

Testimony on SB 152 Changes

Senate Agriculture and Natural Resources Committee

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Chair Kerschen and Members of the Committee, thank you for the opportunity to provide additional information regarding SB 152 and the balloon amendments. SB 152 was heard in the Committee on Agriculture and Natural Resources on February 19, 2019. The committee subsequently amended the bill to incorporate caps on the proposed fees for the Underground Injection Control wells, water well drillers and certified water and wastewater operators. The amended bill carried over into the 2020 Session and remained in committee.

In the interim, the Kansas Department of Health & Environment (KDHE) worked with several UIC Class I operators to draft additional amendments to the existing bill that had been amended by the committee. Those amendments were presented to the UIC operators at KDHE's Fall Geology Seminar in Wichita on October 8, 2019. Additionally, the draft language has been provided to UIC Class V operators who would be affected by the amendments. Comments from the Class V operators have largely been questions of clarification.

The proposed new language has been agreed upon by the stakeholders and KDHE and is detailed in the balloon amendment. The new language, amending language on pages 1 and 9 of the current bill, authorizes the Secretary to impose fees for UIC Class I wells as well as Class V wells, constrained by statutory caps on those fees. Additionally, the fee structure for UIC Class I wells is changed to base fees on the type and status of different injection wells. Finally, the Secretary is directed to reduce Class I fees imposed on facilities that are already paying fees for the Underground Hydrocarbon Storage or UIC Class III Salt Solution Mining programs.

The proposed amendments will generate sufficient revenue to relieve UIC program support that historically came from the Underground Hydrocarbon Storage fee fund. The additional authorization for imposing fees on UIC Class V wells recognizes a number of those wells are as complex as Class I wells and impart a large work load on agency staff, historically supported by the Underground Hydrocarbon Storage fee fund.

Testimony last year on the bill was neutral from the one conferee outside of KDHE. That testimony expressed a desire for fee caps as well as a reduction in fees on storage facilities. KDHE concurs with those positions and have crafted the balloon amendments to consider those conditions within SB 152. There has been no opposition to the bill as amended nor the amendments proposed today by KDHE. KDHE supports passage

Thank you for the opportunity to explain the proposed balloon amendments to SB 152. I welcome any questions from the committee.