

HOUSE BILL REPORT

HB 1298

As Reported by House Committee On:
Local Government & Housing

Title: An act relating to utility liens against rental property.

Brief Description: Limiting utility liens against rental property.

Sponsors: Representatives O'Brien, Warnick, Williams, McCune, Rodne, Simpson, Kelley and Ormsby.

Brief History:

Committee Activity:

Local Government & Housing: 1/26/09, 2/4/09 [DP].

Brief Summary of Bill

- Exempts a property owner from liability for certain delinquent utility bill debts owed by tenants, provided the property owner complies with specified procedural requirements.

HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING

Majority Report: Do pass. Signed by 11 members: Representatives Simpson, Chair; Nelson, Vice Chair; Angel, Ranking Minority Member; Ericksen, Assistant Ranking Minority Member; Cox, Miloscia, Short, Springer, Upthegrove, White and Williams.

Staff: Thamas Osborn (786-7129)

Background:

Authority of Cities and Towns to Collect Delinquent Water and Electric Bills.

A city or town that owns its water system or power plant is authorized to impose a lien against premises incurring debts for delinquent water or power service charges, subject to the following limitations:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

- the premises are at least four months in arrears with respect to the payment of bills for these services;
- the lien amount does not exceed the dollar amount of the four-month arrearage; and
- the calculation of the dollar amount of the lien does not include charges for bills that are *more* than four months past due.

The owner of the premises may prevent the imposition of the lien by providing a written request to the public utility to cut-off services to the premises, accompanied by the payment of all delinquent charges, including any cut-off charges imposed by the public utility.

Authority of Cities and Towns to Collect Delinquent Sewer Bills.

A city or town that owns its sewer system is authorized to impose a lien against premises that are delinquent in paying for sewerage services furnished to the premises. The lien may be for a dollar amount that includes delinquent rates and charges, specified penalties, as well as interest.

Authority of Counties to Collect Delinquent Water and Sewer Bills.

A county that operates its own water and/or sewer system is required to impose a lien against premises that are delinquent in paying for system services furnished to the premises. The lien must be for a dollar amount that includes all delinquent charges, interest, and penalties.

Summary of Bill:

A county, city, or town may not impose a lien on rental property for specified utility service debts if such service was provided to the premises pursuant to a contract between the municipality and a resident tenant, and the property owner complies with the following requirements:

- provides written notification to the city/town that the property in question is a rental property and that the tenant has vacated the property (must be done within 10 days of the property owner becoming aware that the tenant has vacated); and
- provides the city/town with his/her address and the last known address of the tenant.

In the case of counties, this limitation upon the imposition of a lien applies only with respect to debts related to water and sewer services. With respect to cities and towns, this lien limitation applies to specified debts incurred with respect to water, sewer, and power services.

A city/town may not hold the owner of a rental property liable for more than 30 days of delinquent water or power costs incurred by a tenant, or withhold services to the rental premises in the future, provided:

- the city/town has contracted directly with the current tenant for the provision of utility services; and

- the property owner has provided the city/town with notification his or her address to which notification of the delinquency can be sent.
-

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill makes necessary changes to current law because it relieves landlords of unfair debt obligations stemming from the failure of tenants to pay utility bills. Counties and cities should not be able to place liens on the property of innocent landlords due to the irresponsible financial behavior of tenants. As the law now stands, a property can be subject to thousands of dollars of unpaid utility bills without a landlord being made aware of this in timely fashion. Many city and county utilities are not concerned about notifying the landlord of unpaid tenant bills because they know they can later pursue the landlord for payment. Simply put, the bill changes inequitable laws by shifting debt responsibility to the tenants themselves. The bill does not put any undue financial burden on city or county utilities since unpaid utility bill write-offs are insignificant. Furthermore, the bill places some responsibility on landlords by requiring them to communicate with the utility and provide information that will assist in collecting the debt from tenants.

(Opposed) The bill creates bad public policy and should not be passed. Landlords are in a better position to keep track of the practices of their tenants than are the county and city utilities. Leases and rental agreements generally require tenants to keep current in utility payments and tenants can be evicted for failing to do so. Also, passage of the bill may have a range of unintended consequences that are undesirable for municipalities as well as tenants. One problem that could result is that utilities could refuse to contract for services with tenants because of the difficulty in obtaining payment of arrearages. Thus, innocent tenants could be denied basic services they need. There are already some utilities that will only contract for services with the landlord. Also, many small cities and counties would suffer significant financial losses if they were unable to require landlords to pay arrearages. Current law provides them with the bill collection tools they need in order to continue to function. Furthermore, there is no evidence that current law has actually created significant problems for landlords, thus there is no need for this legislative remedy.

Persons Testifying: (In support) Representative O'Brien, prime sponsor; Bill de Weber, Washington Apartment Association; Joe Puckett, Washington Multi-Family Housing Association; Ron Newbry, Yakima Valley Landlords Association; and Julie Johnson, Rental Housing Association.

(Opposed) Greg Provenzano, Columbia Legal Services; Victoria Lincoln, Association of Washington Cities; and Mayor Katrina Asay, City of Milton.

Persons Signed In To Testify But Not Testifying: None.