
Judiciary Committee

SSB 6315

Title: An act relating to the fair tenant screening act.

Brief Description: Concerning the fair tenant screening act.

Sponsors: Senate Committee on Financial Institutions, Housing & Insurance (originally sponsored by Senators Frockt, Kohl-Welles, Kline, Chase, Keiser, Regala and Nelson).

<p style="text-align: center;">Brief Summary of Substitute Bill</p> <ul style="list-style-type: none">• Requires landlords of residential property to provide prospective tenants with specified information regarding the tenant screening process.• Convenes a workgroup for the purpose of addressing tenant screening issues.

Hearing Date: 2/15/12

Staff: Omeara Harrington (786-7136).

Background:

The Residential Landlord-Tenant Act (RLTA) regulates the creation of residential tenancies and the relationship between landlords and tenants of residential dwelling units.

Landlords may engage in tenant screening to evaluate potential tenants, either by conducting their own searches of public records or by using companies that provide consumer reports for use in tenant screening. The RLTA provides that if a landlord uses a tenant screening service to obtain the report, only the landlord's cost incurred in using the service can be charged to the tenant. If the landlord conducts his or her own screening, the landlord's actual costs may be charged.

A landlord may not charge a prospective tenant for obtaining background information unless the landlord first notifies the prospective tenant of what the tenant screening will entail, the tenant's right to dispute the information received by the landlord, and the name and address of the tenant

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screening service used by the landlord. A landlord is not required to disclose information to the tenant that was obtained from the screening process if that disclosure is not required by the federal Fair Credit Reporting Act.

The use of credit reports and consumer reports is regulated under both federal and state law. These laws require that consumer reporting agencies establish procedures to ensure that the information in consumer reports is accurate and is provided only for appropriate purposes. Certain outdated information is prohibited from appearing in a consumer credit report, including information relating to suits or judgments, or criminal records, that are more than seven years old.

A person who takes an adverse action against a consumer based on a consumer report must provide notice to the consumer of the adverse action and the name of the consumer reporting agency that provided the report. A consumer reporting agency must furnish a copy of the report to the consumer without charge if the consumer requests the report within 60 days of receipt of an adverse action based on the consumer report.

Summary of Bill:

A prospective residential landlord must notify a prospective tenant of the following, either in writing or by posting, prior to commencement of tenant screening:

- The kind of information that will be accessed in conducting the screening.
- The criteria that may result in denial of the application.
- The name and address of the consumer reporting agency, if used, along with notice to the prospective tenant of their right, in the event of an adverse action, to a free copy of the consumer report and the opportunity to dispute the report's information.

The prospective landlord may not charge the prospective tenant a screening fee unless these disclosures are made.

The prospective landlord must provide the prospective tenant with notice of any adverse action taken. The notice must substantially comply with a statutory format, which includes information regarding the nature of and basis for the adverse action. If the adverse action is based on information contained in a consumer report, the contact information for the consumer reporting agency is to be provided.

A stakeholder workgroup must be convened for the purpose of addressing tenant screening issues, including cost of screening, portability of screening reports, criteria used in evaluation of prospective tenants' backgrounds, and the regulation of tenant screening services. Specific recommendations are due to the legislature by December 1, 2012.

Rights of prospective tenants and duties of screening services as outlined in the state Fair Credit Reporting Act are not affected. A residential leasing exception to the general requirement that persons taking adverse action based on a consumer report provide written notice of the adverse action to the consumer is removed.

Definitions are added to the RLTA for tenant screening, tenant screening report, prospective landlord, and prospective tenant.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 13, 2012.

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