

January 24, 2024

The Honorable Ken Rahjes, Chairperson
 House Committee on Agriculture and Natural Resources
 300 SW 10th Avenue, Room 112-N
 Topeka, Kansas 66612

Dear Representative Rahjes:

SUBJECT: Fiscal Note for HB 2525 by House Committee on Agriculture and Natural Resources

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2525 is respectfully submitted to your committee.

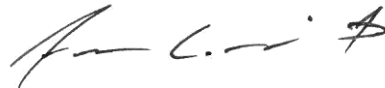
HB 2525 would amend current law relating to fees established for the regulation of wastewater treatment facilities, water wells, and underground injection control wells. The bill would provide statutory authority to the Secretary of the Kansas Department of Health and Environment (KDHE) to create and collect new fees for the permitting, monitoring, testing, inspecting, and regulating of underground injection wells through the agency's Underground Injection Control (UIC) Program. Additionally, the bill would redirect the deposit of fees collected by the Water Well Program and the Water and Wastewater Operator Certification Program from the State General Fund to the Water Program Management Fund of KDHE where they could be used for program expenditures.

Estimated State Fiscal Effect			
	FY 2024	FY 2025	FY 2026
Expenditures			
State General Fund	--	--	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	--	--
Revenues			
State General Fund	--	(\$92,000)	--
Fee Fund(s)	--	\$297,000	\$300,000
Federal Fund	--	--	--
Total Revenues	--	\$205,000	\$300,000
FTE Positions	--	--	--

KDHE estimates that the bill would increase fee fund revenue by \$297,000 in FY 2025 and \$300,000 in FY 2026 due to new fees established in the bill for the UIC Class I and Class V wells, as well as the rerouting of fees deposited in the State General Fund from the Water and Wastewater Operator Certification Program and the Water Well Program to the Water Program Management Fund. The agency also anticipates a reduction of \$92,000 in State General Fund revenues as a result of the rerouting of fees. The revenue assumption for the State General Fund is based on previous three-year average of program deposits into the State General Fund. The revenue assumption for the UIC Class I wells is based on existing permitted Class I wells in addition to the discounted fees for entities that also pay fees to the Underground Hydrocarbon Storage Program. The revenue assumption for the UIC Class V wells is based on existing permitted Class V wells and one-time environmental remediation authorizations. KDHE expenditures are not anticipated to change with the enactment of the bill, as all associated regulatory programs are existing, and the bill would not change program operations. Any fiscal effect associated with HB 2525 is not reflected in *The FY 2025 Governor's Budget Report*.

The Kansas Association of Counties estimates that the bill would not have a fiscal effect on counties. The League of Kansas Municipalities estimates that the bill could increase expenditures for cities that own an UIC Class I well.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", followed by a stylized flourish.

Adam C. Proffitt
Director of the Budget

cc: Amy Penrod, Department of Health & Environment
Wendi Stark, League of Kansas Municipalities
Jay Hall, Kansas Association of Counties