

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 271** submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill as printed as House Substitute for Senate Bill No. 271 with House Committee of the Whole amendments, as follows:

On page 1, by striking all in lines 23 through 36;

By striking all on pages 2 through 5;

On page 6, by striking all in lines 1 through 24; following line 24, by inserting:

"Section 1. (a) In addition to the provisions of K.S.A. 75-3739, and amendments thereto, and any other applicable statutes concerning purchases, a governmental agency shall not purchase or acquire any drone or any related services, maintenance agreements or equipment, the critical components of which were:

- (1) Produced in any country of concern; or
- (2) produced or owned by any foreign principal.

(b) When a governmental agency determines that a critical component must be replaced, the governmental agency may use any replacement component acquired prior to July 1, 2027, but no new replacement component shall be acquired from any foreign principal, unless such component cannot be procured from another source.

(c) Any acquisition that is otherwise prohibited under subsection (a) or (b) may be completed by a governmental agency if:

- (1) There is no other reasonable means to acquire such critical components or of addressing the needs of the governmental agency necessitating such acquisition;
- (2) the agreement for such acquisition is approved by the secretary of administration

after consultation with the adjutant general; and

(3) failure to acquire such critical components or otherwise address the needs of the governmental agency would pose a greater threat to the safety and security of this state than that posed by entering into such acquisition agreement.

(d) The provisions of this section shall not apply to any contract or agreement entered into prior to July 1, 2024.

(e) As used in sections 1 and 2, and amendments thereto:

(1) "Company" means any:

(A) For-profit corporation, partnership, limited partnership, limited liability partnership, limited liability company, joint venture, trust, association, sole proprietorship or other organization, including any:

(i) Subsidiary of such company, a majority ownership interest of which is held by such company;

(ii) parent company that holds a majority ownership interest of such company; and

(iii) other affiliate or business association of such company whose primary purpose is to make a profit; or

(B) nonprofit organization.

(2) (A) "Country of concern" means the following:

(i) People's republic of China, including the Hong Kong special administrative region;

(ii) republic of Cuba;

(iii) islamic republic of Iran;

(iv) democratic people's republic of Korea;

(v) Russian federation; and

(vi) Bolivarian republic of Venezuela.

(B) "Country of concern" does not include the republic of China (Taiwan).

(3) "Critical component" means those components or subcomponents that are:

(A) Distinct and serviceable articles; and

(B) the primary component or subcomponent of an identifiable process or subprocess necessary to the recording, storing or transmitting of data or any other form of information.

(4) "Domicile" means the country where a:

(A) Company is organized;

(B) company completes a substantial portion of its business; or

(C) majority of a company's ownership interest is held.

(5) "Drone" means an unmanned aircraft that is controlled remotely by a human operator or operates autonomously through computer software or other programming.

(6) "Foreign principal" means:

(A) The government or any official of the government of a country of concern;

(B) any political party, subdivision thereof or any member of a political party of a country of concern;

(C) 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. "Foreign principal" includes any subsidiary owned or wholly controlled by any such entity;

(D) any agent of or any entity otherwise under the control of a country of concern;

(E) 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

(F) any individual, entity or combination thereof described in paragraphs (A) through (E) 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.

(7) "Governmental agency" means the state or any political or taxing subdivision of the state or any office, agency or instrumentality thereof.

(8) "State-level agency" means any department, authority, bureau, division, office or other governmental agency of this state.

Sec. 2. (a) (1) Except as provided by paragraph (2), no state-level agency shall enter into a contract or agreement to procure final or finished goods or services from a foreign principal.

(2) A state-level agency may enter into a contract or agreement to procure final or finished goods or services from a foreign principal if such foreign principal:

(A) Previously received a determination that there are no unresolved national security concerns and action under 50 U.S.C. § 4565, as in effect on July 1, 2024, that has concluded with respect to a covered transaction, if such foreign principal has not undergone a change in control constituting a covered control transaction, since such determination to conclude action was made; or

(B) has a national security agreement in effect on July 1, 2024, with the committee on foreign investment in the United States, or the United States department of defense, under 50 U.S.C. § 4565, as in effect on July 1, 2024, and maintains such national security agreement.

(b) The provisions of this section shall not apply to any contract or agreement entered into prior to July 1, 2024.";

And by renumbering sections accordingly;

On page 1, in the title, by striking all in lines 2 through 19; in line 20, by striking all before the period and inserting "prohibiting the acquisition of critical components of drone technology

from counties of concern; relating to state contracts; prohibiting state-level agencies from procuring final or finished goods or services from a foreign principal";

And your committee on conference recommends the adoption of this report.

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Conferees on part of House

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