

STATE OF KANSAS

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GOVERNOR JEFF COLYER, M.D.
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

April 9, 2018

The Honorable Jene Vickrey, Chairperson
House Committee on Insurance
Statehouse, Room 276-W
Topeka, Kansas 66612

Dear Representative Vickrey:

SUBJECT: Fiscal Note for HB 2669 by Representative Lusk, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2669 is respectfully submitted to your committee.

HB 2669 would require operators of class II injection disposal wells to provide a certificate of induced seismicity liability insurance that is reasonably sufficient to provide coverage for property damages caused by induced seismicity events to the Kansas Corporation Commission (KCC) when submitting an application to drill a class II injection disposal well. Disposal well operators would be required to notify the KCC at least ten days prior to any expiration, reduction, or cancellation of induced seismicity liability insurance. The KCC would be allowed to create rules and regulations to enforce provisions of the Act.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	--	--	--
Expenditure	--	--	--	\$66,600
FTE Pos.	--	--	--	1.00

The Kansas Corporation Commission indicates that enactment of HB 2669 would require additional expenditures of \$66,600 from fee funds in FY 2019, including \$50,000 for salaries and wages for 1.00 FTE position, \$14,000 for fringe benefits and equipment, and \$2,600 for one-time IT equipment costs. The additional position would be responsible for reviewing the insurance

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policies of the operators of class II injection disposal wells to insure the liability insurance is sufficient. The Kansas Insurance Department and Kansas Department of Health and Environment indicate that enactment of HB 2669 would have no fiscal effect. Any fiscal effect associated with HB 2669 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell". The signature is fluid and cursive, with a large initial "L" and a long, sweeping underline.

Larry L. Campbell
Chief Budget Officer

cc: Glenda Haverkamp, Insurance
Jake Fisher, KCC
Dan Thimmesch, Health & Environment