

SENATE BILL REPORT

SHB 1733

As Reported by Senate Committee On:
Law & Justice, March 27, 2025
Transportation, April 8, 2025

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: House Committee on Civil Rights & Judiciary (originally sponsored by Representatives Thomas, Fitzgibbon, Zahn, Street, Fosse, Reed, Parshley, Cortes, Hill, Bernbaum and Ramel).

Brief History: Passed House: 3/11/25, 96-0.

Committee Activity: Law & Justice: 3/24/25, 3/27/25 [DP-TRAN].
Transportation: 4/03/25, 4/08/25 [DPA].

Brief Summary of Amended Bill

- Increases the statutory cap on relocation assistance payments for expenses necessary to reestablish a displaced farm, small business or nonprofit organization.
- Requires the Washington State Department of Transportation to annually adjust the increased cap for inflation beginning on August 1, 2025.

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: Do pass and be referred to Committee on Transportation.

Signed by Senators Dhingra, Chair; Trudeau, Vice Chair; Holy, Ranking Member; Fortunato, Lovick, Salomon, Torres, Valdez and Wagoner.

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.

Staff: Patrick Moore (786-7535)

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended.

Signed by Senators Lias, Chair; Lovick, Vice Chair; Ramos, Vice Chair; King, Ranking Member; Goehner, Assistant Ranking Member; Alvarado, Chapman, Christian, Cortes, Fortunato, Harris, Holy, Krishnadasan, Lovelett, MacEwen, Nobles, Shewmake, Valdez and Wilson, J..

Staff: Daniel Masterson (786-7454)

Background: Relocation assistance 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.

Under the URA, the exact amount of reestablishment payment is determined in accordance with the criteria established by WSDOT, but may not exceed the greater of \$50,000 or the maximum federal law benefit for reimbursement of business reestablishment expenses, which is currently \$33,200.

Summary of Amended 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.

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 \$100,000 when the displacing agency is a state agency until August 1, 2030. After August 1, 2030, the maximum reestablishment payment when the displacing agency is a state agency is the same as for all other displacing agencies.

Beginning on August 1, 2025, and annually thereafter, WSDOT must adjust the statutory cap on reestablishment payment for inflation by increasing the previous year's dollar amount by two percent.

EFFECT OF TRANSPORTATION COMMITTEE AMENDMENT(S):

- Adjusts the maximum reestablishment payment from \$200,000 to \$100,000 when the displacing agency is a state agency until August 1, 2030. After August 1, 2030, the maximum reestablishment payment when the displacing agency is a state agency would be the same as for all other displacing agencies.
- Changes the basis for the annual inflation adjustment to the maximum reestablishment payment from one based on the federally calculated CPI-W index to a fixed 2 percent annual increase.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Substitute House Bill (Law & Justice): PRO: There is urgent need for this bill. The current cap was set 23 years ago and is inadequate. The increase this bill establishes reflects the reality of what nonprofit organizations and businesses face in relocating. The agency acquiring the land and displacing the businesses

should bear the costs caused. Businesses will be pushed into bankruptcy if the cap is not increased.

Persons Testifying (Law & Justice): PRO: Keith Edwards, The Joint Chiropractic West Seattle; Jordan Crawley, Alki Beach Academy; Mac Nicholson, King County Council.

Persons Signed In To Testify But Not Testifying (Law & Justice): No one.

Staff Summary of Public Testimony on Substitute House Bill (Transportation): *The committee recommended a different version of the bill than what was heard.* PRO: This just updates the reimbursable cap from the current standard of \$50,000. It hasn't gone up since 2003. I think we all know a dollar doesn't go as far as it did in 2003. So this is just bringing it up to a little bit more modern standards. And in the House, our Republicans over there did put the annual adjustment on it to keep up with rising costs. So we don't have to do this again in another 20 years.

My family has owned and operated a childcare center for over 11 years in West Seattle. We are anticipating displacement by Sound Transit for their West Seattle Link Extension project. I'm speaking in support of HB 1733. It's a pretty straightforward bill to bring things up-to-date and do right by small businesses and nonprofits so that we can continue to do right by the communities that we serve. Raising the cap on reestablishment expense compensation gives businesses like my family's a fair chance at surviving displacement, given that these are circumstances beyond our control. Really what we're looking for is just a fighting chance to survive. So help us keep essential services alive and support HB 1733. We currently serve over 400 students providing private music lessons and employ over 50 teaching artists. In addition, we work with Seattle Public Schools and partnering organizations to provide pay-what-you-can music and arts education enrichment and music lessons scholarships to eliminate financial barriers in our local community. We will be displaced in the Sound Transit West Seattle Link Extension. Our organizations employ local artists that depend on our jobs to continue to perform in their field. We facilitate their relationships with their students, providing a safe and creative space for kids and adults to thrive in music and arts education.

We do not own our buildings. Our ask of a new place of residence is specific and we will require a build-out close to \$400,000 in building costs alone. That doesn't include the increase we'll be seeing in rent, which would bring us closer to \$600,000 or more. This bill could be the difference between my small business successfully relocating and us having to close our doors after years of providing our community accessible services and jobs. These are the businesses that cannot move neighborhoods. They depend on their local clientele. Many Washington State businesses have not made it through a relocation because of the lack of funds provided. This increase gets us financially a little closer so we can relocate while making room for public transportation.

Thank you for your support of HB 1733 and our small businesses statewide. We provide

affordable chiropractic care for the West Seattle community. Our clinic sees an average of 1,000 patients visits each month. Most of our community of patients do not have insurance and will suffer a substantial health care loss if we are displaced. Increasing the reestablishment cap to \$200,000 or more will greatly help our company relocate and continue to serve our patients in the West Seattle community. The relocation estimates for my business is \$500,000. Without the additional funding, many of the affected businesses, myself included, will be forced into bankruptcy. Why punish the families and businesses that have built the West Seattle community?

Persons Testifying (Transportation): PRO: Representative Brianna Thomas, Prime Sponsor; Jordan Crawley, Alki Beach Academy; Keith Edwards, Catahoula Health LLC dba The Joint Chiropractic West Seattle; Erin Rubin, Mode Music Studios and Mode Music and Performing Arts.

Persons Signed In To Testify But Not Testifying (Transportation): No one.