

SESSION OF 2004

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 326**

As Amended by Senate Committee of the Whole

**Brief\***

SB 326 would increase the amounts of financial responsibility required in statute for a person wishing to be granted a pesticide business license. Under current law, an applicant for a pesticide business license may choose from providing a surety bond, a certificate of liability insurance, a letter of credit from a Kansas financial institution, or maintaining a minimum balance in an escrow account in a Kansas financial institution. The bill would increase those amounts as follows:

Surety Bond—from \$6,000 to \$10,000 per year

Certificates of Liability Insurance—from not less than \$25,000 to not less than \$250,000 for bodily injury liability for each occurrence and from not less than \$5,000 for property damage liability for each occurrence to not less than \$250,000 for each occurrence

Letter of Credit—from \$6,000 to \$10,000

Minimum Balance in an Escrow Account—from \$6,000 to \$10,000.

The bill also would allow an exception to these financial responsibility requirements for those pesticide business licensees who are aerial applicators. In these cases the financial responsibility requirements would remain the same as they are under current law for pesticide business licensees.

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\*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>

## **Background**

At the hearing on the bill, a spokesperson from the Kansas Pest Control Association appeared in support of the bill. This conferee stated that it was only prudent that the residents of Kansas have some assurance that the statutes provide that pesticide applicators demonstrate adequate fiscal responsibility. A spokesperson from the Kansas Agribusiness Retailers Association also appeared in support of the bill. Appearing in opposition to the bill was a representative of the Kansas Agricultural Aviation Association and the president of an aviation insurance company. The spokesperson from the Aviation Association stated that because of how aviation insurance coverage is provided, the bill would have a devastating effect on agricultural aviation. It was noted that the insurance is on the aircraft and not on the business. The spokesperson from the aviation insurance company stated that the higher limits of chemical liability was not available.

The Senate Committee on Agriculture amended the bill to provide an exemption for any of the increases in financial responsibility when the applicant for a pesticide business license is an aerial applicator.

The Senate Committee of the Whole amended the bill to lower the amount of surety bond coverage for financial assurance for pesticide business licensees from the proposed \$50,000 to \$10,000; the amount needed for a letter of credit from the proposed \$50,000 to \$10,000; and the amount needed for a minimum balance in an escrow account in a Kansas financial institution from the proposed \$50,000 to \$10,000.

The fiscal note on the original bill states that enactment of SB 326 would have no fiscal effect on the Kansas Department of Agriculture. The note also states that the bill would increase the cost of operation for pesticide businesses operating within the state, but that there was no information available upon which to base an accurate estimate.