

**Testimony on Senate Bill 152
Senate Agriculture and Natural Resources Committee**

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Good Morning Chairman Kerschen and Members of the Committee. I am Jaime Gaggero, the Bureau of Water Director with the Kansas Department of Health and Environment (KDHE). I appreciate the opportunity to provide testimony in support of a legislative initiative brought forward by my bureau. As proposed, SB 152 amends K.S.A. 82a-1206(b) to redirect fees collected by the Water Well program from the State General Fund (SGF) to the Bureau of Water (BOW) Water Program Management Fee Fund. In addition, SB 152 amends K.S.A. 65-171d and authorizes the Secretary of Health and Environment to establish fees for Class I Underground Injection Control (UIC) wells and direct such fees to the existing Water Program Management Fee Fund.

I want to first discuss the amendment to K.S.A. 82a-1206(b) which would redirect the fees collected for the Water Well Program. The Water Well Program is established to protect the quality of groundwater and public health. The program licenses water well contractors, drilling rigs and requires continuing education for well contractors. The program establishes standards for the construction/reconstruction and plugging of water wells which prevents contamination from entering aquifers. Why are we requesting to redirect the fees from SGF to a fee fund? The answer is twofold. The first is to get the program off SGF to create stability. Since 2012, the Bureau of Water SGF budget has been reduced 45%. The department is proposing to render the current SGF allocation of \$16,000 in exchange for redirecting the revenue from fees to our Water Program Management Fee Fund, which is approximately \$47,000. The Water Well Program costs are approximately \$200,000 per State Fiscal Year. Program revenue includes \$16,000 of SGF, approximately \$50,000 from the Environmental Protection Agency and \$134,000 from the Underground Hydrocarbon Storage (UHS) Fee Fund, which brings me to the second reason we are requesting this change. The UHS Fees were not established to support the Water Well Program, and it is the goal of this department that the Water Well Program to be funded independently and not subsidized. If SB 152 is approved, the department will increase fees in regulation to address the funding deficit. This proposal has been presented to a variety of stakeholders including the Groundwater Association Board and was generally well received, largely because fees for the program have not been updated since 1975.

The second part of this bill is authorizing the Secretary to establish fees for the Underground Injection Control Program. This program regulates wells used for the injection of hazardous and nonhazardous fluids, salt solution mining, and radioactive waste into deep subsurface formations. Staff review project proposals, monitor

injection levels, inspect wells, permit wells, and provide technical assistance. KDHE has primacy for the UIC Program in Kansas and enforces federal rules and regulations pertaining to Class I injection wells in Kansas.

The costs to administer the UIC program is approximately \$296,000 per year. The current source of revenue is approximately \$19,500 SGF, \$51,000 Environmental Protection Agency and \$230,000 UHS Fee Fund. Like the Water Well Program, the UIC program is largely subsidized by Underground Hydrocarbon Storage Fee Funds.

Bureau of Water staff met with all UIC Class I well operators in October 2017 and again in October of 2018 and discussed seeking authority to implement fees. Feedback was positive, with several operators stating they understand the need and appropriateness. Bureau of Water staff also met with the Kansas Ground Water Association Board and Executive Director in April 2018. The feedback was very positive, with many board members verbally expressing their approval for KDHE to create fees.

Thank you for the opportunity to present testimony and I will stand for any questions the committee may have.