

House Substitute for SENATE BILL No. 271

By Committee on Commerce, Labor and Economic Development

3-14

1 AN ACT concerning infrastructure; relating to to drone technology;
2 prohibiting the acquisition of critical components of drone technology
3 from countries of concern; establishing the Kansas drone rehabilitation
4 fund to be administered by the attorney general; authorizing a transfer
5 of moneys from the state general fund to the Kansas drone
6 rehabilitation fund for fiscal year 2025 in an amount of \$2,500,000;
7 prohibiting governmental agencies from selling or discarding critical
8 components; requiring governmental agencies to send critical
9 components to Wichita state university or Kansas state university for
10 research and refurbishing; allowing governmental agencies to receive
11 reimbursements from the Kansas drone rehabilitation fund for the cost
12 of replacing applicable drones.
13

14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. (a) In addition to the provisions of K.S.A. 75-3739, and
16 amendments thereto, and any other applicable statutes concerning
17 purchases, a governmental agency shall not purchase, acquire or otherwise
18 use any drone or any related services or equipment, the critical
19 components of which were:

20 (1) Produced in any country of concern; or

21 (2) produced or owned by any foreign principal.

22 (b) Prior to July 1, 2029, any critical components for drones or any
23 related services or equipment that were acquired prior to July 1, 2024, and
24 that are not in compliance with subsection (a) may continue to be used by
25 the governmental agency that acquired such critical component. When
26 such governmental agency determines that such critical component must
27 be replaced, the governmental agency may use any replacement
28 component acquired prior to July 1, 2024, but no new replacement
29 component shall be acquired from any foreign principal.

30 (c) Any acquisition that is otherwise prohibited under subsection (a)
31 or (b) may be completed by a governmental agency if:

32 (1) There is no other reasonable means to acquire such critical
33 components or of addressing the needs of the governmental agency
34 necessitating such acquisition;

35 (2) the agreement for such acquisition is approved by the secretary of
36 administration after consultation with the adjutant general; and

1 (3) failure to acquire such critical components or otherwise address
2 the needs of the governmental agency would pose a greater threat to the
3 safety and security of this state than that posed by entering into such
4 acquisition agreement.

5 (d) (1) No governmental agency shall sell or discard any critical
6 component for drones or any related services or equipment that are not in
7 compliance with subsection (a) but shall, prior to July 1, 2029, transfer all
8 such critical components to Wichita state university or Kansas state
9 university for research and refurbishing for future use.

10 (2) Upon a transfer of all such critical components in accordance with
11 paragraph (1), such governmental agency may submit a request for
12 reimbursement to the attorney general on a form approved by the attorney
13 general. Upon approval of such request, such reimbursement shall be made
14 from the Kansas drone rehabilitation fund established pursuant to section
15 2, and amendments thereto, to such governmental agency for the purpose
16 of purchasing new drones of like kind and quality to the transferred
17 drones.

18 (e) As used in sections 1 and 2, and amendments thereto:

19 (1) "Company" means any:

20 (A) For-profit corporation, partnership, limited partnership, limited
21 liability partnership, limited liability company, joint venture, trust,
22 association, sole proprietorship or other organization, including any:

23 (i) Subsidiary of such company, a majority ownership interest of
24 which is held by such company;

25 (ii) parent company that holds a majority ownership interest of such
26 company; and

27 (iii) other affiliate or business association of such company whose
28 primary purpose is to make a profit; or

29 (B) nonprofit organization.

30 (2) (A) "Country of concern" means the following:

31 (i) People's republic of China, including the Hong Kong special
32 administrative region;

33 (ii) republic of Cuba;

34 (iii) islamic republic of Iran;

35 (iv) democratic people's republic of Korea;

36 (v) Russian federation; and

37 (vi) Bolivarian republic of Venezuela.

38 (B) "Country of concern" does not include the republic of China
39 (Taiwan).

40 (3) "Critical component" means those components or subcomponents
41 that are:

42 (A) Distinct and serviceable articles; and

43 (B) the primary component or subcomponent of an identifiable

1 process or subprocess necessary to the recording, storing or transmitting of
2 data or any other form of information.

3 (4) "Domicile" means the country where a:

4 (A) Company is organized;

5 (B) company completes a substantial portion of its business; or

6 (C) majority of a company's ownership interest is held.

7 (5) "Drone" means an unmanned aircraft that is controlled remotely
8 by a human operator or operates autonomously through computer software
9 or other programming.

10 (6) "Foreign principal" means:

11 (A) The government or any official of the government of a country of
12 concern;

13 (B) any political party, subdivision thereof or any member of a
14 political party of a country of concern;

15 (C) any corporation, partnership, association, organization or other
16 combination of persons organized under the laws of or having its principal
17 place of business in a country of concern. "Foreign principal" includes any
18 subsidiary owned or wholly controlled by any such entity;

19 (D) any agent of or any entity otherwise under the control of a
20 country of concern;

21 (E) any individual whose residence is in a country of concern and
22 who is not a citizen or lawful permanent resident of the United States; or

23 (F) any individual, entity or combination thereof described in
24 paragraphs (A) through (E) that has a controlling interest in any company
25 formed for the purpose of manufacturing, distributing, transporting or
26 selling critical components for drones and related services and equipment.

27 (7) "Governmental agency" means the state or any political or taxing
28 subdivision of the state or any office, agency or instrumentality thereof.

29 Sec. 2. (a) The Kansas drone rehabilitation fund is hereby established
30 in the state treasury and shall be administered by the attorney general. All
31 expenditures from such fund shall be made in accordance with
32 appropriation acts upon warrants of the director of accounts and reports
33 issued pursuant to vouchers approved by the attorney general or the
34 attorney general's designee. All moneys credited to such fund shall be
35 expended or transferred only for the purposes of funding the following:

36 (1) Research and refurbishing of drones by Wichita state university
37 and Kansas state university pursuant to section 1, and amendments thereto;
38 and

39 (2) reimbursement to governmental agencies for replacing drones
40 pursuant to section 1, and amendments thereto.

41 (b) On July 1, 2024, or as soon thereafter as moneys are available, the
42 director of accounts and reports shall transfer \$2,500,000 from the state
43 general fund to the Kansas drone rehabilitation fund.

1 (c) On July 1, 2029, the director of accounts and reports shall transfer
2 all moneys in the Kansas drone rehabilitation fund to the state general
3 fund. On July 1, 2029, all liabilities of the Kansas drone rehabilitation fund
4 are hereby transferred to and imposed on the state general fund, and the
5 Kansas drone rehabilitation fund is hereby abolished.

6 Sec. 3. This act shall take effect and be in force from and after its
7 publication in the statute book.