

SENATE BILL REPORT

SSB 5016

AS PASSED SENATE, FEBRUARY 7, 1994

Brief Description: Modifying provisions for city and county utility liens.

SPONSORS: Senate Committee on Energy & Utilities (originally sponsored by Senators Nelson and Amondson)

SENATE COMMITTEE ON ENERGY & UTILITIES

Majority Report: That Substitute Senate Bill No. 5016 be substituted therefor, and the substitute bill do pass.

Signed by Senators Sutherland, Chairman; Ludwig, Vice Chairman; Amondson, Hochstatter, McCaslin, Owen, Roach, A. Smith, West and Williams.

Staff: Scott Huntley (786-7421)

Hearing Dates: February 18, 1993; January 12, 1994; January 17, 1994; January 26, 1994

BACKGROUND:

Under current law, a municipal utility may place a lien against the property of a landlord if the tenant fails to pay for services rendered. A municipal utility may also refuse to provide services to a residential customer who is a tenant based upon nonpayment of services by a prior tenant.

SUMMARY:

The provisions of the bill relate only to utilities operated by cities, towns, counties, sewer districts, and water districts.

For residential premises only, and only in regards to utilities that operate a residential security deposit system, the property of a landlord will not be subject to a utility lien if the landlord notifies the utility that under the rental agreement the tenant is responsible for the payment of utility charges. The landlord must provide this notification to the utility in writing prior to the beginning of the rental agreement and must notify the utility at the termination of the rental agreement.

Utilities will furnish, upon request, information relating to a customer's current billing status, including any unpaid delinquencies, to tenants and landlords. Utilities may also furnish this information to other public or private utilities or utility information networks. Tenants and, upon request, landlords will receive copies of delinquency notices and final closing bills.

Utilities have the authority to obtain payment from a customer who is in arrears on a prior account before opening a new account or transferring the balance of an old account to a new one. If such an account is opened and the outstanding charge is not paid in a timely manner, the utility may exercise its authority to disconnect service.

For residential property only, if a landlord establishes that a utility has not made a good faith effort to comply with the information sharing provisions contained in the bill, then any lien imposed by the utility on that premises during the time of non-compliance is dissolved.

A formal lien is established on property for public utility services that would have to be satisfied at the closing of any sale of a property where the seller has left outstanding utility charges unpaid. This lien may be foreclosed only upon the sale of the property. Escrow agents and sellers must acknowledge and deal with this lien at closing.

Appropriation: none

Revenue: none

Fiscal Note: available

Effective Date: June 1, 1995

TESTIMONY FOR:

This compromise will reduce the necessity for public utilities to use the lien against landlords. The more information which is provided to all of the parties up front, the more these circumstances can be avoided. The use of the "Tacoma Policy", allowing landlords to notify utilities in advance that the tenant is responsible for bills, will help make the utilities more aggressive in collections and will make them accountable for their billing collection practices. The substitute is a stride forward; however, for information sharing to really be effective, it should be broader and utilize more thorough credit checking procedures.

TESTIMONY AGAINST:

The lien is an unjust law and needs to be done away with entirely. The law as it now stands is grossly unfair to landlords. The lien results in rent increases as a landlord attempts to recoup losses, and that isn't fair to other tenants. There is no incentive for utilities to use better billing and collection practices, or to cut off services to deadbeats. The utility is not accountable under current law. The bill is designed with cities in mind and shouldn't apply to water and sewer districts. Some of the information sharing requirements may be onerous to small water and sewer districts.

TESTIFIED: Connie Strader, BOMA; Leonard E. Sanderson, City of Milton (pro); Arnold Fox, Washington Apartment Association

(pro); Victoria Lincoln, Association of Washington Cities
(pro); Joe Daniels, Washington State Waste Water Assoc.; Steve
Lindstrom, Sno-King Water District Assoc.; Dave DuCharme,
Wash. State Water and Sewer District Assn.; Rick Slunnaker,
Yakima Valley Rental Assoc. (pro); Bart Flora, Inst. of Real
Estate Mgmt. (pro); Nancy Irving, Manufactured Housing
Communities of Wash. (pro); Theresa Bosler, Manufactured
Housing Communities of Wash. (pro); Dave Williams, Assoc. of
Wash. Cities (pro); Brian Faller, City of Seattle (pro); Bruce
McKnight, Wash. State Waste Water Assoc.; Mary Meier, Seattle
City Light (pro); Mark Barbieri, Bldg. Owners and Managers
Assoc. (pro, on original); John Woodring, Wash. Mobile Park
Owners Assoc. (pro)