



## LEGISLATIVE UPDATE

**February 28, 2010**

Canada and the USA play for the gold medal in Olympic hockey – what a treat. A great overtime game and Canada wins gold at home. The Dawgs beat the Cougs. Husky softball team is ranked number 1 and doing great. Spring training is in full swing and every team thinks it can be in the World Series come October.

With just 11 days left in the 2010 regular legislative session the Senate and House have released their budgets, but only the Senate has released a package detailing where the needed revenues will come from. We are still waiting for the House to provide details about its revenue package.

Here is the status of bills that are of interest to landlords:

SB 6873, Section 2601: **ELIMINATION OF B&O TAX EXEMPTION FOR ON-SITE WAGES:** This bill eliminates many exemptions in our B&O tax statutes. Most significantly, **it does away with the exemption that protects fee management companies from having to recognize as gross income the amounts that are used to pay on-site employees.** If passed, the loss of the exemption will have devastating impacts on affected management companies. It is estimated that such companies will lose between 30% and 35% of their net income. **We urge all members to write to their legislators urging them to remove this section from the bill.** Please visit [www.wmfha.org](http://www.wmfha.org) for more information.

SB 6459: **INSPECTIONS AND CIVIL SEARCH WARRANTS:** This bill was voted out of the Senate and sent to the House Judiciary Committee. The House Judiciary Committee adopted an amendment and sent the bill to the House Rules Committee where it currently sits. Lobbyists for landlords and tenants are busy working to get the bill out of Rules and to the House floor for a vote. If the bill is amended on the floor of the House, it will have to return to the Senate for another vote. **Various cities, especially Seattle are working hard to make sure the bill is not passed.**

SHB 2886: **CARBON MONOXIDE DETECTORS:** The original bill was amended and would modify the legislation passed last year and the regulations adopted by the State Building Code Council. The amended bill would have delayed the deadline for installation to January 1, 2013 and changed the requirements regarding installation of detectors in owner occupied homes upon sale. The bill was given a hearing on February 23 and negotiations followed regarding the implementation date. Unfortunately, after an agreement seemed to have been reached to extend the deadline for installation, the chair of the committee decided that she would not schedule a vote on the bill. This means that the Council regulations are still in effect

and that **CO detectors must be installed in ALL MULTIFAMILY UNITS by July 1, 2011 without exception.**

SSB 6261: **CLARIFYING MUNICIPALLY OWNED UTILITIES' COLLECTIONS FROM OWNERS:** This bill will make it clear that a municipally owned electric utility can only hold a rental property owner responsible for a maximum of 4 months unpaid bills if the tenant fails to pay. Current law provides that the utility has a lien against the property for up to 4 months of unpaid bills. However, some utilities have charged owners and required owners to pay more than 4 months of bill in order to continue, transfer or restore service. The bill was amended to limit its application to municipally owned electric services. The bill passed the Senate and was voted out of the House committee. It is currently in the House Rules committee and stumbling block seems to be language added by tenant advocates that cities do not like. **A meeting is set for March 1 with the various parties to seek a resolution.**

HB 2592: **PROHIBITING INCENTIVES FOR TOWING FROM PRIVATE PROPERTY:** Several months ago, a local TV station highlighted a local towing company that was offering rewards and gift cards to resident managers based on the number of tows authorized by the property. This bill would make the practice illegal. The bill has passed the House and passed out of the Senate committee to which it was referred. **It is currently in the Senate Rules committee.**

HB 2414: **CRIMINAL STREET GANGS:** This bill is an attempt to deal with gang activities and the adverse affects that such activities can have on a community. The bill sets up procedures that allow law enforcement to seize, forfeit and sell real or personal property used in connection with gang violence. The bill also authorizes occupants of a multifamily property and neighbors or any rental property to file a complaint seeking a declaration that the property is a nuisance. If a court determines that the property is a nuisance, the property can be closed for up to one year. **The bill passed out of the House and was amended by Senate Government Operations Committee. We continue to have concerns about the bill and will be working to either further amend or defeat it.**

SB 5742: **CRIME FREE RENTAL HOUSING:** This bill was introduced in the 2009 session in response to the mandatory crime free program instituted by the city of Des Moines. The bill passed the Senate in 2009 but was held up in the House. **In 2010, the bill passed the Senate again and has now passed the House.** The bill will prevent other local governments from enacting a mandatory crime free program and using such a program as a means of raising money for the city. Any crime free program must be voluntary but a landlord who has ignored criminal activity at the rental property can be required to participate. As a result of a public disclosure request and lawsuit instituted by our friends at RHA, Des Moines has decided to drop its mandatory program effective January 2010.

### **BILLS THAT HAVE BEEN DEFEATED FOR 2010**

The following bills failed to pass out of the "house of origin" by February 16 and are thus "dead" for the 2010 legislative session.

SHB 2484 / SSB 5549: **TERMINATION NOTICES:** These bills provide that both the landlord and tenant be required to give written notices of termination at least 30 days before the end of the rental period. The House Bill is awaiting a vote of the entire House of Representatives and the Senate Bill is awaiting a vote of the entire Senate. However, we expect that tenant advocates will continue to pursue this issue next year.

HB 2618 / SB 6616: **STREET UTILITY TAX:** These bills authorize cities to adopt a "street maintenance utility" to enable the city to charge property owners for street maintenance in relation to the burden that their properties put on city streets. This would mean that multifamily property owners would be charged based on the number of units at their property

SB 6772: **SERVICE OF NOTICES:** This bill would have clarified how many copies of a notice a landlord is required to serve when there are multiple tenants at the property. Unfortunately, the bill did not come up for a vote in the Senate.

SHB 1766 / SSB 5672: **SOURCE OF INCOME / SECTION 8:** These bills are carried over from last year. Each of them would make "source of income" and Section 8 a protected class throughout the state. Although we encourage landlords to participate in the Section 8 program, we do not believe it should be mandated and made the subject of potential discrimination complaints. The program is voluntary at the federal level and should remain so at the state level. **Neither bill was given a vote in this session.**

HB 2469: **CANDIDATES ACCESS TO TENANTS:** This bill provided that a landlord may not unreasonably deny access to the premises to political candidates or their agents or those who are advocating for or against ballot measures. However, the bill would have allowed a landlord to provide in the rental agreement that the tenant authorizes the landlord to deny such access. This bill never received a hearing.

HB 2438: **DEFINITION OF SERVICE ANIMAL:** This bill would have eliminated the requirement of training or certification for a service animal under our state laws regarding discrimination against the disabled in real estate transactions. Landlords testified in opposition to this bill.

HB 2622: **TENANT SCREENING:** This bill would have required that a tenant's screening report be "portable" for 60 days after it was initially issued. It also would have prohibited screening companies from reporting a filed eviction unless a final judgment was entered in favor of the landlord and against the tenant. Finally, it would have required a landlord who denies an applicant or requires a larger security deposit, a co-signer, or some other increased security to give the applicant a written statement setting forth the reasons for the "adverse action." Landlords testified in opposition to this bill.

If you want more information about any particular bill, you can go to the legislative website <http://www.leg.wa.gov> click on "bill information" in the left hand column, and type the number of the bill that you want to review in the box entitled "search by bill number."