

HOUSE BILL REPORT

HB 1795

As Reported by House Committee On:
Judiciary

Title: An act relating to moving and relocation expenses.

Brief Description: Modifying relocation assistance provisions.

Sponsors: Representatives Veloria, Schoesler, Cooper, Mielke, McIntire, G. Chandler, Armstrong and Santos.

Brief History:

Committee Activity:

Judiciary: 2/15/01, 2/22/01 [DPS].

Brief Summary of Substitute Bill

- Removes a \$10,000 upper limit on the amount an agency is to pay to a displaced farm, nonprofit organization, or small business for expenses of reestablishing at a new location following a condemnation of property by that agency.

HOUSE COMMITTEE ON JUDICIARY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Carrell, Republican Co-Chair; Lantz, Democratic Co-Chair; Hurst, Democratic Vice Chair; Lambert, Republican Vice Chair; Casada, Dickerson, Esser, Lovick and McDermott.

Staff: Bill Perry (786-7123).

Background:

Under its power of eminent domain, government may "condemn" real property and acquire the property for public use. The majority of condemnations are related to road and highway construction. The owner of condemned property is entitled to compensation for the loss of the property.

In addition to having the right to compensation for the value of condemned real property,

in certain instances a property owner may have a right to compensation for expenses incurred as a result of the condemnation. The Legislature has enacted a "relocation assistance" law that provides for compensation to persons or businesses that are "displaced" as the result of condemnation.

One of these relocation assistance provisions requires a "displacing agency" to pay actual reasonable expenses necessary to reestablish a business at a new location. A "displacing agency" is any state or local government, or any private entity using state or federal money, whose project causes displacement. The compensation is to be set in accordance with criteria set by the "lead agency," which is the Washington State Department of Transportation (DOT). Compensation may not exceed \$10,000. This reestablishment payment applies to the following businesses:

- Farms;
- Nonprofit organizations; and
- Small businesses.

A local government "displacing agency" may choose not to be covered by these provisions if no federal money is involved in the agency's project.

A displaced business may choose to accept a fixed sum of between \$1,000 and \$20,000 in lieu of this reestablishment payment and the other payments to which the business may be entitled under the relocation assistance law. (These other payments are for moving, for the loss of tangible personal property that is not relocated, and for searching for a new location for the business.)

Summary of Substitute Bill:

The \$10,000 limit is removed from the required payment of relocation expenses for reestablishing a farm, nonprofit organization, or small business after a property condemnation.

Substitute Bill Compared to Original Bill:

The original bill would require delay of payments for reestablishment expenses until after the end of the next legislative session.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill

is passed.

Testimony For: Current reimbursement limit of \$10,000 can be totally inadequate. Condemnation is very disruptive and expensive for small businesses. The \$10,000 limit was required by prior federal regulations which have changed.

Testimony Against: None.

Testified: Representative Veloria, prime sponsor; John Castaldi, Rainier Color, Inc.; and Brad Thomas, Washington State Department of Transportation.