

SESSION OF 2024

**SUPPLEMENTAL NOTE ON HOUSE SUBSTITUTE FOR
SENATE BILL NO. 271**

As Amended by House Committee of the Whole

Brief*

House Sub. for SB 271, as amended, would prohibit government agencies from purchasing, acquiring, or using drones whose critical components were produced in a country of concern, or whose critical components were produced or owned by a foreign principal.

The bill would also create a fund to reimburse governmental agencies who transfer critical components as directed under the bill.

Drone Procurement and Usage

The bill would prohibit government agencies from purchasing and acquiring drones whose critical components were produced in a country of concern, or whose critical components were produced or owned by any foreign principal.

Until July 1, 2029, a government agency could continue use a drone acquired prior to July 1, 2024.

Component Replacement

When a government agency determines a critical component must be replaced, the agency would be allowed to use any replacement component acquired prior to July 1,

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

2027, but no new replacement component could be acquired 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.

This restriction would not apply to the Office of the Attorney General and any postsecondary educational institution as defined in Kansas law when those entities purchase, acquire, or otherwise use a drone for research and refurbishing for future use.

The bill would allow a state agency to submit a restricted drone being replaced to the Office of the Attorney General (Attorney General) for research and refurbishing for future use.

Drone Transfer Reimbursement

The bill would create the Kansas Drone Reimbursement Expense Fund (KDREF) that would be administered by the Attorney General. The fund would sunset on July 1, 2029, and any remaining KDREF funds would transfer to the State General Fund. All moneys credited to the fund could be expended or transferred only for reimbursement to governmental agencies for replacing drones.

The bill would allow a state agency to submit a reimbursement request to the Office of the Attorney General.

Such requests would be made for the cost of replacing a functional drone and could be submitted between July 1, 2024 and July 1, 2029. Such requests would be limited to costs for a drone with similar features to those of the functional drone taken out of service and costs for additional features would not be reimbursable.

If the agency receives reimbursement, the bill would require the agency to transfer the restricted drone and ownership to the Attorney General for research and refurbishing for future use.

If the agency does not receive reimbursement for a replacement drone, the bill would authorize the agency to dispose of the restricted drone through destruction, trade-in, or sale for private use. If there are no KDREF funds available to pay any such reimbursements, the agency may file a claim against the state pursuant to Kansas Law.

Reimbursement Certification

The bill would authorize the Attorney General to issue a certification for reimbursement. Obtaining certification would require the following information be submitted to the Attorney General within 90 days of the replacement drone's delivery:

- Documentation the agency ceased use;
- Documentation regarding the replacement drone's purchase price;
- A comparison of features between the restricted and replacement drones; and
- Documentation regarding the final purchase price and completion of purchase of the replacement drone.

Upon certification by the Attorney General, the Attorney General would be required to transmit a copy of the certificate

to the Director of Accounts and Reports, Director of the Budget, and the Director of Legislative Research.

Definitions

Drone

The bill would define “drone” as an unmanned aircraft that is controlled remotely by a human operator or that operates autonomously through computer software or other programming. Drone also includes any services, maintenance agreements, or equipment related to such drone.

Critical Components

The bill would define “critical components” as meaning 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.

Country of Concern

The bill would define “country of concern” as meaning 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 would exclude the Republic of China (Taiwan) from the countries of concern definition.

Foreign Principal

The bill would define “foreign principal” to mean:

- The government or any official of the government of a country of concern;
- Any political party, or subdivision, 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 whose residence is 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 manufacturing, distributing, transporting or selling critical components for drones and related services and equipment.

Functional

The bill would define “functional” to mean a drone that could be operational with the purchase of a new replacement component pursuant to the Act.

Governmental agency

The bill would define “governmental agency” as the State or any political or taxing subdivision of the State, or any related office, agency, or instrumentality. It does not include the Attorney General or any postsecondary educational institution when either entity is purchasing, acquiring, or using a drone for research and refurbishing for future use.

Background

The House Committee on Commerce, Labor and Economic Development amended the provisions of HB 2820 pertaining to drone technology. The House Committee removed the contents of SB 271 and inserted the contents of HB 2820 as amended. The House Committee then recommended a substitute bill, House Sub. for SB 271.

SB 271, as amended by the Senate Committee of the Whole, would have added law regarding the maximum length of a train, distances between railroad crossings and rail cars stored on sidings, and enforcement of those provisions.

[*Note:* The provisions of SB 271, as amended by the Senate Committee of the Whole, were not retained in the House substitute bill.]

Background information for SB 271 is contained in the supplemental note for that bill.

HB 2820 (Drone Technology)

HB 2820 was introduced by the House Committee on Appropriations at the request of Representative Croft.

House Committee on Commerce, Labor and Economic Development

In the House Committee hearing, **proponent** testimony was provided by Representative Croft, and a representative of State Armor Action. The proponents generally stated the bill would address national security risks within the state.

Neutral testimony was provided by a representative of the Kansas Association of Chiefs of Police, Kansas Peace Officers Association, and the Kansas Sheriffs Association. The testimony generally stated the bill addresses a security risk but it is non-funded and would be costly to implement.

Written-only proponent testimony was provided by a representative of American Global Strategies.

Written-only neutral testimony was provided by a representative of the Kansas Legislative Policy group.

No other testimony was provided.

The House Committee amended the bill to:

- Insert provisions that would prohibit an agency from selling or discarding any critical drone component not in compliance with the bill and require a transfer of such component to Wichita State University or Kansas State University for research and rehabilitation purposes;
- Create a fund to reimbursement agencies transferring their drone for research and

rehabilitation and purchasing a new drone of like kind and quality to the transferred drone; and

- Update the drone definition to only include unmanned aircraft.

House Committee of the Whole

The House Committee of the Whole amended the bill to:

- Establish the reimbursement certification requirement;
- Authorize the Director of Accounts and Reports to transfer funds to agencies receiving a reimbursement certification;
- Allow agencies to continue using previously procured components until July 1, 2027;
- Exempt the Attorney General and postsecondary institutions from the Act when acquiring or using drones for research or refurbishing for future use;
- Allow agencies who do not receive reimbursement to destroy, trade-in, or sell their restricted drone to a private party;
- Provide a claim against the state for agencies who receive a reimbursement certification but do not receive the reimbursement funds;
- Eliminate a \$2.5 million transfer from the SGF to the KDREF; and
- Transfer any KDREF funds to the State General Fund on July 1, 2029.

Fiscal Information

According to the fiscal note prepared by the Division of Budget on HB 2820, as introduced, the Highway Patrol indicates enactment of the bill would require replacement of existing equipment with authorized suppliers' equipment at an estimated one-time cost of \$258,708 in Fiscal Year (FY) 2024. The agency states that the expenditures would be incurred in FY 2024 because it is currently in the process of replacing drone equipment and would accommodate the bill's provisions in its current purchasing plan.

The Department of Transportation indicates that most of the drones it currently uses comply with the provisions of the bill. However, enactment of the bill would require the agency to replace four drones, which would require an increase of \$50,996 to the expenditure limitation of the agency operations account in FY 2025.

The Adjutant General and the Kansas Bureau of Investigation indicate enactment of the bill would not have a fiscal effect on the agencies.

Any fiscal effect associated with the bill is not reflected in *The FY 2025 Governor's Budget Report*.

The League of Kansas Municipalities states enactment of the bill could have a fiscal effect on cities if existing drones need to be upgraded. The Kansas Association of Counties indicates enactment of the bill could have a fiscal effect on counties that are required to replace drones that are currently owned.

Country of concern; foreign principal; drone; critical infrastructure; Attorney General; governmental agency