

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.