

**CONFERENCE COMMITTEE REPORT BRIEF  
HOUSE SUBSTITUTE FOR SENATE BILL NO. 9**

As Agreed to March 25, 2025

**Brief\***

House Sub. for SB 9, as amended, would create the Kansas Land and Military Installation Protection Act (Act) and prohibit 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 would require 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 would not apply to a *de minimis* interest in such real property or residential property and Governor-approved transactions for certain transactions.

***Real Property Acquisition***

The bill would generally prohibit 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 would allow 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 would require 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 would be required to approve or deny such expansion within 90 days of receiving the request.

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\*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <https://klrd.gov/>

### *Real Property Reporting Requirement*

The bill would generally require 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 would require 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 would be 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 would require 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 would require 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 would be required to provide the Secretary with instructions for fulfilling the registration filing requirement. The Secretary would be required to provide those instructions with such notice.

Property obtained by a foreign principal through devise or bequest, security interest enforcement, or the collection of debt would still be subject to the reporting provision of this Act, but the foreign principal would not be required to divest unless they fail 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 such registration requirement and instructing the foreign principal as to the manner of fulfilling such requirement.

The foreign principal would be allowed a period of 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 would be required to divest such interest in real property.

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

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

The bill would permit 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 such agreement.

The bill would require 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 would require the Attorney General to investigate any suspected violation of the Act. The Attorney General would also be authorized to commence an action in a court of competent jurisdiction to enforce the Act. In any such action, the bill would authorize 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 would require the defendant to divest their interest in the real property within 180 days from the date such court order is issued.

The bill would also update current civil asset forfeiture law to allow such property to be eligible for forfeiture.

#### *Reporting on Foreign Investment*

The bill would allow 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 would define "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 would require the Attorney General to prepare and submit a report on such transactions to CFIUS. The Attorney General would be required to retain copies of any documents that are submitted to CFIUS along with the required report. The bill would also require 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 such standing committees.

On or before February 1 of each year, the Attorney General would be 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 such standing committees.

On or before January 1, 2026, the Attorney General would be 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 would require 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 the State of Kansas.

#### *Other Provisions*

The bill would authorize 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 would prohibit 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 would prevent any foreign principal from receiving any direct benefit related to any economic development program.

### *Severability*

The bill would declare 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 would prohibit 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 would 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 would allow the agency to use any replacement component acquired prior to July 1, 2027, but prohibit 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" would mean 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.

For purposes of the Act, the definition would also include 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 would not be subject to modification by the Fusion Center Oversight Board.]

“Foreign principal” for purposes of the Act would mean:

- 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” would mean an unmanned aircraft that is controlled remotely by a human operator or that operates autonomously through computer software or other programming.

“Critical component” would mean 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” would also include any software installed in a drone or in any network device used to operate the drone.

“Military installation” would mean 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” would mean any real estate located within Kansas except real property used exclusively as a place of residence for human habitation.

An “interest in real property” would mean:

- 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” would mean 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” would mean:

- 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” would mean 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” would mean the adoption credit, earned income tax credit, food sales tax credit, child and dependent care tax credit, and the homestead property tax refund credit.

## **Conference Committee Action**

The Conference Committee agreed to the provisions of House Sub. for SB 9, as amended by the House Committee of the Whole, and further amended the bill to:

- Authorize a foreign principal owning such real property and seeking to acquire additional such real property for the purpose of operational expansion, to request acquisition approval from the Governor;
- Modify which transactions may be reported to the Attorney General;
- Modify the definition of “*de minimis* interest” and remove the definition of “foreign entity” ; and
- Make technical amendments for clarity.

## **Background**

The contents of SB 9, as passed by the Senate, would have extended the time for land surveyors to file certain public land survey reports with the Secretary of the State Historical Society from 30 days to 90 days. The House Committee on Commerce, Labor and Economic Development removed the contents of SB 9 and inserted amended versions of HB 2290 and HB 2293.

## ***Senate Committee on Transportation***

## ***House Committee on Commerce, Labor and Economic Development***

In the House Committee hearing, the Committee amended the provisions of HB 2290 pertaining to land registration near military installations and the provisions of HB 2293 pertaining to drone procurement. The Committee removed the contents of SB 9, inserted the contents of HB 2290 and HB 2293, and recommended a substitute bill.

## ***HB 2290 (Act)***

The bill was introduced by the House Committee on Commerce, Labor and Economic Development 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 protect Kansas infrastructure, security, and citizens.



Written-only proponent testimony was provided by a representative of the Office of the Attorney General, a representative of State Armor Action, and a private citizen.

Neutral testimony was provided by a representative of the Kansas Livestock Association. The testimony generally stated the bill may disrupt certain agricultural industries.

Written-only **opponent** testimony was provided by a representative of New Frontiers.

No other testimony was provided.

### ***HB 2293 (Drone Procurement)***

The bill was introduced by the House Committee on Commerce, Labor and Economic Development 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 representatives of State Armor Action. The proponents generally stated the bill would protect the State's critical infrastructure and public safety from threats posed by China.

**Opponent** testimony was provided by a representative of the Lawrence Police Department, who generally stated the bill would limit future drone equipment purchases to inadequate or more expensive adequate equipment.

Written-only opponent testimony was provided by representatives of the Pawnee County Sheriff's Office and Salina Police Department

No other testimony was provided.

#### *House Committee of the Whole*

The House Committee of the Whole amended the bill to require the Secretary to:

- Provide notice of the registration requirement for foreign principals to all business entities and nonprofit organizations when the entity registers with the Secretary or completes any other filing with the Secretary;
- Require the Attorney General to provide the Secretary with instructions for fulfilling the registration filing and the Secretary to provide such instructions with such notice; and
- Provide a 30-day warning for a foreign principal who has not registered. This warning requirement and 30-day period to file would expire on June 30, 2028.

[*Note:* The Conference Committee retained the amendments.]

## **Fiscal Information**

The fiscal note provided by the Division of the Budget on the bill as introduced is not applicable to the House substitute bill.

### ***HB 2290 (Act)***

According to the fiscal note prepared by the Division of the Budget on HB 2290, as introduced, the Office of the Attorney General states that it would require \$822,657 in FY 2026 and \$838,789 for FY 2027 from the State General Fund (SGF) to perform the responsibilities required under the bill. Of the amount for FY 2026, \$63,755 would be for 1.00 Legal Assistant position, \$60,839 would be for 1.00 Investigator position, \$133,905 would be for 1.00 Assistant Attorney General position, \$500,000 would be for litigation costs, and \$64,158 would be for operating expenditures. For FY 2027, the agency estimates a 5.0 percent increase of expenditures above FY 2026 amounts.

The Office of Judicial Administration states that the bill could increase the number of cases filed in district court because the bill allows the Attorney General to bring a court action. This would increase the time spent by district court judicial and non-judicial personnel in processing, researching, and hearing cases. The bill could also increase the collection of docket fees that would be deposited into the SGF. However, the Office cannot determine a precise fiscal effect of the bill.

The Department of Commerce, the Adjutant General, and the Department of Revenue all state that the bill would not have a fiscal effect on agency operations. However, the Department of Revenue states that any foreign principals currently receiving benefits from an economic development program would no longer receive those benefits upon enactment, which could increase SGF revenues by an unknown amount.

Kansas State University states that it would require \$17,015 from the SGF starting in FY 2026. The amount includes \$10,465 for 0.08 Extension Assistant position and \$6,550 for 0.05 Faculty Member position to prepare, review, and submit the annual report.

Any fiscal effect associated with enactment of HB 2290 is not reflected in *The FY 2026 Governor's Budget Report*.

### ***HB 2293 (Drone Procurement)***

According to the fiscal note prepared by the Division of the Budget on HB 2293, as introduced, the Kansas 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 six drones, which would require an increase of \$110,000 to the expenditure limitation of the agency operations account in FY 2026. The Department states that the bill would require the agency to ensure that critical components of drones are sourced through firms that are not from countries of concern or foreign principals, and if critical components are not able to be acquired, the aircraft would have to be grounded.

The Highway Patrol states there would be no fiscal effect to agency operations if the bill is enacted.

Any fiscal effect associated with enactment of HB 2293 is not reflected in *The FY 2026 Governor's Budget Report*.

The League of Kansas Municipalities states enactment of the bill would have a fiscal effect on cities because of software upgrades. The Kansas Association of Counties indicates enactment of the bill could have a fiscal effect on counties if they need to replace drones that they currently own. However, neither organization can estimate a fiscal effect.

Country of concern; foreign principal; drone; real property; military installation; Fusion Center Oversight Board; Attorney General; Secretary of State

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