

SESSION OF 2014

SUPPLEMENTAL NOTE ON SENATE BILL NO. 423

As Recommended by Senate Committee on
Ways and Means

Brief*

SB 423 would grant the Department of Administration the authority to sell the Landon State Office Building, the Eisenhower State Office Building, the Curtis State Office Building and parking facility, and the Van Buren Project.

The Van Buren Project and the Curtis State Office Building currently are not owned by the State; however, the Department for Children and Families (DCF) and the Department of Administration leases include an option to purchase agreement. The bill would grant the Secretary of Administration the authority to exercise that option to purchase on the behalf of DCF and to further convey the property according to the same restrictions and authorizations established on the Landon and Eisenhower State Office Buildings.

The bill would exempt the sale of the buildings from the provisions of KSA 2013 Supp. 75-6609, including the requirement that 80.0 percent of the sale of surplus property be deposited in the Kansas Public Employee Retirement System Trust Fund to reduce the unfunded liability. The proceeds from the sale of the properties would be deposited in the State General Fund after any outstanding obligations on the properties are satisfied, including any outstanding bonds, closing costs, and costs and expenses associated with exercising an option to purchase.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The bill would further exempt the sale from the provisions of KSA 2013 Supp. 75-6609, including consultation on sales with the Joint Committee on State Building Construction, approval of the State Finance Council, listing at public auction via a sealed bid procedure, listing with a licensed real estate broker or agent, appraisal of the property, and other provisions not relevant to the sale of the buildings described within the bill. The Department of Administration would be free to engage in any of the procedures described above but would no longer be statutorily compelled to do so.

The bill would be in effect upon publication in the *Kansas Register*.

Background

The Secretary of Administration testified as a proponent of the bill. The Secretary stated the bill does not require the Department of Administration to sell the property and any decision to sell the buildings would be made after comparing the lease costs over time as compared to the costs of ownership and determination was made that a sale would be favorable to the State. The Secretary further stated the properties could be sold individually or as a block.

According to the fiscal note on the bill, because the bill authorizes the sale of the property and does not mandate the sale, enactment of SB 423 by itself would have no fiscal effect. Any fiscal impact would have to be determined after an agreement to sell one of the properties was made.