

SENATE BILL REPORT

SB 5982

As Reported By Senate Committee On:
Labor, Commerce & Financial Institutions, February 27, 2001

Title: An act relating to moving and relocation expenses.

Brief Description: Modifying relocation assistance provisions.

Sponsors: Senator Prentice.

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 2/22/01, 2/27/01
[DP-WM].

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Prentice, Chair; Gardner, Vice Chair; Benton, Fairley, Franklin, Hochstatter, Honeyford, Patterson, Rasmussen, Regala, West and Winsley.

Staff: Catherine Mele (786-7470)

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 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 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.

A displacing agency is required to provide by rule for the payment of reestablishment expenses. The rule must be in accordance with DOT criteria.

These rules must be adopted before December 1 of any year and do not take effect until after the end of the regular session of the Legislature the following year.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The 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: Brad Thomas, WSDOT (pro).