

February 29, 2024

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2766 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2766 is respectfully submitted to your committee.

The bill would create the Kansas Land and Military Installation Protection Act. The bill would prohibit a foreign principal from countries of concern from directly or indirectly owning or acquiring any interest in real property located within 150 miles of the boundary of a military installation located in Kansas or any adjacent state, except a de minimis interest in such real property. Countries of concern are listed in the bill are the People's Republic of China, including the Hong Kong special administrative region; the Republic of Cuba; the Islamic Republic of Iran; the Democratic People's Republic of Korea; the Russian Federation; and the Bolivarian Republic of Venezuela. The bill states that a "country of concern" would not include the Republic of China, also known as Taiwan. If a foreign principal directly or indirectly owns or acquires interest in this type of real property, they would be required to file registration of ownership with the Attorney General within 90 days after July 1, 2024, or the date that the interest is acquired, whichever is later. If the foreign principal fails to register the real property, they would be required to divest the property no later than 180 days either after July 1, 2024, or the date the property is acquired, whichever is later. A copy of all documentation of the divestiture would be submitted to the Attorney General within 30 days.

A person could report a suspected violation of the bill to the Attorney General in a manner prescribed by the Attorney General and the Attorney General would investigate violations reasonably suspected of violating the provisions of the bill. If a violation has occurred, the Attorney General would seek a court order to direct divestiture of the real property, injunctive relief, civil forfeiture of the property, and reasonable attorney fees and court costs. The Attorney General would also be required to prepare and submit a report on any identified non-notified transactions to the Committee on Foreign Investment in the United States and a copy would also

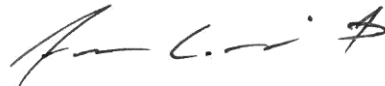
be sent to the Governor, the Adjutant General and the House and Senate Committees on Federal and State Affairs. In addition, by each February 1 the Attorney General would be required to prepare and submit a report to the Governor, the Adjutant General, the House Committee on Commerce, Labor and Economic Development, and the Senate Committee on Commerce. No foreign principal could receive a direct benefit related to any economic development program. The Attorney General would be required to establish policies and procedures to report violations of the bill. Finally, the provisions of the bill would be severable.

The Office of the Attorney General states it would require 5.00 FTE positions at a total cost of \$440,000 in FY 2025 and \$462,000 in FY 2026 from the State General Fund to receive filings and notices, investigate reports, take legal action, and prepare annual reports and court documents as required by the bill. Of the 5.00 FTE positions, 1.00 FTE position would be an Administrative Assistant at a cost of \$75,000, 2.00 FTE positions would be Investigators at a cost of \$180,000, 1.00 FTE would be an Attorney at a cost of \$110,000, and 1.00 FTE would be a Legal Assistant at a cost of \$75,000. In addition, the Office states that the bill would likely be challenged in court which would require additional expenditures for litigation costs. However, an estimate for litigation costs cannot be determined.

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 nonjudicial personnel in processing, researching, and hearing cases. The bill could also increase the collection of docket fees, which would be deposited into the State General Fund. 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. Any fiscal effect associated with HB 2766 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Michael Neth, Office of the Adjutant General
William Hendrix, Office of the Attorney General
Sherry Rentfro, Department of Commerce
Lynn Robinson, Department of Revenue
Trisha Morrow, Judiciary