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MEMORANDUM

To: Chairman Masterson and members of the Senate Ways and Means Committee
From: David Wiese, Assistant Revisor
Date: May 9, 2013
Re: HB 2396; state surplus real estate

House Bill No. 2396 amends the procedures by which state surplus real estate may be distributed. The bill requires that each state agency develop and maintain a list of potential surplus real estate and transmit such list to the secretary of administration and the secretary shall publish annually such list in the Kansas register.

The bill strikes provisions in current law requiring the secretary of administration to consult with the head of the state agency before determining any real state as surplus property, and the joint committee on state building construction.

The bill also removes the requirement that the state finance council approve the sale of surplus real estate. A new procedure is established by which the secretary of administration prepares a report of all surplus real estate identified by the secretary and the secretary shall transmit such report to each state agency which has property in such report. If the property is valued at less than \$250,000, the secretary may sell such property. If the property is valued at \$250,000 or more, the state agency which owns the property may appeal the secretary's determination and request a redetermination. If the secretary, on appeal, determines that the property is not surplus, then such property is removed from the surplus real estate list created by state agencies for two years. If the secretary, on appeal, redetermines that the property is surplus, the secretary shall forward the report and all appeals to the governor. The governor shall make the final determination. If the governor determines that such property is surplus, the secretary may sell the property. If the governor determines that such property is not surplus, then the property is removed from the surplus real estate list for two years.

The bill changes the appraisal process for real estate under this section. Prior to offering real estate for sale, such property shall be appraised by one disinterested appraiser, appointed by the secretary, to determine the market value appraisal of such property. Under current law the process requires three disinterested appraisers.

The House committee of the whole amended the bill to authorize the state board of regents to sell or exchange with the Emporia State University Foundation, real property located in Emporia commonly known as Emporia State University Apartments. (New Section 1) This property transfer was originally in HB 2021.

Senate Ways and Means Committee
Date: 05-09-2013
Attachment #: 2

The House floor amendment also authorized the state board of regents to exchange and convey to the Kansas University Endowment Association real property containing a parking garage in return for a parcel of land owned by the Kansas University Endowment Association currently used as a parking lot. (New Sec. 2.) This property transfer was originally in HB 2071.

Both the Emporia State and KU transfers are exempt from the provisions K.S.A. 75-6609 which requires 20% of the proceeds from the sale of surplus real estate be deposited in the state treasury and credited to the surplus real estate fund or another appropriate special revenue fund of the state agency which owned the surplus real estate and the remaining 80% of the proceeds are to be deposited in the state treasury and credited to the Kansas public employees retirement fund and applied to the unfunded actuarial liability.

The effective date of the bill is upon publication in the statute book.