

FINAL BILL REPORT

ESB 6261

C 135 L 10
Synopsis as Enacted

Brief Description: Addressing utility services collections against residential rental property.

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

Senate Committee on Financial Institutions, Housing & Insurance
House Committee on Local Government & Housing

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 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: Delinquent Utility Charges for Rental Properties. Municipal electric light and power utilities may only collect delinquent charges from owners of a rental property for up to four months of charges, provided that the owner has satisfied requirements to request notification of a tenant's delinquent utility charges. After August 1, 2010, if a municipality fails to notify an owner of rental property of a tenant's delinquent charges, the municipality has no lien on the rental property and is prohibited from collecting delinquent charges for electric light or power services from the owner, provided the owner of the rental property has provided a proper request to the municipality to receive such notification.

If a utility account is in a tenant's name, upon termination of a rental agreement and vacation of the premise, the property owner of the rental property or the owner's designee must notify the municipality. The notification must be submitted in writing within 14 days of the termination of the rental agreement and vacation of the premise. If the owner fails to comply with this requirement, and if the municipality has complied with its notification requirements,

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the municipal utility is no longer limited to collecting delinquent charges for only four months.

A municipality must make a reasonable effort to provide written notice of pending disconnection of electric power and light or water service to the service address at least seven calendar days prior to disconnection if: (1) an occupied multiple residential rental unit receives service through a single account; (2) the billing address of the utility account is not the same as the service address of the rental property; or (3) the municipality has been notified that a tenant resides at the service address.

With certain exceptions, if requested, a city or town must provide electric power and light or water services to an affected tenant on the same terms and conditions as other utility customers, without requiring that the tenant pay delinquent amounts for services billed directly to the property owner or previous tenant. In these cases, the tenant may deduct from the rent due all reasonable charges paid by the tenant to the city or town for such services, and a landlord may not take reprisals or retaliatory action against a tenant who deducts from their rent payments for these purposes. A municipality retains the right to collect any delinquent amounts due for services previously provided from the property owner, previous tenant, or both.

Utility Liens. A provision is removed that disallowed a municipality's lien against a property for further delinquent utility charges after the property owner provides a written request to the municipal utility to have services cut off and includes payment of any delinquent charges.

Votes on Final Passage:

Senate	45	2	
House	98	0	(House amended)
Senate	46	0	(Senate concurred)

Effective: June 10, 2010