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**Transportation Committee**

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**SSB 5497**

**Brief Description:** Modifying relocation assistance provisions.

**Sponsors:** Senate Committee on Highways & Transportation (originally sponsored by Senators Esser, Haugen and Oke; by request of Department of Transportation).

**Brief Summary of Substitute Bill**

- The \$10,000 limit on the amount an agency can pay to a displaced farm, nonprofit organization, or small business for expenses of reestablishing at a new location following a condemnation of the property, is increased to \$50,000.

**Hearing Date:** 3/31/03

**Staff:** Reema Griffith (786-7301).

**Background:**

Under its power of eminent domain, government may condemn real property and acquire the property for public use in carrying out a project or program. The majority of condemnations are related to road and highway construction and are handled through the Washington State Department of Transportation (WSDOT). The owner of the 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.

In 1971 the Legislature enacted the Relocation Assistance Act which established provisions for compensating persons or businesses who are displaced as a result of a condemnation. One of the relocation assistance provisions requires the displacing agency to pay reestablishment compensation for actual reasonable expenses necessary to reestablish a business at a new location. Reestablishment compensation applies to farms, nonprofit organizations, and small businesses.

Current law allows reestablishment compensation to be determined according to criteria established by the "lead agency," which is statutorily defined as the WSDOT. However, current law also provides a maximum limit on how much reestablishment compensation can be offered, and this limit is set at \$10,000.

The cost to the state for paying out reestablishment compensation is incorporated into the total cost of the project in which the property acquisition is needed. However, it should be noted that on average, 90 percent of the reestablishment compensation paid to the displaced person or business is refunded to the state by the federal government.

If a local government is the displacing agency, they may choose not to be subject to reestablishment compensation provisions, provided that there is no federal money involved in the project in which the property is needed.

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

**Summary of Bill:**

The \$10,000 limit on the amount an agency can pay to a displaced farm, nonprofit organization, or small business for expenses of reestablishing at a new location following a condemnation of the property, is increased to \$50,000.

**Appropriation:** None.

**Fiscal Note:** Available.

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