

SENATE BILL REPORT

SB 6315

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, February 1, 2012

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

Brief Description: Concerning the fair tenant screening act.

Sponsors: Senators Frockt, Kohl-Welles, Kline, Chase, Keiser, Regala and Nelson.

Brief History:

Committee Activity: Financial Institutions, Housing & Insurance: 1/31/12, 2/01/12 [DPS].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: That Substitute Senate Bill No. 6315 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hobbs, Chair; Prentice, Vice Chair; Benton, Ranking Minority Member; Fain and Keiser.

Staff: Alison Mendiola (786-7483)

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

A landlord may not charge a tenant for obtaining background information unless the landlord first notifies the 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 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 (FCRA.)

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.

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 Certain outdated information is prohibited from appearing in a consumer credit report, including information relating to suits or judgments, or criminal records, that are more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 credit 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: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): Prior to screening a prospective tenant, and in order to charge the prospective tenant for that screening, the prospective landlord must first notify the prospective tenant in writing, or by posting the following information:

- what types of information will be accessed to conduct the tenant screening;
- what criteria may result in the denial of the application; and
- the name and address of the consumer reporting agency, if used; and the prospective tenant's right to obtain a free copy of the consumer report in the event of an adverse action, and to dispute the accuracy of information in the consumer report

If an adverse action is taken, the prospective landlord must provide this information to the prospective tenant in writing, in a form substantially similar to the one prescribed by statute. If the adverse action is based on information received from a consumer report, the contact information of the consumer reporting agency is to be provided.

A stakeholder workgroup comprised of landlords, tenant advocates, and representatives of consumer reporting and tenant screening companies convenes for the purposes of addressing the issues of tenant screening including, but not limited to:

- a tenant's cost of obtaining a tenant screening report;
- the portability of tenant screening reports;
- criteria used to evaluate a prospective tenant's background, including which court records may or may not be considered; and
- the regulation of tenant screening services.

Specific recommendations on these issues are due to the Legislature by December 1, 2012.

The FCRA is amended to remove information regarding adverse actions involving an application for the rental of residential real estate.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: The information in the tenant screening reports should be accurate and correct. Tenants repeatedly pay for screening reports and they can't even purchase them or correct them before a housing opportunity is lost. We want legislation that addresses the high cost of the reports and this bill has our full support. It's a real barrier when a landlord considers items on your report that you can't fix or they encourage you to apply and subsequently get denied for something you disclosed to the landlord prior to running a tenant screening report. Happy to see that the Rental Housing Association adverse action notice was used as a model. Thanks to the prime sponsor and stakeholder meetings, this bill will go a long way with addressing this long discussed issue. Making standards across the board for all screening companies is a great idea.

Persons Testifying: PRO: Senator Frockt, prime sponsor; Michele Thomas, WA Low-Income Housing Alliance; Patricia Ridge, WA Parent Advocacy Committee; Thomas Green, Citizen; Jonathon Grant, Tenants Union of WA; Walt Olsen, John Woodring, Manufactured Housing Communities of WA; John Near, Orca Information; Bob Gregor, Landlord Protection Services, Inc.; Joe Puckett, WA Multifamily Housing Association; Megan McCormick, Rental Housing Assn.