



March 12, 2020

**Memorandum:**

To: House Agriculture Committee  
From: Thomas M. Palace  
Re: Testimony Supporting SB 286

Mr. Chairman and Members of the House Agriculture Committee:

My name is Tom Palace. I am the Executive Director of the Petroleum Marketers and Convenience Store Association of Kansas (PMCA of Kansas), a statewide trade association representing over 300 independent Kansas petroleum distribution companies and convenience store owners throughout Kansas.

We stand before you as a proponent of SB 286.

Components of SB 286:

- Senate Bill 286 will extend the Kansas Underground and Aboveground Storage Tank Trust Fund that will sunset on July 1, 2024. The bill extends the fund 10 years to 2034.
- Increases the fund liability maximum from \$1,000,000 to \$2,000,000
- Kansas has one of the best UST/AST programs in the country.
- The number of existing and potential sites in the KDHE storage tank programs are evaluated regularly to ensure current and future spending is available to meet KDHE's regulatory mandates.
- The sunset date in this statute has been extended in previous Statute amendments, including 2001 and 2012. KDHE can confidently predict a need to extend the program through at least 2034.
- A higher maximum cap for reimbursement of clean-up costs is needed because the installation, implementation and maintenance of remedial systems cost significantly more than it did 20 years ago.
- Sites that were easier to clean up have been addressed. Of the sites that remain, much of the soil and groundwater contamination is in complex geology, which increases the overall cost of a site cleanup.
- The current number of sites that will be affected by the \$1M increase is less than 10.

The Kansas Underground and Aboveground Storage Tank Fund is extremely important to Kansas motor fuel distributors and retailers. The fund offers a pollution insurance policy that is vital to the petroleum industry due to pollution exclusions that are in most, if not all, insurance policies. PMCA enjoys a close working relationship with KDHE and we both have the same goal in mind...keeping Kansas environmentally safe.

**Petroleum Marketers and Convenience Store Association of Kansas**

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***Extension of the trust fund:***

The proposed amendments to the Storage Tank Act extend the life of the underground and aboveground funds. The UST fund was developed to satisfy the pollution liability insurance requirements established by the federal Environmental Protection Agency (EPA) regulations affecting underground storage tanks (USTs). 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 owners of petroleum tanks for the cost of corrective action at their facilities. The funds reimburse applicants for approved costs of remedial action after payment of the appropriate deductible. Without this mechanism to comply with the insurance requirements, many UST owners would be forced out of business.

Since the inception of the fund owners of 1,115 petroleum storage tank facilities have participated in the underground and aboveground trust fund. Averages of 25 new facilities apply for assistance each year. Currently many of the facility owners continue to rely on these reimbursement funds to pay for ongoing cleanups.

The programs operate within the established funding mechanism and have facilitated a good working relationship between the state regulatory agency and the petroleum marketers. The programs have been a success due to the very well thought out design of the statutes. The credit for that success goes to those who had the forethought to include adequate funding and provisions for cost control which allowed the agency to operate well within the established budget.

Mr. Chairman, I appreciate the opportunity to comment on SB 286 ask the committee to adopt this legislation.

Thank You