

January 22, 2019

The Honorable Ron Highland, Chairperson
House Committee on Agriculture
Statehouse, Room 458-W
Topeka, Kansas 66612

Dear Representative Highland:

SUBJECT: Fiscal Note for HB 2001 by Representative Hoffman

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2001 is respectfully submitted to your committee.

The Kansas Agricultural Remediation 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.

Current law prohibits assessments from being imposed on or after July 1 of any year, whenever the unobligated principal balance in this fund equals or exceeds \$5.0 million on April 1 of that year. If the unobligated principal balance in the fund equals \$1.5 million or less on April 1 of any year, the statutory assessments must again be levied on or after the following July 1. HB 2001 would amend the law to reduce the upper limit for the unobligated principal balance to \$3.0 million and the lower limit to \$1.0 million. The bill would also increase the annual assessment for each commercial fertilizer required to be registered from \$20 to \$40; decrease the annual assessment for each agricultural chemical from \$60 to \$30; and decrease the annual assessment for each public warehouse required to be licensed under state or federal law from \$.0005 to \$.00025 per bushel of storage capacity.

According to the Department of Agriculture, the Kansas Agricultural Remediation Board reviews applications to the fund and pays them as funds are available. Enactment of HB 2001 is estimated to cause a reduction in revenues of \$374,337 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 HB 2001 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, reading "L. L. Campbell". The signature is written in a cursive style with a large, sweeping initial "L".

Larry L. Campbell
Director of the Budget

cc: Kellen Liebsch, Agriculture