

HOUSE BILL No. 2396

By Committee on Appropriations

3-8

1 AN ACT concerning state property; relating to ~~surplus real estate;~~
2 ~~identifying real estate as surplus property; allowing the sale of certain~~
3 ~~surplus real estate by the secretary of administration; appeals of surplus~~
4 ~~determination~~{**real property**}; amending K.S.A. 2012 Supp. 75-6609
5 and repealing the existing section; also repealing K.S.A. 2012 Supp.
6 75-6609a.

7
8 *Be it enacted by the Legislature of the State of Kansas:*

9 {**New Section 1. (a) The state board of regents is hereby**
10 **authorized for and on behalf of Emporia state university, to sell and**
11 **convey, or exchange with the Emporia state university foundation for**
12 **property of equal or greater value, all of the rights, title and interest in**
13 **the following tract of real estate and any improvements thereon,**
14 **located in the city of Emporia in Lyon county, Kansas, commonly**
15 **known as Emporia State University Apartments at 1201 Triplett**
16 **Drive, Emporia, Kansas 66801, and described as follows: Even lots 2**
17 **through 34 and all of now vacated alleys lying adjacent to said lots,**
18 **lying south of the south right of way line of Interstate 35, all in**
19 **Kellogg's addition to the City of Emporia, Lyon County, Kansas,**
20 **according to the recorded plat thereof.**

21 **Also: Lots 1 through 24 in Norton's addition to the City of**
22 **Emporia, Lyon County, Kansas, according to the recorded plat**
23 **thereof, all of now vacated alleys lying adjacent to said lots, all of that**
24 **part of now vacated Eskridge street and all of that part of now**
25 **vacated Union Pacific railroad, lying west and south of East Street and**
26 **south of the south right of way line of Interstate 35.**

27 **(b) Conveyance of such rights, title and interest in such tract of**
28 **real estate, and any improvements thereon, shall be executed in the**
29 **name of the state board of regents by its chairperson and chief**
30 **executive officer. If a sale is made, not an exchange, the proceeds from**
31 **sale of such tract of real estate, and any improvements thereon, shall**
32 **be deposited in the state treasury to the credit of an appropriate**
33 **account of the restricted fees fund of Emporia state university. The**
34 **deed for such conveyance may be by warranty deed or by quitclaim**
35 **deed as determined to be in the best interests of the state by the state**
36 **board of regents in consultation with the attorney general.**

1 (c) In the event that the state board of regents determines that the
2 legal description of such tract of real estate described by this section is
3 incorrect, the state board of regents may convey the property utilizing
4 the correct legal description but the deed conveying the property shall
5 be subject to the approval of the attorney general.

6 (d) No exchange and conveyance of real estate and improvements
7 thereon as authorized by this section shall be made by the state board
8 of regents until the deeds and conveyances have been reviewed and
9 approved by the attorney general and, if warranty deeds are to be the
10 instruments of conveyance, title reviews have been performed or title
11 insurance has been obtained and the title opinion or the certificates of
12 title insurance, as the case may be, have been approved by the
13 attorney general.

14 (e) The conveyance authorized by this section shall not be subject
15 to the provisions of K.S.A. 75-3043a or K.S.A. 2012 Supp. 75-6609,
16 and amendments thereto.

17 New Sec. 2. (a) The state board of regents, for and on behalf of
18 the university of Kansas, is hereby authorized to exchange and convey
19 the real property described in subsection (b) to the Kansas university
20 endowment association in consideration for the Kansas university
21 endowment association exchanging and conveying the real property
22 described in subsection (c) to the university of Kansas. The exchange
23 and conveyance of real property by the state board of regents under
24 this section shall be executed in the name of the state board of regents
25 by its chairperson and its chief executive officer. The deed for such
26 conveyance may be by warranty deed or by quitclaim deed as
27 determined to be in the best interests of the state by the state board of
28 regents in consultation with the attorney general. No exchange and
29 conveyance of real estate and improvements thereon as authorized by
30 this section shall be made by the state board of regents until the deeds
31 and conveyances have been reviewed and approved by the attorney
32 general and, if warranty deeds are to be the instruments of
33 conveyance, title reviews have been performed or title insurance has
34 been obtained and the title opinion or the certificates of title
35 insurance, as the case may be, have been approved by the attorney
36 general. The conveyance authorized by this section shall not be subject
37 to the provisions of K.S.A. 75-3043a or K.S.A. 2012 Supp. 75-6609,
38 and amendments thereto.

39 (b) In accordance with the provisions of this section, the state
40 board of regents is hereby authorized to exchange and convey the
41 following described real property to the Kansas university endowment
42 association:

43 Part of Lots 2, 3 and 10, Block 8 Oread Addition, a subdivision in

1 the City of Lawrence, Douglas County, Kansas, being more
2 particularly described as follows:

3 Commencing at the Northwest corner of said Block 8 Oread
4 Addition; thence South 01 degrees 50 minutes 57 seconds East along
5 the West line of said Block 8 a distance of 250.07 feet to the Northwest
6 corner of the South One-Half of Lot 10 Block 8 Oread Addition said
7 point being the Point of Beginning; thence North 88 degrees 11
8 minutes 58 seconds East along the North line of the South One-Half of
9 said Lot 10 a distance of 125.00 feet to a point said point being the
10 Northeast corner of the South One-Half of said Lot 10; thence North
11 01 degrees 50 minutes 57 seconds West a distance of 100.00 feet to a
12 point said point being the Northwest corner of the South One-Half of
13 Lot 2 Oread Addition; thence North 88 degrees 11 minutes 58 seconds
14 East along the North line of said South One-Half of Lot 2 a distance of
15 213.77 feet to a point on the Westerly right of way of Oread Avenue,
16 said point also being the Northeast corner of the South One-Half of
17 said Lot 2; thence South 08 degrees 59 minutes 36 seconds West along
18 said Westerly right of way a distance of 120.26 feet to a point; thence
19 South 88 degrees 11 minutes 58 seconds West a distance of 316.15 feet
20 to a point on the West line of said Block 8 Oread Addition; thence
21 North 01 degrees 50 minutes 57 seconds West along said West line a
22 distance of 18.13 feet to the Point of Beginning, and containing
23 26,183.02 square feet, more or less. Excepting easements, rights of way
24 or restrictions of record.

25 (c) In accordance with the provisions of this section, the
26 university of Kansas is hereby authorized to accept title to the
27 following described real property conveyed to the university by the
28 Kansas university endowment association:

29 A Tract of land in the Southwest One-Quarter of Section 31,
30 Township 12 South, Range 20 East of the 6th Principal Meridian, in
31 the City of Lawrence, Douglas County, Kansas, more particularly
32 described as follows:

33 Beginning at point on the West line of the Southwest One-Quarter
34 of Section 31, Township 12, Range 20 and 186.53 feet North of the
35 Southwest corner thereof; thence North 01 degrees 49 minutes 01
36 seconds West along the West line of said Southwest One-Quarter a
37 distance of 190.00 feet to a point on the South right of way of West
38 14th street as described in the deed recorded in Book 261 at Page 558;
39 thence North 88 degrees 25 minutes 51 seconds East along the said
40 South right of way a distance of 62.94 feet to a point; thence South 01
41 degrees 49 minutes 01 seconds East a distance of 76.15 feet to a point;
42 thence North 88 degrees 25 minutes 51 seconds East a distance of
43 128.06 feet to a point; thence North 01 degrees 49 minutes 01 seconds

1 West a distance of 28.65 feet to a point, said point being the Southwest
2 corner of a tract of land described in the deed recorded in Book 304 at
3 Page 626; thence North 88 degrees 25 minutes 51 seconds East along
4 the South line of said tract, a distance of 120.00 feet to a point on the
5 West right of way of Ohio Street; thence South 01 degrees 49 minutes
6 01 seconds East along the said West right of way a distance of 142.50
7 feet to a point, said point being the Northeast corner of a tract of land
8 described in the deed recorded in Book 400 at Page 674; thence South
9 88 degrees 25 minutes 51 seconds West along the North line of said
10 tract recorded in Book 400 at Page 674 and continuing along the
11 North line of a tract of land described in the deed recorded in Book
12 347 at Page 1276 a distance of 311.00 feet to a point, said point being
13 the Northwest corner of the said tract of land described in the deed
14 recorded in Book 347 at Page 1276, said point also being the Point of
15 Beginning, and containing 43,628.53 square feet, more or less.
16 **Excepting easements, rights of way or restrictions of record.}**

17 ~~Section 1.~~{Sec. 2} K.S.A. 2012 Supp. 75-6609 is hereby amended to
18 read as follows: 75-6609. (a) When used in this section, "surplus real
19 estate" means real estate which is no longer needed by the state agency
20 which owns such real estate as determined in accordance with this section.

21 (b) (1) The secretary of administration shall develop criteria for the
22 identification of surplus real estate, including but not limited to, a review
23 of any legal restrictions associated with the real estate and the reasons for
24 the state agency to keep the real estate. In accordance with such criteria,
25 the secretary shall assist state agencies in the identification of surplus real
26 estate. The secretary of administration shall periodically review the status
27 of all real estate of state agencies subject to this section to determine if any
28 of the real estate owned by state agencies is potentially surplus real estate.
29 *Each state agency shall develop and maintain a list of real estate that has*
30 *been identified by such state agency as potential surplus real estate and*
31 *shall transmit annually such list to the secretary of administration. The*
32 *secretary of administration shall publish such list annually in the Kansas*
33 *register.* If any real estate owned by a state agency is determined by the
34 secretary of administration, ~~in consultation with the head of the state~~
35 ~~agency,~~ to be surplus real estate in accordance with the criteria developed
36 under *this* subsection ~~(a)~~, then the secretary of administration shall
37 recommend to the governor that such real estate be sold under the
38 procedures prescribed by this section.

39 (2) The secretary of administration shall develop guidelines for the
40 sale of surplus real estate. In accordance with such guidelines and upon the
41 approval of the governor, ~~after consultation with the head of the state~~
42 ~~agency which owns such surplus real estate, after consultation with the~~
43 ~~joint committee on state building construction and after approval by the~~

1 ~~state finance council under subsection (e)~~; the secretary may offer such
2 property for sale by one of the following means: (A) Public auction; (B) by
3 listing the surplus property with a licensed real estate broker or
4 salesperson; or (C) by sealed bid. ~~Subject to the approval of the state~~
5 ~~finance council as required by subsection (e)~~; The secretary of
6 administration may sell surplus real estate and any improvements thereon
7 on behalf of the state agency which owns such property.

8 (c) Prior to the sale of any surplus real estate under subsection (b), ~~the~~
9 ~~state finance council shall approve the sale, which is hereby characterized~~
10 ~~as a matter of legislative delegation and subject to the guidelines~~
11 ~~prescribed in subsection (e) of K.S.A. 75-3711, and amendments thereto.~~
12 ~~The matter may be submitted to the state finance council for approval at~~
13 ~~any time, including periods of time during which the legislature is in~~
14 ~~session~~ *the secretary of administration shall prepare a report of all surplus*
15 *real estate identified by the secretary and subject to sale under this section*
16 *and shall transmit a copy of such report to each state agency which owns*
17 *real estate identified in such report. If such real estate subject to sale is*
18 *valued at less than \$250,000, the secretary of administration may sell such*
19 *real estate in accordance with the provisions of this section. If such real*
20 *estate subject to sale is valued at \$250,000 or more, the state agency*
21 *which owns such real estate may appeal the determination of the secretary*
22 *of administration and request a redetermination of the status of such real*
23 *estate. If the secretary of administration, on appeal, determines that such*
24 *real estate is not surplus real estate, then such real estate shall be removed*
25 *from the list created pursuant to subsection (b)(1) for two years. If the*
26 *secretary, on appeal, redetermines that such real estate is surplus real*
27 *estate, the secretary shall transmit a copy of the surplus real estate report,*
28 *along with any state agency appeals, to the governor. The governor shall*
29 *make the final determination as to a state agency appeal of the status of*
30 *real estate identified in such report. If the governor determines that such*
31 *real estate is surplus real estate, the secretary may sell such real estate in*
32 *accordance with the provisions of this section. If the governor determines*
33 *that such real estate is not surplus real estate, then such real estate shall*
34 *be removed from the list created pursuant to subsection (b)(1) for two*
35 *years.*

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

1 the state to waive the requirement for appraisal for such parcel of surplus
2 real estate. The costs of any such appraisal may be paid from the proceeds
3 of the sale.

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

10 (f) (1) Any proceeds from the sale of surplus real estate and any
11 improvements thereon, after deduction of the expenses of such sale and
12 any cost of appraisal of the surplus real estate, shall be deposited in the
13 state treasury as prescribed by this subsection, unless otherwise authorized
14 by law. On and after ~~the effective date of this act~~ *July 1, 2012*, 20% of the
15 proceeds from each such sale deposited in the state treasury shall be
16 credited to the surplus real estate fund or another appropriate special
17 revenue fund of the state agency which owned the surplus real estate, as is
18 prescribed by law or as may be determined by the state agency, unless
19 otherwise required by state or federal law or by the limitations or
20 restrictions of the state's title to the real estate being sold. In the case of
21 proceeds from the sale of surplus real estate at a state mental health
22 institution or a state institution for people with intellectual disability, such
23 portion of the proceeds shall be credited to the client benefit fund of such
24 institution or to another special revenue fund of such institution for: (A)
25 Rehabilitation and repair or other capital improvements for such
26 institution; or (B) one-time expenditures for community mental health
27 organizations if the real estate sold was at a state mental health institution
28 or for community developmental disabilities organizations if the real estate
29 sold was at a state institution for people with intellectual disability, and, in
30 any such case, shall be expended in accordance with the provisions of
31 appropriation acts. The remaining 80% of the proceeds from each such
32 sale deposited in the state treasury shall be credited to the Kansas public
33 employees retirement fund to be applied to the payment, in full or in part,
34 of the unfunded actuarial pension liability as directed by the Kansas public
35 employees retirement system. As used in this section, "unfunded actuarial
36 pension liability" means the unfunded actuarially accrued liability of the
37 state for the state of Kansas and participating employers under K.S.A. 74-
38 4931, and amendments thereto, portion of such liability of the Kansas
39 public employees retirement system, determined as of the later of
40 December 31, 2011, or the end of the most recent calendar year for which
41 an actuarial valuation report is available.

42 (2) The amount of expenses and the cost of appraisal for each sale of
43 surplus real estate pursuant to this section shall be transferred and credited

1 to the property contingency fund created under K.S.A. 75-3652, and
2 amendments thereto, and may be expended for any operations of the
3 department of administration.

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

9 (g) Any sale of property by the secretary of transportation pursuant to
10 K.S.A. 68-413, and amendments thereto, shall not be subject to the
11 provisions of this section. The provisions of this section shall not be
12 applicable to real estate given as an endowment, bequest, or gift to a state
13 educational institution as defined in K.S.A. 72-4412, and amendments
14 thereto, or to the university of Kansas medical center.

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

17 Sec. ~~2-3.~~ K.S.A. 2012 Supp. 75-6609 and 75-6609a are hereby
18 repealed.

19 Sec. ~~3-4.~~ This act shall take effect and be in force from and after its
20 publication in the statute book.