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300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

MEMORANDUM

To: Chairman Olson
Members of the Senate Committee on Federal and State Affairs

From: The Office of Revisor of Statutes

Date: February 21, 2022

Subject: SB 482 – Enacting the Firearm Industry Nondiscrimination Act.

Senate Bill No. 482 (SB 482) would enact the Firearm Industry Nondiscrimination Act (Act). Generally, the Act would prohibit governmental entities from contracting with private companies that discriminate against firearm entities or firearm trade associations. A company would be required to execute a written certification that such company does not engage in such discriminatory practices.

The scope of the Act is limited through its definitions. First, the Act would apply to any state government agency, board, commission, institution, etc., and to any political subdivision of the state, including cities, counties, and townships. A "contract" is limited to only written agreements with a purchase price of \$100,000 or more that is payable from public funds. A "company" under the Act cannot be a sole proprietorship and must have at least 10 full-time employees.

SB 482 defines "firearm entity" to mean any manufacturer, distributor, wholesaler, supplier, or retailer of firearms, firearms accessories, or ammunition. The term also includes shooting ranges. A "firearm trade association" is a not-for-profit organization with at least two members that is exempt from federal income taxation as a 501(c) organization. Discriminatory actions with respect to firearm entities and firearm trade associations include refusing to engage in trade with such entities and refraining from continuing or terminating an existing business relationship with such entities.

The bill also provides exemptions for both the company and the governmental entity seeking to contract. First, discrimination does not include an established company policy of not listing, selling, or otherwise engaging in the business of firearms, firearm accessories, or

ammunition. A company also does not discriminate when its actions are required to comply with federal, state, or local laws and regulations, or if there is a traditional business rationale for such action directly related to a customer or potential customer of the company. Second, a governmental entity is not prohibited from contracting with a company if the contract is with a sole-source provider or the governmental entity fails to receive any bids from a company that can provide the written certification.

If enacted, SB 482 would become effective on July 1, 2022.