

# HOUSE BILL REPORT

## HB 1733

---

---

**As Reported by House Committee On:**  
Civil Rights & Judiciary

**Title:** An act relating to increasing the reimbursement cap for moving and relocation expenses incurred by persons affected by agency displacements.

**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 History:**

**Committee Activity:**

Civil Rights & Judiciary: 2/11/25, 2/14/25 [DPS].

**Brief Summary of Substitute Bill**

- 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.
- Requires the Washington State Department of Transportation to annually adjust the increased cap for inflation beginning on August 1, 2025.

---

### HOUSE COMMITTEE ON CIVIL RIGHTS & JUDICIARY

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Taylor, Chair; Farivar, Vice Chair; Walsh, Ranking Minority Member; Abell, Assistant Ranking Minority Member; Burnett, Entenman, Goodman, Graham, Jacobsen, Peterson, Salahuddin, Thai and Walen.

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

---

*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.*

## **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.

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. The 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 signage 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 Substitute 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.

Beginning on August 1, 2025, and annually thereafter, the WSDOT must adjust the statutory cap on reestablishment payment for inflation, as measured by the Consumer Price Index for the 12 months prior to each July 1. The adjusted dollar amount takes effect on the following September 1.

### **Substitute Bill Compared to Original Bill:**

The substitute bill adds a requirement for the WSDOT to annually adjust the increased \$200,000 statutory cap on reestablishment payment for inflation beginning on August 1, 2025.

---

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) The last time this statutory cap was changed was in 2003. Everyone knows that a dollar today is not what a dollar was in 2003 because costs have skyrocketed. This is a very straightforward bill that raises the cap to something that feels a little more real in 2025.

The current cap is more than problematic for the nearly 70 nonprofits and small businesses that will be displaced from their community by the West Seattle Link Extension project by Sound Transit. These businesses include a family-owned and operated childcare center that provides care for more than 160 children in the community, a music school, a nonprofit performing arts studio, and a chiropractic clinic that provides affordable care for an average of 1,000 patients a month. When these businesses are displaced, the community will suffer a substantial loss of essential services and health care.

The heart of a neighborhood community is in its small businesses. These places are where kids congregate after school, and where people buy birthday presents and dine on weekends. These businesses can work their magic to stay a part of the community, but they need a little more support than the current cap of \$50,000. Some businesses estimate that their reestablishment costs are upwards of \$3 million. The Legislature must help deliver meaningful support for these and future displaced businesses and ensure these resources are not lost to community forever.

Increasing the cap reflects the reality of what nonprofits and businesses face when having to relocate and reestablish their businesses, particularly in a dense urban area. Ultimately the cost of reestablishing a displaced business should be borne by the agency acquiring the land rather than the displaced nonprofit or business, but this bill goes a long way towards helping that reestablishment

Some people have tried to co-opt the circumstances in which these businesses find themselves in order to push anti public transit propaganda. But many of these businesses stand proudly in support of delivering the sustainable transit projects that their communities deserve. This bill provides a lot more fairness and legitimacy to these capital projects and eminent domain situations. There needs to be support for the businesses to keep these communities together and to realize these projects in the way everyone wants to see.

(Opposed) None.

**Persons Testifying:** Representative Brianna Thomas, prime sponsor; Jordan Crawley, Alki Beach Academy; Philip Gustavson, School of Rock West Seattle; Erin Rubin, Mode Music Studios; Mac Nicholson, King County; and Keith Edwards, Catahoula Health LLC dba The Joint Chiropractic West Seattle.

**Persons Signed In To Testify But Not Testifying:** None.