

## Substitute for SENATE BILL No. 450

By Committee on Financial Institutions and Insurance

2-17

1 AN ACT concerning state property; relating to the sale of surplus real  
2 property; eliminating the crediting of 80% of the proceeds from such  
3 sale to the Kansas public employees retirement fund; authorizing state  
4 educational institutions to sell and convey real property given to a state  
5 educational institution as an endowment, bequest or gift; authorizing  
6 the state board of regents to adopt policies relating to such sale and  
7 conveyance; amending K.S.A. 75-6609 and repealing the existing  
8 section.  
9

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

11 New Section 1. (a) Upon specific authorization of the state board of  
12 regents and in accordance with policies adopted pursuant to this section, a  
13 state educational institution may sell and convey real property given as an  
14 endowment, bequest or gift to such institution.

15 (b) The state board of regents shall adopt policies governing the  
16 procedures and conditions under which state educational institutions may  
17 sell and convey real property given as an endowment, bequest or gift to  
18 such institution. Such policies shall include the disposition of the proceeds  
19 of such sale and conveyance.

20 (c) The state board of regents shall submit to the legislature at each  
21 regular session a report listing any such real property transfers that  
22 occurred during the previous fiscal year pursuant to this section.

23 (d) Any sale and conveyance authorized pursuant to this section shall  
24 not be subject to the provisions of K.S.A. 75-6609, and amendments  
25 thereto.

26 (e) As used in this section, "state educational institution" means the  
27 same as defined in K.S.A. 76-711, and amendments thereto.

28 Sec. 2. K.S.A. 75-6609 is hereby amended to read as follows: 75-  
29 6609. (a) When used in this section, "surplus real estate" means real estate  
30 ~~which that~~ is no longer needed by the state agency ~~which that~~ owns such  
31 real estate as determined in accordance with this section.

32 (b) (1) The secretary of administration shall develop criteria for the  
33 identification of surplus real estate, including, but not limited to, a review  
34 of any legal restrictions associated with the real estate and the reasons for  
35 the state agency to keep the real estate. In accordance with such criteria,  
36 the secretary shall assist state agencies in the identification of surplus real

1 estate. The secretary of administration shall periodically review the status  
2 of all real estate of state agencies subject to this section to determine if any  
3 of the real estate owned by state agencies is potentially surplus real estate.  
4 If any real estate owned by a state agency is determined by the secretary of  
5 administration, in consultation with the head of the state agency, to be  
6 surplus real estate in accordance with the criteria developed under  
7 subsection (a), then the secretary of administration shall recommend to the  
8 governor that such real estate be sold under the procedures prescribed by  
9 this section.

10 (2) The secretary of administration shall develop guidelines for the  
11 sale of surplus real estate. In accordance with such guidelines and upon the  
12 approval of the governor, after consultation with the head of the state  
13 agency ~~which~~ that owns such surplus real estate, after consultation with  
14 the joint committee on state building construction and after approval by  
15 the state finance council under subsection (c), the secretary may offer such  
16 property for sale by one of the following means: (A) Public auction; (B) by  
17 listing the surplus property with a licensed real estate broker or  
18 salesperson; or (C) by sealed bid. Subject to the approval of the state  
19 finance council as required by subsection (c), the secretary of  
20 administration may sell surplus real estate and any improvements thereon  
21 on behalf of the state agency ~~which~~ that owns such property.

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

29 (d) Prior to offering any real estate for sale, such property shall be  
30 appraised pursuant to K.S.A. 75-3043a, and amendments thereto, unless  
31 the appraisal is waived as provided in this subsection. The secretary of  
32 administration may waive the requirement for appraisal for any parcel of  
33 surplus real estate that is to be sold at public auction under this section if  
34 the secretary of administration determines that it is in the best interests of  
35 the state to waive the requirement for appraisal for such parcel of surplus  
36 real estate. The costs of any such appraisal may be paid from the proceeds  
37 of the sale.

38 (e) Conveyance of title in surplus real estate offered for sale by the  
39 secretary of administration shall be executed on behalf of the state agency  
40 by the secretary of administration. The deed for the conveyance may be by  
41 warranty deed or by quitclaim deed as determined to be in the best  
42 interests of the state by the secretary of administration in consultation with  
43 the head of the state agency ~~which~~ that owns the surplus real estate.

1 (f) (1) Any proceeds from the sale of surplus real estate and any  
2 improvements thereon, after deduction of the expenses of such sale and  
3 any cost of appraisal of the surplus real estate, shall be deposited in the  
4 state treasury as prescribed by this subsection, unless otherwise authorized  
5 by law. On and after July 1, ~~2012, 20%~~ of 2022, the proceeds from each  
6 such sale deposited in the state treasury shall be credited to the surplus real  
7 estate fund or another appropriate special revenue fund of the state agency  
8 ~~which~~ *that* owned the surplus real estate, as is prescribed by law or as may  
9 be determined by the state agency, unless otherwise required by state or  
10 federal law or by the limitations or restrictions of the state's title to the real  
11 estate being sold. In the case of proceeds from the sale of surplus real  
12 estate at a state mental health institution or a state institution for people  
13 with intellectual disability, such portion of the proceeds shall be credited to  
14 the client benefit fund of such institution or to another special revenue  
15 fund of such institution for: (A) Rehabilitation and repair or other capital  
16 improvements for such institution; or (B) one-time expenditures for  
17 community mental health organizations if the real estate sold was at a state  
18 mental health institution or for community developmental disabilities  
19 organizations if the real estate sold was at a state institution for people  
20 with intellectual disability, and, in any such case, shall be expended in  
21 accordance with the provisions of appropriation acts. ~~The remaining 80%~~  
22 ~~of the proceeds from each such sale deposited in the state treasury shall be~~  
23 ~~credited to the Kansas public employees retirement fund to be applied to~~  
24 ~~the payment, in full or in part, of the unfunded actuarial pension liability as~~  
25 ~~directed by the Kansas public employees retirement system. As used in~~  
26 ~~this section, "unfunded actuarial pension liability" means the unfunded~~  
27 ~~actuarially accrued liability of the state for the state of Kansas and~~  
28 ~~participating employers under K.S.A. 74-4931, and amendments thereto,~~  
29 ~~portion of such liability of the Kansas public employees retirement system,~~  
30 ~~determined as of the later of December 31, 2011, or the end of the most~~  
31 ~~recent calendar year for which an actuarial valuation report is available.~~

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

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

42 (g) (1) Any sale of property by the secretary of transportation  
43 pursuant to K.S.A. 68-413, and amendments thereto, shall not be subject to

1 the provisions of this section.

2 (2) The provisions of this section shall not be applicable to real estate  
3 given as an endowment, bequest, or gift to a state educational institution as  
4 defined in K.S.A. ~~74-32,407~~ 76-711, and amendments thereto, or to the  
5 university of Kansas medical center. *The sale and conveyance of such real*  
6 *estate shall be subject to the provisions of section 1, and amendments*  
7 *thereto.*

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

10 Sec. 3. K.S.A. 75-6609 is hereby repealed.

11 Sec. 4. This act shall take effect and be in force from and after its  
12 publication in the statute book.