

HB

282

<TARGET><BILL>HB 282</BILL><SUBJECT>HB
282</SUBJECT><COMM>SFIN28</COMM></TARGET>

SENATE FINANCE COMMITTEE REPORT

DATE: 4/15/14

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered CS FOR HOUSE BILL NO. 282(JUD)

HB 282-LANDLORD AND TENANT ACT

"An Act relating to the rights and obligations of residential landlords and tenants; and relating to the taking of a permanent fund dividend for rent and damages owed to a residential landlord."

and recommends:

- [] be replaced with SCS _____ (_____) [] Same Title [] Technical Title Change
[] New Title/SCR No. _____
- [] adopt previous SCS _____ (_____) [] Same Title [] Technical Title Change
[] New Title/SCR No. _____
- [] attached amendment(s)
- [] adopt _____ Letter of Intent
- [] further referral to _____ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
REV			✓	1

[] APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	GCSOAT			✓	
	FAIRCLOUGH	✓			
	BISHOP	✓			
	DAN MURPHY			✓	
CO-CHAIR:					
CO-CHAIR:	Meyer			✓	

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSHB 282(L&C)
Fiscal Note Number: 1
(H) Publish Date: 3/19/14

Identifier: HB282-DOR-AHFC-2-24-14
Title: LANDLORD AND TENANT ACT
Sponsor: ISAACSON
Requester: H L&C

Department: Department of Revenue
Appropriation: Alaska Housing Finance Corporation
Allocation: AHFC Operations
OMB Component Number: 110

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **No**
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Initial version.

Prepared By: <u>Les Campbell, Budget Director</u>	Phone: <u>(907)330-8356</u>
Division: <u>Alaska Housing Finance Corporation</u>	Date: <u>02/24/2014 04:20 PM</u>
Approved By: <u>Bryan Butcher, CEO</u>	Date: <u>02/24/14</u>
Agency: <u>Alaska Housing Finance Corporation</u>	

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSHB 282(L&C)

Analysis

The bill does not have a fiscal impact on AHFC, therefore we submit a zero fiscal note.

**Alaska State Legislature
House of Representatives**

Rep.Doug.Isaacson@akleg.gov

Representative Doug Isaacson

Interim
301 Santa Claus Lane
North Pole, AK 99705

Session
State Capitol
Juneau, AK 99801
Phone - (907) 465.4527



**Sponsor Statement
HB 282 – Uniform Residential Landlord Tenant Act**

Alaska adopted the Uniform Residential Landlord Tenant Act (RLTA) in 1973. The mid-70s was the height of the pipeline construction era and it brought out the worse abuses by landlords as would-be tenants scrambled to find scarce housing.

Its last update was in the mid 90's and new circumstances, technologies and laws require Alaska to review and tweak the rules. HB 282 incorporates changes to protect the tenant without being burdensome to landlords. It integrates property management best practices and protects against abuses by either landlord or tenant.

Highlights of the bill include:

Pet deposit

HB 282 allows landlords to include a separate pet deposit, thus permitting more dwellings to have pets. Currently pet damage can easily exceed security deposits so landlords exclude them as a general rule because the potential damage cannot be covered under the current caps.

Defines Normal Wear and Tear

A problem identified by property managers and tenants was the lack of a suitable definition of normal wear and tear.

Require Landlords to Maintain Separate Accounting of Security Funds

There have been cases of using Peter's money to pay Paul's damages and that's not fair to Peter if he moves out and the money isn't there to refund him his deposits. The security and damage deposits paid to the landlord are in trust for that particular renter and shouldn't be used to cover the cost of repair to a different dwelling. This does not require a separate account for each one but separate accounting of each deposit.

Allows Landlords up to 30 days to Refund Damage Deposit

The current 14-day limit does not provide the landlord with sufficient time in some cases to assess the cost of the damage. If there is no damage, the 14-day limit remains.

Confirm Premise Condition

Similar to renting a car from a car rental firm, the tenant will acknowledge and the landlord will verify the condition of the property upon possession. Either party may use this as the basis to determine if payment for damages is necessary.

Defines "Service Animals" vs "Comfort Animals" and Pets

Utilizing the definition used by the American Disabilities Act, service animals are trained to perform a task for a person with disabilities.

Permits Rental of Dry Cabins

Uniform law doesn't currently permit renting facilities that do not have running water. Renting dry cabins in Alaska is common and sometimes highly sought after. As long as both parties desire and recognize the condition, it is permitted.

Allow Landlords to Restrict the Number of Persons in a Dwelling

Landlords may limit the number of persons in a dwelling based on applicable law, covenants or in the rental agreement.

Eviction of Tenants for Illegal Activities

Current law has not allowed landlords to expedite eviction of tenants for illegal activities such as drug manufacturing, dealing or prostitution.

Professionally Clean Carpets

If the landlord professionally cleans the carpets prior to rental; they may require the tenant to professionally clean them when departing.

Permits Landlords to Attach PFD for Unpaid Rent or Damages

Landlord will now be able to attach a tenant's Permanent Fund Dividend distribution if they have a judgment for unpaid rent or damages.

Alaska State Legislature House of Representatives

Rep.Doug.Isaacson@akleg.gov

Representative Doug Isaacson

Interim
301 Santa Claus Lane
North Pole, AK 99705

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Sectional Analysis CSHB 282 (JUD) version Y

Section 1

“Landlord and tenant” replaces [Parties] for clearer understanding.

Section 2

Reaffirms the maximum prepaid rent except in the case of a pet. It allows landlords to request and maintain an additional amount for potential damage caused by a pet. Persons with pets would/could pay an additional amount over and above the cap of two months’ rent but not more than three months.

Section 3

Includes a definition for “normal wear and tear” and is further defined in Section 6 and Section 7

Section 4

Specifically requires the landlord to separately account for each tenant’s prepaid rent and security deposits and restricts their use for the intended tenant’s unit. “Separately accounting for” is a bookkeeping methodology and doesn’t require the creation of a separate bank account for each unit.

Section 5

Allows the landlord to have up to 30 days to return a security deposit if damage has occurred. This allows the landlord to acquire bids or work estimates prior to assessing the cost of the repair and refund.

Page

Section 6

Allows for an additional deposit over and above the current security deposit maximums to allow for pets, requires the landlord account for the pet deposit separately, defines normal wear and tear and brings forward the American Disabilities Act definition of "service animals" as opposed to pets or "comfort animals."

Section 7

Requires tenant and landlord sign a premises condition statement. This gives both the tenant and the landlord a mutually agreed upon basis to determine damages or "normal wear and tear" at the end of the agreement.

Section 8

Permits rental of dry cabins if both parties agree.

Section 9

Permits the landlord to restrict the number of inhabitants in a dwelling by rental agreement, applicable law or by a covenant.

Section 10

Asks the tenant to leave the premises in substantially the same condition, including in the landlord's discretion, professionally cleaning carpets if the carpets were professionally cleaned before tenancy began

Section 11

Permits the landlord to expedite eviction of a tenant that is engaged in prostitution or other illegal activities between 1-5 days, and fixes a couple of grammatical changes such as: ("on" replaces "upon") & ("days" instead of "days")

Section 12

Landlords will be able to attach a tenant's permanent dividend check for a judgment of unpaid rent or damage.

Section 13

Provides for an effective date.

Comparison of CSHB 282 (L&C) vs CSHB 282 (JUD)

CSHB 282 (L&C)	CSHB 282 (L&C)	CSHB 282 (JUD)	CSHB 282 (JUD)
<p>Page 1, Line 5-Page 4 Line 29</p> <p>Page 13, Lines 2-4</p>	<p>Sections 1, 2, 3 and 17 removed the word "Uniform" from the landlord tenant act.</p>		<p>Removing Sections 1, 2, 3 and 17 put the word "Uniform" back into statute. Uniform relates to the Uniform Law Commission that seeks to provide states with non-partisan legislation that brings clarity and stability to critical areas of state statutory law. The Uniform Commission is currently working on a revision to the Uniform Residential Landlord Tenant Act but is a few years away from completion.</p>
<p>Page 4, Line 30-Page 5 Line 11</p>	<p>Section 4 Housekeeping language change from "Parties" to "landlord and tenant."</p>	<p>Page 1 Line 5</p>	<p>Becomes Section 1</p>
<p>Page 5 Line 13-16</p>	<p>Section 5 Reaffirms the maximum prepaid rent except in the case of a pet. It allows landlords to request and maintain an additional amount for potential damage caused by a pet. Persons with pets would/could pay an additional amount over and above the cap of two months' rent but not more than three months.</p>	<p>Page 2 Line 5-8</p>	<p>Becomes Section 2</p> <p>Pets are further addressed in Section 6</p>

Page 5 Line 28-30	Section 6 Includes a definition for "normal wear and tear"	Page 2 Line 20-22	Becomes Section 3 Normal wear and tear are further addressed in Sections 6 & 7
Page 6 Line 9-18	Section 7 Specifically requires the landlord to separately account for each tenant's prepaid rent and security deposits and restricts their use for the intended tenant's unit. Separately accounting for is a bookkeeping methodology and doesn't require the creation of a separate bank account for each unit.	Page 3 Line 1-10	Becomes Section 4
Page 6 Lines 23-25	Section 8: Allows a landlord to have up to 30 days to return damage deposit if damages have occurred. This gives the landlord adequate time to assess the cost of repair prior to refunding the deposit. If there is no damage, the 14 day delay would still be enforced.	Page 3 Line 15-17	Becomes Section 5

Page 7 Lines 3-19	Section 9 is a new section that permits an additional deposit over and above the current security deposit maximums to allow for pets, defines normal wear and tear and brings forward the American Disabilities Act definition of "service animals" as opposed to pets or "comfort animals."	Page 3 Lines 26- Page 4 line 11	Becomes Section 6
Page 7 Lines 21-28	Section 10 requires both tenant and landlord sign a premises condition statement. This gives both the tenant and the landlord a mutually agreed upon basis to determine damages or "normal wear and tear" at the end of the lease.	Page 4 Lines 13-20	Becomes Section 7
Page 8 Lines 22-29	Section 11 permits the rental of dry cabins in Alaska if both parties agree to that condition.	Page 5 Lines 14-21	Becomes Section 8
Page 9 Line 30- Page 10 Line 10	Section 12 allow for the landlord to restrict the number of inhabitants in the dwelling unit.	Page 6 Lines 23-25	Becomes Section 9 There is one amendment that was added to this section in Judiciary. The addition of the words "or the rental agreement" was added.

Page 10 Lines 4-9	Section 13 added a new subsection asking the tenant to leave the premises in substantially the same condition, including in the landlord's discretion, professionally cleaning carpets if the carpets were professionally cleaned before tenancy began.	Page 6 Line 27- Page 7 Line 1	Becomes Section 10
Page 10 Line 11- Page 11 Line 5	Section 14 provided for early release of a victim of sexual abuse	Removed	
Page 11 Line 9- Page 12 Line 2	Section 15 permits a landlord to expedite eviction of a tenant engaged in illegal activities between 1 and 5 days.	Page 7 Lines 5-28	Becomes Section 11
Page 12 Line 15- Page 12 Line 1	Section 16 defined transient occupancy and gave special deference to transient occupancy in a housing assistance program from a victim counseling center.	Removed	
Page 13 Lines 3-4	Section 17: As noted in Sections 1-3-it removed the word "uniform" in the title	Removed	
Page 13 Lines 25-27	Section 18: Allows landlords to collect unpaid rent or damages from a renter's Permanent Dividend Check to the full amount. (places it as priority #8 on the list)	Page 8 Lines 19-21	Becomes Section 12
Page 13 Lines 30-31	Section 19: Provides for an effective date	Page 8 Lines 24-25	Becomes Section 13

Konrad Jackson

From: Kristen Abegg <kris@paragonpropak.com>
Sent: Monday, February 24, 2014 1:27 PM
To: House Labor and Commerce
Subject: Regarding House Bill No. 282

To Whom It May Concern

I strongly support the proposed House Bill No. 282 (Landlord Tenant statute update).

I am a long time residential property manager. The current statute is in dire need of updating and this bill addresses many of the deficiencies in the current statute.

In the past, I have been involved in the re-write of the "Landlord Tenant Handbook" and am well versed in the current Landlord Tenant Statutes. The proposed update to the statute will clarify a number of "gray" areas as well as address new issues (i.e. service animal definition) that have cropped up in recent years.

The new statute also requires that a "property condition" report be completed and made part of the rental agreement. This is a key element to the bill. It will help protect both Landlord and Tenant from disagreements on property condition that crop up at move out. I suspect it will help eliminate many of the conflicts that occur due to failure to complete a condition report at move in.

I encourage you to move this bill forward.

Sincerely,

Kris Abegg, Broker

Paragon Properties

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February 24, 2014

Representative Doug Isaacson
Alaska House of Representatives
Alaska State Capitol Room 13
Juneau, Alaska 99801

RE: HB 282 - " An Act relating to the rights and obligations of residential landlords and tenants; and relating to the taking of a permanent fund dividend for rent and damages owed to a residential landlord."

Dear Representative Isaacson,

The Alaska Association of REALTORS® with over 1,600 members statewide supports House Bill 282, which will update the existing Uniform Residential Landlord Act and takes into consideration current circumstances, technologies and laws.

The Alaska Association of REALTORS® supports this bill because it will allow landlords to collect a separate pet deposit, change the security deposit refund from 15 days to 30 days, define the meaning of normal wear and tear and allow a landlord to attach a tenant's Permanent Fund Dividend to any judgment for unpaid rent or damages.

The Association believes that by updating this bill it will integrate the best practices for property managers and protect against potential problems regarding landlords and tenants.

The Association encourages the passage of House Bill 282.

Sincerely,

A handwritten signature in cursive script that reads 'Errol Champion'.

Errol Champion
Alaska Association of REALTORS®
Industry Issues Chairman



16th Avenue Apartments LLC

P O Box 90133
Anchorage, AK 99509-0133

Office Phone: 907-272-1423
Emergency Phone: 907-440-7283

March 11, 2014

Representative Doug Isaacson
Alaska House of Representatives
Alaska State Capitol Room 13
Juneau, AK 99801

RE: HB 282 – “An act relating to the rights and obligations of residential landlords and tenants; and relating to the taking of a permanent fund dividend for rent and damages owed to a residential landlord.”

Dear Representative Isaacson,

Thank you for taking the time to draft changes to the Residential Landlord and Tenant Act. As a residential rental property owner and landlord I appreciate the updates you've suggested and look forward to their being accepted.

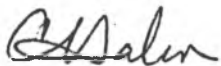
I'm particularly encouraged to see a definition of 'normal wear and tear', as this can be difficult for the average person to determine and explain to someone else. One person's 'normal' is another person's damage.

Another update I'll look forward to is the one related to limiting the number of persons in a dwelling. Units are sometimes occupied by many more people than they were intended to house, without a clear ability to limit or control the number within the law, the unit can become unsafe.

Representative Doug Isaacson
HB 282
March 11, 2014

The revisions I saw in your Sponsor Statement will add protections for landlords and tenants that are long past-due, thanks again for your time and attention to making our communities stronger and safer.

Sincerely,


Cathleen Hahn

16th Ave Apts HB 282 revisions to Landlord Act.docx