

1 AN ACT relating to adversarial foreign transactions in the Commonwealth.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 39G IS CREATED TO  
4 READ AS FOLLOWS:

5 *(1) As used in this section:*

6 *(a) "Center" means the Kentucky Intelligence Fusion Center;*

7 *(b) "Executive director" means the executive director of the Kentucky Office of*  
8 *Homeland Security;*

9 *(c) "Foreign adversary" means the government of any proscribed country*  
10 *referenced in 22 C.F.R. sec. 126.1, as amended;*

11 *(d) "Key infrastructure assets" has the same meaning as in KRS 511.100; and*

12 *(e) "Resident of the Commonwealth" means:*

13 *1. Any person who resides in the Commonwealth;*

14 *2. Any business that is registered to conduct business in the*  
15 *Commonwealth or regularly conducts business in the Commonwealth;*

16 *or*

17 *3. A state or local government.*

18 *(2) The center shall, upon receipt of relevant information from a person or entity, or*  
19 *upon its own discovery, review any transaction between a foreign adversary and a*  
20 *resident of the Commonwealth, if the transaction would result in:*

21 *(a) Ownership or control of intellectual property, infrastructure, including but*  
22 *not limited to key infrastructure assets, technology, or other assets critical to*  
23 *the economic security of the Commonwealth by the foreign adversary;*

24 *(b) The potential of a foreign malign economic interest by a foreign adversary;*

25 *(c) An obstruction of counterintelligence efforts or other security efforts; or*

26 *(d) A transfer that would otherwise compromise the economic security of the*  
27 *Commonwealth.*

1 (3) (a) If the center determines that a transaction with a foreign adversary would  
2 undermine the economic security of the Commonwealth or otherwise  
3 implicate the provisions in subsection (2) of this section, it shall:

4 1. Notify the executive director; and

5 2. Conduct an immediate review of the transaction.

6 (b) If the center determines that a transaction with a foreign adversary would  
7 affect the security of the United States or would otherwise implicate a  
8 violation of federal law, the center shall refer the matter to the appropriate  
9 federal authorities.

10 (c) The center may:

11 1. Contact other agencies in state or local government to obtain  
12 necessary information to complete a review; and

13 2. Access state or locally owned, controlled, or accessed databases if  
14 necessary in pursuit of a review.

15 (d) The executive director may periodically meet with the center for an update  
16 on the status of any review.

17 (4) In its review of a transaction with a foreign adversary, the center shall assess the  
18 threat level the transaction would have on the economic security of the  
19 Commonwealth, including whether:

20 (a) The transaction in question was conducted on behalf of or in coordination  
21 with a foreign adversary;

22 (b) Any threat to the economic security of the Commonwealth has been  
23 mitigated during or prior to the review; and

24 (c) A foreign adversary may obtain control of intellectual property,  
25 infrastructure, including but not limited to key infrastructure assets,  
26 technology, or other assets critical to the economic security of the  
27 Commonwealth that could impair the economic security of the

1 Commonwealth.

2 (5) (a) Upon finding that a transaction between a foreign adversary and a resident  
3 of the Commonwealth poses a threat described in subsections (2) and (4) of  
4 this section, and that the threat cannot be mitigated, the center shall refer its  
5 findings and evidence to the Attorney General and the executive director.

6 (b) The Attorney General shall conduct his or her own investigation into any  
7 violations of this section and may bring an action pursuant to KRS Chapter  
8 15 to enforce the provisions of this section.

9 (6) (a) The center shall meet with the co-chairs of the Legislative Oversight and  
10 Investigations Committee at least twice a year to discuss any findings in its  
11 reviews that could compromise the economic security of the  
12 Commonwealth. Either co-chair of the Legislative Oversight and  
13 Investigations Committee may compel the center to meet at additional times  
14 throughout the year.

15 (b) The co-chairs of the Legislative Oversight and Investigations Committee  
16 shall possess, at a minimum, secret clearance security credentials before  
17 attending, engaging, or directing in any meeting with the center pursuant to  
18 paragraph (a) of this subsection. If neither co-chair has obtained the  
19 required security clearance, the center shall not meet with the co-chairs. If  
20 only one (1) of the two (2) co-chairs has obtained minimum security  
21 clearance, the center shall only meet with the co-chair who has obtained the  
22 required security clearance.

23 (c) A meeting required or directed pursuant to paragraph (a) of this subsection  
24 shall be exempt from the requirements of the Kentucky Open Meetings Act,  
25 KRS 61.805 to 61.850, and any records produced during the meeting shall  
26 be exempt from disclosure under the Kentucky Open Records Act, KRS  
27 61.870 to 61.884. A co-chair who has met with the center under this

1 subsection shall only communicate to the members of the Legislative  
2 Oversight and Investigations Committee information from the meeting that  
3 has been deemed unclassified by the center.

4 (7) (a) The center shall submit an annual report to the Legislative Oversight and  
5 Investigations Committee.

6 (b) Any data or information determined by the center to be classified or  
7 confidential, would reveal personally identifiable information, or would  
8 otherwise compromise the security of the Commonwealth or a state or local  
9 government agency shall be exempt from disclosure under the Kentucky  
10 Open Records Act, KRS 61.870 to 61.884.

11 (c) Any information protected by federal laws shall not be subject to public  
12 release. Any meetings about information contained in the report that the  
13 center would deem classified or confidential, would reveal personally  
14 identifiable information, or would otherwise compromise the security of the  
15 Commonwealth or a state or local government agency shall be exempt from  
16 the requirements of the Kentucky Open Meetings Act, KRS 61.805 to  
17 61.850.

18 (8) This section shall not be interpreted or construed to apply to the activities or  
19 operations of a manufacturer that:

20 (a) Is registered to conduct business in this Commonwealth;

21 (b) Operates a manufacturing facility that existed prior to January 1, 2021; and

22 (c) Employs at least one thousand (1,000) Kentucky residents.

23 ➔Section 2. The Kentucky Intelligence Fusion Center shall issue its first report  
24 required pursuant to subsection (7) of Section 1 of this Act to the Legislative Oversight  
25 and Investigations Committee by July 1, 2027.