Session of 2020

HOUSE BILL No. 2575

By Committee on Agriculture

2-6

AN ACT concerning public health; relating to the Kansas drycleaner environmental response act; the payment of certain costs of remediation of pollution from drycleaning activities; deductible amount; penalties for violations; amending K.S.A. 65-34,142, 65-34,147, 65-34,148, 65-34,149, 65-34,150, 65-34,151 and 65-34,154 and repealing the existing sections.

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

Section 1. K.S.A. 65-34,142 is hereby amended to read as follows: 65-34,142. As used in this act:

- (a) "Chlorinated drycleaning solvent" means any drycleaning solvent which that contains a compound—which that has a molecular structure containing the element chlorine.
- (b) "Corrective action" means those activities described in subsection (a) of K.S.A. 65-34,148(a).
- (c) "Corrective action plan" means a plan approved by the secretary to perform corrective action at a drycleaning facility.
 - (d) "Department" means the department of health and environment.
- (e) "Drycleaning facility" means a commercial establishment that operates, or has operated in the past, in whole or in part for the purpose of cleaning garments or other fabrics utilizing a process that involves any use of drycleaning solvents. "Drycleaning facility" includes all contiguous land, structures and other appurtenances and improvements on the land used in connection with a drycleaning facility but does not include prisons or governmental entities.
- (f) "Drycleaning solvent" means any and all nonaqueous solvents used or to be used in the cleaning of garments and other fabrics at a drycleaning facility and includes, but is not limited to, perchloroethylene, also known as tetrachloroethylene, and petroleum-based solvents, and the products into which such solvents degrade.
- (g) "Drycleaning unit" means a machine or device—which that utilizes drycleaning solvents to clean garments and other fabrics and includes any associated piping and ancillary equipment and any containment system.
 - (h) "Fund" means the drycleaning facility release trust fund.
- (i) "Immediate response to a release" means containment and control of a known release in excess of a reportable quantity and notification to the

department within 48 hours of any known release in excess of a reportable quantity.

- (j) "OwnerOperator" means any person who owns or leases, or has owned or leased, a drycleaning facility and who is or has been responsible for the operation of drycleaning operations at such drycleaning facility.
- (k) "Owner" means any current or former owner of record of any property that is or has been used as a drycleaning facility, or any authorized representative thereof.
- (l) "Person" means an individual, trust, firm, joint venture, consortium, joint-stock company, corporation, partnership, association or limited liability company. "Person" does not include any governmental organization.
- (1)(m) "Release" means any spill, leak, emission, discharge, escape, leak or disposal of drycleaning solvent from a drycleaning facility into the soils or waters of the state.
- (m)(n) "Reportable quantity" means a known release of a chlorinated drycleaning solvent in excess of one quart over a 24-hour period or a known release of a nonchlorinated drycleaning solvent in excess of one gallon over a 24-hour period.
 - (n)(o) "Retailer" means any business that:
- (1) Is registered for purposes of the Kansas retailers' sales tax act and provides drycleaning, or drycleaning and laundry, services to final consumers; or
- (2) has provided a drycleaning, or drycleaning and laundry, facility with a resale exemption certificate and is responsible for charging and collecting retailers' sales tax from final consumers of drycleaning or laundry services.
 - (0)(p) "Secretary" means the secretary of health and environment.
- Sec. 2. K.S.A. 65-34,147 is hereby amended to read as follows: 65-34,147. It is the intent of the legislature that, to the maximum extent possible, moneys in the fund be utilized to address contamination resulting from releases of drycleaning solvents. The department is directed to administer the Kansas drycleaner environmental response act under the following criteria:
- (a) To the maximum extent possible, the department itself should deal with contamination from drycleaning facilities utilizing moneys in the fund. The department should discourage other units of government, both federal and local, including the United States environmental protection agency, from becoming involved in contamination problems resulting from releases from drycleaning facilities.
- (b) The department should make every reasonable effort to keep sites where drycleaning solvents are involved off of the national priorities list, as defined in 40 C.F.R. \S 300.5.

- (c) The department should not seek out contaminated drycleaning facility sites because of the existence of the fund or the other provisions of this act. The moneys are made available for use as sites are discovered in the normal course of the business of the agency.
- (d) Careful consideration should be given to interim or early corrective action—which that may result in an overall reduction of risk to human health and the environment and in the reduction of total costs of corrective action at a site. Such interim or early corrective action should receive consideration by the department as a high priority.
- $\frac{(e)}{(d)}$ The department, in its discretion, may use innovative technology to perform corrective action.
 - Sec. 3. K.S.A. 65-34,148 is hereby amended to read as follows: 65-34,148. (a) Whenever a release poses a threat to human health or the environment, the department, consistent with rules and regulations adopted by the secretary pursuant to subsections (d) and (e) of K.S.A. 65-34,143(d) and (e), and amendments thereto, shall expend moneys available in the fund to provide for *the*:
 - (1) Investigation and assessment of-a *the* release-from a dryeleaning facility, including *the* costs of investigations and assessments of contamination-which *that* may have moved off the dryeleaning facility;
 - (2) necessary or appropriate emergency action, including, but not limited to, treatment, restoration or replacement of drinking water supplies, to assure ensure that the human health or safety is not threatened by a release or potential release;
 - (3) remediation of releases from drycleaning facilities, including the release and any resulting contamination—which that may have moved off of the drycleaning facility, which remediation shall consist of clean up of that consists of cleaning up affected soil, groundwater and surface waters, using the most-cost effective cost-effective alternative that:
 - (A) Is technologically feasible and reliable,
- (B) provides adequate protection of human health and environment; and
 - (C) to the extent practical, minimizes environmental damage; and
 - (4) operation and maintenance of corrective action;
- (5) monitoring of releases from dryeleaning facilities including the release and any resulting contamination—which that may have moved off of the dryeleaning facility;
- (6) payment of reasonable costs incurred by the secretary in providing field and laboratory services;
- (7) reasonable costs of restoring property, as—nearly closely as practicable to the conditions that existed prior to *the* activities associated with the investigation of a *the* release or clean up or remediation activities;
 - (8) removal and proper disposal of wastes generated by-a the release

of a drycleaning solvent; and

- (9) payment of costs of corrective action conducted by the department or by *other* entities—other than the department but approved that received approval by the department to conduct such corrective action, whether or not such corrective action is set out in a corrective action plan, provided, however, except that reimbursement for corrective action costs incurred before the effective date of this act shall be limited to \$100,000 per site.
- (b) Nothing in subsection (a) shall be construed to authorize the department to obligate moneys in the fund for *the* payment of *any* costs which *that* are not integral to corrective action for a release of drycleaning solvents from a drycleaning facility. Moneys from the fund shall not be used:
- (1) For corrective action at sites that are contaminated by solvents normally used in drycleaning operations where the contamination did not result from the operation of a drycleaning facility;
- (2) for corrective action at sites, other than drycleaning facilities, that are contaminated by drycleaning solvents—which that were released while being transported to or from a drycleaning facility by a party other than the owner of such drycleaning facility or the owner's agents or employees;
- (3) to pay any costs associated with any fine or penalty brought against a drycleaning facility owner under state or federal law; or
- (4) to pay any costs related to corrective action at a drycleaning facility that has been included by the United States environmental protection agency on the national priorities list or at any facility-which that is a hazardous waste-disposal facility, as defined in K.S.A. 65-3430, and amendments thereto.
- (c) Nothing in this act shall be construed to restrict the department from:
- (1) Modifying, in the discretion of the secretary, the priority status of a site where warranted under the system of priorities established pursuant to subsection (d) of K.S.A. 65-34,143(d), and amendments thereto; or
- (2) temporarily postponing completion of corrective action for which moneys from the fund are being expended whenever such postponement is deemed necessary in order to make moneys available for corrective action at a site with a higher priority.
- (d) At any multisource site, the secretary shall utilize the moneys in the fund to pay for the proportionate share of the liability for corrective action costs—which that is attributable to a release from one or more drycleaning facilities and for that proportionate share of the liability only.
- (e) At any multisource site, the secretary is authorized to make a determination of the relative liability of the fund for costs of corrective action, expressed as a percentage of the total cost of corrective action at a site, whether known or unknown. The secretary shall issue an order

establishing such percentage of liability. Such order shall be binding and shall control the obligation of the fund until or unless amended by the secretary. In the event of an appeal from such order, such percentage of liability shall be controlling for costs incurred during the pendency of the appeal.

- (f) Any authorized officer, employee or agent of the department, or any person under order or contract with the department, may enter onto any property or premises, at reasonable times and upon written notice to the owner or occupant, to take corrective action where the secretary determines that such action is necessary to protect-the public human health or the environment. If consent is not granted by the person in control of a site or suspected site regarding any request made by any officer, employee or agent of the department, or any person under order or contract with the department, under the provisions of this section, the secretary may issue an order directing compliance with the request. The order may be issued after such notice and opportunity for consultation as is reasonably appropriate under the circumstances.
- (g) (1) Notwithstanding the other provisions of this act, in the discretion of the secretary, an owner *or operator* may be responsible for up to 100% of the costs of corrective action attributable to such owner *or operator* if the secretary finds, after notice and an opportunity for a hearing in accordance with the Kansas administrative procedure act, that:
- (1)(A) Requiring the owner *or operator* to bear such responsibility will not prejudice another owner *or operator* or person who is eligible, under the provisions of this act, to have corrective action costs paid by the fund: and
 - (2)(B) the owner or operator:
- (A)(i) Caused a release by willful or wanton actions and such release was caused by operating practices contrary to those generally in use at the time of the release;
- (B)(ii) is in arrears for moneys owed pursuant to this act, after notice and an opportunity to correct the arrearage;
- (C)(iii) substantially obstructs the efforts of the department to carry out its obligations under this act, provided, however, except that the exercise of legal rights shall not constitute a substantial obstruction;
- (D)(iv) caused or allowed the release because of a material violation of the performance standards established in this act or the rules and regulations adopted by the secretary under this act; or
- (E)(v) has more than once failed to report or failed to take an immediate response to a release, knowing or having reason to know of such release.
- (2) For purposes of this subsection—(g), unless a transfer is made solely to take advantage of this provision, purchasers of stock or other

 indicia of ownership and other successors in interest shall not be considered to be the same owner or operator as the seller or transferor of such stock or indicia of ownership even though there may be no change in the legal identity of the owner or operator. To the extent that an owner *or operator* is responsible for corrective action costs under this subsection, such owner *or operator* shall not be entitled to the exemption set out in subsection (c) of K.S.A. 65-34,149(c), and amendments thereto.

- (h) The fund shall not be liable for the payment of costs in excess of \$5,000,000 for corrective action at any contaminated drycleaning site. For purposes of this subsection, "contaminated drycleaning site" means the areal extent of soil or groundwater contamination with drycleaning solvents
- (i) (1) There shall be a deductible of \$5,000 of for any corrective action costs incurred because of a release from a drycleaning facility. Nothing herein shall prohibit the department from taking corrective action because the department cannot obtain the deductible.
- (2) Any applicant to the fund shall pay the highest deductible that is applicable to such applicant, as follows:
- (A) The operator of a drycleaning facility that has been demonstrated to be the source of contamination to soil, groundwater or surface waters of the state shall pay a deductible of \$10,000.
- (B) Any owner of the property who receives or has received direct or indirect payment, or another form of consideration, from the operation of a drycleaning facility that has been demonstrated to be the source of contamination to soil, groundwater or surface waters of the state and who was the owner of such property during the time of such operation shall pay a deductible of \$7,500.
- (C) Any owner of the property of a former drycleaning facility that has been demonstrated to be the source of contamination to soil, groundwater or surface waters of the state shall pay a deductible of \$5,000 if such owner:
- (i) Purchased or obtained ownership of the property after the closure of the drycleaning facility; and
- (ii) had no preexisting familial, contractual or financial relationship with any previous owner or operator or any other party responsible for the contamination, other than the relationship that was established in order to purchase or obtain ownership of such property.
- (D) Any state, or any agency, instrumentality or political or taxing subdivision thereof, seeking corrective action through the fund on behalf of an operator or owner shall pay a deductible of \$5,000.
- Sec. 4. K.S.A. 65-34,149 is hereby amended to read as follows: 65-34,149. (a) The state of Kansas, the fund, the secretary or the department or agents or employees thereof, shall not be liable for loss of business,

damages or taking of property associated with any corrective action taken pursuant to this act.

- (b) Nothing in this act shall establish or create any liability or responsibility on the part of the secretary, the department or the state of Kansas, or agents or employees thereof, to pay any corrective action costs from any source other than the fund or to take corrective action if the moneys in the fund are insufficient to do so.
- (c) To the extent that an owner, *operator* or other person is eligible, under the provisions of this act, to have corrective action costs paid by the fund, no administrative or judicial claim may be made under state law against any such owner, *operator* or other person by or on behalf of a state or local government or by any person to compel corrective action or seek recovery of the costs of corrective action—which that result from the release of drycleaning solvents from a drycleaning facility.
- (d) Moneys in the fund shall not be used—for compensating to compensate third parties for bodily injury or property damage caused by a release from a drycleaning facility, other than property damage included in the corrective action plan approved by the secretary.
- Sec. 5. K.S.A. 65-34,150 is hereby amended to read as follows: 65-34,150. (a) Subject to the provisions of K.S.A. 65-34,152, and amendments thereto, there is hereby imposed an environmental surcharge in the form of a gross receipts tax for the privilege of engaging in the business of laundering and drycleaning garments and other household fabrics in this state. The tax shall be at a rate of 2.5% 5% of the gross receipts received from drycleaning or laundering services. The tax shall be paid by the consumer to the retailer and it shall be the duty of the retailer to collect from the consumer the full amount of the tax imposed or an amount as nearly as possible or practicable to the average thereof.
- (b) Gross receipts otherwise taxable pursuant to this section shall be exempt from the tax imposed by this section if they arise from:
- (1) Services rendered through a coin-operated device, whether automatic or manually operated, available for use by the general public;
- (2) the laundering without use of drycleaning solvents of uniforms, linens or other textiles for commercial purposes, including any rental of uniforms, linens or dust control materials; or
- (3) charges or services to entities that qualify for exemption from retailers' sales tax on laundering and drycleaning services pursuant to K.S.A. 79-3606, and amendments thereto.
- (c) The tax imposed by this section shall be imposed on the same tax base as the Kansas retailers' sales tax and shall be in addition to all other state and local sales or excise taxes
- (d) The secretary of revenue shall remit the taxes paid under this act to the state treasurer in accordance with the provisions of K.S.A. 75-4215,

and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the fund. For the purpose of this section, the proceeds of the tax shall include all funds collected and received by the director of taxation pursuant to this section, including interest and penalties on delinquent taxes.

- (e) Every retailer liable for the payment of taxes imposed by this section shall report the taxes for the same periods and at the same time as the returns that the retailer files under the Kansas retailers' sales tax act, as prescribed by K.S.A. 79-3607, and amendments thereto. Each retailer shall report the tax imposed by this act on a form prescribed by the secretary of revenue
- (f) (1) All taxes imposed by this section and not paid at or before the time taxes are due from the retailer under the Kansas retailers' sales tax act shall be deemed delinquent and shall bear interest at the rate prescribed by subsection (a) of K.S.A. 79-2968, and amendments thereto, from the due date until paid. In addition, there is hereby imposed upon all amounts of such taxes remaining due and unpaid after the due date a penalty on the unpaid balance of the taxes due in the amounts and percentages prescribed by K.S.A. 79-3615, and amendments thereto
- (2) The secretary of revenue shall report any such delinquency to the secretary or the director of the division of environment, if designated by the secretary, at least once each calendar year pursuant to K.S.A. 75-5133, and amendments thereto.
- (3) The secretary or the director of the division of environment, if designated by the secretary, upon finding that a person has violated any provision of K.S.A. 65-34,150, and amendments thereto, may impose a penalty not to exceed \$10,000 that shall constitute an actual and substantial economic deterrent to the violation for which it is assessed and, in the case of a continuing violation, every month that such violation continues shall be deemed a separate violation.
- (g) Whenever any taxpayer or person liable to pay tax imposed by this section refuses or neglects to pay the tax, the amount of the tax, including any interest or penalty, shall be collected in the manner provided by law for collection of delinquent taxes under the Kansas retailers' sales tax act.
- (h) Insofar as not inconsistent with this act, the provisions of the Kansas retailers' sales tax act shall apply to the tax imposed by this section
- (i) The secretary of revenue is hereby authorized to administer and enforce the provisions of this section and to adopt such rules and regulations as may be necessary to carry out the responsibilities of the secretary of revenue under this section.

- Sec. 6. K.S.A. 65-34,151 is hereby amended to read as follows: 65-34,151. (a) Subject to the provisions of K.S.A. 65-34,152, and amendments thereto, there is hereby imposed a fee on the purchase or acquisition of drycleaning solvent by any owner of a drycleaning facility. The fee shall be paid to the director of taxation by the person who distributes the solvent.
- (b) The amount of the fee imposed by this section on each gallon of drycleaning solvent shall be an amount equal to the product of the solvent factor for the drycleaning solvent and the fee rate of \$3.50 plus \$.25 added on January 1 of each calendar year, beginning in 1996, until the fee rate reaches a maximum of \$5.50 per gallon.
 - (c) The solvent factor for each drycleaning solvent is as follows:

	(1) 20-10-10	
13	Drycleaning solvent	Solvent Factor
14	Perchloroethylene	1.00
15	Chlorofluorocarbon-113	1.00
16	1,1,1-trichloroethane	1.00
17	Other chlorinated drycleaning solvents	1.00
18	Any nonchlorinated drycleaning solvent	0.10

- 19 (d) In the case of a fraction of a gallon, the fee imposed by this section shall be the same fraction of the fee imposed on a whole gallon.
 - (e) No person who distributes drycleaning solvent shall sell any such solvent for use in a drycleaning facility unless such person first obtains the registration number of the owner of such facility.
 - (f) The secretary of revenue shall remit the fees paid pursuant to this section to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the fund. For the purpose of this section, the proceeds of the fee shall include all funds collected and received by the director of taxation pursuant to this section, including interest and penalties on delinquent fees.
 - (g) Subject to rules and regulations adopted pursuant to this section, the fees imposed by this act shall be paid to the director of taxation for the same reporting period and on the same reporting date as the purchaser or user of the solvent reports Kansas retailers' sales tax, as prescribed in K.S.A. 79-3607, and amendments thereto. The fees imposed by this section shall be reported on a form prescribed by the secretary of revenue.
 - (h) (1) Subject to rules and regulations adopted pursuant to this section, all fees imposed under the provisions of this section and not paid on or before the 25th day of the month succeeding the reporting period in which the solvent was purchased shall be deemed delinquent and shall bear interest at the rate prescribed by subsection (a) of K.S.A. 79-2928 79-2968, and amendments thereto, from the due date until paid. In addition,

there is hereby imposed upon all amounts of such fees remaining due and unpaid after the due date a penalty on the unpaid balance of the fees due in the amounts and percentages prescribed by K.S.A. 79-3615, and amendments thereto

- (2) The secretary of revenue shall report any such delinquency to the secretary or the director of the division of environment, if designated by the secretary, at least once each calendar year pursuant to K.S.A. 75-5133, and amendments thereto.
- (3) The secretary, or the director of the division of environment, if designated by the secretary, upon finding that a person has violated any provision of K.S.A. 65-34,151, and amendments thereto, may impose a penalty not to exceed \$10,000 that shall constitute an actual and substantial economic deterrent to the violation for which it is assessed and, in the case of a continuing violation, every month that such violation continues shall be deemed a separate violation.
- (i) Whenever any person liable to pay the fee imposed by this section refuses or neglects to pay the fee, the amount of the fee, including any interest or penalty, shall be collected in the manner provided by law for collection of delinquent taxes under the Kansas retailers' sales tax act.
- (j) Insofar as not inconsistent with this act, the provisions the Kansas retailers' sales tax act shall apply to the fees imposed by this section.
- (k) The secretary of revenue is hereby authorized to administer and enforce the provisions of this section and to adopt such rules and regulations as may be necessary to carry out the responsibilities of the secretary of revenue under this section.
- Sec. 7. K.S.A. 65-34,154 is hereby amended to read as follows: 65-34,154. On or before the first day of the regular legislative session each year, the secretary shall submit to the members of the *senate* standing committee on-energy *agriculture* and natural resources of the senate and to the members of the *house of representatives* standing committee on environment of the house of representatives *agriculture* a report regarding:
- (a) Receipts of the fund during the preceding calendar year and the sources of the receipts;
 - (b) disbursements from the fund during the preceding calendar year and the purposes of the disbursements;
 - (c) the extent of corrective action taken under this act during the preceding calendar year; and
 - (d) the prioritization of sites for expenditures from the fund.
- 39 Sec. 8. K.S.A. 65-34,142, 65-34,147, 65-34,148, 65-34,149, 65-40 34,150, 65-34,151 and 65-34,154 are hereby repealed.
- Sec. 9. This act shall take effect and be in force from and after its publication in the statute book.