

SENATE BILL No. 450

By Committee on Financial Institutions and Insurance

2-7

1 AN ACT concerning the disposition of state real property; authorizing
2 state educational institutions to convey real property given to such
3 institution as an endowment, bequest or gift, following board of regents
4 policies; authorizing the board of regents to adopt such policies;
5 amending K.S.A. 75-6609 and repealing the existing section.
6

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

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

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

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

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

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

25 Sec. 2. K.S.A. 75-6609 is hereby amended to read as follows: 75-
26 6609. (a) When used in this section, "surplus real estate" means real estate
27 ~~which~~ *that* is no longer needed by the state agency ~~which~~ *that* owns such
28 real estate as determined in accordance with this section.

29 (b) (1) The secretary of administration shall develop criteria for the
30 identification of surplus real estate, including, but not limited to, a review
31 of any legal restrictions associated with the real estate and the reasons for
32 the state agency to keep the real estate. In accordance with such criteria,
33 the secretary shall assist state agencies in the identification of surplus real
34 estate. The secretary of administration shall periodically review the status
35 of all real estate of state agencies subject to this section to determine if any
36 of the real estate owned by state agencies is potentially surplus real estate.

1 If any real estate owned by a state agency is determined by the secretary of
2 administration, in consultation with the head of the state agency, to be
3 surplus real estate in accordance with the criteria developed under
4 subsection (a), then the secretary of administration shall recommend to the
5 governor that such real estate be sold under the procedures prescribed by
6 this section.

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

19 (c) Prior to the sale of any surplus real estate under subsection (b), the
20 state finance council shall approve the sale, which is hereby characterized
21 as a matter of legislative delegation and subject to the guidelines
22 prescribed in subsection (c) of K.S.A. 75-3711, and amendments thereto.
23 The matter may be submitted to the state finance council for approval at
24 any time, including periods of time during which the legislature is in
25 session.

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

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

41 (f) (1) Any proceeds from the sale of surplus real estate and any
42 improvements thereon, after deduction of the expenses of such sale and
43 any cost of appraisal of the surplus real estate, shall be deposited in the

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

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

34 (3) Any state agency owning real estate may apply to the director of
35 accounts and reports to establish a surplus real estate special revenue fund
36 in the state treasury. Subject to the provisions of appropriation acts,
37 moneys in a surplus real estate special revenue fund may be expended for
38 the operating expenditures of the state agency.

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

42 (2) The provisions of this section shall not be applicable to real estate
43 given as an endowment, bequest, or gift to a state educational institution as

1 defined in K.S.A. ~~74-32,407~~ 76-711, and amendments thereto, or to the
2 university of Kansas medical center. *The sale and conveyance of such real*
3 *estate shall be subject to the provisions of section 1, and amendments*
4 *thereto.*

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

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

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