

## House Substitute for SENATE BILL No. 271

By Committee on Commerce, Labor and Economic Development

3-14

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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.