

FINAL BILL REPORT

ESHB 2551

C 285 L 98

Synopsis as Enacted

Brief Description: Allowing utilities to take actions, such as requiring deposits, to ensure payment.

Sponsors: By House Committee on Energy & Utilities (originally sponsored by Representative Crouse).

House Committee on Energy & Utilities
Senate Committee on Energy & Utilities

Background: Utilities operated by municipalities and other political subdivisions of the state are authorized to place liens for charges due but unpaid against the property to which utility services are provided. Examples are liens for municipal water, sewer, and electricity services, and for water-sewer district or irrigation district services.

Different kinds of governmental utilities have different lien provisions. The differences involve the method of enforcing the lien, the number of months of unpaid charges that may be subject to a lien, the priority status of the lien, and how the lien is perfected. In addition, similar utilities that are subject to the same lien laws vary greatly in size and have significantly different billing systems.

Utility liens are a source of tension between owners of rental property and utilities. Some owners of rental property would like to receive duplicate billings for services provided to rental units, or to be notified when an account is delinquent, because the owners may become liable for accounts that they are unaware are in arrears.

While some governmental utilities already send duplicate bills, some utilities report that their billing systems cannot feasibly generate duplicate bills, and that the utilities may not know which accounts involve rental properties. In addition, utilities report a split of opinion among their attorneys about whether utilities are authorized to collect deposits.

There is no explicit authority for governmental utilities to allocate partial payments on past due accounts in accordance with utility priorities, where consolidated bills are issued for more than one utility service. Water-sewer districts may not terminate service until an account is delinquent for sixty days.

Summary: A municipal utility, water-sewer district, or irrigation district may provide duplicates of tenant utility service bills to owners of rental property, or may notify an owner that a tenant's account is delinquent. However, the utility or district must notify an owner (or the owner's designee) of a tenant's delinquency, if the owner or designee has made a written request that the utility do so. The owner or designee must identify the property as rental property, and provide a mailing address. The utility or district is to notify the owner or designee in the same manner that the utility or district notifies the tenant of the tenant's delinquency or by mail. A utility or district providing a real property owner or the owner's designee with a duplicate of a tenant's bill, or a notice that the tenant's utility account is delinquent, must notify the tenant of the fact.

After January 1, 1999, if a utility or district fails to notify the owner or designee of a tenant's delinquency after receiving a written request to do so, the utility or district may not place a lien on the property for the tenant's delinquent bill.

A utility or district may require deposits from customers, but failure to require deposits does not affect the validity of a utility lien. Also, the utility or district may determine how to allocate partial payments on past due accounts.

The length of time an account must be delinquent before a water-sewer district may terminate service is reduced from 60 to 30 days.

Votes on Final Passage:

House 98 0
Senate 40 5 (Senate amended)
House 98 0 (House concurred)

Effective: June 11, 1998