

HOUSE BILL ANALYSIS

HB 2551

Title: An act relating to unrecorded utility liens.

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

Sponsors: Representative Crouse.

HOUSE COMMITTEE ON ENERGY & UTILITIES

Meeting Date: January 21, 1998

Bill Analysis Prepared by: Margaret Allen (786-7110)

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 they may become liable for accounts they are unaware are in arrears. In addition, owners do not want to be held liable for charges for electrical service provided after they have notified a utility that a tenant has moved out.

While some governmental utilities already send duplicate bills, some report that their billing systems cannot feasibly generate duplicate bills, and that they (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 or to inform consumer reporting agencies (credit bureaus) of customers

whose service has been discontinued due to nonpayment or who have moved without notifying or paying the utility for outstanding charges. *Also, some utilities worry that by reporting unpaid account information to consumer reporting agencies, the utilities themselves will be viewed as consumer reporting agencies and have to comply with all the provisions of state and federal fair credit reporting laws.*

An existing law exempts the residential addresses and residential telephone numbers of public utility customers from disclosure under the public records act, but does not address social security numbers. *However, some utilities report that some customers either do not have social security numbers or are unwilling to divulge them.*

Governmental utilities have requested explicit authority to allocate partial payments on past due accounts in accordance with utility priorities, where consolidated bills are issued for more than one utility service. In addition, some water-sewer districts have asked for authority to terminate service once an account is delinquent for thirty days, rather than having to wait sixty days as is currently required.

Summary of Bill: 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. An owner of rental property served by a municipal utility will not be liable for electricity service provided after notifying the utility that the tenant has moved.

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

Utilities may notify consumer reporting agencies *of utility customers whose service has been discontinued due to nonpayment or who have moved without notifying or paying the utility for outstanding charges. The utility may not disclose the customer's residential address or residential telephone number to the* consumer reporting agencies, but may disclose the customer's social security number if available. Providing information to consumer reporting agencies is insufficient by itself to qualify a utility as a consumer reporting agency.

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

Appropriation: None.

Fiscal Note: None requested.

Effective Date of Bill: Ninety days after adjournment of session in which bill is passed.