

Countries of Concern—Kansas Land and Drones; House Sub. for SB 9

House Sub. for SB 9 creates the Kansas Land and Military Installation Protection Act (Act) and prohibits government agencies from purchasing or acquiring drones whose critical components were produced in a country of concern or whose critical components were produced or owned by a foreign principal.

Kansas Land and Military Installation Protection Act

The bill requires foreign principals from countries of concern that own or acquire any interest in non-residential real property located within 100 miles of the boundary of any military installation located in Kansas or an adjacent state to register such interest with the Attorney General. The Act does not apply to a *de minimis* interest in such real property or residential property or certain Governor-approved transactions.

Real Property Acquisition

The bill generally prohibits a foreign principal from directly or indirectly acquiring any interest in any real property located within 100 miles of the boundary of any military installation in Kansas or in any adjacent state, on and after July 1, 2025.

The bill allows a foreign principal that owns real property as described above prior to July 1, 2025, and seeks to acquire additional real property for the purpose of expanding operations, to request transaction approval from the Governor. The bill requires the Governor to consult with the Attorney General and the Fusion Center Oversight Board to determine whether the transaction poses any security risk to military installations or critical infrastructure. The Governor is required to approve or deny such expansion within 90 days of receiving the request.

Real Property Reporting Requirement

The bill generally requires any foreign principal to report any ownership or acquisition of any interest in real property located within 100 miles of any military installation's boundary in Kansas or any adjacent state. The bill requires divestiture of the interest in such real property for failing to register.

Any foreign principal that owns or acquires any interest in such real property is required to file registration of ownership with the Attorney General no later than 90 days after the effective date of the Act, or the date the interest is acquired, whichever is later. The bill requires the filing of registration of such property to include the:

- Name of the individual or entity holding such interest;
- Date of acquisition;
- Address and legal description of the real property; and
- Number of acres composing the real property.

The bill requires the Secretary of State (Secretary) to provide notice of the registration requirement to all business entities and nonprofit organizations at the time of such entity's registration with the Secretary or any other filing with the Secretary.

The Attorney General is required to provide the Secretary with instructions for fulfilling the registration filing requirement. The Secretary is required to provide those instructions with the notice.

Property obtained by a foreign principal through devise or bequest, security interest enforcement, or the collection of debt also is subject to the reporting provision of this Act, but the foreign principal is not required to divest unless the foreign principal fails to register.

Divestiture of Property

The bill requires the Attorney General to send a warning to any foreign principal that owns any property requiring registration on July 1, 2025, and fails to register such property, advising the foreign principal of the registration requirement and instructing the foreign principal as to the manner of fulfilling such requirement.

The foreign principal is allowed 30 days from the receipt date of such warning and instructions to file the required registration without having to divest the property. If the foreign principal fails to file the registration within the 30-day period, such foreign principal is required to divest such interest in real property.

This warning requirement and 30-day period to file expires on June 30, 2028.

After July 1, 2025, any foreign principal that fails to report affected real property is required to divest of the property.

The bill permits a foreign principal that is subject to the Act to enter into an agreement with the Attorney General to divest such foreign principal's interest in real property no later than 360 days from entering into that agreement.

The bill requires a copy of all documentation showing the required divestiture to be submitted to the Attorney General no later than 30 days after the divestiture's effective date.

Reporting Violations and Enforcement

The bill requires the Attorney General to investigate any suspected violation of the Act. The Attorney General is authorized to commence an action in a court of competent jurisdiction to enforce the Act. In any such action, the bill authorizes the Attorney General to seek:

- A court order directing the defendant's divestiture of the real property;
- Injunctive relief;
- Civil forfeiture of the defendant's interest in the real property; and
- Reasonable attorney fees and court costs.

Upon a determination by a court of competent jurisdiction that the defendant violated the requirements of the Act, the bill requires the defendant to divest their interest in the real property within 180 days from the date such court order is issued.

The bill updates civil asset forfeiture law to allow such property to be eligible for forfeiture.

Reporting on Foreign Investment

The bill allows any person to report information concerning non-notified transactions to the Attorney General in such form and manner as prescribed by the Attorney General. The bill defines “non-notified transaction” as any transaction involving foreign investment that is not voluntarily submitted to the U.S. Committee on Foreign Investment in the United States (CFIUS) for review.

The bill requires the Attorney General to prepare and submit a report on such transactions to CFIUS. The Attorney General is required to retain copies of any documents that are submitted to CFIUS along with the required report. The bill requires the report to be submitted to the:

- Governor;
- Adjutant General;
- Senate Committee on Federal and State Affairs;
- House Committee on Federal and State Affairs; and
- Any successor committee of those standing committees.

On or before February 1 of each year, the Attorney General is required to submit a report detailing the implementation of the Act and including the Attorney General’s recommended amendments to the definition of “country of concern” to the:

- Governor;
- Adjutant General;
- House Committee on Commerce, Labor and Economic Development;
- Senate Committee on Commerce;
- Senate Committee on Federal and State Affairs;
- House Committee on Federal and State Affairs; and
- Any successor committee of those standing committees.

On or before January 1, 2026, the Attorney General is required to adopt rules and regulations to implement the reporting requirements listed above.

Report on Foreign Land Holdings of Real Property

On or before March 1 of each year, the bill requires Kansas State University to use available data and resources to prepare and submit a report to the Legislature and the Attorney

General detailing the status and trends of all foreign land holdings of real property within Kansas.

Other Provisions

The bill authorizes the Fusion Center Oversight Board to adopt rules and regulations to reflect new designations or removals of foreign terrorist organizations on the federal terrorist organization list. The bill prohibits the Board from adopting any rules or regulations that would designate an organization as a foreign terrorist organization if that organization is not on the federal terrorist organization list.

[*Note:* The Fusion Center Oversight Board was established with enactment of 2017 SB 184, codified at KSA 2024 Supp. 48-3705. The Board consists of the Attorney General, Adjutant General, and an appointee of the Attorney General with expertise in critical infrastructure protection.]

The bill prevents any foreign principal from receiving any direct benefit related to any economic development program.

Severability

The bill declares any provision of the Act severable from the other provisions in the event one or more provisions are held to be unconstitutional or invalid.

Drone Procurement and Usage

The bill prohibits government agencies from purchasing and acquiring drones, or any related services, maintenance agreements, or equipment, whose critical components were produced in a country of concern, or whose critical components were produced or owned by any foreign principal. The prohibition does not apply to any drone, related services, or equipment acquired, or any contract or agreement entered into, prior to July 1, 2025.

Component Replacement

When a government agency determines a critical component must be replaced, the bill allows the agency to use any replacement component acquired prior to July 1, 2027, but prohibits acquiring any new replacement component from any foreign principal unless:

- There is no other reasonable means to acquire such critical components or of addressing the needs of the agency necessitating the purchase;
- An agreement for such acquisition is approved by the Secretary of Administration after consulting with the Adjutant General; and

- Failing to acquire such components or otherwise address the agency's need would pose a greater threat to state safety and security than the risk posed by acquiring the component.

Definitions

"Country of concern" means the following countries:

- People's Republic of China, including the Hong Kong Special Administrative Region;
- Republic of Cuba;
- Islamic Republic of Iran;
- Democratic People's Republic of Korea (North Korea);
- Russian Federation; and
- Bolivarian Republic of Venezuela.

The bill excludes the Republic of China (Taiwan) from the countries of concern definition.

For purposes of the Act, the definition includes any organization designated as a foreign terrorist organization as of July 1, 2025, under federal law except as changed by the Fusion Center Oversight Board.

[*Note:* Excluding terrorist organizations, the list of countries of concern will not be subject to modification by the Fusion Center Oversight Board.]

"Foreign principal" for purposes of the Act means:

- The government or any official of the government of a country of concern;
- Any political party or any subdivision thereof, or any member of a political party, of a country of concern;
- Any corporation, partnership, association, organization, or other combination of persons organized under the laws of or having its principal place of business in a country of concern. The definition would also include any subsidiary owned or wholly controlled by any such entity;
- Any agent of or any entity otherwise under the control of a country of concern;
- Any individual who is a citizen or resident in a country of concern and who is not a citizen or lawful permanent resident of the United States; or
- Any individual, entity, or combination described above that has a controlling interest in any company formed for the purpose of holding any interest in real

property (for purposes of the Act) or selling critical components for drones and related services and equipment (for purposes of drone procurement).

“Drone” means an unmanned aircraft that is controlled remotely by a human operator or that operates autonomously through computer software or other programming.

“Critical component” means a component or subcomponent that is a distinct and serviceable article and the primary component of an identifiable process or subprocess necessary to the recording, storing, or transmitting of data or any other form of information. “Critical component” also includes any software installed in a drone or in any network device used to operate the drone.

“Military installation” means any land, buildings, or other structures owned or controlled by any division of the U.S. Department of Defense, Kansas National Guard, or any other federal or state agency that is critical to the safety and security of Kansas or the United States.

“Real property” means any real estate located within Kansas except real property used exclusively as a place of residence for human habitation.

An “interest in real property” means:

- Ownership interest in any parcel of real property acquired by purchase, gift, grant, devise, bequest, or other transfer of such interest;
- Ownership or other interest in any easement or other right of egress onto or across any parcel of real property;
- Ownership or other interest in any right to any oil, gas, minerals, or water located on or under any parcel of real property; and
- Any interest or right to possess or use any parcel of real property acquired by the execution of a lease, lease-purchase, or any other form of rental agreement.

“*De minimis* interest” means any interest in real property that is:

- The result of ownership of registered securities in a publicly traded company; and
- Such ownership is:
 - Less than 10 percent of any class of registered securities or less than 10 percent of the aggregate registered securities of multiple classes of securities; or
 - A non-controlling interest in an entity that is controlled by a company that is registered with the U.S. Securities and Exchange Commission as an investment adviser under the federal Investment Advisers Act of 1940 and such company is not domiciled outside the United States.

“Economic development incentive program” means:

- Any economic development incentive program administered wholly or in part by the Secretary of Commerce;
- Any tax credit, except for social and domestic tax credits, regardless of the administering state agency;
- Property that has been exempted from ad valorem taxation under the State’s constitution;
- Any economic development fund, including but not limited to, the Job Creation Program Fund and the Economic Development Initiatives Fund; and
- Any other economic development incentive program that provides any form of tax credit, abatement, or exemption or financial assistance provided by or authorized by a governmental entity.

“Tax credit” means any credit allowed against the tax imposed by the Kansas Income Tax Act, the premium or privilege fees imposed, or the privilege tax as measured by net income of financial institutions.

“Social and domestic tax credits” means the adoption credit, earned income tax credit, food sales tax credit, child and dependent care tax credit, and the homestead property tax refund credit.