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## Local Government & Housing Committee

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### HB 1298

**Brief Description:** Limiting utility liens against rental property.

**Sponsors:** Representatives O'Brien, Warnick, Williams, McCune, Rodne, Simpson, Kelley and Ormsby.

#### Brief Summary of Bill

- Exempts a property owner from liability for certain delinquent utility bill debts owed by tenants, provided the property owner complies with specified procedural requirements.

**Hearing Date:** 1/26/09

**Staff:** Thamas Osborn (786-7129)

#### **Background:**

#### **Authority of Cities and Towns to Collect Delinquent Water and Electric Bills**

A city or town that owns its water system or power plant is authorized to impose a lien against premises incurring debts for delinquent water or power service charges, subject to the following limitations:

- the premises are at least four months in arrears with respect to the payment of bills for these services;
- the lien amount does not exceed the dollar amount of the four month arrearage; and
- the calculation of the dollar amount of the lien does not include charges for bills that are *more* than four months past due.

The owner of the premises may prevent the imposition of the lien by providing a written request to the public utility to cut-off services to the premises, accompanied by the payment of all delinquent charges, including any cut-off charges imposed by the public utility.

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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 a part of the legislation nor does it constitute a statement of legislative intent.*

### **Authority of Cities and Towns to Collect Delinquent Sewer Bills**

A city or town that owns its sewer system is authorized to impose a lien against premises that are delinquent in paying for sewerage services furnished to the premises. The lien may be for a dollar amount that includes delinquent rates and charges, specified penalties, as well as interest.

### **Authority of Counties to Collect Delinquent Water and Sewer Bills**

A county that operates its own water and/or sewer system is required to impose a lien against premises that are delinquent in paying for system services furnished to the premises. The lien must be for a dollar amount that includes all delinquent charges, interest, and penalties.

#### **Summary of Bill:**

A county, city, or town may not impose a lien on rental property for specified utility service debts if such service was provided to the premises pursuant to a contract between the municipality and a resident tenant, and the property owner complies with the following requirements:

- provides written notification to the city/town that the property in question is a rental property and that the tenant has vacated the property (must be done within 10 days of the property owner becoming aware that the tenant has vacated); and
- provides the city/town with his/her address and the last known address of the tenant.

In the case of counties, this limitation upon the imposition of a lien applies only with respect to debts related to water and sewer services. With respect to cities and towns, this lien limitation applies to specified debts incurred with respect to water, sewer, and power services.

A city/town may not hold the owner of a rental property liable for more than 30 days of delinquent water or power costs incurred by a tenant, or withhold services to the rental premises in the future, provided:

- the city/town has contracted directly with the current tenant for the provision of utility services; and
- the property owner has provided the city/town with notification his or her address to which notification of the delinquency can be sent.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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