



March 12, 2024

The Honorable Sean Tarwater, Chairperson
 House Committee on Commerce, Labor and Economic Development
 300 SW 10th Avenue, Room 346-S
 Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2820 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2820 is respectfully submitted to your committee.

HB 2820 would prohibit a government agency from purchasing, acquiring, or otherwise using any drone or any related services or equipment if the critical components were produced in any country of concern or produced or owned by any foreign principal. The bill lists certain countries that would be considered a country of concern and defines foreign principal. Prior to July 1, 2029, any critical components for drones or any related services or equipment that were acquired prior to July 1, 2024, and not in compliance with the bill would be allowed to be used by a governmental agency that acquired the equipment. When a governmental agency determines that critical components must be replaced, it would be allowed to use any replacement component acquired prior to July 1, 2024, but no new replacement component could be acquired from any foreign principal. The bill lists certain exceptions to the prohibited acquisitions.

Estimated State Fiscal Effect			
	FY 2024	FY 2025	FY 2026
Expenditures			
State General Fund	--	--	--
Fee Fund(s)	\$78,208	\$50,996	--
Federal Fund	\$180,500	--	--
Total Expenditures	\$258,708	\$50,996	--
Revenues			
State General Fund	--	--	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	--	--
FTE Positions	--	--	--

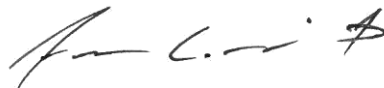
The Highway Patrol indicates enactment of the bill would require it to replace existing equipment with authorized suppliers' equipment at an estimated one-time cost of \$258,708 in FY 2024. Of this amount \$78,208 would be from agency fee funds and \$180,500 would be from federal funds through the Motor Carrier Safety Assistance Program. The agency states that the expenditures would be incurred in FY 2024 because it is currently in the process of replacing drone equipment and would accommodate the bill's provisions in its current purchasing plan.

The Department of Transportation indicates that most of the drones it currently uses comply with the provisions of the bill. However, enactment of the bill would require the agency to replace four drones, which would require an increase of \$50,996 to the expenditure limitation of the agency operations account in FY 2025. The Department states that replacement of the drones would ensure that critical components are sourced through firms that are not from countries of concern or foreign principals, which would prevent any grounding of aircraft.

The Adjutant General and the Kansas Bureau of Investigation indicate enactment of the bill would not have a fiscal effect on the agencies. Any fiscal effect associated with HB 2820 is not reflected in *The FY 2025 Governor's Budget Report*.

The League of Kansas Municipalities states enactment of the bill could have a fiscal effect on cities if existing drones need to be upgraded. The Kansas Association of Counties indicates enactment of the bill could have a fiscal effect on counties if they need to replace drones that they currently own.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Sherry Macke, Kansas Highway Patrol
Paul Weisgerber, Kansas Bureau of Investigation
Michael Neth, Office of the Adjutant General
Brendan Yorkey, Department of Transportation
Jay Hall, Kansas Association of Counties
Wendi Stark, League of Kansas Municipalities