

**Kansas Administrative Regulations  
Economic Impact Statement  
For the Kansas Division of the Budget**

Kansas Department of Health and Environment  
Agency

Susan Vogel  
Agency Contact

296-1291  
Contact Phone Number

K.A.R. 28-19-719  
K.A.R. Number(s)

Submit a hard copy of the proposed rule(s) and regulation(s) and any external documents that the proposed rule(s) and regulation(s) would adopt, along with the following to:

Division of the Budget  
900 SW Jackson, Room 504-N  
Topeka, KS 66612

**I. Brief description of the proposed rule(s) and regulation(s).**

K.A.R. 28-19-719, Fuel Volatility (RVP rule), limits the volatility of motor vehicle gasoline during summertime (June 1 – September 15) in the former Kansas City (KC) ozone maintenance area, specifically Johnson and Wyandotte counties. The rule reduces ambient ozone levels by limiting the amount of gasoline that evaporates into the atmosphere and volatile organic compounds emissions. The KC area is no longer a maintenance area for ozone and is attaining the 2015 ozone standard based on 2015-2017, 2016-2018 and 2017-2019 monitoring data. A modeling analysis was conducted and demonstrates that removal of the RVP rule requirements will not interfere with continued attainment of the 2015 ozone standard and projected emissions will maintain below 2017 actual ozone emission levels. Therefore, the Kansas Department of Health and Environment (KDHE) is proposing to revoke K.A.R. 28-19-719.

**II. Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. *(If the approach is different, then include a statement of why the Kansas rule and regulation proposed is different)***

In January 2020, the Missouri Department of Natural Resources proposed a rescission of their parallel federally mandated RVP rule to be finalized and effective by September 30, 2020. This action prompted KDHE to evaluate the continued requirement of the RVP rule in Kansas. Before the State of Kansas can remove its current federally mandated RVP rule, the state must develop, and the United States Environmental Protection Agency (EPA) must approve, a revision of the Kansas State Implementation Plan (SIP). The SIP revision must demonstrate that the change in RVP rule requirements do not interfere with attainment or maintenance of the National Ambient Air Quality Standards (NAAQS). KDHE has prepared a Technical Support Document (TSD) demonstrating that the revocation of K.A.R. 28-19-719 will not interfere with attainment, maintenance, or reasonable further progress for any NAAQS or with any other applicable requirement of the Clean Air Act (CAA). Additionally, KDHE has collaborated with EPA Region 7 to ensure that the revocation of the rule is approvable, effectively removing the federal mandate.

**III. Agency analysis specifically addressing following:**



**A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;**

The revocation of K.A.R. 28-19-719 is not expected to enhance or restrict business activities and growth.

**B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule and regulation and on the state economy as a whole;**

The revocation of K.A.R. 28-19-719 is not expected to place implementation or compliance costs on any specific business, sectors, ratepayers, individuals, local governments or the state economy as a whole.

**C. Businesses that would be directly affected by the proposed rule and regulation;**

The RVP rule limits the volatility of motor vehicle gasoline in the Kansas City area and affects persons who sell, dispense, supply, offer for sale, offer for supply, transport, or exchange in trade for gasoline intended for final use in Johnson and Wyandotte counties. The proposed revocation of K.A.R. 28-19-719 is not expected to add any additional costs for private entities.

**D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;**

This regulatory action is estimated to save consumers between 7.0 to 13.1 million dollars annually on gasoline costs.

**E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;**

This regulatory action is not expected to add costs or to negatively impact business or economic development.

**F. An estimate, expressed as a total dollar figure, of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.**

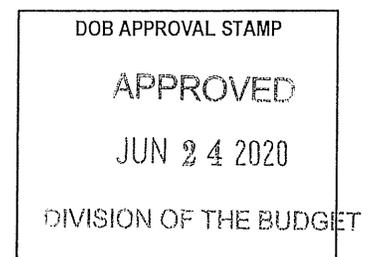
\$0.00

**An estimate, expressed as a total dollar figure, of the total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.**

\$0.00

**Do the above total implementation and compliance costs exceed \$3.0 million over any two-year period?**

YES  NO



**Give a detailed statement of the data and methodology used in estimating the above cost estimate.**

The Petroleum Marketers and Convenience Store Association (PMCA) of Kansas provided KDHE with an estimate for the low RVP fuels cost in the Kansas City Metro area. The required Kansas City area low RVP fuel is priced on average 8 to 15 cents higher per gallon than all other summertime gasoline in Kansas. According to Kansas Department of Transportation (KDOT) data<sup>1</sup>, roads in Johnson and Wyandotte counties in 2017 received approximately 20.4 million daily vehicle miles of travel (VMT). The EPA<sup>2</sup> estimates that the 2017 average fuel economy for cars, light trucks, and SUVs was 24.9 miles per gallon. As such, it is estimated that 87.6 million gallons of gasoline were consumed in Johnson and Wyandotte counties in 2017 during the period from June 1 to September 15. KDHE estimates a cost savings ranging from approximately 7.0 to 13.1 million dollars annually for consumers in these counties with the revocation of the RVP rule.

**Prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing if the total implementation and compliance costs exceed \$3.0 million over any two-year period to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.**

YES  NO

**G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.**

The proposed revocation is not expected to increase or decrease the revenues of cities, counties, or school districts or impose functions or responsibilities on these entities. However, when the notice of hearing for the revocation of K.A.R. 28-19-719 is published in the *Kansas Register*, standard agency procedure will be followed and the three organizations will be contacted electronically with attached copies of the proposed revocation, economic impact statement, environmental benefit statement and published notice of hearing.

<sup>1</sup> [http://www.ksdot.org/Assets/wwwksdotorg/bureaus/burTransPlan/prodinfo/Mileage\\_Travel/CountyDVMT2017.pdf](http://www.ksdot.org/Assets/wwwksdotorg/bureaus/burTransPlan/prodinfo/Mileage_Travel/CountyDVMT2017.pdf)

<sup>2</sup> <https://www.epa.gov/automotive-trends/highlights-automotive-trends-report>



**H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).**

KDHE held meetings to discuss the RVP rule revocation with the EPA Region 7, Mid-America Regional Council (MARC), Missouri Department of Natural Resources, as well as representatives from the ethanol industry. MARC was utilized to facilitate communication and community outreach when the RVP rule was implemented and, therefore, was consulted for the proposed revocation. The ethanol industry representatives were consulted to ensure that Johnson and Wyandotte counties will be provided conventional summertime gasoline during the summer months.

**I. For environmental rule(s) and regulation(s) describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).**

Failure to revoke the RVP rule will result in retaining the higher gasoline costs for consumers, a potential loss of tax dollars for the State of Kansas, and a decline in revenue for gas stations located in Wyandotte and Johnson counties. Consumers are estimated to pay approximately 7.0 to 13.1 million dollars more for low RVP gasoline than for conventional summertime gasoline. Gas stations on the Kansas side of the Kansas City Metro area will have less business as customers will be more inclined to purchase the less expensive gasoline on the Missouri side of the KC Metro area. Decreased demand for gasoline in Wyandotte and Johnson counties will translate into a loss of tax revenue for the State of Kansas. Gas stations may experience a loss of revenue not only on gasoline but also on other convenience store products.

