wells, but in no case shall such fees be established for small-capacity, sanitary septic systems, including single family residential septic systems and non-residential septic systems that are used solely for sanitary waste. Such fees shall not exceed \$2,000 per well.*

(k) *The secretary shall remit all moneys collected from fees established in subsections (i) and (j) to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the subsurface hydrocarbon storage fund established pursuant to K.S.A. 55-1,118, and amendments thereto.*

Sec. 2. K.S.A. 65-166b is hereby amended to read as follows: 65-166b. (a) There is hereby created in the state treasury the water program management fund. The secretary shall remit to the state treasurer, in accordance with the provisions of K.S.A. 75-4215, and amendments thereto, all moneys collected or received by the secretary from the following sources:

(1) Water pollution control permit system fees imposed pursuant to K.S.A. 65-166a, and amendments thereto;

(2) *operators of water supply system and wastewater treatment facility certification fees imposed pursuant to K.S.A. 65-4513, and amendments thereto;*

(3) *water well contractor fees imposed pursuant to K.S.A. 82a-1206, and amendments thereto;*

(4) interest attributable to investment of moneys in the water program management fund;

(3)(5) gifts, grants, reimbursements or appropriations intended to be used for the purposes of the fund, but excluding federal grants and cooperative agreements; and

(4)(6) any other moneys provided by law.

Upon receipt of each such remittance, the state treasurer shall deposit in the state treasury any amount remitted pursuant to this subsection to the credit of the water program management fund.

(b) Moneys in the water program management fund shall be expended for the following purposes:

(1) Monitoring and investigating the quality of waters of the state;

(2) payment of the state's share of the clean water act matching costs, as required by the federal clean water act, 33 U.S.C. § 1256(d);

(3) payment for emergency action by the secretary as necessary or appropriate to assure that the public health or safety is not threatened whenever there is a release from a wastewater treatment facility;

(4) payment of the administrative, technical and legal costs incurred by the secretary in carrying out the provisions of K.S.A. 65-159 through 65-171y, *65-4501 through 65-4517 and 82a-1201 through 82a-1219*, and amendments thereto, including the cost of any additional employees or increased general operating costs of the department attributable therefore; and

(5) development of educational materials and programs for informing the public about water issues.

(c) Expenditures from the water program management fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary or a person designated by the secretary.

(d) On or before the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the water program management fund interest earnings based on:

(1) The average daily balance of moneys in the water program management fund for the preceding month; and

(2) the net earnings rate of the pooled money investment portfolio for the preceding month.

(e) The water program management fund shall be used for the purposes set forth in this act and for no other governmental purposes. It is the intent of the legislature that the fund shall remain intact and inviolate for the purposes set forth in this act, and moneys in the fund shall not be subject to the provisions of K.S.A. 75-3722, 75-3725a and 75-3726a, and amendments thereto.

(f) The secretary shall prepare and deliver to the legislature, on or before the first day of each regular legislative session, a report ~~which~~ *that* summarizes all expenditures from the water program management fund, fund revenues and recommendations regarding the adequacy of the fund to support necessary water program management programs.

Sec. 3. K.S.A. 65-4514 is hereby amended to read as follows: 65-4514. ~~(a)~~ The secretary shall remit all moneys received by or for the secretary from fees, charges or penalties *from the certification of operators of water supply systems and wastewater treatment facilities under the provisions of this act and the rules and regulations adopted hereunder* to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the ~~state general fund~~ *water program management fund established pursuant to K.S.A. 65-166b, and*

amendments thereto.

~~(b) On July 1, 1983, the director of accounts and reports shall transfer all moneys in the certification of operators of water supply systems and wastewater treatment facilities fee fund to the state general fund. All liabilities of the certification of operators of water supply systems and wastewater treatment facilities fee fund are hereby transferred to and imposed upon the state general fund. The certification of operators of water supply systems and wastewater treatment facilities fee fund is hereby abolished.~~

Sec. 4. K.S.A. 82a-1206 is hereby amended to read as follows: 82a-1206. (a) Every well contractor desiring to engage in the business of constructing, reconstructing or treating water wells in this state shall make initial application for a license to the secretary. Every contractor making such application shall set out such information as may be required upon forms to be adopted and furnished by the secretary. The secretary shall charge an application fee as established by rules and regulations for the filing of such initial application by a contractor, and the secretary shall not act upon any application until such application fee has been paid.

(b) All application fees and license fees collected hereunder shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state general fund. ~~On July 1, 1983, the director of accounts and reports shall transfer all moneys in the water well contractors licensing fund to the state general fund. All liabilities of the water well contractors licensing fund are hereby transferred to and imposed upon the state general fund. The water well contractors licensing fund is hereby abolished.~~ *water program management fund established pursuant to K.S.A. 65-166b, and amendments thereto.*

(c) A license to construct water wells shall be issued to any applicant if, under the standards set forth in K.S.A. 82a-1207, and amendments thereto, the secretary shall determine such applicant is qualified to conduct water well construction operations. In the granting of such licenses due regard shall be given to the interest of the state of Kansas in the protection of its underground water resources. Application fees paid hereunder shall be retained by the secretary whether such initial license is issued or denied, but if denied, the license fee shall be refunded.

(d) Applicants for licenses hereunder who are engaged in business as water well contractors in this state, if incorporated, shall submit evidence of current good standing with the registration requirements for corporations of the secretary of state.

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Sec. 5. K.S.A. 65-166b, 65-4514 and 82a-1206 and K.S.A. 2023 Supp. 55-1,117 are hereby repealed.

Sec. 6. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE _____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.