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Referred: State Affairs and
Finance

go00769s

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

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SENATE BILL NO. 144

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act relating to relocation assistance for
federally assisted projects and programs; and provid-
ing for an effective date."

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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* Section 1. AS 34.60.040 is amended to read:

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Sec. 34.60.040. RELOCATION PAYMENTS. (a) When the acquisition
of real property for a federally assisted program or project under-
taken by a state agency will result in the displacement of a person
[ON OR AFTER JANUARY 2, 1971], the state agency responsible for the
program or project shall make payment to the displaced person, upon
proper application as approved by the state agency, for

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(1) actual reasonable expenses in moving a person, the
person's family, business, farm operation, or other personal property;

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(2) actual direct losses of tangible personal property as a
result of moving or discontinuing a business or farm operation, but
not to exceed an amount equal to the reasonable expenses that would
have been required to relocate the property as determined by the state
agency; and

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(3) actual reasonable expenses in searching for a replace-
ment business or farm.

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(b) A displaced person eligible for payments under (a) of this
section who is displaced from a dwelling and who elects to accept the
payments authorized by this subsection in place of payments authorized
by (a) of this section may receive a moving expense allowance,

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1 determined according to a schedule established by the state agency[,
2 NOT TO EXCEED \$300 AND A DISLOCATION ALLOWANCE OF \$200].

3 (c) A displaced person eligible for payments under (a) of this
4 section who is displaced from a place of business or from a farm
5 operation and who elects to accept the payment authorized by this
6 subsection in place of the payment authorized by (a) of this section,
7 may receive a fixed payment in an amount equal to the average annual
8 net earnings of the business or farm operation, except that this pay-
9 ment shall not be less than \$1,000 [\$2,500] or more than \$20,000. For
10 purposes of this subsection, "average annual net earnings" means
11 one-half of the net earnings of the business or farm operation, before
12 federal and state income taxes, during the two taxable years immedi-
13 ately preceding the taxable year in which the business or farm opera-
14 tion moves from the real property acquired for the project, or during
15 any other period the state agency determines to be more equitable for
16 establishing the earnings, and includes any compensation paid by the
17 business or farm operation to the owner, spouse, or dependents during
18 the applicable period [\$10,000]. In the case of a business, a payment
19 may not be made under this subsection unless the state agency is
20 satisfied that the business

21 (1) cannot be relocated without a substantial loss of its
22 existing patronage; [AND]

23 (2) is not a part of a commercial enterprise having at
24 least one other establishment not being acquired by the state agency
25 or by the United States, which is engaged in the same or similar
26 business; and

27 (3) is not an enterprise whose sole business on the real
28 property acquired is the rental of the real property to others.

29 (d) In addition to the moving expenses allowed under this

1 section, a displaced farm or business may receive a payment, not to
2 exceed \$10,000, for the actual reasonable expenses necessary to rees-
3 tablish the operation at a new site [FOR PURPOSES OF THIS SUBSECTION,
4 "AVERAGE ANNUAL NET EARNINGS" MEANS ONE-HALF OF THE NET EARNINGS OF
5 THE BUSINESS OR FARM OPERATION, BEFORE FEDERAL AND STATE INCOME TAXES,
6 DURING THE TWO TAXABLE YEARS IMMEDIATELY PRECEDING THE TAXABLE YEAR IN
7 WHICH THE BUSINESS OR FARM OPERATION MOVES FROM THE REAL PROPERTY
8 ACQUIRED FOR THE PROJECT, OR DURING ANY OTHER PERIOD THE STATE AGENCY
9 DETERMINES TO BE MORE EQUITABLE FOR ESTABLISHING THE EARNINGS, AND
10 INCLUDES ANY COMPENSATION PAID BY THE BUSINESS OR FARM OPERATION TO
11 THE OWNER, SPOUSE, OR DEPENDENTS DURING THE APPLICABLE PERIOD].

12 * Sec. 2. AS 34.60.050(a) is amended to read:

13 (a) In addition to payments otherwise authorized by this chap-
14 ter, the state agency shall make an additional payment not to exceed
15 \$22,500 [IN EXCESS OF \$15,000], to a displaced person who is displaced
16 from a dwelling actually owned and occupied by the person for not less
17 than 180 days before the initiation of negotiations for the acquisi-
18 tion of the property. This additional payment shall include the
19 following elements:

20 (1) the amount, if any, which, when added to the acquisi-
21 tion cost of the dwelling acquired by the state agency, equals the
22 reasonable cost of a comparable replacement dwelling which is a de-
23 cent, safe and sanitary dwelling adequate to accommodate the displaced
24 person, is reasonably accessible to public services and places of
25 employment and is available on the private market; all determinations
26 required to carry out this paragraph shall be made in accordance with
27 standards established by the state agency making the additional pay-
28 ment;

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1 (2) the amount, if any, which will compensate the displaced
2 person for any increased interest costs which the displaced person is
3 required to pay for financing the acquisition of the comparable re-
4 placement dwelling; this amount may be paid only if the dwelling
5 acquired by the state agency was encumbered by a bona fide mortgage
6 which was a valid lien on the dwelling for not less than 180 days
7 before the initiation of negotiations for the acquisition of the
8 dwelling; and [THIS AMOUNT SHALL BE EQUAL TO THE EXCESS IN THE AGGRE-
9 GATE INTEREST AND OTHER DEBT SERVICE COSTS OF THAT AMOUNT OF THE
10 PRINCIPAL OF THE MORTGAGE ON THE REPLACEMENT DWELLING WHICH IS EQUAL
11 TO THE UNPAID BALANCE OF THE MORTGAGE ON THE ACQUIRED DWELLING, OVER
12 THE REMAINDER TERM OF THE MORTGAGE ON THE ACQUIRED DWELLING, REDUCED
13 TO DISCOUNTED PRESENT VALUE; THE DISCOUNT RATE SHALL BE THE PREVAILING
14 INTEREST RATE PAID ON SAVINGS DEPOSITS BY COMMERCIAL BANKS IN THE
15 GENERAL AREA IN WHICH THE REPLACEMENT DWELLING IS LOCATED;]

16 (3) reasonable expenses incurred by the displaced person
17 for evidence of title, recording fees, and other closing costs inci-
18 dent to the purchase of the replacement dwelling, but not including
19 prepaid expenses.

20 * Sec. 3. AS 34.60.060 is amended to read:

21 Sec. 34.60.060. REPLACEMENT HOUSING FOR TENANTS AND OTHERS. In
22 addition to amounts otherwise authorized by this chapter, the state
23 agency shall make a payment to or for a displaced person displaced
24 from a dwelling, who is not eligible to receive a payment under
25 AS 34.60.050, if the [WHICH] dwelling was actually and lawfully oc-
26 cupied by the displaced person for not less than 90 days before the
27 initiation of negotiations for acquisition of the dwelling. The
28 payment shall be either

29 (1) the amount necessary to enable the displaced person to

1 lease or rent for a period not to exceed three [FOUR] years and six
2 months, a decent, safe, and sanitary dwelling of standards adequate to
3 accommodate the displaced person in areas not generally less desirable
4 in regard to public utilities and public and commercial facilities,
5 and reasonably accessible to the person's place of employment, but not
6 to exceed \$5,250 [\$4,000]; or

7 (2) the amount necessary to enable the displaced person to
8 make a down payment, including incidental expenses described in
9 AS 34.60.050(a)(3), on the purchase of a decent, safe, and sanitary
10 dwelling of standards adequate to accommodate the displaced person in
11 areas not generally less desirable in regard to public utilities and
12 public and commercial facilities, but not to exceed \$5,250 [\$4,000,
13 EXCEPT THAT IF THIS AMOUNT EXCEEDS \$2,000, THE DISPLACED PERSON MUST
14 EQUALLY MATCH ANY AMOUNT IN EXCESS OF \$2,000 IN MAKING THE DOWN PAY-
15 MENT].

16 * Sec. 4. AS 34.60.140 is amended to read:

17 Sec. 34.60.140. REGULATIONS. State agencies are authorized to
18 adopt regulations to implement this chapter. These regulations [REGU-
19 LATION] shall include provisions relating to

20 (1) a moving expense allowance for displaced persons who
21 move from a dwelling, determined according to a schedule[, NOT TO
22 EXCEED \$300];

23 (2) procedures for an aggrieved person to have a determina-
24 tion of eligibility or amount of payment reviewed by the state agency;

25 (3) eligibility of a displaced person for relocation assis-
26 tance payment, the procedure for displaced persons to claim the pay-
27 ments, amount of the payments; and

28 (4) other regulations necessary to implement the provisions
29 of this chapter.

1 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).