

**Senate Committee on Judiciary  
Testimony in Support of Senate Bill 199  
Presented by Eric Stafford, Vice President of Government Affairs**



**Thursday, January 18, 2018**

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to testify in support of Senate Bill 199 which places caps on appeals bonds, protecting businesses from potential bankruptcy in a high-stakes case.

Today, 34 states have a general cap or no bonding requirement (see attached map). Kansas only has a cap on MSA tobacco cases. SB 199 proposes a cap of \$25 million for everyone, unless the appellant is a small business, then the amount of the bond shall not exceed \$1 million. A small business is defined as not more than 50 full-time employees and less than \$50 million in annual revenue.

SB 199 provides valuable protections for small businesses by proposing a cap of \$1 million for an appeals bond. For a small business, a judgement of several million dollars could be just as damaging as a multi-million-dollar judgement against a larger firm. Should a small firm, say with \$5 million in coverage, be sued and lose a judgement above that amount, say \$10 million, the insurer is obligated only to pay the 5 million and the firm would have to pay the rest which could easily bankrupt the firm and its owners. If the firm sought to appeal the case, they would then be forced to post a bond of the entire 10 million (plus fees and expenses of up to an additional 25%), which likely would not be feasible. However, if the limit was 1 million, an appeal would be more feasible to undertake. This bill still gives judges the discretion to protect plaintiffs by removing or limiting the cap if the defendant is a "bad actor."

The goal of this legislation is to protect the rights of solvent, good actors, who have had what they believe to be an erroneous judgement against them. Everyone should have the right to appeal legal judgments and a cap, especially one for small businesses, would ensure defendants the ability to protect this right.

We thank you for the opportunity to offer testimony in support of Senate Bill 199, and I am happy to answer questions at the appropriate time.



*The Kansas Chamber, with headquarters in Topeka, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to do business. The Chamber represents small, medium and large employers all across Kansas.*