

## MEMORANDUM

To: Senate Financial Institutions and Insurance

From: Alan D. Conroy, Executive Director

Date: February 15, 2022

Subject: SB 450; Sale of Surplus Real Property

SB 450 as it pertains to KPERS removes the Regents institutions sales of property given as an endowment, bequest or gift from K.S.A. 75-6609.

### **Current Law**

Current law states at K.S.A. 75-6609 that 80% of the proceeds from the sale surplus real estate, after expenses are deducted, shall be credited to the KPERS Trust Fund to be applied to the payment, in full or in part, of the unfunded actuarial liability of the KPERS School group. The remaining 20% remains with the state agency that sold the surplus real estate.

### **History of Transfers Under K.S.A. 75-6609**

KPERS has received proceeds from seven sales of surplus real estate since 2012. The total proceeds to the KPERS Trust Fund have been \$1.9 million. However, KPERS has not received proceeds from any sales of real property by the Regents institutions over the past 10 years.

Every time a Regents institution has received statutory authority to sell surplus real property since 2012, the legislation has exempted the sale from K.S.A. 75-6609.

### **Actuarial Costs**

SB 450 removes certain sales from the requirement that a portion of proceeds from the sale of surplus real estate be deposited in the KPERS Trust Fund, which eliminates the possibility of receiving additional funding from future sales.

However, K.S.A. 74-6609 is not a large source of funding to the Trust Fund and the Regents institutions are consistently exempted from the statute already. Therefore, SB 450 is not expected to have an impact on the funded status of KPERS.

I would be pleased to answer any questions the Committee has regarding SB 450.

