

February 15, 2012

The Honorable Ralph Ostmeyer, Chairperson
Senate Committee on Natural Resources
Statehouse, Room 225-E
Topeka, Kansas 66612

Dear Senator Ostmeyer:

SUBJECT: Fiscal Note for SB 406 by Senate Committee on Natural Resources

In accordance with KSA 75-3715a, the following fiscal note concerning SB 406 is respectfully submitted to your committee.

SB 406 would amend current law regarding above ground and underground storage tanks administered through the Kansas Department of Health and Environment (KDHE). The bill would abolish the existing Kansas Essential Fuels Supply Trust Fund and redesignate it as the UST (Underground Storage Tank) Redevelopment Fund. The new fund would be created to serve as a reimbursement fund for the removal of underground storage tanks and allow KDHE to permanently close an abandoned underground storage tank if the owner or operator of the tank cannot be identified or is unable or unwilling to perform the work needed to permanently close the tank. The bill would outline procedures that an owner or operator could follow if they request financial assistance from the fund because they choose to remove an underground storage tank and perform the necessary remediation themselves.

Revenue to the new fund would be continued in the same manner as revenue is currently deposited to the Kansas Essential Fuels Supply Trust Fund. The bill would also extend the sunset on the existing Underground Storage Tank (UST) Fund and the Above Ground Storage Tank (AST) Fund from July 1, 2014 to July 1, 2024.

Estimated State Fiscal Effect				
	FY 2012 SGF	FY 2012 All Funds	FY 2013 SGF	FY 2013 All Funds
Revenue	--	--	--	\$1,700,000
Expenditure	--	--	--	\$1,638,436
FTE Pos.	--	--	--	1.50

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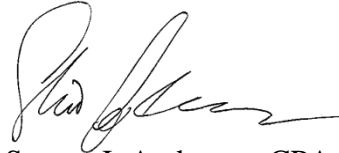
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The Kansas Department of Health and Environment estimates expenditures of \$1.6 million and revenue of \$1.7 million for FY 2013. The estimate is based on agency experience working with USTs within the Kansas Storage Tank Act since 1991 and information provided by the industry. The Department indicates that the redevelopment fund would assist approximately 100 property owners with the cost of tank removal each year. In addition, the Department would need to hire 1.50 Environmental Scientist II FTE positions. The following table includes the expenditure estimate:

Salaries & Wages (1.50 FTE)	\$ 91,551
Travel	2,500
Contractual Services	1,543,228
Commodities	<u>1,157</u>
Total	\$1,638,436

Revenue of approximately \$1.7 million per month to the storage tank funds comes from the Environmental Assurance Fee (EAF) which collects a penny per gallon on fuel purchased in Kansas. In order to comply with federal requirements regarding the solvency of the UST fund, the budget would be limited by a preapproval provision so that the number of applications for assistance stays within the available revenue. Any fiscal effect associated with SB 406 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Aaron Dunkel, KDHE