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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

H.B. 317
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 317's Bill Analysis](#)

Version: As Introduced

Primary Sponsor: Rep. T. Mathews

Local Impact Statement Procedure Required: No

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Highlights

- The bill bans public entities, including the state and political subdivisions, from purchasing or otherwise acquiring small, unmanned aircraft systems (drones) that are manufactured or assembled by a covered foreign entity. It also prohibits public entities from operating drones manufactured or assembled by a foreign adversary after May 1, 2027. Together, these prohibitions may have some impact on the procurement costs for public entities that choose to operate drones. The magnitude of any effect, however, is unclear.

Detailed Analysis

Under prohibitions established by the bill, public entities that choose to operate drones may realize changes to procurement costs to acquire drone systems or to replace drone systems currently being used. The magnitude of any fiscal effect, however, is unclear and would depend on the type of equipment, how it would be employed, the current drone fleet that would need replacing, and the market for drones at the time a public entity chooses to purchase a drone. Specifically, the bill prohibits a public entity, including the state or political subdivisions, from purchasing or otherwise acquiring drones manufactured or assembled by a covered foreign entity and from operating such drones after May 1, 2027. It also prohibits state funds from being used in connection with the affected drones including through contracts, grants, or cooperative agreements. Although the specific fiscal effects are uncertain, we assume that limiting the market for drones in this manner could result in public entities facing higher prices than would otherwise be available. It is also uncertain whether existing drones owned by public entities would satisfy the conditions of the bill. This makes it difficult to get any idea of how many existing drones would need to be replaced.

The bill defines a “covered foreign entity” as an individual, foreign government, or party that appears on the U.S. Department of Commerce consolidated screening list or entity list, or

that is domiciled in the People’s Republic of China or the Russian Federation, or is under the influence or control of those governments, as well as any subsidiary or affiliate of such an individual, government, or party.