

SENATE BILL REPORT

SB 5854

As Reported By Senate Committee On:
Consumer Protection & Housing, February 23, 2007

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

Brief Description: Limiting utility liens against rental property.

Sponsors: Senators Benton and Carrell.

Brief History:

Committee Activity: Consumer Protection & Housing: 2/22/07, 2/23/07 [DPS].

SENATE COMMITTEE ON CONSUMER PROTECTION & HOUSING

Majority Report: That Substitute Senate Bill No. 5854 be substituted therefor, and the substitute bill do pass.

Signed by Senators Weinstein, Chair; Kauffman, Vice Chair; Honeyford, Ranking Minority Member; Delvin, Haugen, Jacobsen, Kilmer, McCaslin and Tom.

Staff: Alison Mendiola (786-7483)

Background: Under current law, cities, town and counties operating their own utilities or own water or sewer systems may place a lien against a property for the failure to pay for such services.

Summary of Bill (Recommended Substitute): If a tenant contracts directly with a public utility for services, and if a landlord notifies the city, town, or county, in writing, of a tenant's complete and accurate mailing address, the jurisdiction may not place a lien against a landlord's property due to a tenant's delinquent or unpaid charges. Also, the jurisdiction has no right of action against the landlord.

EFFECT OF CHANGES MADE BY CONSUMER PROTECTION & HOUSING COMMITTEE (Recommended Substitute): Language was added to clarify that the provisions of the bill only apply if the public utility contracts directly with tenant for services.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

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.

Staff Summary of Public Testimony on Original Bill: PRO: Tenants are the ones with the contracts with the utilities, so landlords should not be liable for their delinquent charges. Generally, when tenants aren't paying their utilities, they aren't paying their rent either and while you can try and get a judgment against a tenant, landlords generally never collect that money. Landlords have no way of knowing that a tenant is behind on the utilities. Many landlords have just a few properties and this can cause a significant hardship, especially if they have to pay off the lien in order to have the utilities turned back on for the next tenant.

CON: If the landlord can't find a tenant, how will a utility? The problem is with public utilities if the debt isn't paid off, then the burden for that debt is paid for by the public. If utilities can't place a lien, they will have to increase their deposits which may be hard for a tenant to pay. Rentals are businesses, landlords can set their deposits at a rate that would cover unpaid utilities.

Persons Testifying: PRO: Senator Benton, prime sponsor; Darlene Penuock, Jim Throckmorton, Washington Apartment Association; Susan Gonzalez, Bob Kling, Washington Apartment Association, Lewis County Rental Housing Association; Theresa Janzen, Manufactured Housing Communities of Washington; John Woodring, Washington Apartment Association, Manufactured Housing Communities of Washington, Rental Housing Association.

CON: Rose Bowman, Washington Association of County Officials; Victoria Lincoln, Association of Washington Cities; Brian Shay, City of Hoquiam.