

## MEMORANDUM

To: House Insurance and Pensions  
From: Alan D. Conroy, Executive Director  
Date: March 16, 2022  
Subject: SB 450; Sale of Surplus Real Property

SB 450 as it pertains to KPERS eliminates the transfer of 80% of the proceeds from the sale of surplus real estate to the KPERS Trust Fund.

### **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.

This language was first added in 2012 HB 2333, which was the legislation that enacted several pension reforms to increase funding to the KPERS Trust Fund to decrease the unfunded actuarial liability. HB 2333 included the KPERS 3 cash balance plan design and increases in employer and employee contributions to KPERS.

### **History of Transfers Due to 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, summarized in the table on the following page.

The Legislature has exempted certain sales from the provisions of K.S.A. 75-6609 several times since the language was established 2012.

### **Actuarial Costs**

Relative to the size of the State/School group unfunded actuarial liability (\$5.3 billion), the \$1.9 million received in the 10 years since the passage of the language has not had a significant impact on the unfunded actuarial liability.

Because the proceeds do not occur regularly and the impact is very small relative to the total unfunded actuarial liability, no actuarial cost impact is expected.



<b>Transfers to the KPERS Trust Fund due to the Sale of Surplus State Property (K.S.A. 75-6609)</b>	
<b><u>FY 2014</u></b>	
Dillon House	\$538,688
Atchison - Juvenile Justice Authority	\$382,382
<b><u>FY 2015</u></b>	
925 Sunshine - Department for Children and Families	\$322,506
<b><u>FY 2017</u></b>	
Lost 80 Park - Department of Corrections	\$128,617
<b><u>FY 2018</u></b>	
414-420 SW Jackson - Department of Labor	\$25,881
<b><u>FY 2020</u></b>	
Chanute Building - Department for Children and Families	\$81,670
<b><u>FY 2021</u></b>	
Kansas Insurance Building	\$418,117
<b>Total</b>	<b>\$1,897,862</b>

**Senate Action**

SB 450, as introduced, allows Regents institutions to sell surplus buildings built with private funding and exempted the sales from the transfer of proceeds of the sales from K.S.A. 76-6609. The Senate Financial Institutions and Insurance Committee amended in the contents of SB 322, which removes the transfer to the KPERS Trust Fund from K.S.A. 75-6609.

The Senate approved SB 450 on February 23 with a vote of 38-2.

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