

February 7, 2024

The Honorable Mike Thompson, Chairperson  
Senate Committee on Federal and State Affairs  
300 SW 10th Avenue, Room 144-S  
Topeka, Kansas 66612

Dear Senator Thompson:

**SUBJECT:** Fiscal Note for SB 446 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 446 is respectfully submitted to your committee.

SB 446 would prohibit a person owned by, controlled by, or subject to the jurisdiction or direction of a foreign government from acquiring any interest in any parcel of real property located in Kansas that is three acres or more. The provisions of the bill would not apply to any interest that was acquired prior to July 1, 2024, or unless an exception is granted by the State Land Council, which would be created by the bill. Any property that was acquired before July 1, 2024, by a foreign national would not be allowed to be sold, conveyed, or leased to a foreign national. If a foreign national inherits real property in this state that is three acres or more, the person would be required to divest the interest within 12 months and the divestiture would be an affirmative defense to a violation of the bill. The Attorney General would investigate any sale, transfer of title, or other interest in real property located in Kansas if the Attorney General has reason to believe that the transaction would violate provisions of the bill.

The bill would establish the State Land Council. Members of the council would include the Attorney General, the Adjutant General, the Governor, the Secretary of State, and the Director of the Kansas Bureau of Investigation. The Council would establish policies and procedures and would meet at least once every other month when any application for exemption is pending. The Council would review each application and grant or deny the exemption. The provisions of the bill would be severable.

The Office of the Attorney General states that it would require 1.00 Investigator FTE position and 1.00 Attorney FTE position at a total cost of \$230,000 for FY 2025 and \$253,000 for FY 2026 from the State General Fund, which would provide salaries and wages and other operating costs. Those positions would assist in investigating the sale and the transfer of title as required by the bill. Although the bill would not specifically authorize support staff for the Kansas Land Council, the Attorney General indicates that the Council would require at least 1.00 FTE position for administrative support at an additional estimated cost of \$100,000 in FY 2025 and \$110,000 in FY 2026 from the State General Fund. The agency also notes that it is likely that the bill's

provisions would be challenged in court. However, the agency cannot estimate the resources that would be required or the fiscal effect if this would occur.

The Office of Judicial Administration states that the bill could increase the number of cases filed in district courts because it creates a new crime, which would increase the time spent by district court judicial and nonjudicial personnel in processing, researching, and hearing cases. The bill could also increase the collection of docket fees that would be deposited into the State General Fund. However, a fiscal effect cannot be estimated, as the number of additional cases is unknown.

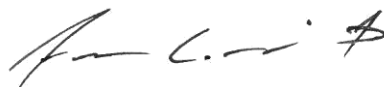
The Governor's Office states that the number of applications the Council would be required to review for approval could be significant. The number of applications that would be reviewed cannot be estimated. However, the current staff of the Governor's Office is not equipped to handle the potential increase in workload. The Governor's Office would require an additional 3.00 FTE positions at a total cost of \$219,819 from the State General Fund in FY 2025. The positions would include one attorney (\$106,973) and two support staff (\$56,423 X 2 staff = \$112,846). The cost estimates for all positions would include fringe benefit expenditures. The positions would review each application, which could take a significant amount of time, and make an informed decision at the Council meetings. A similar cost estimate would be applicable for FY 2026.

The Secretary of State assumes that Council meetings would not keep an existing employee from also performing their regular duties and no additional funding or positions would be required. The Department of Commerce indicates that any additional workload would be handled with its current staff and would not have a fiscal effect.

The Kansas Highway Patrol, the Adjutant General, and the Kansas Bureau of Investigation indicate that the bill would not have a fiscal effect. Any fiscal effect associated with SB 446 is not reflected in *The FY 2025 Governor's Budget Report*.

The Kansas Association of Counties states that because there is a divestment requirement, there could be some additional expenditures for the Register of Deeds, as well as the potential forfeiture actions that could increase court costs. However, the Association cannot estimate a fiscal effect. The League of Kansas Municipalities states that the bill would not have a fiscal effect on cities.

Sincerely,



Adam C. Proffitt  
Director of the Budget

cc: Trisha Morrow, Judiciary  
Sherry Macke, Kansas Highway Patrol  
William Hendrix, Office of the Attorney General  
Paul Weisgerber, Kansas Bureau of Investigation  
Wendi Stark, League of Kansas Municipalities  
Jay Hall, Kansas Association of Counties