

SESSION OF 2021

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2203**

As Amended by Senate Committee on  
Agriculture and Natural Resources

**Brief\***

HB 2203, as amended, would establish the Asbestos Remediation Fund (Fund). The bill would also require the Secretary of Health and Environment (Secretary) to remit all moneys received from the following sources to the State Treasurer:

- Permit and approval fees related to the Asbestos Control Program;
- Moneys recovered by the State under the provisions of the Asbestos Control Act (Act) including administrative expenses and money paid under any agreement stipulation, or settlement; and
- Interest attributable to investment of moneys in the Fund.

The bill would require the State Treasurer to credit the entire amount of moneys received from those sources to the Fund. The bill would require moneys in the Fund to be expended only for the purpose of administering the Act, including funding of a technical and environmental compliance assistance program.

The bill would require the Director of Accounts and Reports to transfer the average daily balance of moneys in the Fund for the preceding month and the net earnings rate of

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\*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 pooled money investment portfolio for the preceding month from the State General Fund to the Fund on or before the 10th of each month.

The bill would require all expenditures from the Fund to be made in accordance with appropriation acts as authorized by the Director of Accounts and Reports pursuant to vouchers approved by the Secretary for purposes of administering the Act.

The bill would require the State Treasurer to deposit in and credit the Fund with the entire amount of moneys received from fees related to the Act.

### **Background**

The bill was introduced by the House Committee on Appropriations at the request of Representative Hoffman.

[*Note:* The provisions of the bill are similar to the provisions of SB 261, as amended by the Senate Committee of the Whole.]

### ***House Committee on Agriculture and Natural Resources Budget***

In the House Committee hearing, **proponent** testimony was provided by a representative of the Kansas Department of Health and Environment (KDHE). The representative stated the Asbestos Control Program's budget needs are greater than the current State General Fund allocation. The difference is made up with moneys from the Air Quality Fee Fund. The representative stated the bill would allow the agency to no longer use moneys from the Air Quality Fee Fund.

**Proponent** testimony was also provided by a representative of the Kansas Agribusiness Retailers

Association, Kansas Grain and Feed Association, and Renew Kansas Biofuels Association. The representative stated members of these associations pay fees into the Air Quality Fee Fund, which KDHE uses to cover program expenses not covered by the State General Fund allocation, but the fees for the Air Quality Fee Fund are unrelated to asbestos control. The bill would allow KDHE to stop using moneys from the Air Quality Fee Fund.

Written-only **proponent** testimony was provided by representatives of the ACM Removal-Kansas, Associated Insulation, Inc., B&R Insulation, Inc., Evergy, iSi Industrial Services, Kansas Electric Cooperatives, Inc., and a private citizen.

No other testimony was provided.

### ***Senate Committee on Agriculture and Natural Resources***

In the Senate Committee hearing, **proponent** testimony was provided by a representative of KDHE. The representative stated the bill would permanently establish the Asbestos Remediation Fund and would allow the revenues generated to be utilized by the Asbestos Control Program.

Written-only **proponent** testimony was provided by representatives of ACM Removal-Kansas, Associated Insulation, Inc., Bradburn Environmental Services, Inc., B&R Insulation, Inc., Kansas Agribusiness Retailers Association, Kansas Electric Cooperatives, Inc., Kansas Grain and Feed Association, Renew Kansas Biofuels Association, and a private citizen.

The Senate Committee amended the bill by removing Section 3 and all references to KSA 65-5314 in the bill. These provisions would have imposed civil penalties for violations of the Act or any rules and regulations adopted under the Act and credited such penalties to the Fund.

## **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill as introduced, KDHE indicates expenditures for the Asbestos Control Program are approximately \$110,000 per year. Because redirecting fee revenue to the Fund is not authorized for FY 2022 under current law, only \$85,137 from the State General Fund is available for the Asbestos Control Program in FY 2022. The remaining expenditures will have to be subsidized from special revenue funds unrelated to asbestos remediation. The bill would increase revenue to the Fund by \$110,000 in FY 2022, but it would decrease revenue to the State General Fund by the same amount. Consequently, the Asbestos Control Program would no longer need a State General Fund appropriation of \$85,137. The net effect would be \$24,863 less from the State General Fund available to the state in FY 2022. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2022 Governor's Budget Report*.

Kansas Department of Health and Environment; Asbestos Remediation Fund; Asbestos Control Program; Asbestos Control Act