

Substitute for SENATE BILL No. 450

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

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

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

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

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

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

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

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

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

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

(c) Prior to the sale of any surplus real estate under subsection (b), the state finance council shall approve the sale, which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed ~~in subsection (c) of K.S.A. 75-3711~~ *75-3711c(c)*, and amendments thereto. The matter may be submitted to the state finance

council for approval at any time, including periods of time during which the legislature is in session.

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

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

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

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

(3) Any state agency owning real estate may apply to the director of accounts and reports to establish a surplus real estate special revenue fund in the state treasury. Subject to the provisions of appropriation

acts, moneys in a surplus real estate special revenue fund may be expended for the operating expenditures of the state agency.

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

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

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

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

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

I hereby certify that the above BILL originated in the SENATE, and passed that body

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*President of the Senate.*

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*Secretary of the Senate.*

Passed the HOUSE \_\_\_\_\_

\_\_\_\_\_  
*Speaker of the House.*

\_\_\_\_\_  
*Chief Clerk of the House.*

APPROVED \_\_\_\_\_

\_\_\_\_\_  
*Governor.*