In addition, we do not believe that the present arrangements for cost sharing should be disturbed because the study of the Water Resources Council (established by P. L. 89–80) on this subject is not complete. Pending the outcome of the Council study, present cost sharing arrangements should not be disturbed and the relocation expense should be considered part of the land acquisition cost for Federal public improvement projects and be borne by the local agencies.

Accordingly, we recommend that the following be substituted for Section 804:

"Sec. 804. Whenever real property is acquired by a State agency for a Federal Public improvement project, the Federal agency having authority over such project may only accept such property in those cases in which the acquiring State agency has made relocation payments, provided relocation assistance, and provide assurance of availability of housing as required in the case of acquisitions of real property by a Federal agency, such payments and assistance to be considered a part of the real property acquisition cost."

Section 805 would authorize the President to make such rules and regulations determined necessary to carry out the provisions of the Act and also would prescribe minimum legislative guidelines. *Section 805(a)(2)(A)* would limit reimbursement to acual and reasonable expenses in searching for a replacement farm to those individuals who are displaced from a farm operation. The Department of Defense advises that it has followed the policy of reimbursing persons in locating all types of replacement property and can find no reason to limit the reimbursement to farms. The General Services Administration also recommends reimbursement for searching for all types of replacement property. Accordingly, we recommend that this provision be amended on page 42, lines 5 and 6 by deleting "in the case of a farm operation," and on page 42, line 7 by substituting "property" for "farm".

Section 805(a)(2)(B) would authorize a payment to businesses and farm operations which dispose of their personal property and replace such at the new location. This payment would be made whether or not any expense is actually incurred by displaced persons. The Department of Defense, under its present authority to make relocation payments, only authorizes the payment of the difference between the sale price and the cost of comparable replacement property, but not in excess of the cost of moving the property or its market value, whichever is less. Under the present language, the owner would be entitled to an amount equivalent to the full cost of moving irrespective of any difference between the disposal and replacement amounts. A displaced person who would dispose and replace personal property of a very low value, which is very bulky, heavy and costly to move might receive an unintended "windfall" if the present language remains in the bill. We believe that the present practice of the Department of Defense should be made applicable to all programs and we recommend that this provision be amended to read as follows:

"(B) if he disposes of personal property on moving his business or farm operation and replaces such property with comparable property at the new location at a price exceeding the sale price, the amount of the difference of such prices, not to exceed, however, the estimated cost of moving the property or its market value, whichever is less."

Section 807 details the requirements for approval of contracts or agreements State agencies must meet for Federal financial assistance, the type of relocation payments and assistance to be provided, and how the program is to be financed.

Section 807(a)(2) requires State agencies to make fixed relocation payments in the same amount and under the same terms and conditions as are required to be made by a Federal agency by subsection 802(b), (c), (d), and (e) of this title.

We believe there should also be authorized for federally assisted projects the payment for owner-occupants which we recommended as a new subsection 802(f). However, we understand that several States are considering legislation which would permit such payments as a part of the acquisition price under eminent domain rather than as a separately determined relocation payment. We believe this bill should prevent the possibility of double payment without, however, eliminating an area of experimentation. This can be accomplished by a provision prohibiting Federal assistance for a payment under this section if the owner-occupant receives a payment under state law which the head of the Federal agency determines to have the same purpose and effect and for which Federal assistance is available. Accordingly, we recommend the following language be inserted as subsection 807(a)(5):