

SENATE BILL REPORT

SHB 1074

As of March 13, 2023

Title: An act relating to documentation and processes governing landlords' claims for damage to residential premises.

Brief Description: Addressing documentation and processes governing landlords' claims for damage to residential premises.

Sponsors: House Committee on Housing (originally sponsored by Representatives Thai, Macri, Simmons, Ryu, Ramel, Peterson, Lekanoff, Alvarado, Pollet, Cortes, Gregerson, Kloba, Davis and Ormsby).

Brief History: Passed House: 3/2/23, 57-40.

Committee Activity: Housing: 3/15/23.

Brief Summary of Bill

- Requires a landlord to substantiate the cost of any damages withheld from a tenant deposit with repair estimates, invoices, or other documentation.
- Extends the timeline for a landlord to provide a statement and documentation for retaining any portion of a tenant deposit from 21 days to 30 days.
- Prohibits a landlord from withholding any portion of a tenant deposit for certain items.

SENATE COMMITTEE ON HOUSING

Staff: Riley Bengé (786-7316)

Background: Residential Landlord-Tenant Act. The Residential Landlord-Tenant Act (RLTA) regulates the creation of residential tenancies and the relationship between

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landlords and tenants of residential dwelling units. The RLTA establishes rights and duties of both tenants and landlords, procedures for the parties to enforce their rights, how and when a tenancy expires or may be ended, and remedies for violations of the RLTA.

Residential Landlord-Tenant Act—Damage Deposits. Landlords may collect a damage or security deposit at the inception of a tenancy to cover any damage caused to the property by the tenant in excess of normal wear and tear resulting from ordinary use. Landlords must place this deposit in a trust account, while retaining any interest earned. To collect a deposit, the RLTA requires that the rental agreement be in writing and include the terms and conditions under which the deposit may be withheld by the landlord. No deposit may be collected by a landlord unless a written checklist or statement is provided to the tenant at the beginning of the tenancy describing the condition, cleanliness of, or existing damages to the premises and furnishings, including walls, floors, counter tops, carpets, drapes, furniture, and appliances. Within 21 days after the termination of the rental agreement and vacation of the premises, or after abandonment by the tenant, the landlord must provide a full and specific statement of the basis for retaining any of the deposit and pay any refund due the tenant. No portion of any deposit may be withheld on account of normal wear and tear. If damages exceed the amount of the damage deposit, the landlord may proceed against the tenant to recover such amounts.

Summary of Bill: Wear Resulting From Ordinary Use of the Premises. A landlord may not withhold a deposit on account of wear resulting from ordinary use of the premises. Wear resulting from ordinary use of the premises is defined as deterioration that results from the intended use of a dwelling unit, including breakage or malfunction due to age or deteriorated condition. Such wear does not include deterioration that results from negligence, carelessness, accident, or abuse of the premises, fixtures, equipment, appliances, or furnishings by the tenant, immediate family member, occupant, or guest. Statutory references to normal wear and tear are replaced with wear resulting from ordinary use of the premises.

Damage Deposits. No damage deposit may be collected by a landlord unless the rental agreement is in writing and a written checklist or statement is provided by the landlord to the tenant at the commencement of the tenancy, specifically describing the condition and cleanliness of or existing damages to the premises, fixtures, equipment, appliances, and furnishings including, but not limited to walls, including wall paint and wallpaper; carpets and other flooring; furniture; and appliances.

Within 30 days after the termination of the rental agreement and vacation of the premises, or if the landlord learns of the tenant's abandonment of the premises, the landlord must refund any deposit owed to the tenant and give a full and specific statement of the basis for retaining any of the deposit. This statement must include copies of estimates received or invoices paid to reasonably substantiate any damage charges. If repairs are performed by the landlord or the landlord's employee, the landlord must provide a copy of the bill, invoice, or receipt and a statement of the time spent and the reasonable hourly rate charged.

No portion of any deposit may be withheld:

- for wear resulting from ordinary use of the premises;
- for carpet cleaning unless the landlord documents wear to the carpet that is beyond wear resulting from ordinary use of the premises;
- for the costs of repair and replacement of fixtured, equipment, appliances, and furnishings if their condition was not reasonably documented in the written checklist required at the commencement of the tenancy; or
- in excess of the cost of repair or replacement of the damaged portion in situations in which the premises are damaged in excess of wear resulting from ordinary use of the premises, but the damage does not encompass the item's entirety.

Damages for wear resulting from ordinary use of the premises or not substantiated by documentation may not be charged to the tenant, reported to any consumer reporting agency, tenant screening service, or prospective landlord, or submitted for collection by any third-party agency.

Any lawsuit filed against a tenant to recover sums exceeding the amount of the deposit must be commenced within three years of the termination of the rental agreement or the tenant's abandonment of the premises.

The requirements for checklists and documentation do not apply to situations where the landlord withholds any portion of a security deposit for reasons unrelated to damages to the premises, fixtures, equipment, appliances, and furnishings, such as for rent or other charges owed.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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