



STATE OF KANSAS

Office of the Attorney General

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Curt T. Schneider
Attorney General

March 29, 1978

ATTORNEY GENERAL OPINION NO. 78-133

Mr. Charles Menghini
City Attorney
316 National Bank Building
Pittsburg, Kansas 66762

Re: Cities--Industrial Fund--Use of

Synopsis: A city may not convey real property acquired with monies from its industrial fund, established pursuant to K.S.A. 12-1617h and -1617i, to a development company or directly to an industrial prospect except for consideration at least equal to the fair market value thereof.

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Dear Mr. Menghini:

You advise that the City of Pittsburg has established an industrial fund, pursuant to K.S.A. 12-1617h and -1617i, and that the city has purchased land with monies in that fund for the establishment of an industrial park. The property has been improved with roads, railroad spurs, and water.

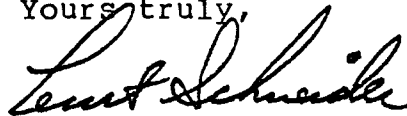
You refer to an opinion of Attorney General William Ferguson, dated May 3, 1971, in which he concluded that the industrial fund may be used for the purchase of real estate to be used for industrial purposes, but that real estate so purchased may not be conveyed by the city to an industrial prospect except for an amount not less than the amount paid therefor by the city. In addition, you refer to subsequent opinions of this office concerning the industrial fund, found at p. 137 of Vol. VI and pp. 178-179 of Vol. III, of *Opinions of the Attorney General*.

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In view of these opinions, you inquire whether the city may give land in the industrial park, acquired as described above, to a Pittsburg development company which, in conjunction with a developer, would then construct a shell building and sell or lease the property to an industry to locate within the city. In addition, you also inquire whether, alternatively, the city may give the land, free of charge, to a new industry which would locate within the industrial park.

I have reviewed the opinions cited above, and in my judgment, the opinion of General Ferguson constitutes a correct statement of the law regarding the use of public funds which is not modified or restricted by the later opinions. Thus, in my judgment, the city may not convey real property acquired as described above with the proceeds of its industrial levy to either a development company or directly to an industrial prospect except for consideration at least equal to the fair market value thereof.

Yours truly,



CURT T. SCHNEIDER
Attorney General

CTS:JRM:kj