

SESSION OF 2020

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2463

As Amended by House Committee on
Agriculture

Brief*

HB 2463, as amended, would make changes regarding proof of financial responsibility requirements for a pesticide business license and disciplinary changes regarding pesticide licensees and chemigation users.

Proof of Financial Responsibility

The bill would remove the option for a pesticide business license applicant to provide a letter of credit as proof of financial responsibility. Under continuing law, applicants would need to provide either a surety bond in the amount of \$6,000 or a certificate of liability insurance for a policy that provides not less than \$25,000 for bodily injury liability and not less than \$5,000 for property damage liability for each occurrence as proof of financial responsibility.

Prior to January 1, 2021, any existing proof of financial responsibility that has been properly filed with the Secretary of Agriculture (Secretary) remains valid and would fulfill the financial responsibility requirements. After January 1, 2021, the bill would require pesticide business licensees and applicants to have either a surety bond or certificate of liability insurance properly filed with the Secretary to fulfill the proof of financial responsibility requirements.

*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>

Disciplinary Changes

The bill would remove conviction of a felony under state or federal law and the person has not been sufficiently rehabilitated to warrant the public trust from the factors the Secretary may consider when considering whether to deny, suspend, revoke, or modify the provisions of any license, registration, permit, or certificate issued to a pesticide licensee or chemigation user. In addition, the Secretary could not consider whether a pesticide licensee has had any license, certificate, registration, or permit revoked.

The bill would also make technical changes.

Background

The bill was introduced by the House Committee on Agriculture at the request of the Kansas Department of Agriculture (KDA).

In the House Committee hearing, the Chief Counsel of the KDA provided proponent testimony, stating that requiring all licenses to maintain liability insurance will better serve the public and reduce the verification required of KDA staff. In addition, the Chief Counsel noted the KDA does not have the authority to run background checks and certain disciplinary actions only occur when an applicant admits to committing a violation.

Opponent testimony was provided by a representative of the American Property Casualty Insurance Association. The representative stated surety bonds are a common way for businesses to show proof of financial responsibility and protect consumers from financial harm.

Neutral testimony was provided by a representative of the Kansas Agricultural Aviation Association (KAAA). The representative stated the KAAA has opposed this type of legislation in the past; however, opinions change and the

aviation industry is seeing more specialization in federal rules and regulations that have removed some concerns about the bill. Written-only neutral testimony was provided by the Kansas Agribusiness Retailers Association, Kansas Cooperative Council, and Kansas Grain Feed Association.

The House Committee amended the bill to retain current law relating to surety bonds as proof of financial responsibility and to make technical changes.

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the KDA indicates enactment of the bill would have no fiscal effect on agency operations.