

UPDATED
SESSION OF 2021

SUPPLEMENTAL NOTE ON SENATE BILL NO. 27

As Recommended by Senate Committee on
Agriculture and Natural Resources

Brief*

SB 27 would extend the sunset dates for certain funds, an advisory board, and operators' ability to apply for funds relating to underground storage tanks (UST). The bill would also increase deductible amounts and liability and replacement limits for certain funds within the Kansas Storage Tank Act (Act) that are managed by the Kansas Department of Health and Environment (KDHE). The bill would also make technical changes.

Sunset Date Extensions

The bill would extend the following sunset dates:

- Underground Petroleum Storage Tank Release Trust Fund (Underground Fund) from July 1, 2024, to July 1, 2034;
- Aboveground Petroleum Storage Tank Release Trust Fund (Aboveground Fund) from July 1, 2024, to July 1, 2034;
- UST Redevelopment Fund Compensation Advisory Board from July 1, 2024, to July 1, 2032;

*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 <http://www.kslegislature.org>

- UST Redevelopment Fund (UST Fund) from July 1, 2024, to July 1, 2032;
- The ability for certain petroleum storage tank owners and operators to apply for reimbursement for corrective action if contamination is discovered and reported during the replacement of single-wall underground storage tanks, from June 30, 2020, to June 30, 2030; and
- The ability for owners and operators to apply for reimbursement for the replacement of underground single-wall storage tank systems with a secondary containment system, from June 30, 2020, to June 30, 2030.

Increase of Fund Limitations

The bill would increase from \$1.0 million to \$2.0 million, less the deductible amount, the limit on the liability of the State from the Underground Fund or the Aboveground Fund for any release from a petroleum storage tank. In continuing law, the owner or operator of a petroleum storage tank must agree to such limitation of state liability.

The bill would also increase from \$1.0 million to \$2.0 million the total limitation on the liability of the Underground Fund and the Aboveground Fund for corrective action, less any applicable deductible amounts of the owner or operator for costs incurred in response to any one release from an underground or aboveground petroleum storage tank.

Finally, the bill would increase the reimbursement limit for the replacement of single-wall USTs and single-wall UST systems with a secondary containment system to an amount of no more than \$100,000 per facility for replacement work completed on and after July 1, 2020, and before July 1, 2030. The bill would also clarify the \$50,000 reimbursement limit in

current law would apply to replacement work completed on and after August 8, 2005, and before July 1, 2020.

Background

The bill was introduced by the Senate Committee on Federal and State Affairs at the request of a representative of Fuel True.

[*Note:* The bill contains the provisions of 2020 House Sub. for SB 285, as recommended by the House Committee on Agriculture.]

Senate Committee on Agriculture and Natural Resources

In the Senate Committee hearing, a representative of Fuel True and the Section Chief of the Storage Tank Section, Bureau of Environmental Remediation, KDHE, provided **proponent** testimony on the bill, stating the bill is needed to ensure KDHE can continue to manage the Storage Tank program effectively now and in the future.

Written-only **proponent** testimony was provided by representatives of the Kansas Cooperative Council and the Kansas Grain and Feed Association.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, KDHE estimates the bill would decrease revenue to the State General Fund by \$141,500 annually and increase revenue to the Storage Tank Fee Fund by the same amount. The estimate includes \$137,500 from UST permit fees (5,500 tanks x \$25 per tank), \$3,500 from installation permit fees (35 installations x \$100 per tank), and \$500 from tank registration fees (25 tanks x \$20 per tank).

KDHE indicates the bill would not require additional operating expenditures to administer the Kansas Storage Tank Act. Any fiscal effect associated with the bill is not reflected in *The FY 2022 Governor's Budget Report*.

Aboveground storage tanks; underground storage tanks; Kansas Department of Health and Environment