
Housing Committee

HB 1927

Brief Description: Facilitating positive rent payment information to consumer reporting agencies at tenant request.

Sponsors: Representatives Hill, Peterson, Simmons, Ormsby, Parshley, Macri and Davis.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Creates a pilot program to facilitate the reporting of tenant rent payment information to consumer reporting agencies.
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Hearing Date: 2/17/25

Staff: Audrey Vasek (786-7383).

Background:

Fair Credit Reporting Acts.

The federal and state Fair Credit Reporting Acts regulate the consumer reporting industry and provide privacy rights in consumer reports. Rental payment history may be included in the credit reports that consumer reporting agencies (CRAs) generate, but the reporting of rental payment history to CRAs is not required. A CRA is an entity which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in the practice of assembling or evaluating consumer credit information or other information about consumers for the purpose of furnishing consumer reports to third parties.

Colorado Rent Reporting for Credit Pilot Program.

In 2021 Colorado created a Rent Reporting for Credit Pilot Program (Colorado Program) for the purpose of assisting renters in establishing and building credit. Between October 1, 2021, and April 1, 2024, a third-party contractor responsible for administering the Colorado Program

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enrolled six landlords and 443 tenants across 33 properties in a variety of locations across the state, with 381 tenants remaining active throughout the program. Over the course of the program, the third-party contractor gathered data to evaluate tenants' and landlords' experiences with rent reporting and the impact of rent reporting on building tenant credit. According to the final report published in June 2024, participating tenants saw an average credit score increase of 62 points during the pilot period.

Under the Colorado Program, participating tenants' rent payments were reported to all three major credit bureaus after tenants completed a required financial education course with information on how to build and maintain credit. Only positive payments were reported. Late or missing payments were not reported, and if a tenant missed three payments, the tenant was automatically prohibited from further participation in the program. Tenants could choose to opt out of the program at any time. During the program, tenants had access to a personal dashboard where they could chart their payments and credit progress.

Residential Landlord-Tenant Act.

The Residential Landlord-Tenant Act (RLTA) establishes rights and duties for both tenants and landlords, such as conditions for eviction and termination of a lease, notice requirements, allowable provisions within lease agreements, and the handling of security deposits. The RLTA contains provisions related to screening and evaluation of potential tenants, including requirements related to when a landlord accepts comprehensive reusable tenant screening reports made available to a landlord by a CRA. However, the reporting of a tenant's rental payment history to a CRA is neither required nor prohibited under the RLTA.

Summary of Bill:

Rent Credit Reporting Pilot Program.

A Rent Credit Reporting Pilot Program (Program) is created to facilitate the reporting of tenant rent payment information to CRAs. The Department of Financial Institutions (DFI) is required to contract with a third party to administer the Program.

The third-party contractor must begin recruiting participants on or after December 15, 2025. The Program must include no more than 10 participant landlords and must attempt to include at least 100 participant tenants, with an emphasis on selecting participant tenants from populations that are underserved and underrepresented in homeownership. To the extent practicable, the contractor must recruit landlords who offer at least five dwelling units for rent and offer a variety of types of dwelling units located in diverse areas of the state.

Participant Landlord Requirements.

In order to participate in the Program, a landlord must agree in writing to:

- participate in the Program for at least 14 months; however, the DFI may not require a landlord to report rent payment information under the Program after April 1, 2028;
- not charge a tenant for participation in the Program;
- comply with any rules promulgated by the DFI related to the Program; and

- provide information, to the extent practicable, to the DFI and the third-party contractor for the purpose of informing the Program report.

The third-party contractor may work with statewide or national associations of landlords to identify potential participant landlords, and must work with participant landlords to recruit tenants for the Program.

Subject to the availability of amounts appropriated for this specific purpose, participant landlords may be eligible to receive reimbursement for reasonable expenses related to their participation in the Program. Such reimbursement must be paid in accordance with rules established by the DFI.

Participant Tenant Requirements.

In order to participate in the Program, a tenant must agree to participate in writing.

Third-Party Contractor Requirements.

On or after December 1, 2025, the third-party contractor must:

- provide education to participant landlords and potential participant landlords concerning the Program requirements; and
- provide information to participant landlords to help recruit participant tenants.

Rules for Administration of the Pilot Program.

On or before December 1, 2025, the DFI must establish rules for the administration of the Program. At a minimum, the rules must:

- ensure that each participant landlord reports only rent payment information for a tenant after the date that the tenant elects to participate in the Program;
- establish amounts, schedules, and other terms of reimbursement for participant landlords; and
- establish a standard form for use by participant tenants to elect to participate or cease participating in the Program.

The standard form may be electronic and must include:

- a statement that the tenant's participation is voluntary and that the tenant may cease participating in the Program at any time and for any reason by providing notice to their landlord;
- a statement that all of the tenant's rent payments may be reported, regardless of whether the payments are timely, late, or missed, and that reporting may commence within 30 days after the tenant elects to participate in the Program;
- a statement that if the participant tenant elects to cease participating in the Program, the participant tenant may not resume participating in the Program;
- instructions on how to elect to cease participating in the Program; and
- a signature block where the participant tenant may sign and date the form.

Pilot Program Report.

By July 1, 2028, the DFI, in consultation with the third-party contractor, must submit a Program

report to the Legislature. At minimum, the report must include:

- the number of participant landlords, including whether more than 10 landlords expressed an interest in participating;
- the number of participant tenants, including the number who ceased participating in the Program;
- the demographics of participant tenants;
- the cost of administering the Program;
- the number of residential properties offered by each landlord;
- for each participant landlord, the nature of the reporting mechanism used to report tenant rent payment information to CRAs, and the city and county of each property offered by the participant landlord;
- a short narrative of challenges faced by participant landlords and tenants during the Program; and
- a simple assessment of how the Program positively or negatively affected participating tenants' credit.

The report may also include any of the DFI's recommendations concerning the continuation or repeal of the Program. The DFI must make the report available on its public website for at least one year after the report is submitted to the Legislature.

Other Provisions.

The bill may be known and cited as the Rent Credit Reporting Pilot Program Act. The bill expires July 1, 2029. The bill constitutes a new chapter in Title 59 RCW.

Appropriation: None.

Fiscal Note: Requested on February 11, 2025.

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