

CORRECTIONS IMPACT STATEMENT

SESSION: 19RS BILL # HB 199 GA BR # 1007 DOC ID #: xxxx

BILL SPONSOR(S): Rep. J. Gooch Jr. AMENDMENT SPONSOR(S): . .

SUBJECT: AN ACT relating to oil and gas.

SUMMARY OF LEGISLATION: Amend KRS 353.510 to add definitions for "control person," "eligible well," and "orphan well"; amend KRS 353.562 to change the name of the Kentucky abandoned storage tank reclamation fund to the Kentucky abandoned storage tank and orphan well reclamation fund; set forth the purposes of the fund and allowable expenditures from the fund; authorize the Energy and Environment Cabinet to contract with private parties for remediation or reclamation projects; amend KRS 353.563 to authorize the Energy and Environment Cabinet to take the same actions to address improperly abandoned wells as currently allowed for abandoned storage tank facilities; amend KRS 353.564 to provide for forfeiture of equipment or product remaining at an orphan well or abandoned storage tank facility site; allow the Energy and Environment Cabinet or its agents to include the forfeited equipment or product as part of the reclamation or remediation project; add eligible and orphan wells to the project prioritization order for moneys to be disbursed from the fund; allow the Energy and Environment Cabinet to disregard priority if doing so would be cost-efficient or otherwise demonstrably beneficial; allow the Energy and Environment Cabinet to promulgate administrative regulations to provide further detail as to the prioritization of wells and abandoned storage tank facilities to be reclaimed or remediated; amend KRS 353.590 to prohibit persons under 18 years of age from receiving a permit under KRS Chapter 353; replace the bond schedule for shallow wells with a bonding formula of two dollars for every foot of true vertical well depth for all shallow wells bonded after the effective date of the Act; establish a new tier structure for shallow well blanket bonds; establish requirements for shallow bonds and blanket bonds; establish procedures for well operator transfers; establish procedures for well closure orders; amend KRS 353.593 to require appeals from final orders issued by the Department for Natural Resources to be taken to the Energy and Environment Cabinet's Office of Administrative Hearings; amend KRS 353.655 to remove exceptions to the prohibition on the use of shackle rods or related cables; amend KRS 353.710 to allow the Department for Natural Resources to bring suit against a person violating KRS 353.500 to 353.720 in Franklin Circuit Court; amend KRS 353.991 to establish penalties for violations of KRS 353.500 to 353.720 or 353.735 to 353.747; provide that penalties recovered from the section be deposited in the oil and gas well plugging fund; amend KRS 353.180 to conform; create a new section of KRS 353.500 to 353.720 to establish eligibility requirements for permit issuance or transfers under KRS Chapter 353; allow the Energy and Environment Cabinet to promulgate administrative regulations relating to compliance with the eligibility requirements under the section; repeal and reenact KRS 353.730 as a new section of KRS 353.500 to 353.720; amend KRS 353.570 to conform; create a new noncodified section to provide for the transfer of records and funds from the Kentucky abandoned storage tank reclamation fund to the Kentucky abandoned storage tank and orphan well reclamation fund.

This bill amendment committee substitute is expected to:

Have the following Corrections impact Have no Corrections impact

- | | |
|---|--|
| <input type="checkbox"/> Creates new crime(s) | <input type="checkbox"/> Repeals existing crime(s) |
| <input type="checkbox"/> Increases penalty for existing crime(s) | <input type="checkbox"/> Decreases penalty for existing crime(s) |
| <input type="checkbox"/> Increases incarceration | <input type="checkbox"/> Decreases incarceration |
| <input type="checkbox"/> Reduces inmate/offender services | <input type="checkbox"/> Increases inmate/offender services |
| <input type="checkbox"/> Increases staff time or positions | <input type="checkbox"/> Reduces staff time or positions |
| <input type="checkbox"/> Changes elements of offense for existing crime(s) | |
| <input checked="" type="checkbox"/> Otherwise impacts incarceration (Explain) Clarifies criminal penalties. | |

STATE IMPACT: Class A, B & C felonies are based on an average daily prison rate of \$71.10. Most Class D felons are housed in one of 76 full service jails for up to 5 years. DOC's cost to incarcerate a felony inmate in a jail is \$32.78 per day (includes jail per diem, medical & central office costs), not including substance abuse treatment. Projections are based on the daily rate x 365 x number of years.

Projected Impact: NONE MINIMAL to MODERATE (< \$1 million) SIGNIFICANT (> \$1 million)

LOCAL IMPACT: Local governments are responsible for the cost of incarcerating individuals charged with Class A or B misdemeanors and felony defendants until disposition of the case. While the expense varies by jail, this estimated impact will be based on \$31.34 per day, which equals the per diem and medical that DOC pays jails to house felony offenders.

Projected Impact: NONE MINIMAL to MODERATE (< \$1 million) SIGNIFICANT (> \$1 million)

HB 199 discusses regulations and administration under the Energy and Environment Cabinet related to oil and gas.

Section 9 (KRS 353.991) of the legislation references criminal penalties:

A knowing and willful violation of KRS 353.570(1) is established as a Class A misdemeanor with a \$1,000 fine and up to 180 days imprisonment. Civil penalties are also applicable. KRS 353.570(1) requires a permit for well drilling/deepening, specified well testing, or reopening of a plugged well for production.

Continued violations of KRS 353.735-353.747 (Underground Coal Mining Adjacent to Oil and Gas Exploration) after being notified of the violation by authorities are added to existing statute or regulation violations under KRS Chapter 353. Convictions are a Class A misdemeanor with a \$1,000 fine and up to 180 days imprisonment.

KRS 353.735-353.747 is added to the statute prohibiting false, omitted, destroyed, altered, removed entry or statement in a required report, etc. Convictions are a Class A misdemeanor with a \$1,000 fine and up to 180 days imprisonment.

KRS 353.735-353.747 is also added alongside the Oil and Gas Conservation statutes prohibiting the aiding or abetting of another person in the violation of the applicable statutes or regulations. The individual would be subject to the same penalty as the violation by the other person.

Currently the Department of Corrections does not have any offenders on supervision for offenses under KRS 353.991. AOC records do not reflect any filings or convictions under KRS 353.991.

Misdemeanors are subject to the jurisdiction and cost of the county.

Due to limited capacity, any number of additional offenders does impact local jail populations.


Overall, the number of offenders convicted under criminal penalties included in this legislation would be expected to be minimal.

A Class A misdemeanor is 90 days to 1 year in jail.	10 Class A misdemeanants: \$28,206 to \$114,391
1 Class A misdemeanor: \$2,821 to \$11,439	100 Class A misdemeanants: \$282,060 to \$1,143,910

The following offices contributed to this Corrections Impact Statement:

Dept. of Corrections Dept. of Kentucky State Police Administrative Office of the Courts Parole Board Other

NOTE: Consideration should be given to the cumulative impact of all bills that increase the felon population or that impose new obligations on state or local governments. The Department of Corrections and local jails continue to operate over capacity. Without steps to reduce the population, any legislation that increases population or lengthens the term of incarceration will have a significant impact on correctional operations.

APPROVED BY:  **2/13/2019**
Deputy Commissioner, Kentucky Department of Corrections Date