

**SENATE BILL No. 346**

By Committee on Ways and Means

1-30

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1 AN ACT concerning surplus real estate of state agencies; relating to the  
2 insurance department surplus real estate; authorizing the department to  
3 retain the sale proceeds in the insurance department service regulation  
4 fund; amending K.S.A. 75-6609 and repealing the existing section.  
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6 *Be it enacted by the Legislature of the State of Kansas:*

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

11 (b) (1) The secretary of administration shall develop criteria for the  
12 identification of surplus real estate, including, but not limited to, a review  
13 of any legal restrictions associated with the real estate and the reasons for  
14 the state agency to keep the real estate. In accordance with such criteria,  
15 the secretary shall assist state agencies in the identification of surplus real  
16 estate. The secretary of administration shall periodically review the status  
17 of all real estate of state agencies subject to this section to determine if any  
18 of the real estate owned by state agencies is potentially surplus real estate.  
19 If any real estate owned by a state agency is determined by the secretary of  
20 administration, in consultation with the head of the state agency, to be  
21 surplus real estate in accordance with the criteria developed under  
22 subsection (a), then the secretary of administration shall recommend to the  
23 governor that such real estate be sold under the procedures prescribed by  
24 this section.

25 (2) The secretary of administration shall develop guidelines for the  
26 sale of surplus real estate. In accordance with such guidelines and upon the  
27 approval of the governor, after consultation with the head of the state  
28 agency ~~which~~ *that* owns such surplus real estate, after consultation with  
29 the joint committee on state building construction and after approval by  
30 the state finance council under subsection (c), the secretary may offer such  
31 property for sale by one of the following means: (A) Public auction; (B) by  
32 listing the surplus property with a licensed real estate broker or  
33 salesperson; or (C) by sealed bid. Subject to the approval of the state  
34 finance council as required by subsection (c), the secretary of  
35 administration may sell surplus real estate and any improvements thereon  
36 on behalf of the state agency which owns such property.

1 (c) Prior to the sale of any surplus real estate under subsection (b), the  
2 state finance council shall approve the sale, which is hereby characterized  
3 as a matter of legislative delegation and subject to the guidelines  
4 prescribed in ~~subsection (e) of~~ K.S.A. 75-3711(c), and amendments  
5 thereto. The matter may be submitted to the state finance council for  
6 approval at any time, including periods of time during which the  
7 legislature is in session.

8 (d) Prior to offering any real estate for sale, such property shall be  
9 appraised pursuant to K.S.A. 75-3043a, and amendments thereto, unless  
10 the appraisal is waived as provided in this subsection. The secretary of  
11 administration may waive the requirement for appraisal for any parcel of  
12 surplus real estate that is to be sold at public auction under this section if  
13 the secretary of administration determines that it is in the best interests of  
14 the state to waive the requirement for appraisal for such parcel of surplus  
15 real estate. The costs of any such appraisal may be paid from the proceeds  
16 of the sale.

17 (e) Conveyance of title in surplus real estate offered for sale by the  
18 secretary of administration shall be executed on behalf of the state agency  
19 by the secretary of administration. The deed for the conveyance may be by  
20 warranty deed or by quitclaim deed as determined to be in the best  
21 interests of the state by the secretary of administration in consultation with  
22 the head of the state agency ~~which~~ that owns the surplus real estate.

23 (f) (1) Any proceeds from the sale of surplus real estate and any  
24 improvements thereon, after deduction of the expenses of such sale and  
25 any cost of appraisal of the surplus real estate, shall be deposited in the  
26 state treasury as prescribed by this subsection, unless otherwise authorized  
27 by law. On and after July 1, 2012, 20% of the proceeds from each such  
28 sale deposited in the state treasury shall be credited to the surplus real  
29 estate fund or another appropriate special revenue fund of the state agency  
30 ~~which~~ that owned the surplus real estate, as is prescribed by law or as may  
31 be determined by the state agency, unless otherwise required by state or  
32 federal law or by the limitations or restrictions of the state's title to the real  
33 estate being sold. In the case of proceeds from the sale of surplus real  
34 estate at a state mental health institution or a state institution for people  
35 with intellectual disability, such portion of the proceeds shall be credited to  
36 the client benefit fund of such institution or to another special revenue  
37 fund of such institution for: (A) Rehabilitation and repair or other capital  
38 improvements for such institution; or (B) one-time expenditures for  
39 community mental health organizations if the real estate sold was at a state  
40 mental health institution or for community developmental disabilities  
41 organizations if the real estate sold was at a state institution for people  
42 with intellectual disability, and, in any such case, shall be expended in  
43 accordance with the provisions of appropriation acts. The remaining 80%

1 of the proceeds from each such sale deposited in the state treasury shall be  
2 credited to the Kansas public employees retirement fund to be applied to  
3 the payment, in full or in part, of the unfunded actuarial pension liability as  
4 directed by the Kansas public employees retirement system. As used in  
5 this section, "unfunded actuarial pension liability" means the unfunded  
6 actuarially accrued liability of the state for the state of Kansas and  
7 participating employers under K.S.A. 74-4931, and amendments thereto,  
8 portion of such liability of the Kansas public employees retirement system,  
9 determined as of the later of December 31, 2011, or the end of the most  
10 recent calendar year for which an actuarial valuation report is available.

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

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

21 (g) Any sale of property by the secretary of transportation pursuant to  
22 K.S.A. 68-413, and amendments thereto, shall not be subject to the  
23 provisions of this section. The provisions of this section shall not be  
24 applicable to real estate given as an endowment, bequest, or gift to a state  
25 educational institution as defined in K.S.A. 74-32,407, and amendments  
26 thereto, or to the university of Kansas medical center.

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

29 (i) *Sale of Kansas insurance department real estate and any*  
30 *improvements thereon determined to be surplus real estate in accordance*  
31 *with this section shall not be subject to the provisions of subsection (f).*  
32 *Any proceeds from the sale of Kansas insurance department surplus real*  
33 *estate and any improvements thereon shall be remitted to the state*  
34 *treasurer in accordance with the provisions of K.S.A. 75-4215, and*  
35 *amendments thereto. Upon receipt of such remittance, the state treasurer*  
36 *shall deposit the entire amount in the state treasury. After deduction of the*  
37 *expenses of such sale and any cost of appraisal of such surplus real estate,*  
38 *the remaining amount shall be credited to the insurance department*  
39 *service regulation fund, K.S.A. 40-112, and amendments thereto, of the*  
40 *insurance department.*

41 Sec. 2. K.S.A. 75-6609 is hereby repealed.

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