

Actual Direct Loss of Tangible Personal Property

This article will describe the changes made to the Actual Direct Loss of Tangible Personal Property provisions in §24.301(g)(14)(i) and (ii).



- 1.** A clarification of the wording in 49 CFR 24.30 1(g)(14)(i) and (ii) was made. The intent of the revision in actual direct loss of tangible personal property is to insure the payment is based on the lesser of the fair market value in place, as is or the estimated cost to move and reconnect, as is.
- 2.** The fair market value in place, as is, is based on the current fair market value of the item at the displacement site.
- 3.** If the equipment is in storage or not being used at the acquired site the estimated cost to move cannot include storage. Additional guidance can be found in the Preamble, page 604, and the Appendix, page 635, of the final rule.

EXAMPLE

Calculate the amount for the continued use of an item, in place, as is, at the displacement site, and subtract the (net) proceeds from the sale:

Current fair market value of the equipment in place, as is, installed and fully operational

Subtract the proceeds from the sale \$10,000 - \$7,000 _____ Add the cost of the sale \$3,000 + \$500 _____ \$3,500.

B. The wording in sect;24.301(g)(14)(ii) was revised to clarify that current estimated cost to move and reconnecting an item as is at the replacement site will not include upgrades for code requirements.

Calculate the estimated cost to move and reconnect the item, as is, with no upgrades:

- Current estimated cost to move and reconnect, as is with no upgrades for code requirements:
\$ 2,500 PAYMENT is the lesser of A. or B. above: \$2,500