

## HOUSE BILL No. 2396

By Committee on Appropriations

3-8

1 AN ACT concerning state property; relating to surplus real estate;  
2 identifying real estate as surplus property; allowing the sale of certain  
3 surplus real estate by the secretary of administration; appeals of surplus  
4 determination; amending K.S.A. 2012 Supp. 75-6609 and repealing the  
5 existing section; also repealing K.S.A. 2012 Supp. 75-6609a.  
6

7 *Be it enacted by the Legislature of the State of Kansas:*

8 Section 1. K.S.A. 2012 Supp. 75-6609 is hereby amended to read as  
9 follows: 75-6609. (a) When used in this section, "surplus real estate"  
10 means real estate which is no longer needed by the state agency which  
11 owns such real estate as determined in accordance with this section.

12 (b) (1) The secretary of administration shall develop criteria for the  
13 identification of surplus real estate, including but not limited to, a review  
14 of any legal restrictions associated with the real estate and the reasons for  
15 the state agency to keep the real estate. In accordance with such criteria,  
16 the secretary shall assist state agencies in the identification of surplus real  
17 estate. The secretary of administration shall periodically review the status  
18 of all real estate of state agencies subject to this section to determine if any  
19 of the real estate owned by state agencies is potentially surplus real estate.  
20 *Each state agency shall develop and maintain a list of real estate that has*  
21 *been identified by such state agency as potential surplus real estate and*  
22 *shall transmit annually such list to the secretary of administration. The*  
23 *secretary of administration shall publish such list annually in the Kansas*  
24 *register. If any real estate owned by a state agency is determined by the*  
25 *secretary of administration, ~~in consultation with the head of the state~~*  
26 *~~agency,~~ to be surplus real estate in accordance with the criteria developed*  
27 *under this subsection (a), then the secretary of administration shall*  
28 *recommend to the governor that such real estate be sold under the*  
29 *procedures prescribed by this section.*

30 (2) The secretary of administration shall develop guidelines for the  
31 sale of surplus real estate. In accordance with such guidelines and upon the  
32 approval of the governor, ~~after consultation with the head of the state~~  
33 ~~agency which owns such surplus real estate, after consultation with the~~  
34 ~~joint committee on state building construction and after approval by the~~  
35 ~~state finance council under subsection (e),~~ the secretary may offer such  
36 property for sale by one of the following means: (A) Public auction; (B) by

1 listing the surplus property with a licensed real estate broker or  
2 salesperson; or (C) by sealed bid. ~~Subject to the approval of the state~~  
3 ~~finance council as required by subsection (e);~~ The secretary of  
4 administration may sell surplus real estate and any improvements thereon  
5 on behalf of the state agency which owns such property.

6 (c) ~~Prior to the sale of any surplus real estate under subsection (b), the~~  
7 ~~state finance council shall approve the sale, which is hereby characterized~~  
8 ~~as a matter of legislative delegation and subject to the guidelines~~  
9 ~~prescribed in subsection (e) of K.S.A. 75-3711, and amendments thereto.~~  
10 ~~The matter may be submitted to the state finance council for approval at~~  
11 ~~any time, including periods of time during which the legislature is in~~  
12 ~~session the secretary of administration shall prepare a report of all surplus~~  
13 ~~real estate identified by the secretary and subject to sale under this section~~  
14 ~~and shall transmit a copy of such report to each state agency which owns~~  
15 ~~real estate identified in such report. If such real estate subject to sale is~~  
16 ~~valued at less than \$250,000, the secretary of administration may sell such~~  
17 ~~real estate in accordance with the provisions of this section. If such real~~  
18 ~~estate subject to sale is valued at \$250,000 or more, the state agency~~  
19 ~~which owns such real estate may appeal the determination of the secretary~~  
20 ~~of administration and request a redetermination of the status of such real~~  
21 ~~estate. If the secretary of administration, on appeal, determines that such~~  
22 ~~real estate is not surplus real estate, then such real estate shall be removed~~  
23 ~~from the list created pursuant to subsection (b)(1) for two years. If the~~  
24 ~~secretary, on appeal, redetermines that such real estate is surplus real~~  
25 ~~estate, the secretary shall transmit a copy of the surplus real estate report,~~  
26 ~~along with any state agency appeals, to the governor. The governor shall~~  
27 ~~make the final determination as to a state agency appeal of the status of~~  
28 ~~real estate identified in such report. If the governor determines that such~~  
29 ~~real estate is surplus real estate, the secretary may sell such real estate in~~  
30 ~~accordance with the provisions of this section. If the governor determines~~  
31 ~~that such real estate is not surplus real estate, then such real estate shall~~  
32 ~~be removed from the list created pursuant to subsection (b)(1) for two~~  
33 ~~years.~~

34 (d) Prior to offering any real estate for sale, such property shall be  
35 appraised ~~pursuant to K.S.A. 75-3043a, and amendments thereto;~~ by one  
36 ~~disinterested appraiser, to be appointed by the secretary of administration,~~  
37 ~~to determine the market value appraisal of such property unless the~~  
38 ~~appraisal is waived as provided in this subsection. The secretary of~~  
39 ~~administration may waive the requirement for appraisal for any parcel of~~  
40 ~~surplus real estate that is to be sold at public auction under this section if~~  
41 ~~the secretary of administration determines that it is in the best interests of~~  
42 ~~the state to waive the requirement for appraisal for such parcel of surplus~~  
43 ~~real estate. The costs of any such appraisal may be paid from the proceeds~~

1 of the sale.

2 (e) Conveyance of title in surplus real estate offered for sale by the  
3 secretary of administration shall be executed on behalf of the state agency  
4 by the secretary of administration. The deed for the conveyance may be by  
5 warranty deed or by quitclaim deed as determined to be in the best  
6 interests of the state by the secretary of administration in consultation with  
7 the head of the state agency which owns the surplus real estate.

8 (f) (1) Any proceeds from the sale of surplus real estate and any  
9 improvements thereon, after deduction of the expenses of such sale and  
10 any cost of appraisal of the surplus real estate, shall be deposited in the  
11 state treasury as prescribed by this subsection, unless otherwise authorized  
12 by law. On and after ~~the effective date of this act~~ *July 1, 2012*, 20% of the  
13 proceeds from each such sale deposited in the state treasury shall be  
14 credited to the surplus real estate fund or another appropriate special  
15 revenue fund of the state agency which owned the surplus real estate, as is  
16 prescribed by law or as may be determined by the state agency, unless  
17 otherwise required by state or federal law or by the limitations or  
18 restrictions of the state's title to the real estate being sold. In the case of  
19 proceeds from the sale of surplus real estate at a state mental health  
20 institution or a state institution for people with intellectual disability, such  
21 portion of the proceeds shall be credited to the client benefit fund of such  
22 institution or to another special revenue fund of such institution for: (A)  
23 Rehabilitation and repair or other capital improvements for such  
24 institution; or (B) one-time expenditures for community mental health  
25 organizations if the real estate sold was at a state mental health institution  
26 or for community developmental disabilities organizations if the real estate  
27 sold was at a state institution for people with intellectual disability, and, in  
28 any such case, shall be expended in accordance with the provisions of  
29 appropriation acts. The remaining 80% of the proceeds from each such  
30 sale deposited in the state treasury shall be credited to the Kansas public  
31 employees retirement fund to be applied to the payment, in full or in part,  
32 of the unfunded actuarial pension liability as directed by the Kansas public  
33 employees retirement system. As used in this section, "unfunded actuarial  
34 pension liability" means the unfunded actuarially accrued liability of the  
35 state for the state of Kansas and participating employers under K.S.A. 74-  
36 4931, and amendments thereto, portion of such liability of the Kansas  
37 public employees retirement system, determined as of the later of  
38 December 31, 2011, or the end of the most recent calendar year for which  
39 an actuarial valuation report is available.

40 (2) The amount of expenses and the cost of appraisal for each sale of  
41 surplus real estate pursuant to this section shall be transferred and credited  
42 to the property contingency fund created under K.S.A. 75-3652, and  
43 amendments thereto, and may be expended for any operations of the

1 department of administration.

2 (3) Any state agency owning real estate may apply to the director of  
3 accounts and reports to establish a surplus real estate special revenue fund  
4 in the state treasury. Subject to the provisions of appropriation acts,  
5 moneys in a surplus real estate special revenue fund may be expended for  
6 the operating expenditures of the state agency.

7 (g) Any sale of property by the secretary of transportation pursuant to  
8 K.S.A. 68-413, and amendments thereto, shall not be subject to the  
9 provisions of this section. The provisions of this section shall not be  
10 applicable to real estate given as an endowment, bequest, or gift to a state  
11 educational institution as defined in K.S.A. 72-4412, and amendments  
12 thereto, or to the university of Kansas medical center.

13 (h) Sale of the Olathe travel information center shall not be subject to  
14 the provisions of this section.

15 Sec. 2. K.S.A. 2012 Supp. 75-6609 and 75-6609a are hereby  
16 repealed.

17 Sec. 3. This act shall take effect and be in force from and after its  
18 publication in the statute book.