

# HOUSE BILL REPORT

## HB 1927

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**As Reported by House Committee On:**  
Housing

**Title:** An act relating to facilitating positive rent payment information to consumer reporting agencies at tenant request.

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

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

**Brief History:**

**Committee Activity:**

Housing: 2/17/25, 2/20/25 [DPS].

**Brief Summary of Substitute Bill**

- Creates a pilot program to facilitate the reporting of tenant rent payment information to consumer reporting agencies.

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### HOUSE COMMITTEE ON HOUSING

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Peterson, Chair; Hill, Vice Chair; Richards, Vice Chair; Entenman, Gregerson, Lekanoff, Reed, Thomas, Timmons and Zahn.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Jacobsen, Assistant Ranking Minority Member; Manjarrez, Assistant Ranking Minority Member; Connors.

**Minority Report:** Without recommendation. Signed by 4 members: Representatives Low, Ranking Minority Member; Barkis, Dufault and Engell.

**Staff:** Audrey Vasek (786-7383).

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

## **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 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.

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## **Summary of Substitute 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 Commerce (Commerce) is required to contract with a third party to administer the Program or establish a process for administering the Program within Commerce.

Commerce, or the third-party contractor if applicable, must recruit participants by no later than March 1, 2026. 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, Commerce or the third-party contractor, if applicable, 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, Commerce may not require a landlord to report rent payment information under the Program after April 1, 2028;
- submit information about a participant tenant's rent payment information to CRAs using only reporting mechanisms that meet Commerce's rules, guidelines, or policies;
- not charge a tenant for participation in the Program;
- comply with any rules promulgated by Commerce related to the Program; and
- provide information to the extent practicable to Commerce and the third-party contractor, if applicable, for the purpose of informing the Program report.

Commerce, or the third-party contractor, if applicable, 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 Commerce's rules, guidelines, or policies.

*Participant Tenant Requirements.*

In order to participate in the Program, tenants must agree to participate in writing and must authorize Commerce to compare their credit scores before and after participation in the Program for the purpose of the Program report.

*Commerce or Third-Party Contractor Requirements.*

On or after December 1, 2025, Commerce or the third-party contractor, if applicable, 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, Guidelines, or Policies for Administration of the Pilot Program.

On or before December 1, 2025, Commerce may adopt rules and must establish guidelines or policies for the administration of the Program. At a minimum, the rules, guidelines, or policies 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 by participating in the pilot program, the participant tenant authorizes Commerce to compare the tenant's credit score before and after participation in the Program for the purpose of the Program report;
- 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, Commerce, in consultation with the third-party contractor, if applicable, 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, including a comparison of the tenants' credit scores

before and after participation in the Program.

The report may also include any of Commerce's recommendations concerning the continuation or repeal of the Program. Commerce 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.

**Substitute Bill Compared to Original Bill:**

The substitute bill transfers responsibility for the Program from the Department of Financial Institutions to Commerce. The substitute bill authorizes Commerce to administer the Program internally or contract with a third party to administer the program, instead of requiring that the Program be administered by a third-party contractor. The substitute bill provides that Commerce may adopt rules and must establish guidelines or policies for administration of the pilot program, instead of requiring that such rules be adopted.

The substitute bill requires recruitment of participant landlords and tenants to occur by no later than March 1, 2026, instead of authorizing recruitment to begin on and after December 15, 2025. The substitute bill specifies that participant landlords must submit information about participant tenants' rent payment information to CRAs using only reporting mechanisms that meet Commerce rules, guidelines, or policies. The substitute bill also specifies that the Program report must include a comparison of participant tenants' credit scores before and after participation in the pilot program, and requires tenants to agree in writing to authorize such a comparison in order to participate in the Program.

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**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on February 21, 2025.

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

**Staff Summary of Public Testimony:**

(In support) This bill helps people who have historically not had opportunities to build credit to receive positive credit reporting for paying their rent on time. There are not many opportunities for those who are stuck in a cycle of poverty to build good credit. This bill creates a pilot program that is voluntary, free for tenants, and incentivizes landlords to participate. It would allow tenants to establish credit and improve their financial health without having to take on additional debt in much the same way that homeowners

build credit through the reporting of mortgage payments.

For many workers, especially low-wage workers, rent payments are their largest financial obligation. Nearly half of renting households are spending over 30 percent of their income on housing costs. This bill would help tenants establish or increase their credit scores just by paying their rent on time.

This bill will have a huge impact on working families, single parents, and young people. Students on college campuses are often inundated with offers to get a credit card and go into debt in order to start building their credit. Requiring someone to go into debt to show that they can manage their responsibilities and financial obligations is unfair. The credit system keeps economically marginalized groups out of safe and stable housing environments.

While homeless, it is impossible to procure good credit, and it can be difficult for people who are formerly homeless to have the financial stability to procure credit even when they are housed. This leads to a cycle where people are denied housing that they can afford due to a credit score that they have no ability to raise. Some former renters who are single parents and full-time students have also faced challenges with their credit scores when they are interested in buying a home. Sometimes these renters have not built any credit even though they have saved money and paid their rent and bills on time.

Credit serves a purpose for reaching that American dream of buying a home and building equity. Higher credit scores allow people to not just get better interest rates, but also access more credit, both of which can help provide a pathway towards homeownership. Interest rates make a huge difference in monthly mortgage payments and overall repayment obligation. Buying a home is also a primary way for people to generate intergenerational wealth and have something that they can pass on and leave to their family and loved ones. This bill will help create a socioeconomic stability that spreads out for generations.

This bill was based on a pilot program from Colorado that had good success in increasing credit scores significantly. Most of the tenants in the Colorado pilot program saw positive score changes, and the rest either saw no score changes or just a minor decline based on other factors not related to rent payments. The Colorado program also did not have many costs. This bill is a cost-effective starting point for a program that has the capacity to change lives for the better by economically empowering those who are socioeconomically disempowered.

Some tenants whose landlords voluntarily provide a credit reporting service for positive, on-time payments have seen their credit scores go up significantly and have subsequently been able to access lower interest rates with significant cost savings. Rent credit reporting also encourages on-time rent payments which can be a benefit for landlords.

(Opposed) None.

**Persons Testifying:** Representative Natasha Hill, prime sponsor; Megan Pirie; Alice Aliré; Nicole Gomez, Washington Federation of State Employees, Lobbyist; Les Bowen, WFSE Member; and Kira Munson, WSLC.

**Persons Signed In To Testify But Not Testifying:** None.