

SENATE BILL No. 498

By Committee on Ways and Means

3-8

1 AN ACT act concerning state agencies; relating to sale of surplus real
2 estate; providing for a project manager for such sales; amending K.S.A.
3 2015 Supp. 75-6609 and repealing the existing section.
4

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

6 New Section 1. (a) On the effective date of this act, or as soon
7 thereafter as is practicable, the secretary of administration shall enter into a
8 contract with a project management office, for the purpose of identifying,
9 marketing and selling surplus real estate. Such project management office
10 shall have expertise in marketing the kinds of real estate interests that the
11 state possesses. Such project management office shall focus on marketing
12 unique parcels of surplus real estate, partial interests in surplus real estate
13 and surplus real estate that is difficult to sell.

14 (b) All state agencies shall cooperate with the project management
15 office and, under the direction of the secretary of administration, shall
16 provide any information that the project management office requires to sell
17 any surplus real estate.

18 (c) The project management office shall identify all surplus real estate
19 of all state agencies and shall seek to market such real estate in order to
20 receive the best price for the state, as soon as practicable. All surplus real
21 estate to be sold pursuant to this section shall be identified by the project
22 management office and such sales shall be approved by the secretary of
23 administration by November 1, 2016.

24 (d) Any sale of surplus real estate pursuant to this section shall not be
25 subject to the provisions of K.S.A. 75-3043a, and amendments thereto.
26 The secretary of administration or the secretary's designee shall approve
27 any price that the project management office assigns any surplus real
28 estate before such property is offered for sale.

29 (e) (1) Any surplus real estate that is sold pursuant to the authority of
30 this section shall not be subject to the requirements of K.S.A. 75-6609(f),
31 and amendments thereto. Any proceeds from the sale of such surplus real
32 estate, after deduction of the expenses of such sale, shall be deposited in
33 the state treasury as prescribed by this subsection, unless otherwise
34 authorized by law. All proceeds from each such sale deposited in the state
35 treasury shall be credited to the surplus real estate fund or another
36 appropriate special revenue fund of the state agency which owned the

1 surplus real estate, as is prescribed by law or as may be determined by the
2 state agency, unless otherwise required by state or federal law or by the
3 limitations or restrictions of the state's title to the real estate being sold.

4 (2) The amount of expenses and the costs for each sale of surplus real
5 estate pursuant to this section shall be transferred and credited to the
6 property contingency fund created under K.S.A. 75-3652, and
7 amendments thereto, and may be expended for any operations of the
8 department of administration.

9 (3) Any state agency owning real estate may apply to the director of
10 accounts and reports to establish a surplus real estate special revenue fund
11 in the state treasury. Subject to the provisions of appropriation acts,
12 moneys in a surplus real estate special revenue fund may be expended for
13 the operating expenditures of the state agency.

14 (f) The provisions of this section shall expire on June 30, 2017.

15 Sec. 2. K.S.A. 2015 Supp. 75-6609 is hereby amended to read as
16 follows: 75-6609. (a) When used in this section, "surplus real estate"
17 means real estate which is no longer needed by the state agency which
18 owns such real estate as determined in accordance with this section.

19 (b) (1) The secretary of administration shall develop criteria for the
20 identification of surplus real estate, including, but not limited to, a review
21 of any legal restrictions associated with the real estate and the reasons for
22 the state agency to keep the real estate. In accordance with such criteria,
23 the secretary shall assist state agencies in the identification of surplus real
24 estate. The secretary of administration shall periodically review the status
25 of all real estate of state agencies subject to this section to determine if any
26 of the real estate owned by state agencies is potentially surplus real estate.
27 If any real estate owned by a state agency is determined by the secretary of
28 administration, in consultation with the head of the state agency, to be
29 surplus real estate in accordance with the criteria developed under
30 subsection (a), then the secretary of administration shall recommend to the
31 governor that such real estate be sold under the procedures prescribed by
32 this section.

33 (2) The secretary of administration shall develop guidelines for the
34 sale of surplus real estate. In accordance with such guidelines and upon the
35 approval of the governor, after consultation with the head of the state
36 agency which owns such surplus real estate, after consultation with the
37 joint committee on state building construction and after approval by the
38 state finance council under subsection (c), the secretary may offer such
39 property for sale by one of the following means: (A) Public auction; (B) by
40 listing the surplus property with a licensed real estate broker or
41 salesperson; or (C) by sealed bid. Subject to the approval of the state
42 finance council as required by subsection (c), the secretary of
43 administration may sell surplus real estate and any improvements thereon

1 on behalf of the state agency which owns such property.

2 (c) Prior to the sale of any surplus real estate under subsection (b), the
3 state finance council shall approve the sale, which is hereby characterized
4 as a matter of legislative delegation and subject to the guidelines
5 prescribed in ~~subsection (c) of K.S.A. 75-3711(c)~~, and amendments
6 thereto. The matter may be submitted to the state finance council for
7 approval at any time, including periods of time during which the
8 legislature is in session.

9 (d) *Except as provided in section 1, and amendments thereto*, prior to
10 offering any real estate for sale, such property shall be appraised pursuant
11 to K.S.A. 75-3043a, and amendments thereto, unless the appraisal is
12 waived as provided in this subsection. The secretary of administration may
13 waive the requirement for appraisal for any parcel of surplus real estate
14 that is to be sold at public auction under this section if the secretary of
15 administration determines that it is in the best interests of the state to
16 waive the requirement for appraisal for such parcel of surplus real estate.
17 The costs of any such appraisal may be paid from the proceeds of the sale.

18 (e) Conveyance of title in surplus real estate offered for sale by the
19 secretary of administration shall be executed on behalf of the state agency
20 by the secretary of administration. The deed for the conveyance may be by
21 warranty deed or by quitclaim deed as determined to be in the best
22 interests of the state by the secretary of administration in consultation with
23 the head of the state agency which owns the surplus real estate.

24 (f) *Except as provided in section 1, and amendments thereto*: (1) Any
25 proceeds from the sale of surplus real estate and any improvements
26 thereon, after deduction of the expenses of such sale and any cost of
27 appraisal of the surplus real estate, shall be deposited in the state treasury
28 as prescribed by this subsection, unless otherwise authorized by law. On
29 and after July 1, 2012, 20% of the proceeds from each such sale deposited
30 in the state treasury shall be credited to the surplus real estate fund or
31 another appropriate special revenue fund of the state agency which owned
32 the surplus real estate, as is prescribed by law or as may be determined by
33 the state agency, unless otherwise required by state or federal law or by the
34 limitations or restrictions of the state's title to the real estate being sold. In
35 the case of proceeds from the sale of surplus real estate at a state mental
36 health institution or a state institution for people with intellectual
37 disability, such portion of the proceeds shall be credited to the client
38 benefit fund of such institution or to another special revenue fund of such
39 institution for: (A) Rehabilitation and repair or other capital improvements
40 for such institution; or (B) one-time expenditures for community mental
41 health organizations if the real estate sold was at a state mental health
42 institution or for community developmental disabilities organizations if the
43 real estate sold was at a state institution for people with intellectual

1 disability, and, in any such case, shall be expended in accordance with the
2 provisions of appropriation acts. The remaining 80% of the proceeds from
3 each such sale deposited in the state treasury shall be credited to the
4 Kansas public employees retirement fund to be applied to the payment, in
5 full or in part, of the unfunded actuarial pension liability as directed by the
6 Kansas public employees retirement system. As used in this section,
7 "unfunded actuarial pension liability" means the unfunded actuarially
8 accrued liability of the state for the state of Kansas and participating
9 employers under K.S.A. 74-4931, and amendments thereto, portion of
10 such liability of the Kansas public employees retirement system,
11 determined as of the later of December 31, 2011, or the end of the most
12 recent calendar year for which an actuarial valuation report is available.

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

18 (3) Any state agency owning real estate may apply to the director of
19 accounts and reports to establish a surplus real estate special revenue fund
20 in the state treasury. Subject to the provisions of appropriation acts,
21 moneys in a surplus real estate special revenue fund may be expended for
22 the operating expenditures of the state agency.

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

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

31 Sec. 3. K.S.A. 2015 Supp. 75-6609 is hereby repealed.

32 Sec. 4. This act shall take effect and be in force from and after its
33 publication in the Kansas register.