

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on Senate amendments to **HB 2194** submits the following report:

The House accedes to all Senate amendments to the bill, and your committee on conference further agrees to amend the bill as printed as Senate Substitute for House Bill No. 2194, as follows:

On page 1, in line 29, by striking "and"; in line 30, after the first comma, by inserting "an amount not to exceed more than 0.9% of the amount of the immediately preceding fiscal year; (c) for the fiscal year commencing in calendar year 2014, an amount not to exceed more than 1% of the amount of the immediately preceding fiscal year; (d) for the fiscal year commencing in calendar year 2015, an amount not to exceed more than 1.1% of the amount of the immediately preceding fiscal year; and (e) for the fiscal year commencing in calendar year 2016,"; in line 31, by striking "1.1%" and inserting "1.2%";

On page 2, in line 25, after "and" by inserting ", subject to any election made pursuant to the provisions of section 8, and amendments thereto, 1.4% or"; by inserting in line 27, after the period, "If the federal internal revenue service refuses to grant an approval or issues an adverse decision as described in section 8, and amendments thereto, the amount for participating service earned on and after January 1, 2014, shall be 1.85% of the members final average salary multiplied by the number of years of participating service earned on and after January 1, 2014.";

On page 4, in line 25, before "Each" by inserting "Subject to any election made

pursuant to the provisions of section 8, and amendments thereto,"; in line 28, after "(a)" by inserting "Commencing January 1, 2014, for members who elected to receive an amount for participating service equal to the total of 1.4% of such member's final average salary, 4% of such member's compensation as employee contributions, and (b)"; in line 29, after "2014," by inserting "for members who elected to receive an amount for participating service equal to the total of 1.85% of such member's final average salary, who did not make an election pursuant to section 8, and amendments thereto, or if the federal internal revenue service refuses to grant an approval or issues an adverse decision as described in section 8, and amendments thereto,"; also in line 29, by striking "; and"; in line 30, by striking "(b)" and inserting ", and ";

On page 7 in line 29, by striking "and" the first time it appears; also in line 29, after "2013," by inserting "an amount not to exceed more than 0.9% of the amount of the immediately preceding fiscal year; (C) for the fiscal year commencing in calendar year 2014, an amount not to exceed more than 1% of the amount of the immediately preceding fiscal year; (D) for the fiscal year commencing in calendar year 2015, an amount not to exceed more than 1.1% of the amount of the immediately preceding fiscal year; and (E) for the fiscal year commencing in calendar year 2016,"; in line 31, by striking "1.1%" and inserting "1.2%";

On page 8, in line 9, by striking "and"; in line 10, after "2014," by inserting "an amount not to exceed more than 0.9% of the amount of the immediately preceding fiscal year; (C) for the fiscal year commencing in calendar year 2015, an amount not to exceed

more than 1% of the amount of the immediately preceding fiscal year; (D) for the fiscal year commencing in calendar year 2016, an amount not to exceed more than 1.1% of the amount of the immediately preceding fiscal year; and (E) for the fiscal year commencing in calendar year 2017,"; in line 11, by striking "1.1%" and inserting "1.2%";

On page 10, in line 20, after the comma by inserting "subject to any election made pursuant to the provisions of section 8, and amendments thereto,"; in line 24, after "to" by inserting "any election made pursuant to "; in line 25, by striking "1.85%" and inserting "1.4%"; in line 28, after "benefit" by inserting ", except that if the federal internal revenue services refuses to grant an approval or issues an adverse decision as described in section 8, and amendments thereto, the amount for participating service earned on and after January 1, 2014, shall be 1.75% of the member's final average salary multiplied by the number of years of participating service earned on and after January 1, 2014" also in line 28, by striking "Notwithstanding"; by striking all in lines 29 through 43;

On page 11, by striking all in lines 1 through 13;

And renumbering section 7 as section 6;

Also on page 11, after line 36, by inserting the following:

"Sec. 7 K.S.A. 2010 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~~ July 1, 2012, 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, 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, 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 subsection (g) of 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.";

On page 12, by striking all in lines 3 through 34, and by inserting the following:

"(b) Except as otherwise provided in this act, a member of the system under the

provisions of K.S.A. 74-4901 et seq., and amendments thereto, on July 1, 2013, may elect to: (1) Contribute, commencing January 1, 2014, 5% of such member's compensation as employee contributions, and commencing January 1, 2015, and in each subsequent calendar year, 6% of such member's compensation as employee contributions, and to receive an amount for participating service equal to the total of 1.85% of such member's final average salary; or (2) continue to contribute 4% of such member's compensation as employee contributions, and to receive an amount for participating service equal to the total of 1.4% of such member's final average salary. Members shall make such election within a 90-day period established by the board.

(c) Except as otherwise provided in this act, a member of the system under the provisions of the Kansas public employees retirement act of 2009, on July 1, 2013, may elect to: (1) Continue to contribute, commencing January 1, 2014, 6% of such member's compensation as employee contributions pursuant to K.S.A. 74-49,210, and amendments thereto, receive an annual cost-of-living adjustment pursuant to K.S.A. 2010 Supp. 74-49,213, and amendments thereto, and receive an amount for participating service equal to the total of 1.4% of the member's final average salary; or (2) continue to contribute 6% of such member's compensation as employee contributions and not be eligible to receive an annual cost-of-living adjustment pursuant to K.S.A. 2010 Supp. 74-49,213, and amendments thereto. Members who make this election to contribute at the 6% amount pursuant to this subsection and not be eligible to receive an annual cost-of-living adjustment shall receive an amount for participating service equal to the total of 1.75% of

the member's final average salary. Members shall make such election within a 90-day period established by the board.

(d) (1) Elections made pursuant to this section shall be made on a form and in a manner prescribed by the board.

(2) A member failing to make an election pursuant to subsection (b) shall contribute 6% of such member's compensation as employee contributions, and shall receive an amount for participating service equal to the total of 1.85% of the member's final average salary.

(3) A member failing to make an election pursuant to subsection (c) shall contribute 6% of such member's compensation as employee contribution, shall not receive an annual cost-of-living adjustment pursuant to K.S.A. 2010 Supp. 74-49,213, and amendments thereto, and shall receive an amount for participating service equal to the total of 1.75% of the member's final average salary.

(4) An election under this section, including the default election pursuant to subsection (d)(2) or (d)(3), is a one-time irrevocable election.

(e) The provisions of this section shall take effect July 1, 2012, and upon the date of publication in the Kansas register of the notice prescribed in section 10.";

Also on page 12, in line 42, by striking "11" and inserting "13"; in line 43, by striking "11" and inserting "13";

On page 13, in line 11, by striking "three" and inserting "five"; in line 32, by striking "December 15,"; in line 33, by striking "2011" and inserting "January 6, 2012"; in line 35,

by striking "necessary" and inserting a period; also in line 35, after "commission" by inserting ", one bill shall be introduced in the senate and one bill shall be introduced in the house of representatives, which such bills shall contain the exact same provisions, during the 2012 legislative session"; in line 43, by striking all after "shall";

On page 14, by striking all in lines 1 and 2; in line 3, by striking "commission" and inserting "mean at least one house of the legislature holding one or more public hearings in one or more committees and voting on final action by any such committee on a bill prescribed by subsection (g) of section 9, and amendments thereto, or a bill containing the exact same provisions of any such bill prescribed by subsection (g) of section 9, and amendments thereto, and the other house of the legislature voting on final action in committee of the whole on a bill prescribed by subsection (g) of section 9, and amendments thereto, or a bill containing the exact same provisions of any such bill prescribed by subsection (g) of section 9, and amendments thereto"; after line 4, by inserting the following:

"New Sec. 11.

#### KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

(a) On and after July 1, 2011, during the fiscal year ending June 30, 2012, in addition to other purposes for which expenditures may be made by the above agency from the agency operations account of the Kansas public employees retirement fund for fiscal year 2012 as authorized by any appropriation act of the 2011 regular session of the legislature, notwithstanding the provisions of any other statute, expenditures shall be

made by the above agency to provide actuarial services for the KPERS study commission. All such expenditures shall be in addition to any other expenditure limitation imposed on expenditures from the agency operations account of the Kansas public employees retirement fund for fiscal year 2012, except that such expenditures shall not exceed \$60,000.";

And by renumbering sections accordingly;

Also on page 14, in line 7, by striking "74-49,210"; in line 8, by striking "and"; also in line 8, after "74-49,213" by inserting "and 75-6609";

On page 1, in the title, in line 3, before "KPERS" by inserting "sale of real estate of state agencies, disposition of certain proceeds to Kansas public employees retirement fund;"; in line 4, before "amending" by inserting "making certain appropriations for fiscal year 2012;"; in line 5, by striking "74-49,210 and"; also in line 5, after "74-49,213" by inserting "and 75-6609";

And your committee on conference recommends the adoption of this report.

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Conferees on part of Senate

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Conferees on part of House