

SESSION OF 2020

SUPPLEMENTAL NOTE ON SENATE BILL NO. 152

As Further Amended by Senate Committee on
Agriculture and Natural Resources

Brief*

SB 152, as amended, would direct the Secretary of Health and Environment (Secretary) to deposit the following fees in the Water Program Management Fund (Fund):

- Water well contractor applications and licenses;
- Class 1 and class 5 underground injection control well permitting, monitoring, testing, inspection, and regulation; and
- Water supply system and wastewater treatment facilities.

The bill would also establish the application and license fees for water well contractors at a maximum of \$100 for application fees and \$200 for license fees.

The bill would authorize the Secretary to remit revenue from the established fees (as well as continuing fees in law) to the State Treasurer who, upon receipt of the funds, shall deposit the entirety of the funds to the credit of the Fund. [Note: Current law requires remittance to the State General Fund (SGF).]

The bill would require the Secretary to adopt rules and regulations to establish fees for:

*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>

- The permitting, monitoring, testing, inspecting, and regulating of class 1 underground injection control wells not to exceed the following, but would require the Secretary to allow for a reduction in such fees for facilities already subject to these fees:
 - \$6,500 per active, hazardous waste injection well;
 - \$4,500 per active, non-hazardous waste injection well; or
 - \$1,000 per any hazardous or non-hazardous waste injection well in monitoring or inactive status;
- The permitting, monitoring, testing, inspecting, and regulating of class 5 underground injection wells not to exceed \$2,000 per well; and
- Applications for licenses for individual well operators in Kansas not to exceed \$125.

Background

The bill was introduced in the 2019 Legislative Session in the Senate Committee on Agriculture and Natural Resources at the request of Senator Taylor on behalf of the Kansas Department of Health and Environment (KDHE).

In the 2019 Senate Committee hearing on February 19, 2019, a representative of the KDHE testified as a proponent. The representative testified that the bill does not establish fees, but gives KDHE the authority to establish fees and redirects fees from the SGF to KDHE fee funds. A representative of ONEOK, Inc., provided neutral testimony. No opponent testimony was provided.

The 2019 Senate Committee amended the bill to permit KDHE to establish fees for the permitting, monitoring, testing, inspecting, and regulating of class 1 underground injection control wells not to exceed \$400, except for the per facility fee which could not exceed \$4,000. In addition, the Committee amended the bill to authorize KDHE to establish fees for individual well operators at a maximum of \$125 per year. The Committee also amended the bill to establish a cap of the water well contractor license fee at a maximum of \$100.

After the 2019 Senate Committee recommended the bill be passed as amended, the bill was re-referred to the Senate Committee.

In the 2020 Senate Committee hearing on January 29, 2020, a representative of the KDHE testified as a proponent. The representative testified that there were two main concerns from the 2019 bill as amended: the fee caps should remain the same and there should be a discount of fees for those facilities and operators that are already contributing to the Fund. He stated the amendments to the 2020 bill (adopted by the 2020 Senate Committee) addressed both of those concerns. A representative of ONEOAK, Inc., also testified as a proponent. No neutral or opponent testimony was provided.

The 2020 Senate Committee further amended the bill as follows:

- Added fees for class 5 injection wells (the 2019 Senate Committee only included fees for class 1 injection wells);
- Removed the 2019 Senate Committee's maximum fee of \$400 for class 1 underground injection wells and \$4,000 for facility fees and replaced the fee caps with a fee schedule (\$6,500 per active, hazardous waste injection well; \$4,500 per active, non-hazardous waste injection well; or \$1,000 per

any hazardous or non-hazardous waste injection well in monitoring or inactive status);

- Added the requirement of the Secretary to reduce fees for facilities already subject to fees;
- Added the requirement of the Secretary to adopt rules and regulations for class 5 wells; and
- Made technical amendments.

The 2020 Committee retained all other amendments made by the 2019 Committee.

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the KDHE indicates enactment of the bill would have a net fiscal effect of increasing fee revenue by \$11,500 (the bill would redirect revenue from the SGF to the Fund and therefore KDHE would no longer deposit \$47,000 of revenue into the SGF and would no longer receive an appropriation of \$35,000). Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2020 Governor's Budget Report*.