

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2114 E S HB	<b>Title:</b> Residential tenants
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## Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	No fiscal impact					
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Administrative Office of the Courts	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Attorney General	2.4	910,000	910,000	910,000	2.4	893,000	893,000	893,000	.0	170,000	170,000	170,000
Department of Commerce	Fiscal note not available											
<b>Total \$</b>	<b>2.4</b>	<b>910,000</b>	<b>910,000</b>	<b>910,000</b>	<b>2.4</b>	<b>893,000</b>	<b>893,000</b>	<b>893,000</b>	<b>0.0</b>	<b>170,000</b>	<b>170,000</b>	<b>170,000</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	Fiscal note not available								
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Val Terre, OFM	<b>Phone:</b> (360) 280-3973	<b>Date Published:</b> Preliminary 2/21/2024
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# Judicial Impact Fiscal Note

<b>Bill Number:</b> 2114 E S HB	<b>Title:</b> Residential tenants	<b>Agency:</b> 055-Administrative Office of the Courts
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Expenditures from:

STATE	FY 2024	FY 2025	2023-25	2025-27	2027-29
State FTE Staff Years					
<b>Account</b>					
General Fund-State 001-1	2,452		2,452		
State Subtotal \$	2,452		2,452		
COUNTY	FY 2024	FY 2025	2023-25	2025-27	2027-29
County FTE Staff Years					
<b>Account</b>					
Local - Counties					
Counties Subtotal \$					
CITY	FY 2024	FY 2025	2023-25	2025-27	2027-29
City FTE Staff Years					
<b>Account</b>					
Local - Cities					
Cities Subtotal \$					

### Estimated Capital Budget Impact:

NONE

*The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note for Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.

Legislative Contact: Sam Brown	Phone: 786-7470	Date: 02/14/2024
Agency Preparation: Jackie Bailey-Johnson	Phone: 360-704-5545	Date: 02/16/2024
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 02/16/2024
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 02/16/2024

195,025.00

Request # 227-1

Form FN (Rev 1/00)

1

Bill # 2114 E S HB

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

This engrossed substitute bill retains the same Administrative Office of the Courts and court impacts as the original bill and substitute bill but adds no more. It creates Section 303 directing the Department of Commerce to contract with an independent third party to conduct a social vulnerability assessment. This assessment is due by December 1, 2026. This section expires on July 1, 2027.

#### Section 101 (1) (b)

This section raises the cap on the amount by which landlords can raise rents in any given 12-month period from 5 to 7%.

#### Section 101 (3)

This section removes term permitting tenants to break their lease upon receipt of notice of the landlord's intent to raise the rate by 3% or more within a 12-month period, but allows them to do so if the increase exceeds amount allowed by bill unless the landlord qualifies for exemption.

#### Section 102 (1) (b)

This section modifies the rent increase cap exemption (RICE) for certain public/non-profit properties to require they be owned instead of just operated by involved entity.

#### Section 102 (1) (c)-(e)

This section adds RICE for certain living situations where the owner is also a resident of the property.

#### Section 103 (2) and Section 107 (3)

These sections exempt the annual rent increase notice and limit on deposits for certain subsidized properties/tenancies.

#### Section 108 (2)

This section changes the late fee cap from \$10 to 1.5% of the total monthly rent.

#### Section 302

This section adds a null and void clause if the bill is not funded by June 30, 2024.

### II. B - Cash Receipts Impact

None

### II. C - Expenditures

#### AOC Fiscal Impact

Updates to the Courts of Limited Jurisdiction Civil Procedure Bench Book and the court manual are required to incorporate the changes under this bill. These changes are expected to take a SR Legal Analyst 30-40 hours.

#### IMPACT ON COUNTIES (Superior and/or District Courts)

Neither the superior court or district court business processes in place are expected to change under the provisions of this bill.

There may be a slight increase in civil case filings under the provisions of this bill. However, any increase is assumed to be minimal.

## Part III: Expenditure Detail

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2

Request # 227-1

Bill # 2114 E S HB

### Part III: Expenditure Detail

#### III. A - Expenditure By Object or Purpose (State)

<i>State</i>	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
Salaries and Wages	2,452		2,452		
Employee Benefits					
Professional Service Contracts					
Goods and Other Services					
Travel					
Capital Outlays					
Inter Agency/Fund Transfers					
Grants, Benefits & Client Services					
Debt Service					
Interagency Reimbursements					
Intra-Agency Reimbursements					
<b>Total \$</b>	2,452		2,452		

#### III. B - Expenditure By Object or Purpose (County)

NONE

#### III. C - Expenditure By Object or Purpose (City)

NONE

#### III. D - FTE Detail

NONE

#### III. E - Expenditures By Program (optional)

NONE

### Part IV: Capital Budget Impact

#### IV. A - Capital Budget Expenditures

NONE

#### IV. B1 - Expenditures by Object Or Purpose (State)

NONE

#### IV. B2 - Expenditures by Object Or Purpose (County)

NONE

#### IV. B3 - Expenditures by Object Or Purpose (City)

NONE

#### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

195,025.00

Form FN (Rev 1/00)

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2114 E S HB	<b>Title:</b> Residential tenants	<b>Agency:</b> 100-Office of Attorney General
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	4.7	2.4	2.4	0.0
<b>Account</b>					
General Fund-State 001-1	0	910,000	910,000	893,000	170,000
<b>Total \$</b>	0	910,000	910,000	893,000	170,000

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Sam Brown	Phone: 786-7470	Date: 02/14/2024
Agency Preparation: Dave Merchant	Phone: 360-753-1620	Date: 02/19/2024
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 02/19/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/20/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 1 - New section. Findings.

#### Part 1- Residential Landlord-Tenant Act

Section 101 - New section added to chapter 59.18 RCW. Applies to short-term rentals and vacation rentals, regardless of whether month-to-month or longer. Sets limitations on a landlord's ability to increase rent. Tenant may have the right to terminate the rental agreement in certain situations. Violations of this section may result in the landlord owing damages to the tenant including attorney fees and costs. Also sets out a defense for eviction if rent was increased contrary to this statute.

Section 102 - New section added to chapter 59.18 RCW. Exemptions to Section 101.

Section 103 - New section added to chapter 59.18 RCW. Notice requirement for annual rent and fee increases. Sets out exception if rental agreement governs a subsidized tenancy wherein rent is based on a percentage of income.

Section 104 - New section added to chapter 59.18 RCW. Applies Consumer Protection Act (CPA) to Sections 101 through 103.

Section 105 - New section added to chapter 59.18 RCW. Department of Commerce (Commerce) to create an online landlord resource center. Sets out what information should be distributed to landlords. Attorney General's Office (AGO) to publish model lease provisions regarding rent increases and must do so in multiple languages.

Section 106 - Amends RCW 59.18.140. Includes written notice of rent increases.

Section 107 - Amends RCW 59.18.270. Sets limit on move-in fees and security deposits.

Section 108 - Amends RCW 59.18.170. Sets limits on late fees.

#### Part II – Manufactured and Mobile Home Landlord Tenant Act

Section 201 - New section added to chapter 59.20 RCW. Applies to short-term rentals and vacation rentals, regardless of whether month-to-month or longer. Sets limitations around a landlords ability to increase rent. Violations of this section may result in the landlord owing damages to the tenant including attorney fees and costs. Also sets out a defense for eviction if rent was increased contrary to this statute.

Section 202 – New section added to chapter 59.20 RCW. Limitations on increases in rent with some exemptions.

Section 203 – New section added to chapter 59.20 RCW. Notice requirement for annual rent and fee increases.

Section 204 – New section added chapter 59.20 RCW. Applies CPA to sections 201 through 203.

Section 205 – Amends RCW 59.20.090 to include written notice of rent increases. Also makes allowances to terminate tenancy.

Section 206 – Amends RCW 59.20.170 to set limits on move in fees and security deposits.

Section 207 – Amends RCW 59.20.060 to set limits on late fees.

Section 208 – Amends RCW 59.0.030 to add definition of rent.

### Part III – Miscellaneous

Section 301 – New section. Effective immediately.

Section 302 – New section. If funding is not provided by June 30, 2024 the act is null and void.

Section 303 – New Section. Commerce must contract with third party to carry out social vulnerability assessment of the act. Sets out requirements for assessment. Assessment due to the legislature by December 1, 2026, and shall comply with RCW 43.01.036. Section expires July 1, 2027.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

None.

Attorney General’s Office (AGO) Consumer Protection Division (CPR) and Administrative Division (ADM) activities are funded with General Fund-State (GF-S) dollars. No cash receipt impact. There is no client agency to bill for legal services.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

Attorney General’s Office (AGO) Agency Assumptions:

This bill has an emergency clause and is assumed to be effective immediately.

Location of staffing is assumed to be in a King County office building.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables. The Management Analyst 5 FTE (MA), is used as a representative classification. An example ratio is for every 1.0 Assistant Attorney General FTE (AAG), the AGO includes 0.5 Paralegal 1 FTE (PL) and 0.4 MA.

#### 1. Assumptions for the AGO Consumer Protection Division (CPR) Legal Services:

FY 2025 and FY 2026: AAG duties will include investigating potential violations, drawing conclusions from investigations, drafting Civil Investigative Demands (CID), and discovery requests in addition to drafting and filing pleadings. PL1 and Paralegal 2 FTE (PL2) duties will include managing documents, drafting CID, discovery requests, and managing responses. Senior Investigator FTE (INV) duties will include interviewing witnesses, reviewing investigative records such as consumer leases, and attending to other investigative tasks as assigned. \$31,000 total direct litigation costs in FY 2025 and FY 2026. Depositions to aid in enforcement (\$3,000 each, estimated six depositions at \$18,000); travel expenses for depositions, witness interviews, and other (\$3,000); e-document management costs (\$10,000).

FY 2027: AAG duties will include investigating potential violations, drawing conclusions from investigations, drafting CID,



and discovery requests in addition to drafting and filing pleadings. PL1 and PL2 duties will include managing documents, drafting CID, discovery requests, and managing responses. INV duties will include interviewing witnesses, reviewing investigative records such as consumer leases, and attending to other investigative tasks as assigned. \$16,000 total direct litigation costs in FY 2027. Depositions to aid in enforcement (\$3,000 each, estimated three depositions at \$9,000); travel expenses for depositions, witness interviews, and other (\$2,000); e-document management costs (\$5,000).

AGO CPR activities are funded with General Fund-State dollars. CPR enforces the Consumer Protection Act (CPA) with respect to conduct that is made unlawful under RCW 19.86.020, which broadly prohibits unfair or deceptive acts or practices in trade or commerce. CPR focus is on representations and failures to disclose terms and conditions.

CPR: Total King County workload impact:

FY 2025: \$557,000 for 1.0 AAG, 0.8 INV, 0.8 PL2, and 0.5 PL1, which includes direct litigation costs of \$31,000  
 FY 2026: \$480,000 for 0.8 AAG, 0.8 INV, 0.8 PL2, and 0.4 PL1, which includes direct litigation costs of \$31,000  
 FY 2027: \$243,000 for 0.5 AAG, 0.3 INV, 0.3 PL2, and 0.3 PL1, which includes direct litigation costs of \$16,000

2. Assumptions for the AGO Administration Division (ADM) Legal Services:

FY 2025: The Senior Policy Analyst FTE (PA) will do research, consultation for the model lease provisions regarding rent and fee increases as described in the bill, and complete and publish the final product. AGO assumes this hard copy version cost to be \$150,000. Language translation for the top ten spoken languages as indicated in the bill will result in \$20,000 in additional costs in FY 2025.

FY 2027 and FY 2029: \$170,000 for an up to date hard copy version (\$150,000) and language translation for the top ten spoken languages as indicated in the bill (\$20,000).

ADM: Total King County workload impact:

FY 2025: \$353,000 for 1.0 PA, which includes direct litigation and additional costs of \$170,000  
 FY 2027 and FY 2029: \$170,000 in publishing and translator costs

3. The AGO Civil Rights Division (CRD) has reviewed this bill and determined it will not increase or decrease the division’s workload in representing the Human Rights Commission (HUM). Therefore, no costs are included in this request.

AGO Total workload impact:

FY 2025: \$910,000 for 1.0 AAG, 0.8 INV, 0.8 PL2, 0.5 PL1, and 1.0 PA, which includes direct litigation and additional costs of \$201,000  
 FY 2026: \$480,000 for 0.8 AAG, 0.8 INV, 0.8 PL2, and 0.4 PL1, which includes direct litigation costs of \$31,000  
 FY 2027: \$413,000 for 0.5 AAG, 0.3 INV, 0.3 PL2, and 0.3 PL1, which includes direct litigation and additional costs of \$186,000  
 FY 2029: \$170,000 for publication and translation costs

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	0	910,000	910,000	893,000	170,000
<b>Total \$</b>			0	910,000	910,000	893,000	170,000

**III. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		4.7	2.4	2.4	
A-Salaries and Wages		483,000	483,000	455,000	
B-Employee Benefits		147,000	147,000	140,000	
E-Goods and Other Services		273,000	273,000	288,000	170,000
G-Travel		7,000	7,000	10,000	
<b>Total \$</b>	0	910,000	910,000	893,000	170,000

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Assistant Attorney General-Seattle	135,555		1.0	0.5	0.7	
Management Analyst 5	95,184		0.6	0.3	0.3	
Paralegal 1-Seattle	72,528		0.5	0.3	0.4	
Paralegal 2-Seattle	79,992		0.8	0.4	0.6	
Policy Analyst - ADM	110,000		1.0	0.5		
Senior Investigator-Seattle	105,012		0.8	0.4	0.6	
<b>Total FTEs</b>			4.7	2.4	2.4	0.0

**III. D - Expenditures By Program (optional)**

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Consumer Protection Division (CPR)		557,000	557,000	723,000	
Headquarters Administration (GFS) (POL)		353,000	353,000	170,000	170,000
<b>Total \$</b>		910,000	910,000	893,000	170,000

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

**Bill Number:** 2114 E S HB

**Title:** Residential tenants

## Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- Cities:
- Counties:
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

## Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option: Local governments have the option to adopt policies, ordinances, or other regulations to enforce this act.
- Key variables cannot be estimated with certainty at this time:

### Estimated revenue impacts to:

None

### Estimated expenditure impacts to:

None

## Part III: Preparation and Approval

Fiscal Note Analyst: Kristine Williams	Phone: (564) 669-3002	Date: 02/15/2024
Leg. Committee Contact: Sam Brown	Phone: 786-7470	Date: 02/14/2024
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/15/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/17/2024

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Description of the bill with an emphasis on how it impacts local government.*

This bill limits rent and fee increases to seven percent during any 12-month period and prohibits rent and fee increases during the first 12 months of a tenancy for tenants subject to the Residential Landlord-Tenant Act and the Manufactured/Mobile Home Landlord-Tenant Act, regardless of the length of their lease, with certain exemptions for public housing authorities and public development authorities. A local government may adopt policies, ordinances, or other regulations to enforce the bill.

Sec. 301 contains an emergency clause which takes effect immediately. However, as noted in Sec. 302, this bill is null and void if funding is not provided by June 30, 2024.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.*

This legislation would not impact local government expenditures due to the local option.

### **C. SUMMARY OF REVENUE IMPACTS**

*Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.*

This legislation would not impact local government revenues.

#### **SOURCES**

Association of Washington Cities (AWC)

Washington State Association of Counties (WSAC)