

February 12, 2015

The Honorable Dennis Hedke, Chairperson
House Committee on Energy and Environment
Statehouse, Room 581-W
Topeka, Kansas 66612

Dear Representative Hedke:

SUBJECT: Fiscal Note for HB 2192 by House Committee on Energy and Environment

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2192 is respectfully submitted to your committee.

HB 2192 would amend the Kansas Storage Tank Act that is administered by the Kansas Department of Health and Environment (KDHE). The bill would create the Environmental Stewardship Fund (ESF) to be used whenever emergency action would be necessary in order to respond to an environmental threat to public health or safety. The funding mechanism in the bill would be to use the existing Environmental Assurance Fee which is a \$0.01 per gallon fee assessed on petroleum products, other than aviation fuel, and is paid by manufacturers or importers of products.

The bill would also include an incentive program for owners of single-wall underground petroleum storage tanks. The incentive program would provide up to \$50,000 per facility from the Underground Storage Tank Redevelopment Fund to replace old single-wall tanks with new secondary containment tank systems and would not apply to new petroleum facilities. As part of the incentive program detailed in the bill, KDHE would waive the first costs of corrective action if petroleum releases are discovered during the tank replacement process.

Estimated State Fiscal Effect				
	FY 2015 SGF	FY 2015 All Funds	FY 2016 SGF	FY 2016 All Funds
Revenue	--	--	--	\$5,000,000
Expenditure	--	--	--	\$3,000,000
FTE Pos.	--	--	--	--

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The Kansas Department of Health and Environment indicates that the passage of HB 2192 would increase fee fund revenue by \$5.0 million and increase fee fund expenditures by \$3.0 million in FY 2016. The ESF would be operated like the other petroleum funds administered by KDHE, and have an annual operating minimum of \$2.0 million and a maximum of \$5.0 million. Any fiscal effect associated with HB 2192 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Aaron Dunkel, KDHE