LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT

LS 6708
BILL NUMBER: SB 256

NOTE PREPARED: Feb 19, 2026
BILL AMENDED: Feb 18, 2026

SUBJECT: Foreign Agent Registration and Foreign Terrorist Organizations.

FIRST AUTHOR: Sen. Garten
FIRST SPONSOR: Rep. Commons

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

Contracting: It provides that, if a contractor or a subcontractor working under the contractor for the provision of a technological product or service is a prohibited person, a qualified entity may enter into the contract if the contractor affirms the contractor and its subcontractors are not acting as agents of a foreign adversary.

Registration: It requires certain persons acting on behalf of a hostile foreign country to register with the Attorney General. It establishes a procedure to deny state benefits to persons who aid a foreign terrorist organization.

State Educational Institutions: It requires a state educational institution to meet certain requirements regarding the admission and enrollment of a foreign student into qualifying programs at state educational institutions. It requires an approved postsecondary educational institution to provide to the commission for higher education the number of foreign students currently enrolled in a qualifying program and the number of foreign students enrolled in a qualifying program for each academic year for the preceding 10 years.

Prohibition on Property Acquisition: It prohibits certain individuals and business entities from acquiring real property located in Indiana.

Agreement: It provides that an agreement or cooperative agreement between a unit and a prohibited person is contrary to public policy and is void and unenforceable.

Repeals: It also repeals existing statutes regarding foreign ownership of agricultural land.

Effective Date: July 1, 2026.

Explanation of State Expenditures: *Contracting:* The bill prohibits state and local units of government from contracting with foreign adversaries for technology products or services. The bill is silent as to penalties or which state agency is authorized to receive and investigate complaints violation of these prohibitions. It is assumed that any violation would be investigated by the Office of the Attorney General (AG). It requires the AG to enforce prohibitions of real estate sale to foreign adversaries. Any increases in workload and potential expenditures could be offset with amounts collected from receivership proceedings.

Registration: The bill could increase the workload of the AG by requiring the AG to ensure that appropriate agents and foreign supported political organizations have registered with the AG. A registrant must update the information required not later than 90 days after the material change occurred. The AG may impose sanctions, including civil penalties, issue civil investigative demands, the authority to suspend or permanently bar an agent or organization. If the AG determines that an individual or entity is an affiliate of a foreign terrorist organization, the AG shall notify the Office of the Governor.

Office of Governor: The bill requires the Governor to review the results of the investigation conducted by the AG and the response of the appropriate parties, and determine if an individual or entity is an affiliate of a foreign terrorist organization. If the determination was found to be erroneous or occurred more than five years ago, the Governor shall rescind a designation.

The bill's requirements are within the agencies routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

<u>*Additional Information*</u> - *Other Benefits:* If an individual or entity is designated an affiliate of a foreign terrorist organization, the individual or entity shall be denied state fund, benefits, any employment, state contracts, tax benefits, privileges, and other forms of a state benefit or privilege, whether provided or received directly or indirectly.

Contracting Expenditures: The bill expands certain contracting prohibitions related to critical infrastructure that were made in SEA 477 - 2023. To the extent this bill impacts the number of bids and/or bid amounts received by state agencies during the request for proposal process, state expenditures could be impacted. The bill's actual impact on state contracting expenditures is indeterminable but expected to be minimal. Both the Indiana Department of Administration and the Indiana Office of Technology report the provisions of the bill are expected to have a minimal impact on state procurement.

Commission for Higher Education: The bill grants the Commissioner of the CHE the ability to designate additional programs of study as qualifying programs that certain foreign students are prohibited from enrolling in and requires CHE notify the board of trustees of each SEI of these changes. It also requires CHE to receive certain information on foreign students from approved postsecondary educational institutions by November 1, 2026. These changes are expected to be implemented with existing staff and resources.

State Educational Institutions: The bill will increase workload and could increase expenditures for SEIs to conduct foreign influence and research security reviews and enforce policies prohibiting certain foreign students from enrolling in qualifying programs as prescribed in the bill. It also requires SEIs to submit certain information to CHE by November 1, 2026.

The number of foreign students enrolled in qualifying programs, and consequently, any impact on workload or expenditures vary by SEI. If any additional funds and resources are required, they could be supplied through existing staff and resources currently being used in another program or with new appropriations. [SEIs receive state funding through General Fund appropriations.]

Explanation of State Revenues: *Registration:* The bill requires a foreign supported political organization or agent to pay a fee of $500 at the time the organization or agent files an application for initial registration and renewal of registration. The bill also creates a $100 fee for supplemental registration under this section.

Civil Penalties: The bill allows the AG to assess a civil penalties of $500 for violating the bill's requirements, and $10,000 if the AG has probable cause to believe that the violation was intentional or that the person committed repeated violations. As a result, the bill could increase the number of civil court cases if the AG finds that an agent or foreign-supported political organization has violated or repeatedly violated the bill's provisions governing the registration of agents or foreign organizations. Therefore, the General Fund could receive additional revenue from civil penalties and court case filings.

Property Ownership: The bill expands the prohibition on the sale of property to foreign entities included in both SEA 477 - 2023 and SEA 388 - 2022. If a property is found to be held in violation of the bill, the property would be sold through a receivership proceeding. The bill also specifies the manner in which the sale proceeds are to be split, with first priority given to sale costs, then lienholders, then a 10% of the market value to the General Fund as a civil penalty, and lastly any remaining amounts to the General Fund. Any increase in General Fund revenue from receivership sales is expected to be minimal.

State Educational Institutions: The bill prohibits SEI's from admitting certain foreign students into qualifying programs until the SEI has completed a foreign influence and research security review as prescribed in the bill. This could result in tuition losses to SEIs to the extent (1) overall enrollment drops and/or (2) students who would have paid out-of-state tuition are replaced by students who will pay in- state tuition. Potential tuition losses could be minimized by adjusting tuition rates in response to enrollment changes. Any net impact on state higher education institution revenue would ultimately depend on the decision of each SEI.

Civil Court Fee Revenue: The bill could increase the number of civil proceedings filed by the AG. If additional civil cases occur and court fees are collected, revenue to the state General Fund will increase. The total revenue per case would range between $100 and $122. The amount deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: Court fees imposed in civil, probate, and small claims cases.

Explanation of Local Expenditures: This bill could impact local expenditures as well as contracting costs to the extent certain vendors are excluded from being able to transact business with political subdivisions under the prohibitions in the bill. Any impact would depend on the costs of goods and services submitted by excluded vendors compared to the costs of goods and services selected by local units of government.

Explanation of Local Revenues: If additional cases occur, revenue will be collected by certain local units. If the case is filed in a court of record, the county will receive $32 and qualifying municipalities will receive a share of $3. If the case is filed in a municipal court, the county receives $20, and the municipality will receive $37. The following linked document describes the fees and distribution of the revenue: Court fees imposed in civil, probate, and small claims cases.

State Agencies Affected: All; Office of Attorney General; Office of Governor.

Local Agencies Affected: All; trial courts, city and town courts.

Information Sources: Indiana Supreme Court, Indiana Trial Court Fee Manual; Graig Lubsen, IOT; Molly Timperman, IDOA.

Fiscal Analyst: Corrin Harvey, 317-234-9438; Bill Brumbach, 317-232-9559; Zachary Katopodis, 317-234-2106.