

## House Substitute for Substitute for SENATE BILL No. 39

By Committee on Appropriations

4-27

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1 AN ACT concerning real estate; concerning the proceeds from the sale of  
2 surplus real estate; relating to the selling of land; amending K.S.A.  
3 2011 Supp. 75-6609 and repealing the existing section; also repealing  
4 K.S.A. 2011 Supp. 75-6609, as amended by section 65 of 2012  
5 Substitute for Senate Bill No. 397.  
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7 *Be it enacted by the Legislature of the State of Kansas:*

8 New Section 1. (a) The secretary of corrections is hereby authorized  
9 to sell and convey, on behalf of the state of Kansas, to Reno county,  
10 Kansas, to be used for a jail and related law enforcement purposes, in the  
11 manner hereinafter provided, the following described real estate, including  
12 any improvement thereon:

13 A tract of land in the Southwest Quarter (SW/4) of the Southeast  
14 Quarter (SE/4) of Section 19, Township 23 South, Range 5 West of the 6<sup>th</sup>  
15 P.M., Reno County, Kansas; more particularly described as: Beginning at  
16 the Southwest corner of the Southeast Quarter (SE/4) of said Section 19;  
17 thence North 0°33'01" West 776.0 feet along the West line of said SE/4;  
18 thence North 89°43'39" East 650.0 feet; thence South 0°33'01" East 776.0  
19 feet, thence South 89°43'39" West 650.0 feet along South line of said SE/4  
20 to the point of beginning, containing 11.579 acres, inclusive of road right-  
21 of-way easements across the South and West 50 feet thereof, as recorded at  
22 the Reno County Register of Deeds office in Book 124 Page 211.

23 (b) Before any property shall be sold under the provisions of this  
24 section, the real estate described in subsection (a) shall be appraised by a  
25 disinterested appraiser acquainted with real estate values in Reno county  
26 and appointed by the secretary upon agreement between the secretary and  
27 the Reno county commissioners. Such appraisal shall be in writing and  
28 filed with the secretary, and the cost of the appraisal shall be paid by  
29 Reno county.

30 (c) The attorney general shall approve the abstract of title or title  
31 insurance policies as showing merchantable fee simple title to such  
32 property and shall approve the form of the deed or deeds to such property.

33 (d) Except as provided in subsection (e), the provisions of K.S.A. 75-  
34 3043a and 75-6609, and amendments thereto, shall not apply to the sale  
35 and conveyance authorized by this section or any contracts required  
36 therefor.

1 (e) When such real estate is sold, the proceeds thereof shall be  
2 deposited in the state treasury as prescribed by subsection (f) of K.S.A. 75-  
3 6609, and amendments thereto.

4 (f) In the event that the secretary of corrections determines that the  
5 legal description of the parcel described by this section is incorrect, the  
6 secretary of corrections may sell and convey the property utilizing the  
7 correct legal description, but the deed conveying the property shall be  
8 subject to the approval of the attorney general.

9 Sec. 2. K.S.A. 2011 Supp. 75-6609 is hereby amended to read as  
10 follows: 75-6609. (a) When used in this section, "surplus real estate"  
11 means real estate which is no longer needed by the state agency which  
12 owns such real estate as determined in accordance with this section.

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

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

39 (c) Prior to the sale of any surplus real estate under subsection (b), the  
40 state finance council shall approve the sale, which is hereby characterized  
41 as a matter of legislative delegation and subject to the guidelines  
42 prescribed in subsection (c) of K.S.A. 75-3711, and amendments thereto.  
43 The matter may be submitted to the state finance council for approval at

1 any time, including periods of time during which the legislature is in  
2 session.

3 (d) Prior to offering any real estate for sale, such property shall be  
4 appraised pursuant to K.S.A. 75-3043a, and amendments thereto, unless  
5 the appraisal is waived as provided in this subsection. The secretary of  
6 administration may waive the requirement for appraisal for any parcel of  
7 surplus real estate that is to be sold at public auction under this section if  
8 the secretary of administration determines that it is in the best interests of  
9 the state to waive the requirement for appraisal for such parcel of surplus  
10 real estate. The costs of any such appraisal may be paid from the proceeds  
11 of the sale.

12 (e) Conveyance of title in surplus real estate offered for sale by the  
13 secretary of administration shall be executed on behalf of the state agency  
14 by the secretary of administration. The deed for the conveyance may be by  
15 warranty deed or by quitclaim deed as determined to be in the best  
16 interests of the state by the secretary of administration in consultation with  
17 the head of the state agency which owns the surplus real estate.

18 (f) (1) Any proceeds from the sale of surplus real estate and any  
19 improvements thereon, after deduction of the expenses of such sale and  
20 any cost of appraisal of the surplus real estate, shall be deposited in the  
21 state treasury as prescribed by this subsection, unless otherwise authorized  
22 by law. On and after the effective date of this act, 20% of the proceeds  
23 from each such sale deposited in the state treasury shall be credited to the  
24 surplus real estate fund or another appropriate special revenue fund of the  
25 state agency which owned the surplus real estate, as is prescribed by law  
26 or as may be determined by the state agency, unless otherwise required by  
27 state or federal law or by the limitations or restrictions of the state's title to  
28 the real estate being sold. In the case of proceeds from the sale of surplus  
29 real estate at a state mental health institution or a state ~~mental-retardation~~  
30 institution *for people with intellectual disability*, such portion of the  
31 proceeds shall be credited to the client benefit fund of such institution or to  
32 another special revenue fund of such institution for (A) rehabilitation and  
33 repair or other capital improvements for such institution, or (B) one-time  
34 expenditures for community mental health organizations if the real estate  
35 sold was at a state mental health institution or for community  
36 developmental disabilities organizations if the real estate sold was at a  
37 state ~~mental-retardation~~ institution *for people with intellectual disability*,  
38 and, in any such case, shall be expended in accordance with the provisions  
39 of appropriation acts. The remaining 80% of the proceeds from each such  
40 sale deposited in the state treasury shall be credited to the ~~state general~~  
41 ~~fund~~ *Kansas public employees retirement fund to be applied to the*  
42 *payment, in full or in part, of the unfunded actuarial pension liability as*  
43 *directed by the Kansas public employees retirement system. As used in this*

1 *section, "unfunded actuarial pension liability" means the unfunded*  
2 *actuarially accrued liability of the state for the state of Kansas and*  
3 *participating employers under K.S.A. 74-4931, and amendments thereto,*  
4 *portion of such liability of the Kansas public employees retirement system,*  
5 *determined as of the later of December 31, 2011, or the end of the most*  
6 *recent calendar year for which an actuarial valuation report is available.*

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

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

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

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

25 Sec. 3. K.S.A. 2011 Supp. 75-6609 is hereby repealed.

26 Sec. 4. On July 1, 2012, K.S.A. 2011 Supp. 75-6609, as amended by  
27 section 65 of 2012 Substitute for Senate Bill No. 397, is hereby repealed.

28 Sec. 5. This act shall take effect and be in force from and after its  
29 publication in the Kansas register.

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