

HOUSE BILL REPORT

HB 2069

As Reported by House Committee On:
Civil Rights & Judiciary

Title: An act relating to a property owner's or tenant's liability for delinquent and unpaid utility service charges.

Brief Description: Concerning a property owner's or tenant's liability for delinquent and unpaid utility service charges.

Sponsors: Representatives Dufault, Springer, Santos, Dent, Reeves, DeBolt, Kirby, Harris, Walen, Caldier, Jinkins, Steele, Pollet, Paul, Barkis, Irwin, Lovick, Eslick, Van Werven, Walsh, Fey, Frame, Callan, Shewmake, Valdez, Peterson, Senn and Leavitt.

Brief History:

Committee Activity:

Civil Rights & Judiciary: 2/15/19 [DPS].

Brief Summary of Substitute Bill

- Prohibits a city or town utility service provider from collecting delinquent charges from a rental property owner or new residential tenant utility customer.
- Prohibits a city or town utility service provider from placing a lien on a property due to a tenant's delinquent account when the utility account is in the tenant's name.
- Repeals provisions related to utility services and tenant delinquencies and reinstates language as amended in a new section.

HOUSE COMMITTEE ON CIVIL RIGHTS & JUDICIARY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Jinkins, Chair; Irwin, Ranking Minority Member; Dufault, Assistant Ranking Minority Member; Goodman, Graham, Hansen, Kirby, Klippert, Orwall, Shea, Valdez, Walen and Ybarra.

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.

Minority Report: Do not pass. Signed by 2 members: Representatives Thai, Vice Chair; Kilduff.

Staff: Ingrid Lewis (786-7289).

Background:

City or town utility services are operated by cities and towns and include garbage, water, sewer, and electric light and power services. Utility providers are authorized to place a lien for charges due but not paid against a property to which utilities are provided. A property owner is responsible for utility charges even if the utility account is in another person's name, such as a tenant.

A utility account may be opened under a rental property owner or tenant's name. A rental property owner may request to be notified in the event of a tenant's delinquency, and a municipal utility provider is required to notify the rental property owner and the tenant of the delinquency concurrently. If a request for notification has been properly made, city or town electric light and power utilities may only collect delinquent charges from a rental property owner for up to four months of charges. If a city or town utility provider fails to notify a rental property owner of a tenant's delinquent charges, the provider has no lien on the property and is prohibited from collecting delinquent charges for electric light or power services from the rental property owner.

If a city or town utility account is in a tenant's name, upon termination of a rental agreement and vacation of the property, the rental property owner or the owner's designee must notify the city or town utility provider. The notification must be submitted in writing within 14 days of the termination of the rental agreement and vacation of the property. If the rental property owner fails to comply with this requirement, and if the provider has complied with its notification requirements, the provider is no longer limited to collecting delinquent charges for only four months.

With certain exceptions, if requested, a city or town utility provider must provide water and electric light and power 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 rental 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 utility provider for such services, and a rental property owner may not take reprisals or retaliatory action against a tenant who deducts from their rent payments for these purposes. A city or town utility provider retains the right to collect any delinquent amounts due for services previously provided from the rental property owner, previous tenant, or both.

Sale of a Property.

When a property is being sold, a lien must be satisfied or paid as a part of the sale process.

Summary of Substitute Bill:

A city or town utility provider may only collect payment on delinquent charges from the customer listed on the utility account. A city or town utility provider is prohibited from collecting delinquent charges from a rental property owner or placing a lien on a property due to a tenant's delinquent account when the utility account is in the tenant's name. A city or town utility provider is prohibited from collecting delinquent utility charges from a new residential tenant utility customer, unless the new tenant lived on the property with the person listed on the delinquent utility services account.

Provisions related to a rental property owner's responsibility to notify a city or town utility provider of the termination of a rental agreement and vacation of the premise are removed. Provisions requiring a city or town utility provider to provide water and electric light and power services to an affected tenant on the same terms and conditions as other utility customers, regardless of a rental property owner or former tenant's delinquency, are removed.

Sale of a Property.

Unless a purchaser and seller otherwise agree in writing, a seller is not responsible for a city or town utility service water and electric light or power lien on a property.

Provisions related to utility services and tenant delinquencies are repealed.

Substitute Bill Compared to Original Bill:

The substitute bill makes the following changes:

- repeals provisions related to utility services and tenant delinquencies and reinstates language as amended in the underlying bill in a new section;
- prohibits a city or town utility service from requiring a new tenant to pay for a previous tenant or landlord's delinquent utility charges, provided that the new tenant did not reside on the property or in the premises with the person listed on the delinquent utility services account;
- reenacts repealed lien provisions in the underlying bill which allows cities and towns owning utilities services to place a lien against a premises for charges due but not paid; and
- modifies lien provisions by prohibiting a city or town utility service from placing a lien on a residential rental property due to a tenant's delinquent account when the utility account is in the tenant's name.

Appropriation: None.

Fiscal Note: Available (for HB 1705, which is identical to HB 2069 except for the title).

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

Staff Summary of Public Testimony:

(In support—from testimony on HB 1705, which is identical to HB 2069 except for the title, on January 22, 2019) This bill would prohibit a municipality or a public utility company from charging an owner or a new tenant for a previous tenant's utility delinquency. The municipality would only be able to collect from the person who is listed on the account. Rental property owners pay a significant amount in unpaid utility bills. This bill would reduce a landlord's costs and therefore reduce the amount charged to tenants for rent. Landlords should not be responsible for the costs that a tenant generates.

In a real estate transaction, a seller should not be responsible for utility charges that are not in the seller's name. Currently, in order to satisfy the lien placed on the property, sellers have to borrow money, the buyer has to absorb the charges, or the agents have to pay it out of commissions earned from the sale.

New tenants should be protected from the charges against a previous tenant.

(Opposed—from testimony on HB 1705, which is identical to HB 2069 except for the title, on January 22, 2019) Stakeholders created the current law that requires notice, and it is a compromise that has been reached over the years. When there is nonpayment on a utility account it impacts all of the users of the system. These users will pay the cost because utility services will have to spread those rates globally, increasing every person's rates.

Persons Testifying: (In support—from testimony on HB 1705, which is identical to HB 2069 except for the title, on January 22, 2019) Representative Dufault, prime sponsor; Rae Ann Toth; Mark Bowie; and Chester Baldwin, Washington Landlord Association.

(Opposed—from testimony on HB 1705, which is identical to HB 2069 except for the title, on January 22, 2019) Candice Bock, Association of Washington Cities.

Persons Signed In To Testify But Not Testifying: Michele Thomas; and William Shadbolt.