

{As Amended by House Committee of the Whole}

Session of 2024

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~~ **{prohibiting any governmental agency**
4 **from purchasing, acquiring or otherwise using any drone with**
5 **critical components produced in any country of concern or**
6 **produced or owned by any foreign principal}**; establishing the
7 Kansas drone ~~rehabilitation~~ **{reimbursement expense}** fund to be
8 administered by the attorney general; ~~authorizing a transfer~~ **{transfers}**
9 of moneys from the state general fund to ~~the Kansas drone~~
10 ~~rehabilitation fund for fiscal year 2025 in an amount of \$2,500,000;~~
11 ~~prohibiting governmental agencies from selling or discarding critical~~
12 ~~components; requiring governmental agencies to send critical~~
13 ~~components to Wichita state university or Kansas state university for~~
14 ~~research and refurbishing~~ **{such fund}**; allowing governmental
15 agencies to ~~receive reimbursements from the Kansas drone~~
16 ~~rehabilitation fund for the cost of replacing applicable drones~~ **{seek**
17 **reimbursement for the cost of purchasing a replacement drone,**
18 **transfer restricted drones to the office of the attorney general or, if**
19 **no reimbursement is received, dispose of drones or sell drones for**
20 **private use}**.

21

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

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

28

(1) Produced in any country of concern; or

29

(2) produced or owned by any foreign principal.

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(b) Prior to July 1, 2029, any critical components for drones ~~or any~~
31 ~~related services or equipment~~ that were acquired prior to July 1, 2024, and
32 that are not in compliance with subsection (a) may continue to be used by
33 the governmental agency that acquired such critical component. When
34 such governmental agency determines that such critical component must
35 be replaced, the governmental agency may use any replacement
36 component acquired prior to July 1, ~~2024~~ **{2027}**, but no new replacement

1 component shall be acquired from any foreign principal{, **unless such**
2 **component cannot be procured from another source**}.

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

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

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

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

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

19 ~~(2) Upon a transfer of all such critical components in accordance with~~
20 ~~paragraph (1), such governmental agency may submit a request for~~
21 ~~reimbursement to the attorney general on a form approved by the attorney~~
22 ~~general. Upon approval of such request, such reimbursement shall be made~~
23 ~~from the Kansas drone rehabilitation fund established pursuant to section~~
24 ~~2, and amendments thereto, to such governmental agency for the purpose~~
25 ~~of purchasing new drones of like kind and quality to the transferred~~
26 ~~drones.~~

27 **{(d) (1) Except as otherwise provided by this subsection, no**
28 **governmental agency may sell or discard any drone that is restricted**
29 **from use pursuant to subsection (a).**

30 **(2) A governmental agency may submit a request for**
31 **reimbursement to the attorney general for the cost of replacing a**
32 **drone pursuant to the provisions of section 2, and amendments**
33 **thereto.**

34 **(3) If a governmental agency receives any such reimbursement,**
35 **such governmental agency shall transfer the restricted drone and**
36 **ownership of such drone to the office of the attorney general for**
37 **research and refurbishing for future use.**

38 **(4) If a governmental agency does not receive reimbursement for**
39 **a replacement drone, such governmental agency may dispose of the**
40 **restricted drone as authorized by such governmental agency's**
41 **governing body, including disposal through destruction or a trade-in**
42 **or sale for private use.}**

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

1 (1) "Company" means any:

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

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

7 (ii) parent company that holds a majority ownership interest of such
8 company; and

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

11 (B) nonprofit organization.

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

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

15 (ii) republic of Cuba;

16 (iii) islamic republic of Iran;

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

18 (v) Russian federation; and

19 (vi) Bolivarian republic of Venezuela.

20 (B) "Country of concern" does not include the republic of China
21 (Taiwan).

22 (3) "Critical component" means those components or subcomponents
23 that are:

24 (A) Distinct and serviceable articles; and

25 (B) the primary component or subcomponent of an identifiable
26 process or subprocess necessary to the recording, storing or transmitting of
27 data or any other form of information.

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

29 (A) Company is organized;

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

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

32 (5) "Drone" means an unmanned aircraft that is controlled remotely
33 by a human operator or operates autonomously through computer software
34 or other programming. **{"Drone" includes any services, maintenance
35 agreements or equipment related to such drone.}**

36 (6) "Foreign principal" means:

37 (A) The government or any official of the government of a country of
38 concern;

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

41 (C) any corporation, partnership, association, organization or other
42 combination of persons organized under the laws of or having its principal
43 place of business in a country of concern. "Foreign principal" includes any

1 subsidiary owned or wholly controlled by any such entity;

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

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

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

10 (7) ~~{(A)}~~ "Governmental agency" means the state or any political or
11 taxing subdivision of the state or any office, agency or instrumentality
12 thereof.

13 **{(B) "Governmental agency" does not include the following**
14 **entities when such entities purchase, acquire or otherwise use a drone**
15 **for research and refurbishing for future use:**

16 (i) **The office of the attorney general; and**

17 (ii) **any postsecondary educational institution as defined by**
18 **K.S.A. 74-3201b, and amendments thereto.}**

19 ~~Sec. 2.—(a) The Kansas drone rehabilitation fund is hereby established~~
20 ~~in the state treasury and shall be administered by the attorney general. All~~
21 ~~expenditures from such fund shall be made in accordance with~~
22 ~~appropriation acts upon warrants of the director of accounts and reports~~
23 ~~issued pursuant to vouchers approved by the attorney general or the~~
24 ~~attorney general's designee. All moneys credited to such fund shall be~~
25 ~~expended or transferred only for the purposes of funding the following:~~

26 ~~(1) research and refurbishing of drones by Wichita state university~~
27 ~~and Kansas state university pursuant to section 1, and amendments thereto;~~
28 ~~and~~

29 ~~(2) reimbursement to governmental agencies for replacing drones~~
30 ~~pursuant to section 1, and amendments thereto.~~

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

34 ~~(c) On July 1, 2029, the director of accounts and reports shall transfer~~
35 ~~all moneys in the Kansas drone rehabilitation fund to the state general~~
36 ~~fund. On July 1, 2029, all liabilities of the Kansas drone rehabilitation fund~~
37 ~~are hereby transferred to and imposed on the state general fund, and the~~
38 ~~Kansas drone rehabilitation fund is hereby abolished.~~

39 Sec. 2. (a) **{(1) Between July 1, 2024, and July 1, 2029, a**
40 **governmental agency may submit a request to the attorney general for**
41 **reimbursement for the cost of replacing a functional drone restricted**
42 **from use pursuant to section 1, and amendments thereto.**

43 (2) Documents related to such request for reimbursement may

1 begin to be submitted to the attorney general after:

2 (A) Such governmental agency has ceased use of such functional
3 drone pursuant to section 1, and amendments thereto; and

4 (B) a purchase price for a replacement drone is established.

5 (3) Before the amount for reimbursement may be certified by the
6 attorney general pursuant to subsection (b), such request for
7 reimbursement shall include notice and documentation of the
8 following:

9 (A) Verification that the governmental agency has ceased use of
10 the functional drone pursuant to section 1, and amendments thereto;

11 (B) a comparison of features between the restricted functional
12 drone and the replacement drone;

13 (C) the final purchase price of the replacement drone; and

14 (D) completion of the purchase of such replacement drone.

15 (b) (1) If a governmental agency has submitted a request for
16 reimbursement of costs pursuant to the requirements of subsection
17 (a), the attorney general shall, subject to the provisions of paragraph
18 (2), certify the amount of moneys attributable to such costs and shall
19 transmit a copy of such certification to the director of accounts and
20 reports.

21 (2) (A) The attorney general may not conduct certification for
22 any submitted request pursuant to paragraph (1) submitted more
23 than 90 days after the delivery of the replacement drone for which
24 reimbursement is sought.

25 (B) Subject to the provisions of subparagraph (C), such
26 reimbursement shall be in an amount that will cover the replacement
27 cost for a drone with similar features to those of the drone taken out of
28 service.

29 (C) If the replacement drone has added features that the
30 functional drone taken out of service does not have, the additional cost
31 for those features may not be included in the reimbursement.

32 (3) Upon receipt of such certification pursuant to paragraph (2),
33 the director of accounts and reports shall transfer an amount of
34 moneys equal to such certified amount from the state general fund to
35 the Kansas drone reimbursement expense fund.

36 (4) The attorney general shall transmit a copy of each such
37 certification to the director of legislative research and the director of
38 the budget.

39 (c) The attorney general shall develop and implement a
40 procedure to provide reimbursements to governmental agencies
41 pursuant to this section.

42 (d) If there are no moneys available in the Kansas drone
43 reimbursement expense fund to pay any such reimbursements, the

1 governmental agency may file a claim against the state pursuant to
2 article 9 of chapter 46 of the Kansas Statutes Annotated, and
3 amendments thereto.

4 (e) (1) There is hereby established in the state treasury the
5 Kansas drone reimbursement expense fund, which shall be
6 administered by the attorney general. All expenditures from the
7 Kansas drone reimbursement expense fund shall be for the purpose of
8 reimbursing governmental agencies for the costs described in this
9 section. All expenditures from such fund shall be made in accordance
10 with appropriation acts upon warrants of the director of accounts and
11 reports issued pursuant to vouchers approved by the attorney general
12 or the attorney general's designee. Reimbursements during any fiscal
13 year shall not exceed an aggregate amount of \$2,500,000, unless
14 additional funds are approved by the state finance council.

15 (2) On July 1, 2029, the director of accounts and reports shall
16 transfer all moneys in the Kansas drone reimbursement expense fund
17 to the state general fund. On July 1, 2029, all liabilities of the Kansas
18 drone reimbursement expense fund are hereby transferred to and
19 imposed on the state general fund, and the Kansas drone
20 reimbursement expense fund is hereby abolished.}

21 {(f) For the purposes of this section, "functional" includes a
22 drone that could be made operational with the purchase of a new
23 replacement component pursuant to section 1, and amendments
24 thereto.}

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