

March 19, 2013

The Honorable Pete DeGraaf, Chairperson
House Committee on General Government Budget
Statehouse, Room 459-W
Topeka, Kansas 66612

Dear Representative DeGraaf:

SUBJECT: Fiscal Note for HB 2396 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2396 is respectfully submitted to your committee.

HB 2396 would amend current law concerning the Secretary of Administration's authority to sell surplus real estate owned by any state agency. The bill would require each state agency to develop and maintain a list of real estate and to transmit the list annually to the Secretary of Administration, who would then be required to publish the list in the *Kansas Register*. Current law allows the Secretary to consult with the head of a state agency that owns real estate to determine if the property should be declared surplus real estate. Under HB 2396, the Secretary would no longer have to consult with the head of the state agency. Further, the bill would allow the Secretary of Administration to receive the Governor's approval to offer real estate for sale. Current law requires the Secretary to consult with the head of the state agency that owns the real estate and the Joint Committee on State Building Construction and then the Secretary must gain approval from the State Finance Council before the Governor can approve the sale of property.

HB 2396 would require the Secretary of Administration to prepare a report of all surplus real estate subject to sale and then transmit a copy of the report to all state agencies, which own real estate contained in the report. If the real estate subject to sale is valued at less than \$250,000, the Secretary may sell the property within the provisions contained in the bill. If the property subject to sale is valued at \$250,000 or more, the state agency owning the property may appeal the sale and request a redetermination of the status of the real estate. If the Secretary concurs with the agency's appeal, the property would be removed from the list of real estate that would be published annually in the *Kansas Register* for two years and if the Secretary does not concur with the agency's appeal, the Secretary would transmit a copy of the report, along with any state agency appeals to the Governor. The Governor would make the final decision for any state agency appeal to determine the status of any property appealed to the Secretary. Prior to

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offering any real estate for sale, HB 2396 would require the Secretary to appoint a disinterested appraiser to determine the market value appraisal of the property, unless the Secretary determines it is in the best interest of the state to waive the appraisal. The bill also makes a technical change to the effective date from prior legislation referring to the proceeds of any property sale.

The Department of Administration states the costs of publishing notices of surplus property would be negligible. According to the Department, notices are historically less than \$20 for a single property listing. The Department indicates it is currently able to assimilate all requested reports, documents, and related information within existing agency resources. There could be a cost savings if only one appraisal was required versus three appraisals, which are currently required, according to the agency. Any fiscal effect associated with HB 2396 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Pam Fink, Administration
Ben Cleeves, Transportation
Kelly Oliver, Board of Regents