

## HOUSE BILL No. 2525

By Committee on Agriculture and Natural Resources

Requested by Leo Henning, on behalf of the Department of Health and Environment

1-17

1 AN ACT concerning the department of health and environment; relating to  
2 fees established for the regulation of wastewater treatment facilities,  
3 water wells and underground injection control wells; providing for  
4 additional sources of revenue for the water program management fund;  
5 authorizing the secretary of health and environment to establish  
6 additional fees for the regulation of underground injection control  
7 wells; amending K.S.A. 65-166b, 65-4514 and 82a-1206 and K.S.A.  
8 2023 Supp. 55-1,117 and repealing the existing sections.  
9

10 *Be it enacted by the Legislature of the State of Kansas:*

11 Section 1. K.S.A. 2023 Supp. 55-1,117 is hereby amended to read as  
12 follows: 55-1,117. (a) As used in this section; *and* K.S.A. 65-171d and  
13 ~~K.S.A.~~ 55-1,118 through 55-1,122, and amendments thereto:

14 (1) "Company or operator" means any form of legal entity including,  
15 but not limited to, a corporation, limited liability company and limited or  
16 general partnerships.

17 (2) "Secretary" means the secretary of health and environment.

18 (3) "Underground porosity storage" means the storage of  
19 hydrocarbons in underground, porous and permeable geological strata  
20 ~~which~~ *that* have been converted to hydrocarbon storage.

21 (b) For the purposes of protecting the health, safety and property of  
22 the people of the state, and preventing surface and subsurface water  
23 pollution and soil pollution detrimental to public health or to the plant,  
24 animal and aquatic life of the state, the secretary of health and  
25 environment shall adopt separate and specific rules and regulations  
26 establishing requirements, procedures and standards for the following:

27 (1) Salt solution mining;

28 (2) the safe and secure underground storage of liquid petroleum gas  
29 and hydrocarbons, other than natural gas in underground porosity storage;  
30 and

31 (3) the safe and secure underground storage of natural gas in bedded  
32 salt.

33 (c) Such rules and regulations shall include, but not be limited to:

34 (1) Site selection criteria;

- 1 (2) design and development criteria;
- 2 (3) operation criteria;
- 3 (4) casing requirements;
- 4 (5) monitoring and measurement requirements;
- 5 (6) safety requirements, including public notification;
- 6 (7) closure and abandonment requirements, including the financial
- 7 requirements of subsection (f); and
- 8 (8) ~~long-term~~ *long-term* monitoring.

9 (d) (1) The secretary may adopt rules and regulations establishing  
10 fees for the following services:

11 (A) Permitting, monitoring and inspecting salt solution mining  
12 operators;

13 (B) permitting, monitoring and inspecting underground storage of  
14 liquid petroleum gas and hydrocarbons, other than natural gas in  
15 underground porosity storage; and

16 (C) permitting, monitoring and inspecting underground storage of  
17 natural gas in bedded salt.

18 (2) The fees collected under this section by the secretary shall be  
19 remitted by the secretary to the state treasurer in accordance with the  
20 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of  
21 each such remittance, the state treasurer shall deposit the entire amount in  
22 the state treasury to the credit of the subsurface hydrocarbon storage fund.

23 (e) The secretary or the secretary's duly authorized representative  
24 may impose on any holder of a permit issued pursuant to this section such  
25 requirements relating to inspecting, monitoring, investigating, recording  
26 and reporting as the secretary or representative deems necessary to  
27 administer the provisions of this section and rules and regulations adopted  
28 hereunder.

29 (f) Any company or operator receiving a permit under the provisions  
30 of this act shall demonstrate annually to the department of health and  
31 environment evidence, satisfactory to the department, that such permit  
32 holders have financial ability to cover the cost of closure of such permitted  
33 facility as required by the department.

34 (g) The secretary may enter into contracts for services from  
35 consultants and other experts for the purposes of assisting in the drafting  
36 of rules and regulations pursuant to this section.

37 ~~(h)(1) For a period of two years from July 1, 2001, or until the rules~~  
38 ~~and regulations provided for in subsection (b)(3) are adopted, the injection~~  
39 ~~of working natural gas into underground storage in bedded salt is~~  
40 ~~prohibited, except that cushion gas may be injected into existing~~  
41 ~~underground storage in bedded salt. Natural gas currently stored in such~~  
42 ~~underground storage may be extracted.~~

43 ~~(2) Any existing underground storage of natural gas in bedded salt~~

1 shall comply with the rules and regulations adopted under this section  
2 prior to the commencement of injection of working natural gas into such  
3 underground storage.

4 ~~(3) Rules and regulations adopted under subsection (b)(3) shall be~~  
5 ~~adopted on or before July 1, 2003.~~

6 ~~(+)~~ No hydrocarbon storage shall be allowed in any underground  
7 formation if water within the formation contains less than 5,000  
8 milligrams per liter chlorides.

9 *(i) (1) The secretary shall adopt rules and regulations to establish*  
10 *fees for permitting, monitoring, testing, inspecting and regulating*  
11 *underground injection control class I wells. Such fees shall not exceed:*

12 *(A) \$6,500 per active, hazardous waste injection well;*

13 *(B) \$4,500 per active, non-hazardous waste injection well; or*

14 *(C) \$1,000 for any hazardous or non-hazardous waste injection well*  
15 *in monitoring or inactive status.*

16 *(2) The secretary shall provide for a reduction in such fees for*  
17 *facilities already subject to fees under subsection (d).*

18 *(j) The secretary shall adopt rules and regulations to establish fees*  
19 *for permitting, monitoring, testing, inspecting and regulating underground*  
20 *injection control class V wells, but in no case shall such fees be*  
21 *established for small-capacity, sanitary septic systems. Such fees shall not*  
22 *exceed \$2,000 per well.*

23 *(k) The secretary shall remit all moneys collected from fees*  
24 *established in subsections (i) and (j) to the state treasurer in accordance*  
25 *with the provisions of K.S.A. 75-4215, and amendments thereto. Upon*  
26 *receipt of each such remittance, the state treasurer shall deposit the entire*  
27 *amount in the state treasury to the credit of the subsurface hydrocarbon*  
28 *storage fund established pursuant to K.S.A. 55-1,118, and amendments*  
29 *thereto.*

30 Sec. 2. K.S.A. 65-166b is hereby amended to read as follows: 65-  
31 166b. (a) There is hereby created in the state treasury the water program  
32 management fund. The secretary shall remit to the state treasurer, in  
33 accordance with the provisions of K.S.A. 75-4215, and amendments  
34 thereto, all moneys collected or received by the secretary from the  
35 following sources:

36 (1) Water pollution control permit system fees imposed pursuant to  
37 K.S.A. 65-166a, and amendments thereto;

38 (2) *operators of water supply system and wastewater treatment*  
39 *facility certification fees imposed pursuant to K.S.A. 65-4513, and*  
40 *amendments thereto;*

41 (3) *water well contractor fees imposed pursuant to K.S.A. 82a-1206,*  
42 *and amendments thereto;*

43 (4) interest attributable to investment of moneys in the water program

1 management fund;

2 ~~(3)~~(5) gifts, grants, reimbursements or appropriations intended to be  
3 used for the purposes of the fund, but excluding federal grants and  
4 cooperative agreements; and

5 ~~(4)~~(6) any other moneys provided by law.

6 Upon receipt of each such remittance, the state treasurer shall deposit in  
7 the state treasury any amount remitted pursuant to this subsection to the  
8 credit of the water program management fund.

9 (b) Moneys in the water program management fund shall be  
10 expended for the following purposes:

11 (1) Monitoring and investigating the quality of waters of the state;

12 (2) payment of the state's share of the clean water act matching costs,  
13 as required by the federal clean water act, 33 U.S.C. § 1256(d);

14 (3) payment for emergency action by the secretary as necessary or  
15 appropriate to assure that the public health or safety is not threatened  
16 whenever there is a release from a wastewater treatment facility;

17 (4) payment of the administrative, technical and legal costs incurred  
18 by the secretary in carrying out the provisions of K.S.A. 65-159 through  
19 65-171y, 65-4501 through 65-4517 and 82a-1201 through 82a-1219, and  
20 amendments thereto, including the cost of any additional employees or  
21 increased general operating costs of the department attributable therefore;  
22 and

23 (5) development of educational materials and programs for informing  
24 the public about water issues.

25 (c) Expenditures from the water program management fund shall be  
26 made in accordance with appropriation acts upon warrants of the director  
27 of accounts and reports issued pursuant to vouchers approved by the  
28 secretary or a person designated by the secretary.

29 (d) On or before the 10<sup>th</sup> day of each month, the director of accounts  
30 and reports shall transfer from the state general fund to the water program  
31 management fund interest earnings based on:

32 (1) The average daily balance of moneys in the water program  
33 management fund for the preceding month; and

34 (2) the net earnings rate of the pooled money investment portfolio for  
35 the preceding month.

36 (e) The water program management fund shall be used for the  
37 purposes set forth in this act and for no other governmental purposes. It is  
38 the intent of the legislature that the fund shall remain intact and inviolate  
39 for the purposes set forth in this act, and moneys in the fund shall not be  
40 subject to the provisions of K.S.A. 75-3722, 75-3725a and 75-3726a, and  
41 amendments thereto.

42 (f) The secretary shall prepare and deliver to the legislature, on or  
43 before the first day of each regular legislative session, a report ~~which~~ that

1 summarizes all expenditures from the water program management fund,  
2 fund revenues and recommendations regarding the adequacy of the fund to  
3 support necessary water program management programs.

4 Sec. 3. K.S.A. 65-4514 is hereby amended to read as follows: 65-  
5 4514. ~~(a)~~ The secretary shall remit all moneys received by or for the  
6 secretary from fees, charges or penalties *from the certification of operators*  
7 *of water supply systems and wastewater treatment facilities under the*  
8 *provisions of this act and the rules and regulations adopted hereunder* to  
9 the state treasurer in accordance with the provisions of K.S.A. 75-4215,  
10 and amendments thereto. Upon receipt of each such remittance, the state  
11 treasurer shall deposit the entire amount in the state treasury to the credit  
12 of the ~~state general fund~~ *water program management fund established*  
13 *pursuant to K.S.A. 65-166b, and amendments thereto.*

14 ~~(b) On July 1, 1983, the director of accounts and reports shall transfer~~  
15 ~~all moneys in the certification of operators of water supply systems and~~  
16 ~~wastewater treatment facilities fee fund to the state general fund. All~~  
17 ~~liabilities of the certification of operators of water supply systems and~~  
18 ~~wastewater treatment facilities fee fund are hereby transferred to and~~  
19 ~~imposed upon the state general fund. The certification of operators of~~  
20 ~~water supply systems and wastewater treatment facilities fee fund is~~  
21 ~~hereby abolished.~~

22 Sec. 4. K.S.A. 82a-1206 is hereby amended to read as follows: 82a-  
23 1206. (a) Every well contractor desiring to engage in the business of  
24 constructing, reconstructing or treating water wells in this state shall make  
25 initial application for a license to the secretary. Every contractor making  
26 such application shall set out such information as may be required upon  
27 forms to be adopted and furnished by the secretary. The secretary shall  
28 charge an application fee as established by rules and regulations for the  
29 filing of such initial application by a contractor, and the secretary shall not  
30 act upon any application until such application fee has been paid.

31 (b) All application fees and license fees collected hereunder shall be  
32 remitted to the state treasurer in accordance with the provisions of K.S.A.  
33 75-4215, and amendments thereto. Upon receipt of each such remittance,  
34 the state treasurer shall deposit the entire amount in the state treasury to  
35 the credit of the ~~state general fund~~. ~~On July 1, 1983, the director of~~  
36 ~~accounts and reports shall transfer all moneys in the water well contractors~~  
37 ~~licensing fund to the state general fund. All liabilities of the water well~~  
38 ~~contractors licensing fund are hereby transferred to and imposed upon the~~  
39 ~~state general fund. The water well contractors licensing fund is hereby~~  
40 ~~abolished~~ *water program management fund established pursuant to K.S.A.*  
41 *65-166b, and amendments thereto.*

42 (c) A license to construct water wells shall be issued to any applicant  
43 if, under the standards set forth in K.S.A. 82a-1207, and amendments

1 thereto, the secretary shall determine such applicant is qualified to conduct  
2 water well construction operations. In the granting of such licenses due  
3 regard shall be given to the interest of the state of Kansas in the protection  
4 of its underground water resources. Application fees paid hereunder shall  
5 be retained by the secretary whether such initial license is issued or denied,  
6 but if denied, the license fee shall be refunded.

7 (d) Applicants for licenses hereunder who are engaged in business as  
8 water well contractors in this state, if incorporated, shall submit evidence  
9 of current good standing with the registration requirements for  
10 corporations of the secretary of state.

11 Sec. 5. K.S.A. 65-166b, 65-4514 and 82a-1206 and K.S.A. 2023  
12 Supp. 55-1,117 are hereby repealed.

13 Sec. 6. This act shall take effect and be in force from and after its  
14 publication in the statute book.