



**Testimony of Shawn Montgomery, President, Cnano Technology USA**  
House Committee on Commerce, Labor and Economic Development  
Monday March 4, 2024, 1:30 p.m.

Mr. Chairman, members of the House Commerce Committee, my name is Shawn Montgomery, and I am the president of Cnano USA. I was born in Ohio, currently live in Boston, and am happy to be standing before you today in Kansas, where Cnano USA is building its headquarters and investing nearly \$95 million into the local economy.

As a proud American citizen, I share the same concerns as all of you regarding foreign actors that serve as a threat to our economy, our security, and our safety, and I sincerely appreciate the Kansas Legislature's efforts to protect those fundamental interests. But contrary to what is being portrayed, Cnano poses absolutely no threat, at any level.

What Cnano does, and all it does, is make carbon nanotubes – essentially high-tech soot – and products using carbon nanotubes. These carbon nanotubes are extremely conductive, and when mixed into an additive paste for use in lithium-ion batteries make those batteries easier to charge, improve their efficiency, and help them last longer. Many of these batteries are used in electric vehicles. Due to the high performance demands of today's lithium-ion batteries, carbon nanotubes are not only wanted, but needed, to meet these requirements. We do this very well, we do it at a great price, and we are excited to do it right here in Kansas.

Roughly eighty percent of the world's lithium-ion batteries are made in China. That is a problem, and one we will be helping to fix. Tariffs on Chinese imports to the United States are currently at 25% and may increase drastically next year. While these tariffs are designed to block Chinese business, they also hurt the American consumer by raising the price of the end product. And that is why Cnano is building our plant in Kansas, right here in America's heartland, and close to our customers.

The domestic supply chain for these carbon nanotubes does not exist – we are creating it, right here in Kansas. There are no companies in the United States capable of filling the need of the US supply chain. By building our carbon nanotubes in the Sunflower State, we are helping to lower the cost of lithium-ion batteries for our customers here in the United States by avoiding costly tariffs and making this product in a more cost-effective manner. And in turn, American consumers will save money.

Currently, Cnano is halfway through a buildout of its facility that brings its cost to \$53 million. Since Cnano first began construction on this facility last year, we have provided jobs to over 162 individuals spread across 33 different local contractors. And when the facility is finished, we will create over 100 permanent jobs with an annual payroll of over \$7 million.

We will be a good corporate citizen and engaged with the community. We will make carbon nanotubes and conductive paste. And that is all we will be doing. Mr. Chairman, I would be happy to give you and any interested committee members a tour of our facility at any time.

I want to address two specific concerns with the legislation as currently drafted. The first is Section 3(a), which provides a 150-mile buffer zone around any military installation in this state or any adjacent state. This comprises the majority of Kansas.

But there is no precedent to support this 150 mile number. Florida, under Governor DeSantis' leadership, passed perhaps the nation's most stringent anti-China bill last year that had a 10-mile limit around military installations. The Missouri governor issued an executive order in early January with a 10-mile limit around military installations. Montana's bill simply references a "direct line of sight" to military installations.

Many other states such as Virginia, Idaho, and Arkansas passed bills restricting the purchase of agricultural land. HB 2766, as currently drafted, makes no reference to agricultural land, and expands the radius from these military bases exponentially compared to other states. If for no other reason than to avoid legal scrutiny, I would respectfully ask you to consider bringing HB 2766 in line with these other states.

Our other, and most significant, concern with the legislation as currently drafted is that the forced divestiture of real property applies retroactively, and not just prospectively. We respectfully suggest that this would be plainly unconstitutional, as it would entail a state action impairing the obligation of current contracts. An easy way to remedy this inevitable constitutional challenge is to ensure the bill only applies to real property acquired after enactment of Kansas legislation.

I greatly appreciate the opportunity to address your Committee, Mr. Chairman, and I look forward to working with the Commerce Committee, leadership in both the House and Senate, and other key stakeholders to help craft a bill that is smart, responsible, and reflective of the strong business climate that Kansas offers. Thank you for your time and attention, and I look forward to answering any questions you may have.