

# State Real Estate Relocation Policy and Procedures

SBEX Policy No. 442-35

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## Table of Contents

### POLICY

- I. History of Adoption
- II. Philosophy of Policy
- III. General Terms of Eligibility
  - A. Agency's Criteria for Eligibility
  - B. Employee's Criteria for Eligibility
  - C. Qualifying Period
  - D. Eligible Property
  - E. Time, Distance & Related to Work Requirement
  - F. Temporary Living Quarters
- IV. Two Agreement Options
  - A. Option 1—Transaction Fee Assistance
  - B. Option 2—Straight Percentage of Residence Value
- V. Exemptions or Amendments
  - A. Exemptions
  - B. Amendments

### PROCEDURES

- VI. Agency Procedures

### APPENDICES

- Appendix A: Taxable Real Estate Relocation Expenses
- Appendix B: Time, Distance & Related to Work Tests
- Appendix C: Sample Employee Real Estate Relocation Service Agreement
- Appendix D: Glossary

### POLICY

#### I. History of Adoption

The State Board of Examiners first offered assistance with real property and rental/lease termination for state employees who had been requested by their agency to change job locations. These benefits appeared as amendments in the State Moving Policy in 1975. Over ten years later, the Board added a second option (relocation company service) for employees needing assistance to sell a former residence. In 2002, a third option (straight percentage) was added. In 2004, the Board moved to separate the real estate relocation assistance sections from the moving policy; hence the Real Estate Relocation Policy and Procedures became effective February 10, 2004.

## **II. Philosophy of Policy**

From time to time, it is necessary to transfer a permanent state employee from the employee's current work location within an agency to another work location within the same agency. Sometimes these transfers may require the employee to relocate their primary residence to assume the distant position.

The State of Idaho recognizes that such transfers may impose financial, personal and psychological difficulties for transferred employees and their families. Therefore, the Board establishes this policy to ensure consistency, to assist state agencies in recruiting and filling hard-to fill positions with qualified employees, and to help defray specific real estate expenses incurred in selling residential property or terminating residential rental or lease agreements for the qualified transferring employee.

When necessary, the agency director or designated representative shall offer real estate relocation assistance by way of a written assistance agreement between the employee and the offering agency. All such Employment Real Estate Relocation Service Agreements shall be approved by the agency director, chief financial officer or designated representative in accordance with this policy. It is intended that the employee shall make no financial gain from reimbursement for expenses or fees to sell the employee's residence or terminate a lease under any agreement option or resulting reimbursement pursuant to this policy. This assistance may be offered to a transferring employee in addition to any potential moving assistance as defined in the State Moving Policy and Procedures.

Current and prospective employees are cautioned that the federal Tax Cuts and Jobs Act of 2017 made all moving expenses taxable, and all allowable reimbursements made by the State will have tax consequences for the employee. As such, all related withholdings shall be applied to the total reimbursable amount pursuant to federal and state laws, such as income tax, social security tax and retirement. Employees are encouraged to consult with a personal tax professional for advice on the tax implications of any moving reimbursements under this policy.

## **III. General Terms of Eligibility**

Current and prospective employees must pay Real Estate Relocation expenses in advance of any reimbursement and must keep adequate accounting, including original receipts, invoices or similar record in order to obtain a reimbursement. Because all reimbursements are taxable, state agencies cannot pay directly, be invoiced, or contract directly with a third party providing relocation services. Current and prospective employees may only be reimbursed after providing adequate accounting for allowable relocation expenses under this policy. General reimbursable relocation expenditures shall comply with the following conditions.

### **A. Agency's Criteria for Eligibility**

1. Determine that this appointment is in the best interest of the State and the agency;
2. Determine that the agency is unable to staff said position with the most qualified employee without real estate relocation assistance;
3. Provide documentation of the appointment rational; and

4. Secure approval from the agency head or designated representative on an [Employee Real Estate Relocation Service Agreement](#) (Appendix C) or similar agreement form between the employee and the agency.

#### **B. Employee's Criteria for Eligibility**

1. State agencies may offer real estate relocation assistance only to a current, permanent employee who has a minimum of six (6) months service with the appointing agency. The Board of Examiners must approve in writing any exceptions prior to the employee or agency accruing any relocation expenses.
2. An agency shall require a signed [Employment Real Estate Relocation Service Agreement](#) (Appendix C) between the agency and the employee to provide real estate relocation assistance in accordance with this policy.

#### **C. Qualifying Period**

1. The eligible employee qualifies for real estate relocation assistance only while actively advertising the employee's former residence for sale and up to twenty (20) months from the date the employee was officially transferred to the new work location.
2. The qualified employee shall report the sale of the former residence within the twenty (20) month eligibility period.
3. Subject to subparagraph (C)(5) of the III. General Terms of Eligibility, residences retained by the employee beyond the twenty-month (20-month) period shall be considered rental or investment property and ineligible for any state-sponsored real estate relocation assistance.
4. When a residence becomes rental or investment property, the employee must repay the State for any real estate relocation assistance received.
5. The State Board of Examiners (the Board) may, on a case by case basis, extend the current qualifying period of up to twenty (20) months to a period not to exceed thirty-six (36) months from the date the employee was officially transferred to the new work location. Should the Board extend the qualifying period, the employee who is the beneficiary of that extension shall provide written evidence to the Board every ninety (90) days thereafter of his efforts to sell his property. The Board can shorten the extended qualifying period should the Board deem that appropriate. Residences retained by the employee beyond the extended qualifying period shall be considered rental or investment property and ineligible for any state-sponsored real estate relocation assistance.

#### **D. Eligible Property**

The State may provide real estate relocation assistance only for property that meets the following requirements.

1. The employee must be actively advertising the residence for sale.
2. The residence is the primary residence of the eligible employee.
3. The residence is on a lot size typical to the neighborhood.
4. The fair market value of a residence is determined by averaging two independent appraisals of the residence.

5. Reimbursements shall be based on and limited to the fair market value of the residence, and only that portion of the fair market value that does not exceed \$300,000 is eligible for reimbursement.
6. The State shall not pay real estate costs involving certain property types listed in Table 1.

Table 1. Ineligible property

Vacation homes	Vacant land
Income-producing properties e.g.: business, farm, rentals or other investment property	Residences requiring major structural or environmental repairs

#### **E. Time, Distance & Related to Work Requirement**

To qualify for real estate relocation assistance, the employee must relocate the primary residence by a distance greater than 50 miles one way when comparing the commute between (1) the employee's new work location and the former home and (2) the distance between the employee's former work location and the former home ([Appendix B](#)).

#### **F. Temporary Living Quarters**

The State may reimburse the employee for the cost of temporary living quarter under the following criteria:

1. The agency director or designated representative shall determine the employee's eligibility based on a case-by-case need basis.
2. Reimbursable days shall be kept to a minimum and shall not exceed 45 days.
3. Costs for temporary living quarters shall be based on actual "reasonable cost" plus applicable taxes for hotel / motel lodging, or an equivalent for alternative housing in an established place of business that provides living quarters for the public according to [State Travel Policy](#) 11.(3).

### **IV. Two Agreement Options**

The State offers two (2) real estate relocation options to help the employee terminate obligations in their former residential ownership, lease or rental. The agency may offer in consultation and agreement with the employee only one (1) of the following real estate relocation options and the agreement shall not combine parts of the two different options. When applicable, appraisals shall be limited to fair market values using standard appraisals.

Option 1—Transaction Fee Assistance

Option 2—Straight Percentage of Residence Value

#### **A. Option 1—Transaction Fee Assistance**

The agency in consultation with the eligible employee may choose to reimburse certain transaction fees associated with the sale of the employee's former residence or mobile home through a real estate agent, attorney or directly by the employee, or to terminate a rental or lease agreement of the former residence. The State may reimburse transaction fees according to the following terms:

1. Sale of Residence

Certain costs incurred in connection with selling the employee's former residence shall be limited and reimbursable according to the fees and limitations in Table 3.

Table 3. Limits on fees or expenditures for sale of residence

Fee / Expenditure	Limitation
Realtors' commission fees	Actual realtor's fee up to seven percent (7%) of sale price, not to exceed \$21,000
Title insurance fee	Actual amount
Two appraisal fees	Actual amount
Mortgage prepayment fee	Actual amount
Selling costs	Actual and necessary; If the employee lives in a multi-family dwelling, only costs related to the portion of the dwelling that the employee actually occupied qualify.
Attorney fees (if in lieu of a realtor)	Limited to one and one-half percent (1½%) of the sale price
Title company closing fees	Actual amount of seller's portion
Selling points	None

2. Terminate Rental or Lease of Residence

If the employee is relocating from a rented or leased dwelling, the State may pay reasonable expenses incurred by the employee to terminate a rental/lease agreement. Such reimbursement is limited to one month's rental/lease fee or the amount of the security/cleaning deposit, which ever is least.

**B. Option 2–Straight Percentage of Residence Value**

On transfers that necessitate selling the employee's former residence or mobile home, the agency in consultation with the employee may choose to receive reimbursement calculated as a straight percentage of the allowed residence value. Using this option, the State may reimburse the employee for expenses as follows:

1. Actual fees for two independent appraisals of the residence; and
2. Up to fifteen percent (15%) of the fair market value provided only the portion of the fair market value that does not exceed \$300,000 is eligible for consideration.
3. The employee must complete the sale of the residence within twenty (20) months of the official job transfer date or be liable to repay the agency all (100%) of the real estate relocation assistance received.

**V. Exemptions or Amendments**

Periodically, circumstances may require special consideration by the Board of Examiners to grant an exemption to this policy. Likewise, the Board recognizes the value of periodic review of this policy to maintain the best benefits for the State and its employees and to ensure realistic and accountable guidelines for real estate relocation assistance statewide. As such, the Board shall adhere to the following guidelines.

**A. Exemptions**

An agency or employee seeking an exemption to the State Real Estate Relocation Policy and Procedures shall:

1. Petition the Board stating the terms of the desired change and detailing the relevant extraordinary circumstances; as well as
2. Secure written approval by the Board prior to incurring any real estate relocation expenses.

## **B. Amendments**

The Board shall review this policy for relevance and applicability not less than once every four years. Further the Board reserves the right to amend this policy at any time.

Approved and signed by the State Board of Examiners, February 20, 2018. This policy shall remain in effect until such time as the State Board of Examiners may choose to amend or alter this policy.

                  /s/ Brandon D Woolf                    
Brandon D Woolf  
Secretary to the Board of Examiners  
Idaho State Controller

## **PROCEDURES**

### **VI. Agency Procedures**

The agency is the primary contact for real estate relocation assistance. As such, the agency director or designated representative shall adhere to the following procedures:

- Review and approve all relocation assistance agreements.
- May prescribe more restrictive guidelines than those stated herein.
- Define the appropriate process and documentation required for assistance in accordance with the Real Estate Relocation Policy herein.
- Shall retain all records pertaining to real estate relocation agreements and payments as required for standard fiscal accounting.

Further, the Board of Examiners recommends that each agency secure any approvals for exemptions to the Real Estate Relocation Policy prior to announcing a job vacancy in which real estate relocation benefits may be offered.

For further information on State Board of Examiners official policies and procedures, Contact the Idaho State Controller's Office at 208-334-3100 or email [brdexam@sco.idaho.gov](mailto:brdexam@sco.idaho.gov)

## **APPENDICES**

### **Appendix A: Taxable Real Estate Relocation Expenses**

Allowable reimbursements by the State may have tax consequences for the employee. If a reimbursement is taxable, all related withholdings shall be applied to the total amount pursuant to federal and state laws, such as income tax, social security tax and retirement.

*Employees are encouraged to consult with a personal tax professional for advice on the tax implications of any real estate relocation assistance.*

## Appendix B: Time, Distance & Related to Work Tests

To qualify for State real estate relocation assistance, the employee shall meet the following tests. Explanations below are not all inclusive. Please contact your tax advisor or the State Controller's Office, at 334-3100 or [brdexam@sco.idaho.gov](mailto:brdexam@sco.idaho.gov) for further assistance.

### A. Time Test

The employee must work full time for at least 39 weeks during the first 12 months after arriving in the general area of the new job location. Full-time employment for the State is a 40-hour workweek for twelve (12) months or an academic contract for either nine (9) or twelve (12) months.

### B. Distance Test

The distance test considers only the location of the former home. The distance between the employee's new work location and the former home (Figure 1. Distance A) must be 50 miles greater than the distance between the employee's former work location and the former home (Figure 1. Distance B). The distance between a job location and the former home is the shortest of the more commonly traveled routes between them. The employee's commuting distance must have increased by at least 50 miles one way.

### C. Related to Start of Work

Moving expenses qualify as closely related in time to the start of work when the moving expenses incurred within one (1) year from the date the employee started work at the new location. Moving expenses qualify as closely related in place to the start of work when the distance from the new residence to the new job location (C) is not more than the distance from your former home to the new job location (A), e.g.  $C < A$  (Figure C1).

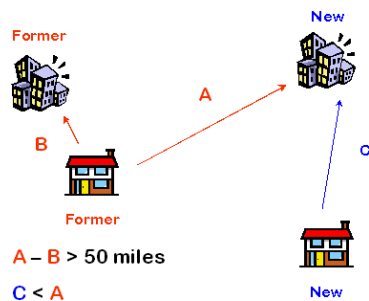


Figure B1. Example of Distance Test

## Appendix C: Sample Employee Real Estate Relocation Service Agreement

### EMPLOYEE REAL ESTATE RELOCATION SERVICE AGREEMENT

State Board of Examiners – SBEX Form# 442-35A

State of Idaho

"Agency" as used herein is Name: State of Idaho  
Address:

"Employee" as used herein is Name: Address:

"Board" as used herein is the State Board of Examiners, State of Idaho.

"Agency Head" as used herein is the director, chief administrator or president of a State of Idaho agency or institution of higher education.

WHEREAS, the Agency and Employee are mutually desirous that Employee's place of residence be relocated from \_\_\_\_\_ to \_\_\_\_\_; and

WHEREAS, The Employee certifies having read the State Real Estate Relocation Policy and any applicable agency policy(ies) in effect as of the date of this agreement, namely the \_\_\_\_\_, which said agency shall attach hereto with the Employee's signature, and the Employee hereby agrees to abide by the terms of said policies.

NOW THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the Agency and Employee do hereby agree to the following:

1. The Employee agrees to remain in the employing Agency in the position as hired at the date of this agreement for a period of \_\_\_\_\_ year(s) beginning on \_\_\_\_\_ unless waived by petition to the Agency Head and approved by the Board;
2. The Agency agrees to certain expenses incurred as a result of relocation. Reimbursable expenses are limited according to the State Real Estate Relocation Policy in effect on the date of this agreement and incorporated herein by reference.
3. The Agency and Employee agree that said reimbursement is conditioned upon the Employee fulfilling the terms and conditions of the State Real Estate Relocation Policy, and that should the Employee default, the Employee shall repay the Agency all reimbursed real estate relocation expenses.
4. Nothing contained in this Real Estate Relocation Service Agreement shall be construed as creating a contract of employment for any specific duration. The Agency and Employee specifically agree the purpose of this Agreement is to create a right for the Agency to recover some or all of the relocation expense reimbursement paid to the Employee under certain terms contained herein.
5. Any exemptions to this policy require a petition and approval from the Board of Examiners.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals.

\_\_\_\_\_  
Employee signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Agency Head signature

\_\_\_\_\_  
Date

#### **Appendix D: Glossary**

1. "Adequate accounting" means documentation with original receipts, invoices, cancelled checks and statement of expenses, account, book, diary or similar record in which expenses were entered at or near time of accrual.
2. "Agency" means any state department and executive branch organizations as authorized in I.C. 67- 2402 and their affiliated boards, commissions, councils, etc. unless otherwise prescribed by law.
3. "Agency director" (aka agency head) means the chief executive officer, director, administrator or president of a State of Idaho agency or institution of higher education.



4. "Appointing authority" means the agency director or designated representative authorized to hire and fire employees.
5. "Board" means the State Board of Examiners of the State of Idaho.
6. "Employee Real Estate Relocation Service Agreement" means a written agreement signed by the employee and agency director or designated representative defining the option, terms, and conditions of any State paid real estate relocation assistance.
7. "Fair market value" means the value of a residence as determined by averaging two independent appraisals of the residence.
8. "Reimbursement" means a payment from the State of Idaho to an employee.
9. "Reasonable cost" means actual cost that is economical and not exorbitant compared to standard hotel / motel charges in that city or region for that time of year in which the lodging is secured.
10. "Transfer" means an agency-required change in job location that necessitates relocating the employee's place of residence.