AN ACT Relating to utility services for residential multiunit buildings; adding a new section to chapter 19.27 RCW; adding a new section to chapter 84.36 RCW; adding a new chapter to Title 59 RCW; and providing an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Sec. 1. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Billing entity" means the landlord or third-party billing agent responsible for billing multiunit building tenants for master metered or unmetered utility services.

(2) "Billing practices" means the practices of a billing entity that apportions and bills multiunit building tenants for master metered or unmetered utility services provided to the multiunit building as a whole by an apportioning methodology.

(3) "Landlord" has the same meaning as in RCW 59.18.030, and has the same meaning as in RCW 59.20.030 with regard to mobile home parks.

(4) "Master metered utility services" means utility services supplied to more than one unit in a multiunit building and measured through a single, inclusive metering system.
(5) "Methodology" means any method, technique, or criterion used to apportion to tenants charges billed to the landlord by the utility for master metered or unmetered utility services including, but not limited to, ratio utility billing systems, submetering systems, and hot water metering systems.

(6) "Multiunit building" means a residential building, group of buildings, or mobile home park, with three or more dwelling units, as defined in RCW 59.18.030, or mobile home lots, as defined in RCW 59.20.030, with master metered or unmetered utility services that are provided to the building or group of buildings as a whole.

(7) "Ratio utility billing system" means any method by which the cost of master metered or unmetered utility services provided to tenants and common areas of a multiunit building are apportioned to tenants through the use of a formula that estimates the utility usage of each rental unit in the multiunit building.

(8) "Rental agreement" has the same meaning as in RCW 59.18.030.

(9) "Tenant" has the same meaning as in RCW 59.18.030, and has the same meaning as in RCW 59.20.030 with regard to mobile home parks.

(10) "Third-party billing agent" means any entity retained or authorized by a landlord as a billing entity.

(11) "Unmetered utility services" means utilities provided to more than one unit of a multiunit building, in which the bill from the utility is based on a method other than a meter and includes, but is not limited to, sewer and solid waste services.

(12) "Utilities" or "utility services" means water, sewer, and solid waste services.

NEW SECTION. Sec. 2. (1) A landlord of a multiunit building shall not bill tenants for utility services separately from rent except as permitted in this chapter. Utility services for common areas of the multiunit building may not be included in any separate billing for utility services under this chapter.

(2) This chapter does not prevent a landlord from including a tenant's cost of master metered or unmetered utility services within the rent set forth in a rental agreement, and the practice of including that cost within a tenant's rent is not a billing practice or methodology affected by this chapter.
This chapter does not affect the practices used by public utilities to bill and collect residential multiunit building owners or landlords for master metered or unmetered utility services.

NEW SECTION. Sec. 3. A landlord may, or may authorize a third-party billing agent to, bill tenants of a multiunit building for master metered or unmetered utility services provided to the tenants, only if the following requirements are met:

(1) Billing practices may be adopted only upon advance written notice to a tenant as part of a new or renewed rental agreement. Tenants must receive written notice of the billing practices at least thirty days before expiration of their rental agreements or, in the case of month-to-month tenancies, at least thirty days before the billing practices become effective. If billing practices are already in place on the effective date of this section, written notice must be given within thirty days of the effective date of this section. An additional written notice must also be given at least thirty days prior to the due date of the next rental payment in order to implement a change in billing agents, apportionment methodology, fees, or other terms and conditions of the billing practices.

(2) The notice required under subsection (1) of this section must include a detailed written disclosure of the methodology used by the billing entity to allocate the charges to each tenant, along with all other terms and conditions of the billing arrangement. If submetering is used, the notice must also include descriptions of the location of the submeter and any access requirements to tenant dwelling units or mobile home lots for submeter installation, reading, repair, maintenance, or inspections, including removal of the submeter for testing. Access requirements must be consistent with RCW 59.18.150, or RCW 59.20.130 for mobile home parks.

(3) A landlord shall post in a conspicuous location in a common area of the multiunit building copies of the three most current utility bills for master metered or unmetered utility services provided to the building as a whole, with a written description of the methodology used to allocate the utility service charges to each tenant. Landlords shall keep records of the utility bills on file in the building for at least two years and shall make such records available to tenants for inspection and copying upon request. When it is physically
impracticable to keep the records on file in the building, the landlord may store the records in another location and must make the records available within five business days upon request.

(4)(a) The total of all charges for any utility services included in the bills sent to all units may not cumulatively exceed the amount of the bill sent by the utility to the landlord for the multiunit building or the covered dwelling units or mobile home lots in the multiunit building as a whole, less any late charges, interest, or other penalties owed by the landlord, with the exception of the following, which may be included in each bill covering an individual dwelling unit or mobile home lot:

(i) A service charge;
(ii) Late payment charges; and
(iii) Insufficient funds check charges for dishonored checks.

(b) Service charges, late payment charges, and insufficient funds check charges must be reasonable, and must be a flat fee or schedule of fees disclosed in the billing practices notices. Late payment charges may not accrue until at least twenty-one days after the date the bill was mailed to the tenant or until twenty-one days after the bill was delivered to the tenant if the bill was not mailed.

(5) Any third-party billing agent must be properly registered and licensed to do business in this state and must be in compliance with all applicable state laws and rules, and all applicable state license identification numbers, if any, must be disclosed upon request.

(6) Each billing statement sent to a tenant by a billing entity must disclose all required information in a clear and conspicuous manner and at minimum must:

(a) Include the name, business address, and telephone number of the billing entity;
(b) Identify the basis for each separate charge, including service charges and late charges, if any, as a line item, and show the total amount of the bill;
(c) If the building units are submetered, include the current and previous meter readings, the current read date, and the amount consumed, or the amount estimated to have been consumed if the utility has provided the landlord with an estimated bill;
(d) Specify the due date, the date upon which the bill becomes
overdue, the amount of any late charges or penalties that may apply, and the date upon which the late charges or penalties may be imposed;

(e) Identify any past due dollar amounts;

(f) Identify a mailing address and telephone number for billing inquiries and dispute resolution, identify the entity responsible for resolving billing inquiries and disputes and its business hours and days of availability, and describe the process used to resolve disputes related to bills as set forth in this chapter; and

(g) Include a statement to the effect that "this bill is from (landlord name) and not from (utility company name)."

(7) If a utility company has billed the landlord using an estimate of utility services consumed, the billing agent may estimate the charges to be billed to tenants until billing based on actual consumption resumes.

(8) If the billing entity uses a ratio utility billing system as the methodology of allocating utility services to each tenant, each occupant as listed on the lease must be counted as one occupant. A ratio utility billing system may not allocate the utilities based on square footage of the dwelling units.

(9) If submetering is used as a way of allocating master metered utility services to tenants, individual submeters must be accurate and regularly maintained and must be read on a monthly basis prior to each billing.

(10) A dispute resolution process must be available for a tenant to contest and resolve billing disputes. No dispute resolution provision may require a tenant to pursue a remedy in another state.

NEW SECTION. Sec. 4. A new section is added to chapter 19.27 RCW to read as follows:

(1) By July 1, 2012, the state building code council shall adopt rules requiring the installation of water submeters in all residential multiunit buildings that are occupied or are likely to be occupied by persons who rent or lease individual dwelling units.

(2) Rules adopted under this section must:

(a) Apply to all new construction of residential multiunit buildings, existing residential multiunit buildings, and conversions of buildings to residential multiunit buildings;
(b) Require the installation of water submeters in all newly constructed residential multiunit buildings, and conversions of buildings to residential multiunit buildings, by January 1, 2014;

c) Require the installation of water submeters in all existing residential multiunit buildings by January 1, 2018, except as provided in (d) of this subsection;

(d) Require the installation of water submeters in existing residential multiunit buildings as part of any substantial renovation or remodel of the building, or as part of a renovation or remodel that includes the replacement of plumbing fixtures; and

(e) Allow the installation of water submeters in complexes with multiple residential multiunit buildings to occur one building at a time.

(3) For purposes of this section, "residential multiunit building" means common wall residential buildings or group of buildings that consists of three or more dwelling units.

NEW SECTION. Sec. 5. A new section is added to chapter 84.36 RCW to read as follows:

(1) Residential rental property meeting the requirements of this section is exempt from property taxation as specified in subsection (2) of this section.

(2) To qualify for a property tax exemption under this section, water submetering must be installed throughout the entire residential rental property between the effective date of this section and January 1, 2018. Residential real property meeting the requirements of this section is exempt from one hundred percent of real property taxes payable in the year following the year in which the water submetering is fully installed.

(3) A property owner seeking an exemption must submit an application to the county assessor on forms prescribed by the department and provided by the county assessor. A property owner must submit the application to the county assessor by December 31st for taxes payable in the following year. A property owner may not submit an application until the installation of all water submetering is complete, and the application must be submitted in the same year the water submetering installation is completed.

(4) As used in this section:
(a) "Residential multiunit building" means common wall residential buildings or group of buildings that consists of three or more dwelling units.

(b) "Residential rental property" means a residential multiunit building or buildings on a contiguous parcel of land that constitutes a single rental complex and includes the land upon which the dwelling unit or units stand.

(c) "Water submetering" means a system that allows a property owner of residential multiunit buildings to bill tenants for individual measured water usage.

NEW SECTION. Sec. 6. Section 5 of this act takes effect January 1, 2013.

NEW SECTION. Sec. 7. Sections 1 through 3 of this act constitute a new chapter in Title 59 RCW.

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