

SESSION OF 2019

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2001

As Recommended by House Committee on
Agriculture

Brief*

HB 2001 would extend the sunset on the Kansas Remediation Linked Deposit Loan Program, the Kansas Remediation Reimbursement Program, and the Kansas Agricultural Remediation Fund (Fund) from July 1, 2020, to July 1, 2030.

The bill would also lower the maximum and minimum thresholds of the unobligated principal balances of the Fund from \$5.0 million to \$3.0 million and from \$1.5 million to \$1.0 million, respectively. Under current law, assessments would cease if the unobligated principal balance of the Fund equals or exceeds the maximum threshold on April 1 of any year, and would be reimposed if the unobligated principal balance of the Fund is less than the minimum threshold on April 1 of any following year.

In addition, the bill would change the following assessments:

- Increase the amount from \$20 to \$40 for each commercial fertilizer required to be licensed under state law;
- Decrease the amount from \$60 to \$30 for each agricultural chemical required to be licensed under state law;

*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>

- Decrease the amount from \$0.0005 to \$0.00025 per bushel of storage capacity for each public warehouse required to be licensed under state law or the federal Warehouse Act; and
- Decrease the amount from \$0.0005 to \$0.00025 per bushel of storage capacity for each public warehouse in the state that is licensed pursuant to the U.S. Warehouse Act.

The bill would also make one technical change.

[Note: The Fund is an industry-supported remediation fund intended to provide direct financial assistance to property owners faced with costs associated with soil or groundwater contamination caused by agricultural and specialty chemicals. Revenues to the Fund are from assessments placed on pesticide products and dealers, commercially-licensed grain storage facilities, fertilizer products, and custom fertilizer blender licensees registered with the Kansas Department of Agriculture (KDA).]

Background

The bill was introduced by Representative Hoffman.

At the hearing in the House Committee on Agriculture, representatives of the Kansas Agribusiness Retailers Association, Kansas Cooperative Council, and Kansas Grain and Feed Association testified in favor of the bill. The proponents stated the reduction in the maximum Fund balance better aligns with the applications that are submitted and the reimbursements the Fund has paid out in recent years. Proponents also stated the adjustments to the fee schedule will reflect shifts in the industry that have occurred since the original program was created, resulting in a fee schedule that is more representative of the segments of the industry that receive the benefits of the program. Written testimony in favor of the bill was provided by the Kansas

Department of Health and Environment. No neutral or opponent testimony was provided at the hearing.

The fiscal note prepared by the Division of the Budget on the bill states, according to the KDA, the Kansas Agricultural Remediation Board reviews applications to the Fund and pays them as funds are available. Enactment of the bill is estimated to cause a reduction in revenues of \$373,337 in FY 2020, which could result in a reduction in expenditures of an equal amount depending on the applications filed. The average ending balance in FY 2016, FY 2017, and FY 2018 was \$321,761 and the estimated ending balances in FY 2019 and FY 2020 are expected to be \$486,749 and \$454,549, neither of which would be affected by changes to the upper limit of the unobligated principal balance. Any fiscal effect associated with the bill is not reflected in *The FY 2020 Governor's Budget Report*.