

House Substitute for SENATE BILL No. 434

AN ACT concerning real estate; concerning the proceeds from the sale of surplus real estate; relating to the selling and purchasing of land; amending K.S.A. 2011 Supp. 75-6609 and repealing the existing section; also repealing K.S.A. 2011 Supp. 75-6609, as amended by section 65 of 2012 Senate Bill No. 397.

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

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

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

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

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

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

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

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

New Sec. 2. (a) The secretary of corrections is hereby authorized to acquire by purchase a tract of land, including the improvements thereon, in the NE ¼ of section 28-T15S-R8W, Ellsworth County, Kansas, the St. Francis Boy's Home, more particularly described as follows:

From the N ¼ corner of sec. 28-T15S-R8W South along the West line of the NE ¼ for a distance of forty (40.0') feet to a point of beginning; thence East parallel to the North line of the NE ¼ for a distance of three hundred fifty eight and ninety one hundredths (358.91') feet to a bar; thence South on a bearing of S 0 07'19"W for a distance of four hundred thirty three and four hundredths (433.04') feet to a bar; thence East parallel to the North line of the NE ¼ for a distance of three hundred ninety five (395.00') feet to a bar on the existing property line; thence South on the existing property line on a bearing of S 0 07'19"W for a distance of four hundred thirty three (433.00') feet to a bar; thence West on the existing property line parallel to the North line of the NE ¼ for a distance of seven hundred fifty four (754.00') feet to a bar; thence North on the existing property line (West line NE ¼) on a bearing of N 0 07'19"E for a distance of eight hundred sixty six and four hundredths (866.04') feet to the point of beginning. The above described tract contains 11.10 acres, more or less.

(b) Prior to payment for the purchase authorized by this section:

(1) The secretary of corrections shall appoint one disinterested appraiser to determine the market value of the property sought to be acquired; and

(2) the attorney general shall approve the abstract of title or title

insurance policies as showing merchantable fee simple title to such property and shall approve the form of the deed or deeds to such property.

(c) The provisions of K.S.A. 75-3043a and 75-3739, and amendments thereto, shall not apply to the acquisition authorized by this section or any contracts required therefor.

(d) The secretary of corrections shall establish a minimum security correctional facility on such real estate.

(e) In the event that the secretary of corrections determines that the legal description of the parcel described by this section is incorrect, the secretary of corrections may purchase the property utilizing the correct legal description but the deed conveying the property shall be subject to the approval of the attorney general.

Sec. 3. K.S.A. 2011 Supp. 75-6609 is hereby amended to read as follows: 75-6609. (a) When used in this section, “surplus real estate” means real estate which is no longer needed by the state agency which owns such real estate as determined in accordance with this section.

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

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

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

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

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

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

treasury as prescribed by this subsection, unless otherwise authorized by law. On and after the effective date of this act, 20% of the proceeds from each such sale deposited in the state treasury shall be credited to the surplus real estate fund or another appropriate special revenue fund of the state agency which owned the surplus real estate, as is prescribed by law or as may be determined by the state agency, unless otherwise required by state or federal law or by the limitations or restrictions of the state's title to the real estate being sold. In the case of proceeds from the sale of surplus real estate at a state mental health institution or a state ~~mental-retardation~~ institution *for people with intellectual disability*, such portion of the proceeds shall be credited to the client benefit fund of such institution or to another special revenue fund of such institution for (A) rehabilitation and repair or other capital improvements for such institution, or (B) one-time expenditures for community mental health organizations if the real estate sold was at a state mental health institution or for community developmental disabilities organizations if the real estate sold was at a state ~~mental-retardation~~ institution *for people with intellectual disability*, and, in any such case, shall be expended in accordance with the provisions of appropriation acts. The remaining 80% of the proceeds from each such sale deposited in the state treasury shall be credited to the ~~state general fund~~ *Kansas public employees retirement fund to be applied to the payment, in full or in part, of the unfunded actuarial pension liability as directed by the Kansas public employees retirement system. As used in this section, "unfunded actuarial pension liability" means the unfunded actuarially accrued liability of the state for the state of Kansas and participating employers under K.S.A. 74-4931, and amendments thereto, portion of such liability of the Kansas public employees retirement system, determined as of the later of December 31, 2011, or the end of the most recent calendar year for which an actuarial valuation report is available.*

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

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

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

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

Sec. 4. K.S.A. 2011 Supp. 75-6609 is hereby repealed.

Sec. 5. On July 1, 2012, K.S.A. 2011 Supp. 75-6609, as amended by section 65 of 2012 Senate Bill No. 397, is hereby repealed.

Sec. 6. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the SENATE, and passed that body

SENATE concurred in
HOUSE amendments _____

President of the Senate.

Secretary of the Senate.

Passed the HOUSE
as amended _____

Speaker of the House.

Chief Clerk of the House.

APPROVED _____

Governor.