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## Civil Rights & Judiciary Committee

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### HB 1733

**Brief Description:** Increasing the reimbursement cap for moving and relocation expenses incurred by persons affected by agency displacements.

**Sponsors:** Representatives Thomas, Fitzgibbon, Zahn, Street, Fosse, Reed, Parshley, Cortes, Hill, Bernbaum and Ramel.

| Brief Summary of Bill   |
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| <ul style="list-style-type: none"><li>Increases from \$50,000 to \$200,000 the statutory cap on relocation assistance payment for expenses necessary to reestablish a displaced farm or small business.</li></ul> |



**Hearing Date:** 2/11/25

**Staff:** Yelena Baker (786-7301).

**Background:**

Relocation assistance generally addresses the costs incurred by a property owner moving a residence, business, farm operation, or other personal property when real property is being acquired for a public purpose. Unlike just compensation, which is a constitutionally mandated award, an award of relocation assistance is a legislatively crafted benefit controlled entirely by statute.

Relocation assistance payments supplement traditional eminent domain compensation by addressing moving costs and other similar costs incurred by a person who is displaced from real property. Relocation assistance payments are not considered income for the purpose of any income or excise tax, or for the purpose of determining a displaced person's eligibility for public assistance under state law.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

Enacted in 1970, the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act establishes the minimum relocation assistance standards for federally funded projects that require the acquisition of real property or displace persons from their homes, businesses, or farms. Washington Uniform Relocation Act (URA) was enacted in 1971 and generally mirrors the federal law. As the lead agency for the URA, the Washington State Department of Transportation (WSDOT) is responsible for administering the state Relocation Assistance Program, which provides relocation assistance to displaced persons.

Under state and federal law, the displacing agency must provide to the displaced person payment for moving and related expenses, including payment for:

- actual reasonable expenses in moving the displaced person or the person's family, business, farm operation, or other personal property;
- actual direct losses of tangible personal property as a result of moving or discontinuing a business or farm operation; and
- actual reasonable expenses in searching for a replacement business or farm.

In addition to these payments, a small business, farm, or nonprofit organization is entitled to receive a reestablishment payment for actual reasonable expenses incurred in relocating and necessary to reestablish the displaced small business, farm, or nonprofit organization at its new site. Reestablishment expenses must be reasonable and necessary, as determined by the displacing agency.

Eligible reestablishment expenses include:

- repairs and improvements to the replacement real property that are required by federal or state law, or local codes and ordinances;
- modifications to the replacement property to accommodate the business operation;
- advertisement of replacement location, and construction and installation costs of exterior signing to advertise the business;
- estimated increased costs of operation during the first two years at the replacement site for items such as lease or rental charges, insurance premiums, taxes, and utility charges; and
- other items that the displacing agency considers essential to the reestablishment of the business.

Ineligible reestablishment expenses include those related to purchase of capital assets or manufacturing materials, interest on money borrowed to make the move or purchase the replacement property, or purely aesthetic refurbishments at the replacement site.

Under the URA, the exact amount of reestablishment payment is determined in accordance with the criteria established by the WSDOT, but may not exceed the greater of:

- the maximum federal law benefit for reimbursement of business reestablishment expenses, which is currently \$33,200; or
- \$50,000.

The URA provides certain displaced businesses, farms, and nonprofit organizations an option to choose a fixed moving payment in lieu of itemized reimbursement for any other relocation expenses, including the reestablishment expense. The fixed payment is based upon the average annual net earnings for two taxable years immediately preceding the year in which the business, farm, or nonprofit organization was displaced, and is capped at \$53,200.

**Summary of Bill:**

The statutory cap on relocation assistance payment for expenses necessary to reestablish a displaced farm, nonprofit organization, or small business is increased from \$50,000 to \$200,000.

**Appropriation:** None.

**Fiscal Note:** Requested on February 6, 2025.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.