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HOUSE BILL NO. 643

Offered January 19, 1996

A BILL to amend and reenact § 2.1-512 of the Code of Virginia, relating to proceeds from the sale or lease of surplus state property.

Patrons—Thomas, Bennett, Cranwell, Deeds, Moss, Shuler, Van Landingham, Van Yahres and Woodrum; Senator: Edwards

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That § 2.1-512 of the Code of Virginia is amended and reenacted as follows:

§ 2.1-512. Sale or lease of surplus property.

Except when a department, agency or institution notifies the Department of a need for property which has been declared surplus, and the Department finds that stated need to be valid and best satisfied by the use of said property, the Department may dispose of such property as herein provided.

A. After such declaration the Department may, with the approval of the Governor in writing first obtained, proceed to sell the property. The sale shall be by public auction, or sealed bids, or by marketing through one or more real estate brokers licensed by the Commonwealth. Notice of the date, time and place of sale, if by public auction or sealed bids shall be given by advertisement in at least two newspapers published and having general circulation in the Commonwealth, at least one of which shall have general circulation in the county or city in which the property to be sold is located. At least thirty days shall elapse between publication of such notice and the auction or the date on which sealed bids will be opened.

In instances where the appraised value of property proposed to be sold is determined to be a nominal amount or an amount insufficient to warrant statewide advertisement, but in no event in excess of \$50,000, the notice of sale may be placed in only one newspaper having general circulation in the county or city in which the property to be sold is located.

B. The Department shall have the right to reject any and all bids or offers when, in the opinion of the Department, the price is inadequate in relation to the value of such property or if a need has been found for the property. If the Department deems the bid or offer fair and adequate in relation to the value of the property, and if no other need for the property has been found, the Department shall recommend acceptance of such bid or offer to the Governor for approval. In lieu of the sale of any such property, the Department may, with the approval of the Governor, lease the same to any responsible person, firm or corporation on such terms as shall be fair and adequate in relation to the value of such property. The provisions of this article requiring disposition of such property through the medium of sealed bids, public auction, or marketing through licensed real estate brokers shall not apply to any lease thereof, although such procedures may be followed in the discretion of the Department. The deed or lease to such property shall be executed in the name of the Commonwealth and shall be in a form approved by the Attorney General. The deed or lease may be executed on behalf of the Commonwealth by the Department of General Services. The terms of such sale or lease shall be subject to the approval of the Governor, in writing.

B1. An exception to sale by sealed bids, public auction, or listing the property with a licensed real estate broker may be granted by the Governor if the property is landlocked and inaccessible from a public road or highway. In such cases, the Department shall notify all adjacent landowners of the Commonwealth's desire to dispose of the property. After such notice has been given, the Department may begin negotiations for the sale of the property with each interested adjacent landowner. The Department, with the approval of the Governor, may accept any offer which it deems to be fair and adequate consideration for the property. In all cases, such offer shall be the best offer made by any adjacent landowner. The terms of all negotiations shall be public information.

C. ~~Fifty percent of the~~ The proceeds from all such sales or leases, or from the conveyance of any interest in property under the provisions of this ~~article~~ section, above the costs of such transaction, ~~which costs shall include fees or commissions, if any, negotiated with and paid to auctioneers or real estate brokers,~~ shall be paid, subject to any contrary provisions of law, ~~into the Conservation Resources Fund, so long as the~~ as follows: (i) fifty percent shall be deposited in a special fund set up on the books of the Comptroller for use, upon appropriation, for capital facility improvements for the Commonwealth's public institutions of higher education; (ii) twenty five percent shall be deposited in a special fund set up on the books of the Comptroller for use, upon appropriation, for capital facility improvements for the Commonwealth's health and human resource institutions, including but not limited

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60 to facilities licensed by the Departments of Health, Social Services, or Mental Health, Mental
61 Retardation, and Substance Abuse Services that are owned and operated by localities; and (iii) twenty
62 five percent shall be deposited in the Conservation Resources Fund, provided such sales or leases
63 pertain to general fund agencies or the property involved was originally acquired through the general
64 fund, except as provided in Chapter 180 of the Acts of Assembly of 1966. The remaining fifty percent
65 of proceeds involving general fund sales or leases, less a pro rata share of any costs of such
66 transactions, shall be deposited in the general fund of the Commonwealth. The Department of Planning
67 and Budget shall develop guidelines which allow, with the approval of the Governor, any portion of the
68 deposit in the general fund to be credited to the agency, department or institution having control of the
69 property at the time it was determined surplus to the Commonwealth's needs. Any amounts so credited
70 to an agency, department or institution may be used, upon appropriation, to supplement maintenance
71 reserve funds, to supplement capital project appropriations, and for the acquisition, construction or
72 improvement of real property or facilities. Net Subject to any contrary provisions of law, net proceeds
73 from sales or leases of special fund agency properties or property acquired through a gift for a specific
74 purpose shall be retained by such agency special fund or used in accordance with the original terms of
75 the gift.

76 This subsection shall not apply to proceeds derived from the sale of real property authorized in
77 Chapter 690 of the 1994 Acts of Assembly and appropriated in Chapter 966 of the 1994 Acts of
78 Assembly, as amended.

79 D. When the Department deems it to be in the best interests of the Commonwealth, it may, with the
80 approval of the Governor, authorize the department, institution or agency in possession or control of the
81 property to dispose of surplus property in accordance with the procedures set forth herein.