
**Technology, Telecommunications
& Energy Committee**

ESSB 6519

Brief Description: Regulating third party utility billings.

Sponsors: Senate Committee on Financial Services, Insurance & Housing (originally sponsored by Senators Benton, Prentice, Winsley and Kline).

Brief Summary of Engrossed Substitute Bill

- A landlord of a multiunit building must meet certain notice and disclosure requirements in order to bill tenants or to contract a third party to bill tenants for master metered or unmetered utility services.
- Third party billing agents must be properly registered and licensed to do business in the state of Washington and must comply with applicable laws.
- Dispute resolution provisions may not require tenants to pursue a remedy in another state.
- The state of Washington fully occupies and preempts the entire field of residential third party utility billings, and local laws and ordinances that are inconsistent or more restrictive than state law cannot be enacted.

Hearing Date: 2/24/04

Staff: Kiki Keizer (786-7109).

Background:

Some local governments in the state of Washington have enacted laws that govern the way in which landlords or their agents may bill tenants in multiunit residential buildings for utilities that are measured through a single meter for all tenants ("master metered") or that are measured in some way other than through a meter ("unmetered").

Summary of Bill:

A landlord of a multiunit building must meet certain requirements in order to bill tenants or to contract a third party to bill tenants for master metered or unmetered utility services. Those requirements include:

Advance Written Notice to Tenants

Tenants must receive advance written notice of billing practices as part of a new or renewed rental agreement. Tenants must receive such notice at least 30 days before expiration of their rental agreements, or, in the case of a month-to-month tenancy, at least 30 days before the billing practices become effective. If billing practices are already in effect on the effective date of the act, written notice must be given within 30 days of the effective date.

Disclosure Requirements to be Included in Notice

The notice must include disclosure of the methodology used to allocate the charges to each tenant, including charges for common areas of the building, along with other terms and conditions of the arrangement. If submetering is used, then the notice must include information about the location of the submeter and any access requirements to tenant dwelling units or mobile home lots for purposes of reading, repairing, or maintaining the submeters. If any of the terms or the billing arrangement are going to change, or if the billing agent is scheduled to change, then notice is required at least 30 days prior to the due date of the next rental payment.

Restrictions on Charges

The total of the charges sent to all of the units may not exceed the amount that the utility charged the landlord for the same services, except for service charges, late payment charges, and insufficient funds check charges for dishonored checks, all of which must be reasonable and the basis of which must be disclosed in the billing practices notice.

Requirements for Third Party Billing Agents

Any third party billing agent must be properly registered and licensed to do business in the state of Washington and must be in compliance with applicable laws and rules.

Disclosure in Each Billing Statement

Each billing statement must clearly and conspicuously indicate that it is not from a utility but, rather from a landlord. It must reflect the name, business address, and telephone number of the billing entity, as well as a mailing address and telephone number for billing inquiries and disputes. The bill must identify the party responsible for resolving inquiries and disputes and indicate that party's business hours and days of operation. The bill must also indicate the process used to resolve disputes related to billing.

The billing statement must show the basis for each separate charge and past due amounts and, if the dwelling units are submetered, the bill must reflect current and prior meter readings, the current read date, and either the amount consumed or the amount estimated to have been consumed if the utility has sent the landlord an estimated bill.

The statement must show the due date and the date upon which the bill becomes overdue and the amount of any late charges or penalties that would apply in the event that the bill becomes overdue.

The bill includes the following additional provisions:

Billing of master metered or unmetered utility services may be addressed in a written addendum to a lease.

Dispute resolution provisions may not require tenants to pursue a remedy in another state.

When a billing entity employs a methodology for third party billing based on submetering or hot water metering, the individual meters must be accurate and regularly maintained.

The state of Washington fully occupies and preempts the entire field of residential third party utility billings, and local laws and ordinances that are inconsistent or more restrictive than state law cannot be enacted.

Appropriation: None.

Fiscal Note: Requested on 2/19/04.

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