

1       AN ACT relating to 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 enterprise" means:

10       1. An individual who is not a citizen or lawful permanent resident of the  
11       United States;

12       2. A government, political subdivision, or municipality of a foreign  
13       country;

14       3. A foreign political party;

15       4. Any entity, including but not limited to a partnership, association,  
16       corporation, organization, or other combination of persons, that is  
17       organized under the laws of or has its principal place of business in a  
18       foreign country; or

19       5. Any entity in the United States, including but not limited to a  
20       partnership, association, corporation, or organization, that is wholly  
21       or majority owned by any foreign entity; and

22       (d) "Resident of the Commonwealth" means:

23       1. Any person who resides in the Commonwealth;

24       2. Any business that is registered to conduct business in the  
25       Commonwealth or regularly conducts business in the Commonwealth;  
26       or

27       3. A state or local government.

- 1        (2) A resident of the Commonwealth shall not engage in a transaction with a foreign  
2        enterprise if the transaction would result in:
- 3        (a) Foreign ownership or control of intellectual property, infrastructure,  
4        technology, or assets critical to the economic security of the  
5        Commonwealth;
- 6        (b) The potential of a foreign maligned economic interest;
- 7        (c) An obstruction of counterintelligence efforts or other security efforts; or
- 8        (d) A transfer that would otherwise compromise the economic security of the  
9        Commonwealth.
- 10      (3) (a) The center shall review any transaction between a foreign enterprise and a  
11      resident of the Commonwealth that might implicate the provisions in  
12      subsection (2) of this section.
- 13      (b) If the center determines that a transaction would undermine the security of  
14      the Commonwealth or otherwise implicate the provisions in subsection (2)  
15      of this section, it shall:
- 16      1. Notify the executive director; and  
17      2. Conduct an immediate investigation into the transaction.
- 18      (c) If the center determines that a transaction would affect the security of the  
19      United States, the center shall refer the matter to the appropriate federal  
20      authorities.
- 21      (d) The center may:
- 22      1. Contact other agencies in state or local government to obtain  
23      necessary information to complete a review or an investigation; and  
24      2. Access state or locally owned, controlled, or accessed databases if  
25      necessary in pursuit of a review or an investigation.
- 26      (e) The executive director may periodically meet with the center for an update  
27      on the status of any review or investigation.

1        (4) In its investigation of a transaction, the center shall assess the threat level the  
2        transaction would have on the security of the Commonwealth, including but not  
3        limited to whether:

4        (a) Any threat to security has been mitigated during or prior to the review or  
5        investigation;

6        (b) The transaction is by a foreign government or on behalf of a foreign  
7        government; and

8        (c) A foreign entity may obtain control of intellectual property, infrastructure,  
9        technology, or assets critical to the economic security of the Commonwealth  
10        that could impair the economic security of the Commonwealth.

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

15        (b) The Attorney General shall conduct his or her own investigation into any  
16        violations of this section and may bring an action pursuant to KRS Chapter  
17        15 to enforce the provisions of this section.

18        (6) (a) The center shall meet with the co-chairs of the Legislative Oversight and  
19        Investigations Committee at least twice a year to discuss any findings in its  
20        reviews or investigations that could compromise the economic security of  
21        the Commonwealth. Either co-chair of the Legislative Oversight and  
22        Investigations Committee may compel the center to meet at additional times  
23        throughout the year.

24        (b) The co-chairs of the Legislative Oversight and Investigations Committee  
25        shall possess, at a minimum, secret clearance security credentials before  
26        attending, engaging, or directing in any meeting with the center pursuant to  
27        paragraph (a) of this subsection. If neither co-chair has obtained the

1           required security clearance, the center shall not meet with the co-chairs. If  
2           only one (1) of the two (2) co-chairs has obtained minimum security  
3           clearance, the center shall only meet with the co-chair who has obtained the  
4           required security clearance.

5           (c) A meeting required or directed pursuant to paragraph (a) of this subsection  
6           shall be exempt from the requirements of the Kentucky Open Meetings Act,  
7           KRS 61.805 to 61.850, and any records produced during the meeting shall  
8           be exempt from disclosure under the Kentucky Open Records Act, KRS  
9           61.870 to 61.884. A co-chair who has met with the center under this  
10           subsection shall only communicate to the members of the Legislative  
11           Oversight and Investigations Committee information from the meeting that  
12           has been deemed unclassified by the center.

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

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

20           (c) Any information protected by federal laws shall not be subject to public  
21           release. Any meetings about information contained in the report that the  
22           center would deem classified or confidential, would reveal personally  
23           identifiable information, or would otherwise compromise the security of the  
24           Commonwealth or a state or local government agency shall be exempt from  
25           the requirements of the Kentucky Open Meetings Act, KRS 61.805 to  
26           61.850.

27           ➔Section 2. The Kentucky Intelligence Fusion Center shall issue its first report

- 1 required pursuant to subsection (7) of Section 1 of this Act to the Legislative Oversight
- 2 and Investigations Committee by July 1, 2027.