Kansas Administrative Regulations

Department of Health and Environment

Article 29.—Solid Waste Management—Part 10. Financial Requirements.

28-29-2103. Financial assurance provided by a funded trust fund.

(a) Funded trust fund. Any owner or operator of a solid waste disposal area or processing facility may satisfy the requirements of K.A.R. 28-29-2101 or K.A.R. 28-29-2102, or both, by establishing a trust fund that conforms to the requirements of this regulation and by submitting a copy of the trust agreement, with an original signature, to the department.

(1) Each owner or operator of a new facility shall submit to the department a copy of the trust agreement, with an original signature, for closure or postclosure, or both, before the permit is issued by the department.

(2) Each owner or operator required to provide financial assurance for a corrective action plan shall submit to the department a copy of the trust agreement, with an original signature, within the times specified in K.A.R. 28-29-2102(d).

(3) The trustee financial institution shall meet the following criteria:

(A) Be unrelated to the owner or operator;

(B) have the authority to act as trustee for the facility in the state of Kansas; and

(C) be a trust operation regulated and examined by a state or federal agency.

(b) Form of the trust agreement.

(1) The wording of the trust agreement shall be identical to the wording in the document provided by the department.

(2) The trust agreement shall establish a trust account, referred to in this regulation as "the fund," for the receipt of annual payments into the fund and receipt of the earnings on the accumulated amount.

(3) Each owner or operator shall update schedule A of the trust agreement within 60 days following a change in the amount of the current closure, postclosure, or corrective action cost estimate covered by the agreement.

(c) Payments into the fund for closure and postclosure. The owner or operator shall annually make payments into the fund for closure or postclosure, or both, over the estimated life of the facility as approved by the department. The approved facility life shall be referred to in this regulation as the "pay-in period." The pay-in period shall be changed each time a new facility life is determined by the owner or operator and approved by the department. The pay-in period shall not exceed 30 years from the date a new facility is permitted or the date these financial assurance regulations become effective, whichever is later. Payments into the fund for closure or postclosure, or both, shall be calculated as follows:

(1) The first payment into the fund for a new facility shall be made before the permit is issued by the department. The first payment shall be equal to the current, approved estimate of closure or postclosure costs, or both, divided by the number of years in the pay-in period.

(2) The owner or operator shall make subsequent payments on or before the due date for each annual permit renewal. The amount of each subsequent payment shall be calculated by the following formula:

$$\frac{\mathrm{CE} - \mathrm{CV}}{\mathrm{Y}} = \mathrm{P}$$

where:

CE represents the current cost estimate for closure or postclosure, or both;

CV represents the current value of the fund.

The current value of the fund shall be the current tax cost of the fund as reported in the trustee report unless market value is lower, in which case the lower value shall be used in the formula;

Y represents the number of years remaining in the pay-in period; and

P represents the amount of the required payment.

(3) Any owner or operator may accelerate payments into the fund or may deposit the full amount of the current estimate for closure or postclosure costs, or both, at the time the fund is established. After making the accelerated or full payments, the owner or operator shall maintain the fund at least in the amount it would have been if initial and annual payments had been made according to the requirements in paragraphs (c)(1) and (c)(2) of this regulation.

(4) If the owner or operator establishes a trust fund for closure, postclosure, or both, after having used another allowable method of providing financial assurance, the first payment into the fund shall be at least the amount that the fund would have contained if the trust fund had been used as the first method.

(5) After the pay-in period is complete, whenever the current approved cost estimate for closure or postclosure, or both, is changed, the owner or operator shall compare the new estimate with the trustee's most recent report of the current value of the fund and, if the fund is deficient, shall deposit the amount of deficiency on or before the date required by K.A.R. 28-29-2101(i).

(6) After the pay-in period is complete, if the value of the fund exceeds the current approved estimate of closure or postclosure costs, or both, or if the owner or operator substitutes another approved method of providing financial assurance, the owner or operator may submit a request to the department for return of the excess amount. The request shall be evaluated by the department. The requested amount shall be approved, changed, or denied. The trustee shall make payment from the fund in the amount determined by the department's evaluation.

(d) Reimbursement from the closure or postclosure fund. After beginning final closure, and annually during the postclosure period, the owner or operator or another authorized person may request reimbursement for the costs incurred in carrying out the actions required by the approved closure or postclosure plan, or both. The reimbursement request shall include documentation for the costs to be reimbursed from the fund. The request shall be evaluated by the department. Reimbursement may be authorized by the department to the extent that, after the reimbursement is issued by the trustee, the fund still contains the amount required to complete closure or postclosure, or both. The trustee shall make payment from the fund in the amount determined by the department's evaluation.

(e) Payments into the fund for corrective action. Each owner or operator shall make payments into the fund for corrective action annually during the first half of the approved corrective action period. The first half of the corrective action period shall be the "pay-in period." The pay-in period shall be changed at any time that a new corrective action period is determined by the owner or operator and approved by the department. The

pay-in period shall not exceed seven years beginning on the date these financial assurance regulations become effective, or 120 days after the date determined by K.A.R. 28-29-2102(d), whichever is later. Payments into the fund for corrective action shall be calculated as follows:

(1) The first payment into the fund shall be at least in the amount of half of the approved estimate of the total cost of corrective action for the entire corrective action period, divided by the number of years in the pay-in period.

(2) The amount of each subsequent payment shall be determined by the following formula:

$$\frac{\mathrm{RB} - \mathrm{CV}}{\mathrm{P}} = \mathrm{P}$$

where:

RB represents the required balance, defined as the total amount of corrective action cost estimated to be incurred in the last half of the corrective action period;

CV represents the current value of the trust fund. The current value of the fund shall be the current tax cost of the fund as reported in the trustee report unless market value is lower, in which case market value shall be used in the formula;

Y represents the number of years remaining in the pay-in period; and

P represents the amount of the required payment.

(3) Any owner or operator may accelerate payments into the fund or may deposit the full amount of the required balance at the time the fund is established. After making the accelerated or full payments, the owner or operator shall maintain the fund at least in the amount it would have been if initial and annual payments had been made according to the requirements in paragraphs (e)(1) and (e)(2) of this regulation.

(4) If the owner or operator establishes a corrective action trust fund after having used another allowable method of providing financial assurance, the first payment into the fund shall be at least the amount that the fund would have contained if the trust fund had been used as the first method.

(5) After the pay-in period is complete, whenever the current estimated cost of corrective action for the remaining corrective action period exceeds the amount of the current value of the fund, the owner or operator shall deposit the deficiency on or before the deadline specified in K.A.R. 28-29-2102 (i).

(f) Reimbursement from the corrective action fund. After the pay-in period is complete or after the required balance of the fund is reached, the owner or operator or another authorized person may request reimbursement for the costs incurred in carrying out the actions required by the corrective action plan. The reimbursement request shall include documentation of the costs to be reimbursed from the fund. The request shall be evaluated by the department. Reimbursement may be authorized by the department to the extent that, after the reimbursement is issued by the trustee, the fund still contains the amount required to complete the corrective action plan. The trustee shall make payment from the fund in the amount determined by the department's evaluation.

(g) Termination of the trust agreement. Any owner or operator may request termination of the trust agreement and return of any monies remaining in the fund if any of the following conditions is met:

(1) The owner or operator substitutes an alternative method of financial assurance as specified in K.A.R. 28-29-2101(b) and obtains written approval for its use from the department.

(2) The owner or operator is released by the department from further obligation to provide financial assurance for closure, postclosure, corrective action, or any combination of these, at the permitted facility.

(3) The owner or operator completes corrective action required by order of any court of competent jurisdiction and is released from further obligation by the court at the permitted facility.

(h) The provisions of this regulation shall apply on and after February 24, 2000.

(Authorized by K.S.A. 1998 Supp. 65-3406; implementing K.S.A. 1998 Supp. 65-3407, as amended by L. 1999, Ch. 112, Sec. 1; effective Feb. 24, 2000.)

***** Authenticated Kansas Administrative Regulation *****