

Office of Revisor of Statutes

300 S.W. 10th Avenue
Suite 024-E, Statehouse
Topeka, Kansas 66612-1592
Telephone 785.296.2321 FAX 785.296.6668

MEMORANDUM

To: Chairman Masterson and members of the Senate Ways and Means
Committee

From: Jill Wolters, First Assistant Revisor of Statutes

Date: March 12, 2013

Subject: HB 2143, department of corrections purchasing real estate

House bill 2143 repeals K.S.A. 75-52,119, 75-52,120 and 75-52,121 (see attached) which in 1986 allowed the department of corrections to purchase real estate in Jefferson County. In order to purchase the property, the pooled money investment board was authorized to loan the money, up to \$175,000 for not more than 10 years, to the department. The loan was to be repaid from funds in the correctional industries fund.

These statutes are no longer necessary as the department has since sold the property after determining it as surplus real estate.

If enacted, these statutes would be repealed on and after July 1, 2013.

75-52,119. Secretary of corrections authorized to purchase certain real estate in Jefferson county; title approval by attorney general; uses. (a) The secretary of corrections is hereby authorized to acquire by purchase for an amount of not to exceed \$175,000 the real estate, including improvements thereon, more particularly described as follows: Lot eight (8) and that part of lot one (1) lying south of county road in the northeast fractional quarter (NEfr1/4) of section six (6), township ten (10), range nineteen (19), Delaware trust lands, Jefferson county, Kansas, containing 58 acres, more or less. A portion of the above-described real estate has been platted as Shomin Industrial Park, tracts A and B, a subdivision in Jefferson county, Kansas, according to the recorded plat thereof.

(b) Prior to payment for the purchase authorized by this section, 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) Subject to the provisions of appropriations acts, the secretary of corrections may establish an honor camp on such real estate in addition to using such real estate for other purposes authorized by law.

75-52,120. Same; pooled money investment board to loan funds therefor; interest rate; payment of principal and interest from correctional industries fund. (a) To provide for the costs of the acquisition of real estate authorized by K.S.A. 75-52,119, and amendments thereto, and expenses related thereto, the pooled money investment board is authorized and directed to loan to the secretary of corrections sufficient funds therefor in amounts which in the aggregate do not exceed \$175,000. The pooled money investment board is authorized and directed to use any moneys in the operating accounts, investment accounts or other investments, of the state of Kansas to provide the funds for such loan. The loan shall bear interest at an initial rate equal to the average yield before taxes received on 91-day United States treasury bills as determined by the federal reserve banks as fiscal agents of the United States at its most recent public offering of such bills in effect on the date the pooled money investment board provides the loan amount. The rate of such interest shall be adjusted annually on the anniversary of the date the loan was made at a rate equal to the average yield before taxes received on 91-day United States treasury bills as determined by the federal reserve banks as fiscal agents of the United States at its most recent public offering of such bills in effect on such date. The loan principal and interest thereon shall be payable solely from revenues credited to the correctional industries fund or as otherwise provided by law. The loan shall not be deemed to be an indebtedness or debt of the state of Kansas within the meaning of section 6 of article 11 of the constitution of the state of Kansas.

(b) Upon certification to the pooled money investment board by the secretary of corrections of the amount of the loan authorized by this section that is required, the pooled money investment board shall transfer the amount certified by the secretary of corrections from the state bank accounts described in this section to the correctional industries fund. The amount so transferred shall not exceed \$175,000.

75-52,121. Same; terms and conditions of repayment; period of loan. Subject to the limitations of this section and K.S.A. 75-52,120, the secretary of corrections shall determine and certify to the pooled money investment board, on or before the date of the certification under subsection (b) of K.S.A. 75-52,120, the terms and conditions of repayment of the principal and interest of such loan amount. The principal and interest of such loan shall be repaid in payments payable at least annually for a period of not more than 10 years. The amounts shall be recomputed each year to reflect the interest rate prescribed by K.S.A. 75-52,120 and shall be based on a total original amortization period of 10 years. Nothing in this act shall prevent the secretary of corrections from repaying, without penalty, any outstanding principal, or any portion thereof, prior to it being due and owing. In the event such payments are made, interest shall be computed on the remaining principal balance.