



March 12, 2025

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 234 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 234 is respectfully submitted to your committee.

SB 234 would prohibit medical and research facilities in Kansas from using genetic sequencers, operational, or research software used for genetic analysis produced in or by a forgiven adversary, a state-owned enterprise of a foreign adversary, a company domiciled within a foreign adversary, or a company-owned or controlled subsidiary of a company domiciled within a foreign adversary for the purpose of conducting genetic analysis.

All equipment and software that is prohibited by the bill that is not permanently disabled would be required to be removed and replaced. Subject to appropriations, a Kansas medical or research facility could request reimbursement from the State Treasurer for the cost of replacement of the equipment and software that would be prohibited provided that the request includes purchase orders and is submitted prior to October 1, 2025. The bill's provisions would be severable.

The Office of the Attorney General estimates litigation costs of at least \$500,000 from the State General Fund in FY 2026 and FY 2027 to defend the bill in court, if SB 234 would be enacted.

The Office of the State Treasurer indicates the bill does not specify procedures for medical and research facilities to request reimbursement payments or for the agency to make payments. However, any reimbursements would be subject to appropriations to the agency by the Legislature. The State Treasurer estimates the agency's only role would be to review requests and submit purchase orders to confirm the amount of reimbursement applicable to each request and that the agency would not have an auditing role or other oversight responsibilities. The agency states it

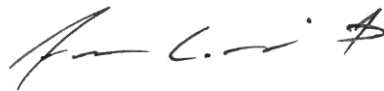
would occur additional administrative work to receive reimbursement requests and to process payments, which could be performed by the agency's existing staff. The State Treasurer is unable to estimate the amount of reimbursement payments that would be requested, if the bill would be enacted.

Kansas State University estimates \$375,000 for one-time costs to replace equipment that would be prohibited under the bill's provisions in FY 2026. The University indicates it would use federal funds for the initial replacement costs and estimates it would be reimbursed with monies from the State General Fund.

Both the University of Kansas and the University of Kansas Medical Center indicate the bill's enactment would have a negligible fiscal effect on the operations of both institutions.

The Office of Judicial Administration, the Board of Regents, the Kansas Department of Health and Environment, Wichita State University, and the Adjutant General indicate enactment of the bill would not have a fiscal effect on the operations of any of the respective agencies. Any fiscal effect associated with SB 234 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Becky Pottebaum, Board of Regents
Amy Penrod, Department of Health & Environment
Stephanie McDowell, Kansas State University
Trisha Morrow, Judiciary
Matt Bingesser, Office of the Attorney General
Michael Neth, Office of the Adjutant General
John Hedges, Office of the State Treasurer
Jeff Dewitt, University of Kansas
Lyndsay Pletcher, Wichita State University