



5.7 BUSINESS MOVE EXPENSES

WisDOT shall not require any business, farm or non-profit organization occupying real property acquired for the construction of a highway improvement project to move without at least 90 days written notice. Policies and procedures for all business moving costs are described in this section. Businesses, farms and non-profit organizations must relocate and file claims within the two-year period as described in REPM/Section 5.6.

5.7.1 Planning Business Moves

Planning for a business move to a replacement site within the timeframe of a highway project can be challenging. It requires planning and cooperation on the part of the relocation agent and the business. Developing a partnership with the business is essential and will help in completing the relocation in a timely manner and cost effective manner. Minimizing down time to businesses is an important part of a relocation service and can be lessened with planning. It is important to stress to each business that cooperation is essential and will not diminish their benefits in any way, and in fact will provide the maximum benefits allowed. Planning should start as soon as possible, and not later than at the acquisition stage plan, or at the latest, when the appraisal is complete. A preliminary inspection should be conducted to determine the inventory of personal property and equipment to be moved. When the inventory is complete, take into consideration: removal, installation requirements for equipment, power needs, approximate timeframes, telephone, computers and moving inventory. Other issues to consider during the preliminary planning stage are:

- Are two estimates necessary for all expenses?
- How and who will obtain estimates for moving expenses?
- Is there a landlord/tenant situation to be reviewed?
- Is this landlord eligible for re-establishment expenses?
- What equipment cannot be moved?
- Will equipment be purchased as part of the real estate?
- What method of reimbursement is to be used?
 - Actual move;
 - Fixed payment in lieu of moving payments;
 - Self-move/commercial move;
 - Substitute property/direct loss of property; or,
 - Tangible loss of personal property.
- What personal property is at site?
- Will outside expertise be needed for planning, preparing inventory, or for estimates?
- Will rent loss be considered if there is a landlord/tenant relationship?
- Will there be a specialized move requiring expertise not readily available?
- Will there be searching expenses?

All relocation agents are encouraged to raise these questions by contacting the owner for planning and working through the questions and to provide answers prior to the move process. Once information has been obtained from the business, it is important to consult

with regional RE management and the BTS-RE statewide relocation facilitator to work through unique situations and determine what needs to be done. It may also identify the types of specialized moves that may need pre-approval from BTS.

5.7.2 Business Move Policies

These are general policies specific to a business move:

Deduction from other costs - The cost of moving personal property shall not be offset or deducted from other payments made to a business.

Distance of move - WisDOT will reimburse all business moves only within a 50-mile radius, unless it is determined that the relocation of the business cannot be accomplished within the 50-mile radius.

Lawful occupancy - Moving payments may only be made for the move of personal property items of displaced persons in lawful occupancy.

Length of occupancy - Requirements for the business replacement payment (BRP) have no bearing on the eligibility for moving payments.

Multiple moves - WisDOT will generally not participate in more than one move of a business; however, if it is shown to be necessary, the statewide relocation facilitator must provide pre-approval. The statewide relocation facilitator should be consulted early in the relocation process if multiple moves are being considered.

Realignment of personal property - A displaced person may be reimbursed for relocating personal property onto the remaining lands not acquired for a highway project or other lands currently owned by the displaced person.

Receiving payment - Businesses are eligible to receive payments for the reasonable moving expenses incurred when moving personal property provided one or more of these conditions are met:

- Be given a notice of intent to acquire by WisDOT.
- Be in occupancy at initiation of negotiations.
- Move after a Jurisdictional Offer (JO) has been issued.
- Move after a written order to vacate is issued.

5.7.3 Actual and Reasonable Expenses

Occasionally a displaced business may decide to consolidate or reorganize operations in conjunction with a move. Not all costs attributable to the company's continuing business and reorganization are eligible for reimbursement. All costs under either actual or self-move shall be actual, reasonable and necessary. If the RE section or relocation agent needs additional data to make this determination, they shall obtain additional estimates or consultant experts in the field for cost verification or timeframes needed for the move or other information that may be needed. General considerations specific to actual and reasonable move expenses are:

- A bona fide effort must be made to secure two move bids by relocation agent and person electing a commercial move. If bids cannot be easily obtained, consideration may be given to hiring a move consultant to oversee obtaining bids.
- Amount paid to displaced business for either a commercial or self-move is a fixed amount not to exceed lower of two bids.
- An inventory of all personal property to be relocated must be made 30 days in advance of move.
- Prior to move (preferably 30 days), the regional RE unit or agent must obtain two firm bids that reflect a move only for items on inventory. When an estimate cannot be obtained, WisDOT shall pay a person for actual and reasonable expenses, supported by evidence of expense. These expenses may be included:
 - Gas and oil when a vehicle or equipment owned is used in move;
 - Insurance for move (provided cost be actually incurred);
 - Moving truck and equipment;
 - Wages for persons who assist in move based on hours worked, not to exceed hourly rate paid by commercial movers in the area; and,
 - Wages for supervisory personnel who are regular employees for time spent in overseeing the move.

5.7.3.1 Commercial Moves

The owner of a business may be paid the reasonable cost of a move by a licensed commercial mover based on policies as stated in this section. Commercial moves must be based on the lower of two bids, unless it is shown that a licensed mover has a specific expertise in a certain area necessary to complete the move and no other movers that can provide the expertise.

5.7.3.2 Self-Moves

A displaced business may be authorized a self-move subject to these conditions:

- A business that self-moves must certify that items listed were actually moved. The inventory of items moved may not deviate to any appreciable extent from the original inventory. Any increase or decrease in the inventory must be noted and a corresponding decrease or increase in the payment will be made.
- A self-move, combined with an actual move for certain specialized costs.
- Agreed upon amount to be paid for a self-move should not include specialized moving costs performed by others (i.e., telephone, computer, fire, burglar alarms etc.). Costs for specialized moves, which may include specialized installation operations, must be itemized separately and documented for reimbursement following completion of work.
- Specialized moves to be completed by others must be documented with actual invoices or receipts.

5.7.4 Eligible Expenses for Actual and Self-Moves

These items are considered eligible if determined by WisDOT to be actual, reasonable and necessary for the business move:

- Transportation of the displaced person and personal property. Transportation costs for a distance beyond 50 miles are not eligible, unless WisDOT determines that relocation beyond 50 miles is justified. BTS-RE statewide relocation facilitator pre-approval is required for relocation actual move reimbursements beyond 50 miles.
- Packing, crating, unpacking, and uncrating of the personal property.
- Disconnecting, dismantling, removing, reassembling, and reinstalling relocated personal property including machinery, equipment, substitute personal property, and connections to utilities available within the building; it also includes modifications to the personal property, including those mandated by federal, state or local law, code or ordinance, necessary to adapt it to the replacement structure, the replacement site, or the utilities at the replacement site, and modifications necessary to adapt the utilities at the replacement site to the personal property. Prior approval from BTS-RE statewide relocation facilitator is recommended.
- Storage of the personal property for a period not to exceed 12 months, unless the WisDOT determines that a longer period is necessary. Preapproval from BTS-RE statewide relocation facilitator is required for storage.
- Insurance for the replacement value of the property in connection with the move and necessary storage.
- The replacement value of property lost, stolen, or damaged in the process of moving (not through the fault or negligence of the displaced person, his or her agent, or employee) where insurance covering such loss, theft, or damage is not reasonably available.
- Any license, permit, fees or certification required of the displaced person at the replacement location. Payment is based on the remaining useful life of the existing license, permit, fees or certification.
- Actual, reasonable and necessary professional services for:
 - Installing relocated personal property at replacement location;
 - Moving personal property; and,
 - Planning move of personal property.
- Re-lettering and replacing business forms and stationary. All such costs shall be for replacement of existing supply. Relocation agents need to obtain an inventory and samples of present naming stationary.
- Impact fees or one-time assessments for anticipated heavy utility usage.
- Actual direct loss of tangible personal property incurred because of moving or discontinuing the business or farm operation. (See REPM/5.7.10.)
- The reasonable cost incurred in attempting to sell an item that is not to be relocated.
- Purchase of substitute personal property.
- Searching for a replacement location, not to exceed \$2,500. (See REPM/5.7.10.)
- Low value/high bulk personal property. (See REPM/5.7.9.)
- Connecting to nearby public utilities from right of way to replacement building or site.
- Professional services performed prior to the purchase or lease of a replacement site to determine its suitability for the displaced person's business operation including but not limited to, soil testing, feasibility and marketing studies (excluding any fees or commissions directly related to the purchase or lease of such site).

Additional descriptions of eligible move costs are listed below:

Professional services: It is not intended that hiring a specialized consultant be a carte blanche approach towards all business relocation. This procedure would not apply to businesses where the inventory of the business and/or personal property/equipment would be relatively easy to accomplish. Prior approval from regional and BTS-RE management is required in making professional services available to displaced businesses. If a business move is determined by

WisDOT to be of sufficient size or complexity in the planning stages of a highway project, consideration can be given to hiring a specialized planner to assist the business in relocating.

Using this procedure can only be implemented with the full cooperation of the business to be moved. If circumstances warrant and if preparing a business inventory is extremely costly or difficult due to the nature, complexity or sheer size of the business, regional relocation agents may determine that additional resources are needed to complete the inventory. A specialized consultant may be hired for that purpose. Early review during the project management phase of the highway would suggest if a relocation agent is necessary. Consider these points when considering if to hire a consultant specialist:

- Complex nature of move.
- Extensive or large amount of personal property and equipment.
- Inability of business to provide data due to above factors.
- Size of business.

The region must obtain two bids from qualified individuals or firms capable of providing either the planning or taking of the move inventory. The region and the owners should jointly develop criteria for the inventory. The owner should be authorized in advance to contract with the low bidder.

Other professional services: Eligible expenses include professional services performed prior to the purchase or lease of a replacement site to determine its suitability for the displaced person's business operation including but not limited to soil testing, feasibility and marketing studies. Any professional provided or services used under this provision should be limited to within a 50-mile radius of the current business site, unless it is determined by WisDOT that this is not feasible. Professional services exclude any fees or commissions directly related to the purchase or lease of such site (e.g., broker's commissions or attorney's fees).

Public utilities: Public utility lines such as water, sewer, electric, gas are eligible for reimbursement under moving expenses. Specifically, the cost of extending public utility lines from the R/W line (or property line) to the building or major improvement is an allowable moving expense. This does not include the cost of installing the service connections within the building(s), these connections typically include items such as water meters, gas meters and main electrical service panels that are typical for the type of building involved. These service connections are real property improvements and the values associated with them become part of the real estate. This is also true of a building's necessary utility lines located within the building, such as overhead lighting, wiring and outlets.

Removal and reinstallation of equipment:

- Connecting utilities and modifications necessary to adapt or provide necessary utilities for relocated personal equipment or personal property.
- Disconnecting, dismantling, removing, reassembling and reinstalling relocated machinery, equipment and other personal property and substitute personal property.
- Modifying personal property necessary to adapt to replacement structure or replacement site provided such costs do not exceed reasonable replacement cost.

5.7.4.1 Non-Reimbursable Expenses

- Additional operating expenses of a business at replacement site.
- Interest on loans to cover moving expenses.
- Loss of business and/or profits.
- Loss of good will.
- Loss of trained employees.
- Modifying personal property to adapt it to replacement site that exceeds actual and reasonable expense as determined by WisDOT. Such costs will be evaluated based on what a prudent person exercising good judgment and employing best business practices would pay.
- Moving any structure or real property either acquired by WisDOT or that displacee retained ownership.
- Moving cost shall not equal or exceed replacement cost of item moved or a comparable item.
- Personal injury, annoyance or discomfort.
- Physical changes to real property at replacement site, not because of the installation of personal property, even if changes are required by law.
- Storage of personal property on real property originally owned or leased by displaced person.

5.7.5 Monitoring Business Moves

To assure compliance that all moving expenses are actual, reasonable and necessary, relocation agents should provide surveillance and monitor business moves. The amount of time and effort in monitoring should be consistent with the complexity of the move. The goal of monitoring a move is to protect WisDOT's interests while assisting the displacee.

Use diary notes to document monitoring activities. If it is necessary and requested, a written report noting the arrival item of the movers, level of labor, breaks, lunchtime should be prepared from the notes. As a general guide for monitoring a move, any changes or deviations from original specifications and bids should be noted and agent's report should provide facts and observations necessary for WisDOT to make necessary cost adjustments, should that be necessary. Monitoring should be active, not passive. The WisDOT representative should make their presence known to displaced owner and person in charge of move. Agents familiar with move and agency requirements should perform monitoring. On the day of the move, arrive at site prior to movers; document displacee/company personnel involved; if necessary, monitor both origin and destination (would require two staff); note unusual occurrences or items that might cause a significant change in costs; and, track arrival and departure times of moving company personnel.

5.7.6 Requirements for Payment

Estimates/Bids - WisDOT will pay to obtain moving estimates or bids from licensed commercial movers. WisDOT will not routinely pay for more than two estimates or bids. If, however, the first two estimates or bids are not compatible or vary widely in price, a third estimate or bid may be obtained. Payment for all estimates or bids is based on the standard of actual reasonable and necessary.

WisDOT requires moving estimates or firm bids (in the case of a self-move) to determine reasonable cost for all business moves and any itemized move costs, such as specific equipment moves. Preference is to obtain estimates or bids with "not to exceed" language

for all moves of business property. This practice allows WisDOT to determine reasonable and necessary costs of a move in an efficient manner; and, helps to accommodate the timeline a business desires for its business move.

Filing claim - Document all claims filed for actual business moves and re-establishment expenses with paid bills and invoices. These claims are a reimbursement of monies spent by the business entity. Claims will not be approved prior to either the necessary activity occurring or the move is accomplished. Failure to fully document and justify this procedure may jeopardize the reimbursement of moving claims.

All claims must be filed according to REPM/Section 5.9. The displaced person may request in writing that WisDOT pay the mover directly. In certain circumstances, this may be the best method of handling moving claims. Because of strict time requirements for paying vendors under state of Wisconsin purchasing rules, both the moving company and the business should be named on the check. Request a return receipt for payment and place it in the relocation log. Relocation log must include evidence to document claims in the form of paid invoices and bills.

Insurance - WisDOT requires all business moves to be insured.

- Commercial moves. Insurance premiums covering loss and damage of personal property in storage and transit are eligible for reimbursement and must be included in all bids obtained from moving companies. Insurance coverage shall be for the replacement value of personal property. If insurance is not available, the reasonable value of property lost, stolen or damaged in the process of a move is reimbursable. Losses caused by the negligence of the displaced person will not be reimbursed.
- Self-moves. If a business elects to self-move personal property, replacement cost insurance coverage must be included in the two bids for moving costs. Businesses electing to take the self-move option will be required to sign a self-move agreement acknowledging costs of obtaining insurance and that WisDOT is not responsible for personal property loss or damage.

5.7.7 Communications and Computerized Systems

Costs associated with moving communications and computerized data systems are reimbursable. If the business is able to relocate its existing system to the replacement location, but chooses to purchase/lease a more elaborate system, a credit for relocation costs should be provided for the new system under the procedures for tangible loss of personal property. If a new system is the only alternative for the business under the tangible loss procedures, the regional RE unit should hire an independent consultant to determine if the system chosen is the least expensive functional equivalent. This does not imply that inferior equipment should be considered; it refers to the use of industry standard items. If independent consultants are not available, the relocation agent should obtain two bids to document the reasonableness of the charges for both the moving costs and the phone system. All such costs associated with communications and computerized data systems shall be based on actual, reasonable and necessary and include:

- Dedicated computer and data communications lines, if necessary.
- Long distance service transfer fees.
- Reconnection of existing system.

These items, at a minimum, should be noted in the inventory of current phone system:

- Brand names, models, and any special features or equipment.
- Names of reps for the company that sold and/or installed equipment at subject site.
- Number of, type and special features of phones (note special features such as hold, call forward, teleconferencing capabilities). Some telecommunications systems and installations may require special handling.

These items, at a minimum, should be noted in the inventory of current computer system:

- Brand names, models, capacity of system, and any special equipment.
- Network capabilities.
- Pertinent varying equipment necessary for system as installed at subject site.
- Wiring/connections.

5.7.8 Inventory Lists

A written inventory of personal property to be moved is required for all business relocations. A good moving inventory is a list of personal property that includes the business inventory, furniture and equipment to be moved. Any property classified as realty, real property or fixtures, and is purchased as part of the acquisition, is not eligible for reimbursement as a moving expense under the business move and should not be included in the inventory. The inventory should be sufficiently detailed to allow ready identification all items to be relocated. If an item is difficult to describe because of the magnitude or complexity, other consideration standard for that industry of weight/volume may be appropriate. Here are some basic recommendations for performing and developing a good inventory list:

- Ask questions about unfamiliar items or intentions of business.
- Do not rely on inventory maintained by business for tax purposes.
- Itemize details and quantities as much as possible.
- Note condition of items or special circumstances relevant to move method or cost, such as installation of machinery, display racks owned by others and specialized equipment that may require special handling.
- Perform inventory in cooperation with business owner and/or moving company.
- Review list of personal property items that will be physically moved with business owner.
- Review the appraisal and fixture appraisal for items that may have been acquired.
- Sketch a layout or floor plan.
- Take photos to accompany the personal property move inventory.

If moving specifications are necessary, draft the specifications based on your conversations with the business owner and the completed inventory. If the planning phase of the business move has not indicated all the issues to be resolved for the move to occur, the inventory should help in determining which items of equipment or personal property will need special movers, handling, dismantling and reinstallation.

5.7.9 High Bulk/Low Value

When personal property located on a subject site is of low value and high bulk, and the cost of moving that property would be disproportionate to its value, WisDOT may determine that

the allowable cost payment shall not exceed the lesser of the amount that would be received if the property were sold at the site or the replacement cost of a comparable quantity delivered to the new location. Personal property covered by this provision includes, but is not limited to: gravel; metals; minerals; stockpiled sand; and, other similar items as determined by WisDOT. Regional offices may determine that purchasing the personal property is cost effective, provided the owner agrees. If personal property is purchased under this provision, the regional office or relocation agent must take steps to either sell or move the items from the site.

See REPM/Section 6.1 Site Clearance for details. WisDOT is responsible for removing the personal property from the site under this provision, in the event the property has little or no salvage value.

5.7.10 Actual Direct Loss of Tangible Personal Property

This payment provides a monetary benefit to a displaced business for personal property they own and possess that is not moved and reinstalled at the replacement location. This provision may also be used when a displaced business discontinues their business and the equipment is considered a direct loss.

A payment calculated for direct loss of tangible personal property is the *lesser of*:

- **Fair market “value in place as is”** - The owner must attempt to sell the item(s), unless WisDOT determines that the item is obsolete and/or cannot be sold. If it is not sold, the item is considered abandoned and WisDOT will take possession of the item.

OR

- **Estimated cost to move and reconnect, as is** - If the business is discontinued, the estimated cost of moving the item is based on a moving distance of 50 miles.

In place fair market value (FMV)	\$10,000
(-) <i>minus</i> proceeds from sale	- (\$7,000)
Calculated remaining FMV total	\$3,000
Estimate received to move item and reconnect “as is”	\$2,500
Actual direct loss of tangible personal property payment (<i>lesser of</i>)	\$2,500

The phrase “*value in place as is for continued use...*,” means the depreciated value of the item as it is installed at the displacement site as of the date of the acquisition. This value does not include costs that reflect code or other requirements that were not in effect at the acquired site that would be required at the replacement location.

To determine the depreciated value of personal property for a business, relocation specialists must obtain a furniture, fixtures, and equipment (FFE) appraisal for the displaced business. A FFE appraisal will also support relocation agents by assisting in developing a personal property moving inventory list.

Coordination is important between the acquisition and the relocation of personal property fixtures. The acquisition appraiser, the FFE appraiser, and the relocation specialist should inspect the property at the same time of the appraisal inspection with the business. This will minimize discrepancies between the appraisals such as whether a particular item is considered a fixture included in the acquisition appraisal or as personal property in the FFE appraisal. When a fixture is identified as real property in the appraisal and included in the acquisition, no relocation benefits are eligible for that fixture, including moving costs or actual direct loss of tangible personal property benefits.

Eligible costs include:

- Costs associated with conducting the sale of the personal property.
- Reconnection costs including an estimate to install items in a new location as currently exists at the acquired site.
- Transporting machinery or equipment to new site up to a maximum 50-mile radius.

Ineligible costs include:

- Any storage costs.
- If the equipment is currently in storage or not being used at the acquired site, the estimated cost to move it cannot include a cost to reconnect the item at the replacement site.
- Increased costs to meet code or other requirements if item were actually relocated to a replacement site.
- Installation for machinery or equipment that is inoperable or not currently installed at the acquired site.
- Moving costs shall not exceed a 50-mile limit.

The estimated cost to move and reconnect an item "as is" at the replacement site may not include upgrades for code requirements. If the item is in storage or not being used at the acquired site, the estimated moving costs may not include any cost to reconnect.

The relocation file/log in READS must be documented with a copy of the FFE report; a list of all items included in a tangible loss/substitute use worksheet; determination of the value in place as is for continued use; bids for moving/reconnecting the item; and, receipts of ownership of the item including the sales price.

The relocation specialist must convey to the business that in order to receive reimbursement for any sales' related costs, documentation must support the actual, reasonable costs of advertising, and conducting the sale of personal property. This documentation may include copies of bills of sale or similar documents; copies of advertisements and paid invoices; offers to sell; auction records; and, other items supporting the bona fide nature of the sale.

When personal property is abandoned with no effort made by the owner to dispose of such property by sale or other means, WisDOT will obtain a transfer of ownership for all such items; WisDOT shall sell or dispose of such items. All commercial leases should address the personal property remaining at the subject site and that abandoned items will become the property of WisDOT unless specific arrangements for either the removal or disposal of such items are made with the owner. The owner will not be entitled to moving expenses or losses for the items.

Exclusions: Leased or shared ownership of an item of personal property disqualifies the item for this benefit. Any items acquired as part of the subject property's acquisition does not qualify for any reimbursement of relocation costs, including tangible loss benefits.

5.7.11 Purchase of Substitute Personal Property

If a business will be re-established and an item of personal property, used in connection with the business, is not moved but promptly replaced with a comparable item at the new location, the item may qualify for a relocation payment through the purchase of substitute personal property. The purchase of substitute personal property as a replacement item may be either new or used; however, it must perform a comparable function to the replaced item.

Reimbursement shall be the *lesser of*:

- The cost of the substitute item, including installation costs (-) *minus* net proceeds of sale (trade-in value may be substituted when applicable).

OR

- Estimated cost of moving and reinstalling replaced item to replacement site (within 50 miles of the subject property).

Cost of substitute item	\$10,000
Cost of installation of substitute item	\$1,000
(-) <i>minus</i> proceeds from sale	- (\$2,500)
Calculated total	\$8,500
Estimated cost to move and reinstall replaced (old) item	\$12,500
Payment for substitute personal property (<i>lesser of</i>)	\$8,500

The estimated cost to move and reinstall the replaced item does not include any allowance for storage. The payment for substitute personal property is intended to pay for an item that will not be moved, but will be promptly replaced at the replacement site.

When personal property is abandoned with no effort made by the owner to dispose of such property by sale or other means, WisDOT will obtain a transfer of ownership for all such items; WisDOT shall sell or dispose of such items. All commercial leases should address the issue of abandoned personal property at the subject site and that abandoned items will become the property of WisDOT unless specific arrangements for either the removal or disposal of such items are made with the owner. The owner will not be entitled to moving expenses or losses for the items.

Exclusions: Leased or shared ownership of personal property does not qualify the item for this provision. Any items acquired as part of the subject property's acquisition do not qualify for any reimbursement of relocation costs. New items purchased and installed at the replacement location do not qualify for relocation benefits, including substitute personal property provisions.

5.7.12 Searching Expenses

The occupant of a displaced business may be reimbursed for the actual reasonable expenses in searching for a replacement site; such costs are not to exceed \$2,500 (maximum amount). Attorney fees relative to drafting leases, purchase agreements or closing costs are not reimbursable under searching expenses.

Searching expenses can include:

- Fees paid to real estate brokers to locate a replacement site, exclusive of any fees or commissions related to purchase of such sites.
- Meals and lodging away from home.
- Reasonable value of time spent in searching.*
- Time spent negotiating purchase of a replacement site.*
- Time spent obtaining permits and attending zoning hearings (not including actual cost of permit, this is covered elsewhere).*
- Transportation.

* Hourly rate not to exceed \$30.

5.7.13 Re-Establishment Expenses

In addition to the moving payment described in this section, a business may be eligible to receive a payment, not to exceed \$25,000, for expenses actually incurred in relocating and re-establishing a business at the replacement site. These costs are reimbursable under business moving expenses:

- Impact fees or one-time assessments for anticipated heavy utility usage.
- Professional services in connection with purchase or lease of a replacement site.
- Utilities from right of way to improvements on replacement site.

5.7.13.1 Eligible Re-Establishment Expenses

These items are eligible for reimbursement under re-establishment expenses based on the concept of actual, reasonable and necessary:

1. Repairs or improvements to replacement real property as required by applicable local, state or federal codes.
2. Modifications to replacement property to accommodate business operation or to make replacement structure suitable for conducting business.
3. Feasibility survey, soil testing and market studies.
4. Increased costs of operation during the first two years at the replacement site for items, such as:
 - Lease or rental charges.
 - Personal or real property taxes.
 - Insurance premiums.
 - Utility charges.
5. Redecoration or replacement of soiled or work surfaces at replacement site.
6. Construction and installation of costs for exterior signing to advertise business.
7. Licenses, fees and permits when not paid as part of moving expenses.
8. Advertisement of replacement location.
9. Other items WisDOT considers essential for re-establishment of the business

5.7.13.2 Ineligible Re-Establishment Expenses

These items are not eligible for reimbursement under re-establishment expenses:

- Interest on money borrowed to make move or purchase replacement property.
- Interior or exterior renovations at replacement site for aesthetic purposes, except as noted in #5 above.
- Payment to a part-time business in the home that does not contribute materially to household income.
- Purchase of capital assets, such as: office furniture, filing cabinets, and machinery or trade fixtures.
- Purchase of manufacturing materials, such as: production supplies, product inventory or other items used in normal course of business operations.

5.7.13.3 Re-Establishment of Rental Property/Landlord

A business whose sole activity at acquired site is leasing or renting space at site to others is eligible for a re-establishment payment. All requirements of this section about filing claims apply. In order to file a claim for reimbursement of these expenses, a landlord must acquire a replacement site for purpose of continuing to lease business space. Lessees who sub-lease space are not eligible for a re-establishment expense payment for business of leasing space. Personal property moves shall be reimbursed as an actual move only.

5.7.14 Fixed Payment for Moving Expenses (“in lieu of” moving expenses)

A displaced business may be eligible to choose an optional fixed payment in lieu of actual moving, searching and related expenses. A fixed payment is computed according to this section and shall be not less than \$1,000 or more than \$40,000. A fixed payment is calculated based on average annual net earnings and are in lieu of all other types of actual moving expenses. If a business, farm or non-profit organization elects to take, is reimbursed for moving costs, and later qualifies for a fixed payment, the amount of moving expenses previously paid must be deducted from the fixed payment for moving expenses entitlement.

A displaced business is eligible for an optional fixed move payment in lieu of other move payments if WisDOT determines that the business:

- Cannot be relocated without a substantial loss of existing patronage (clientele or net earnings). A business is assumed to meet this test unless WisDOT determines that it will not suffer a substantial loss of its existing patronage.
- Contributed materially to income of displaced person during two taxable years prior to displacement.
- Is not operated at a displacement dwelling or site solely for purpose of renting such dwelling or site to others. Landlords are not eligible for a fixed payment.
- Is not part of a commercial enterprise having more than three other entities that are not being acquired by WisDOT, and that are under the same ownership and engaged in same or similar business activities.
- Owns or rents personal property which must be moved in connection with such displacement and for which an expense would be incurred in such move, and business vacates or relocates from its displacement site.

5.7.14.1 Multiple Occupancy of Site

In determining whether two or more displaced legal entities constitute a single business that is entitled to only one fixed move payment, all pertinent factors are considered, including the extent to which:

- Entities are held out to public, and to those customarily dealing with them, as one business.
- Same person or closely related persons own, control, or manages affairs of entities.
- Same premises and equipment are shared.
- Substantially identical or interrelated business functions are carried out and business and financial affairs are commingled.

5.7.14.2 Fixed Payment Calculation – Averaging Annual Net Earnings

The fixed payment is calculated using the displaced business' average of IRS reported annual net earnings for the two years immediately preceding the displacement. If the two taxable years immediately preceding displacement are not representative of the average annual net earnings of the business, the regional RE unit along with concurrence from the statewide relocation facilitator may agree to use alternate tax years for a more representative two-year period. Alternate tax years may be considered when WisDOT determines that the proposed construction causes the business to lose net income and earnings as a direct result of the project. Other factors, such as competition, decline in public demand for the business inventory or services offered do not justify use of alternate tax years. The use of alternate tax years by a business must be justified by providing certified tax returns for the two tax years immediately preceding and the alternate years, and any other years that document the decline.

Business or farm operations - Average annual net earnings include any compensation the business (either a sole proprietorship, partnership or limited liability corporation) paid to the owner, spouse or dependents during the past two-year period. For a corporate owner of a business, earnings will include any compensation paid to the spouse or dependents of the owner of an interest in the corporations. For determining ownership, stocks held by a husband or wife and their dependent children are treated as one unit. Compensation paid to the owner is not limited to wages and may include contributions the business makes to pension or profit sharing plans on the owner's behalf. The displaced business must provide copies of the certified IRS tax returns for the relevant two years prior to the year of the displacement to verify that the criteria are met under [49 CFR 24.305](#) and [Adm 92.56](#) for items such as annual net earnings and number of entities of a commercial enterprise.

Non-profit operations - For non-profit organizations, the fixed payment is equal to the average annual difference between gross revenues and administrative expenses for the two (2) year period before displacement. Certified IRS tax returns are acceptable methods of providing evidence of income.