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## Civil Rights & Judiciary Committee

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### HB 2016

**Brief Description:** Allowing certain minors to contract for housing and utilities.

**Sponsors:** Representatives McClintock, Couture, Ryu, Waters, Senn, Callan, Doglio and Reeves.

#### Brief Summary of Bill

- Permits a minor who is at least 16 years old and living apart from a parent, guardian, or legal custodian to enter into a binding nonvoidable contract for a residential dwelling unit and utility services to the unit without the consent of the minor's parent, guardian, or legal custodian.

**Hearing Date:** 1/24/24

**Staff:** Yelena Baker (786-7301).

#### **Background:**

##### Contracts of Minors.

Under Washington law, unless otherwise specifically provided, a person reaches majority at 18 years of age, at which point the person may enter into any legal contractual obligation and be legally bound by it to the full extent as any other adult person.

A minor who enters into a contract during minority is bound by that contract unless the minor disaffirms the contract within a reasonable time after reaching majority. However, the minor may not disaffirm a contract where the other party has good reasons to believe the minor capable of contracting based on the minor's misrepresentations as to her majority or if the minor engages in business as an adult.

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Upon disaffirmance of the contract, the minor must restore all money and property received under the contract that are remaining within the minor's control. Washington courts have held that the statute does not require the restoration of the property in its original condition or the payment equivalent in value to the property in its original condition. Additionally, the minor is not required to compensate the other party for the use or depreciation of the property. A minor who disaffirms a contract is not entitled to recover any sums paid under the contract by another person.

Washington statutory law specifies several exceptions to the general rule that allows a minor to disaffirm a contract entered into during minority. For example, the Uniform Minor Student Capacity to Borrow Act provides that any written obligation signed by a minor 16 or more years of age in consideration of an educational loan received by the minor is enforceable as if the minor was an adult at the time of execution, but only if prior to the making of the educational loan an educational institution has certified in writing to the person making the educational loan that the minor is enrolled, or has been accepted for enrollment, in the educational institution. Similarly, minors who are at least 15 years of age may enter into a contract for life or disability insurance on their own life or body, for their own benefit or for the benefit of a parent, spouse, child, sibling or grandparent. The minor is not permitted to void the insurance contract because of minority, but the minor can be excused from any unperformed agreement to pay any premium.

#### Emancipation of Minors.

A minor 16 years of age or older may petition the superior court for a declaration of emancipation. The minor must serve a copy of the petition and a notice of the hearing on his or her parent or guardian, and on the Department of Social and Health Services (DSHS) if the minor is a dependent child.

Before addressing the merits of the petition, the court must first confirm that the minor understands its consequences with regards to the minor's rights and responsibilities and must decide whether to appoint a guardian ad litem to investigate any allegations made in the petition. The court may grant the petition if the minor proves by clear and convincing evidence that the minor has the ability to manage the minor's personal, social, educational, financial, and nonfinancial affairs. If a parent, guardian or the DSHS oppose the petition, the court may only grant the petition if it finds by clear and convincing evidence that denial would be detrimental to the interests of the minor.

A declaration of emancipation terminates parental obligations of support, care, and supervision. An emancipated minor is considered to have the power and capacity of an adult with regard to the right to sue and be sued, the right to retain earnings, the right to establish a residence, and the right to enter into nonvoidable contracts.

#### **Summary of Bill:**

A minor who is at least 16 years old and living apart from a parent, guardian, or legal custodian may contract for a residential dwelling unit and utility services to the unit without the consent of

a parent, guardian, or legal custodian. A residential dwelling unit and utilities contract executed by such a minor is binding and may not be voided or disaffirmed by the minor due to the minor's age or status as a minor.

A parent, guardian, or legal custodian is not liable for a residential unit and utilities contract executed by a minor unless the parent, guardian, or legal custodian is a party to the contract or enters the contract as a guarantor for the minor's debt.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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