

1 [As Amended by House Committee of the Whole]

2
3 As Amended by House Committee

4 *Session of 2001*

5
6 **HOUSE BILL No. 2040**

7
8 By Legislative Post Audit Committee

9
10 1-16

11
12 AN ACT concerning real estate owned by state agencies; relating to sur-
13 plus real estate; amending **K.S.A. 75-3516** and K.S.A. 2000 Supp. 75-
14 6609 and repealing the existing ~~section~~ **sections**.

15
16 *Be it enacted by the Legislature of the State of Kansas:*

17 **Section 1. K.S.A. 75-3516 is hereby amended to read as fol-**
18 **lows: 75-3516. (a) Each state agency shall have the legal custody**
19 **of all deeds to real estate held or acquired by such state agency**
20 **for and in the name of the state of Kansas, together with the ab-**
21 **stracts of title thereto and the title insurance policies therefor, and**
22 **of all other original instruments relating to real estate transactions**
23 **of such state agency. It shall be the duty of Each state agency to shall**
24 **keep, preserve and file all such deeds, abstracts of title, title in-**
25 **surance policies and other instruments, and all such instruments**
26 **in the custody of the secretary of state on the effective date of this**
27 **act shall be and are hereby transferred to the custody of the re-**
28 **spective state agencies.**

29 **(b) It shall be the duty of Each state agency to shall record or**
30 **cause to be recorded all deeds to real estate acquired by ~~the state~~**
31 **agency with the register of deeds of the county where the real es-**
32 **tate is located and any other instruments relating to ~~the agency's~~**
33 **real estate transactions provided by law to be recorded.**

34 **(c) The director of accounts and reports shall maintain inven-**
35 **tory records of the real property owned by the state, which records**
36 **shall reflect all real property held and every real estate transaction**
37 **engaged in by each state agency ~~except the secretary of transportation.~~**
38 **Such inventory records shall include, but not be limited to, the**
39 **acreage, the location by city and county, a brief legal description**
40 **and the use and purpose of each lot, tract or parcel of land held**
41 **by a state agency.**

42 ~~Section 1.~~ **Sec. 2.** K.S.A. 2000 Supp. 75-6609 is hereby amended to
43 read as follows: 75-6609. (a) When used in this section, "surplus real

1 estate” means real estate which is no longer needed by the state agency
2 which owns such real estate *as determined in accordance with this section.*

3 (b) (1) The secretary of administration shall develop criteria for the
4 identification of surplus real estate, *including but not limited to, a review*
5 *of any legal restrictions associated with the real estate and the reasons for*
6 *the state agency to keep the real estate.* In accordance with such criteria,
7 the secretary shall assist state agencies in the identification of surplus real
8 estate. *The secretary of administration shall periodically review the status*
9 *of all real estate of state agencies subject to this section to determine if*
10 *any of the real estate owned by state agencies is potentially surplus real*
11 *estate. If any real estate owned by a state agency is determined by the*
12 *secretary of administration, in consultation with the head of the state*
13 *agency, to be surplus real estate in accordance with the criteria developed*
14 *under subsection (a), then the secretary of administration shall recom-*
15 *mend to the governor that such real estate be sold under the procedures*
16 *prescribed by this section.*

17 (2) The secretary of administration shall develop guidelines for the
18 sale of surplus real estate. In accordance with such guidelines and upon
19 the ~~written consent of~~ *approval of the governor, after consultation with*
20 *the head of the state agency which owns such surplus real estate, **after***
21 ***consultation with the joint committee on state building construc-***
22 ***tion and after approval by the state finance council under subsection (c),***
23 *the secretary may offer such property for sale by one of the following*
24 *means: ~~(1)~~ (A) Public auction; ~~(2)~~ (B) by listing the surplus property*
25 *with a licensed real estate broker or salesperson; or ~~(3)~~ (C) by sealed*
26 *bid. Subject to the approval of the state finance council as required by*
27 *subsection (c), the secretary of administration may sell surplus real estate*
28 *and any improvements thereon on behalf of the state agency which owns*
29 *such property.*

30 (c) Prior to the sale of any surplus real estate under subsection (b),
31 the state finance council shall approve the sale, which is hereby charac-
32 terized as a matter of legislative delegation and subject to the guidelines
33 prescribed in subsection (c) of K.S.A. 75-3711, and amendments thereto.
34 The matter may be submitted to the state finance council for approval at
35 any time, including periods of time during which the legislature is in
36 session.

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

1 **for appraisal for such parcel of surplus real estate.** The costs of any
2 such appraisal may be paid from the proceeds of the sale.

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

9 (f)(1) Any proceeds from the sale of surplus real estate and any im-
10 provements thereon, after deduction of the expenses of such sale and ~~the~~
11 **any** cost of ~~the~~ appraisal of the surplus real estate, shall be deposited in
12 the state treasury ~~and credited to the state general fund as prescribed by~~
13 ~~this subsection~~, unless otherwise authorized by law. *On and after the*
14 *effective date of this act, a portion of the proceeds from each such sale*
15 *deposited in the state treasury shall be determined and designated by the*
16 *state finance council acting on this matter which is hereby characterized*
17 *as a matter of legislative delegation and subject to the guidelines pre-*
18 *scribed in subsection (c) of K.S.A. 75-3711c and amendments thereto and*
19 *acting on this matter in conjunction with approval of such sale under*
20 *subsection (c), to be credited to the surplus real estate fund or another*
21 *appropriate special revenue fund of the state agency which owned the*
22 *surplus real estate, as is prescribed by law or as may be determined*
23 **by the state agency, except that such portion shall not exceed the amount**
24 **equal to 50% of such proceeds [unless otherwise required by state or**
25 **federal law or by the limitations or restrictions of the state's title**
26 **to the real estate being sold]. In the case of proceeds from the sale**
27 **of surplus real estate at a state mental health institution or a state**
28 **mental retardation institution, such portion of the proceeds shall**
29 **be credited to the client benefit fund of such institution or to an-**
30 **other special revenue fund of such institution for (A) rehabilitation**
31 **and repair or other capital improvements for such institution, or**
32 **(B) one-time expenditures for community mental health organi-**
33 **zations if the real estate sold was at a state mental health institution**
34 **or for community developmental disabilities organizations if the**
35 **real estate sold was at a state mental retardation institution, and,**
36 **in any such case, shall be expended in accordance with the provi-**
37 **sions of appropriation acts.** *After crediting the amount designated by*
38 *the state finance council, the remainder of the proceeds from each such*
39 *sale deposited in the state treasury shall be credited to the state general*
40 *fund.*

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

1 amendments thereto, and may be expended for any operations of the
2 department of administration.

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

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

11 **New Sec. 3. If a mental health institution or mental retarda-**
12 **tion institution is closed and all or part of the real estate of such**
13 **institution is sold, the proceeds from the sale of such real estate,**
14 **after deduction of the costs of the sale and any costs of appraisal**
15 **of such surplus real estate, shall be deposited in the state treasury**
16 **to the credit of a new or existing special revenue fund. All expend-**
17 **itures of such moneys in any such special revenue fund shall be in**
18 **accordance with the provisions of appropriation acts and shall be**
19 **used (a) for capital improvement or operating expenditures for**
20 **another state institution providing either mental health services or**
21 **mental retardation services, whichever were provided by the**
22 **closed institution or (b) to provide either mental health services or**
23 **mental retardation services, whichever was provided by the closed**
24 **institution, through community organizations in communities.**

25 ~~Sec. 2. K.S.A. 2000 Supp. 75-6609 is~~ **Sec. 4. K.S.A. 75-3516 and**
26 **K.S.A. 2000 Supp. 75-6609 are hereby repealed.**

27 ~~Sec. 3. Sec. 5.~~ This act shall take effect and be in force from and
28 after its publication in the statute book.

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