

SENATE BILL REPORT

SB 6261

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, February 3, 2010

Title: An act relating to utility services collections against rental property.

Brief Description: Addressing utility services collections against rental property.

Sponsors: Senators Marr, Schoesler, Berkey, Zarelli and Hobbs.

Brief History:

Committee Activity: Financial Institutions, Housing & Insurance: 1/19/10, 2/02/10, 2/03/10 [DPS, DNP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: That Substitute Senate Bill No. 6261 be substituted therefor, and the substitute bill do pass.

Signed by Senators Berkey, Chair; Hobbs, Vice Chair; Benton, Ranking Minority Member; Schoesler.

Minority Report: Do not pass.

Signed by Senator McDermott.

Staff: Alison Mendiola (786-7483)

Background: When a local municipality provides its own utility services and the property owner requests to be notified of a tenant's delinquency, then the local municipality is to notify the tenant and owner of a tenant's delinquency at the same time.

A municipality has authority to place a lien on the property when a utility account is four months past due. However, if the owner provides the proper notice and is not notified of a tenant's delinquency, then the local municipality does not have the authority to place a lien on the property for the tenant's delinquent and unpaid charges.

The owner of a property or the owner of a delinquent mortgage on the property may provide written notice to the utility to cut off such services provided the request includes payment of any delinquent and unpaid charges. If the utility continues to provide services despite this

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request and payment, the municipality may not place a lien for future unpaid charges, and the owner or the holder of the delinquent mortgage on the property is not liable for these charges.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): If a property owner provides proper notice to the local municipality that provides their own utilities and the municipality informs the owner of the tenant's delinquency for electric light and power services, then the owner is only liable for up to four months of unpaid electrical or power charges.

After August 1, 2010, if the municipality fails to provide the owner with notice of the tenant's delinquency then the municipality may not collect the tenant's delinquent and unpaid electric light and power services charges from the owner.

Before disconnecting utility services, the utility is to determine if a tenant resides at the property and if so, the utility is to notify the tenant of any impending disconnection of services at the same time and in the same manner as the property owner. The tenant may request that the disconnection be delayed for ten days in order to resolve any dispute with the landlord or arrange for services in the tenant's name. If the services are then provided to the tenant, the utility cannot require that the tenant pay the landlord's or previous tenant's delinquency.

The language regarding shutting off utility services is struck.

EFFECT OF CHANGES MADE BY FINANCIAL INSTITUTIONS, HOUSING & INSURANCE COMMITTEE (Recommended Substitute As Passed Committee): It is clarified the limitation on collections for a tenant's past due utilities is limited to electric light and power services.

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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, except for Section 1 which take effect on August 1, 2010.

Staff Summary of Public Testimony on Proposed Substitute As Heard in Committee:
PRO: This bill clarifies that a utility can only collect up to four months of a tenant's

delinquent charges from the landlord, if the landlord had notice of the tenant's delinquency. Liens are limited to four months of charges, so collections should have the same limitations. All parties need to act in good faith to avoid unpaid charges.

CON: Some cities only bill every other month, so you'd need to collect after just two billing statements. Cities don't use the lien authority because it's difficult and takes a lot of time.

OTHER: Similar protection is needed for tenant's if the utility is in the landlord's name and the landlord isn't making payments.

Persons Testifying: PRO: Senator Marr, prime sponsor; Joe Puckett, Washington Multifamily Housing Assn.; Julie Johnson, Rental Housing Assn.

CON: Victoria Lincoln, Assn. of Washington Cities.

OTHER: Greg Provenzano, Columbia Legal Services.