

March 17, 2020

The Honorable Ty Masterson, Chairperson
Senate Committee on Utilities
Statehouse, Room 224A-E
Topeka, Kansas 66612

Dear Senator Masterson:

SUBJECT: Fiscal Note for SB 482 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 482 is respectfully submitted to your committee.

SB 482 would add new provisions to the Kansas Air Quality Act requiring all rules and regulations in effect on July 1, 2020, that impose fees under the Act to remain unchanged and in effect until enactment of legislation. On and after July 1, 2020, the Kansas Department of Health and Environment (KDHE) would be prohibited from amending or modifying any rule or regulation under the Act that would increase fees or impose new fees. Any fees imposed by KDHE that do not comply with the new provisions in SB 482 would be declared null and void.

KDHE indicates the bill would result in an annual loss in revenue of approximately \$2.0 million to the Air Quality Fee Fund starting in FY 2021. KDHE had intended to increase fees for FY 2021 through the administrative rules and regulations process to fix a projected deficit to the Fund in the out years. Fees for the Air Quality Fee Fund are tied to emissions, which according to KDHE are declining. KDHE estimates the deficit to the Air Quality Fee Fund would occur in FY 2022 or FY 2023 based on actual Air Program revenues and expenditures. Without a fee increase, KDHE indicates it would be required to reduce Air Program expenditures, which could include reducing up to 8.00 FTE positions in the out years. Reducing Air Program expenditures would cause permitting delays and reductions to the number of compliance inspections. Over the long term, this could mean a greater presence of the U.S. Environmental Protection Agency to perform inspections and Kansas being subject entirely to federal air permitting criteria and fees. Any fiscal effect associated with SB 482 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,



Larry L. Campbell
Director of the Budget

cc: Dan Thimmesch, Health & Environment