

# SENATE BILL REPORT

## ESHB 2551

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As Reported By Senate Committee On:  
Energy & Utilities, February 26, 1998

**Title:** An act relating to unrecorded utility liens.

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

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

**Brief History:**

**Committee Activity:** Energy & Utilities: 2/23/98, 2/26/98 [DP, DNP].

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### SENATE COMMITTEE ON ENERGY & UTILITIES

**Majority Report:** Do pass.

Signed by Senators Finkbeiner, Chair; Hochstatter, Vice Chair; Jacobsen, Rossi, T. Sheldon and Strannigan.

**Minority Report:** Do not pass.

Signed by Senator Brown.

**Staff:** Andrea McNamara (786-7483)

**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.

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.

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 30 days, rather than having to wait 60 days as is currently required.

**Summary of Bill:** A municipal utility, water-sewer district, or irrigation district may require deposits from customers to guarantee payment for services, but failure to do so will not affect the validity of a utility lien. Also, the utility or district may determine how to allocate partial payments on past due accounts.

A municipal utility, water-sewer district, or irrigation district is authorized to provide duplicates of tenant utility service bills to owners of rental property and may notify an owner that a tenant's account is delinquent.

When an owner (or the owner's designee) requests in writing to be notified of a tenant's delinquency, the utility or district must provide such notice to the owner (or the owner's designee). 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 the utility or district notifies the tenant of the tenant's delinquency, or by mail.

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 is prohibited from placing a lien on the property for the tenant's delinquent bill.

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

Other technical and clarifying changes are made.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** The discretionary notification and deposit authorities are a clarification that some municipalities believe they need in order to collect deposits and provide duplicate notification. This is a negotiated solution to a long-standing problem that has been a long time in coming. The process has been much more collaborative between property owners and utilities than in the past, and the bill strikes a good balance between their interests. The dual notice provision shares the responsibility, and the administrative burden, equitably between utilities and landlords.

**Testimony Against:** None

**Testified:** PRO: Mark Gjurasic, WA Apartment Association; Martin Faveluke, Manufactured Housing Industry; John Mills, Institute of Real Estate Management; Steve

Lindstrom, Sno-King Water District Coalition; Larry Southwick, City of Bellevue; Pat Ehlers, City of Redmond.