

House Study Bill 635 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON KAUFMANN)

A BILL FOR

1 An Act relating to utility service cost disclosures in
2 connection with certain rental properties, providing
3 penalties, and including effective date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 476.1C, subsection 1, paragraph a, Code
2 2020, is amended to read as follows:

3 a. Are not subject to the regulation authority of
4 the utilities board under **this chapter** unless otherwise
5 specifically provided. **Sections 476.10, 476.20, 476.21, and**
6 **476.51, and 476.56** apply to such gas utilities.

7 Sec. 2. Section 476.56, Code 2020, is amended to read as
8 follows:

9 **476.56 Energy costs provided.**

10 A gas or electric public utility shall provide, upon the
11 request of a person who states in writing that the person is an
12 owner of real property, or an interested prospective purchaser
13 or renter of the property, which is or has been receiving gas
14 or electric service from the public utility, the annual gas
15 or electric energy costs for the property. In addition, a
16 gas or electric public utility and, notwithstanding section
17 476.1, subsection 4, a public utility furnishing water or sewer
18 service, shall comply with the utility service cost disclosure
19 provisions of section 562A.13A, subsection 4.

20 Sec. 3. **NEW SECTION. 562A.13A Utility service cost**
21 **disclosure — penalty.**

22 1. For purposes of this section, unless the context
23 otherwise requires:

24 a. *“Applicable public utility”* means a public utility which
25 furnishes electric, gas, water, or sewer service to a rental
26 property.

27 b. *“Landlord”* means a landlord as defined in section 562A.6,
28 or any other person authorized to enter into a rental agreement
29 on behalf of the landlord with respect to a rental property.

30 c. (1) *“Rental property”* means a residential rental
31 building in the state with twelve or more dwelling units.

32 (2) *“Rental property”* does not include a residential rental
33 building which uses a master meter.

34 d. *“Utility service”* means electric, gas, water, and sewer
35 service.

1 2. In addition to the required disclosure provisions
2 of 562A.13, a landlord of rental property shall disclose
3 to a prospective tenant in writing a utility service cost
4 disclosure statement in accordance with this section. At
5 least one adult prospective tenant entering into the tenancy
6 shall sign an acknowledgment form stating that the prospective
7 tenant received the disclosure statement upon completing the
8 rental application or before signing the lease, whichever
9 occurs first. Proof by the landlord that at least one adult
10 prospective tenant signed a valid acknowledgment form shall be
11 a defense to any claim or action brought under subsection 6.

12 3. *a.* The cost information included in a utility service
13 cost disclosure statement shall indicate the average annual
14 costs for utility service for dwelling units in the rental
15 property with the same number of bedrooms. If a landlord
16 charges tenants for utility services using a ratio utility
17 billing system, or a billing method which allocates the rental
18 property's actual utility bill to tenants based on an occupant
19 factor, square footage factor, or any other factor, the cost
20 information shall include the average charges for utility
21 service in the previous twelve-month period, including any
22 fees, for dwelling units in the rental property with the same
23 number of bedrooms. If a landlord has authority over more
24 than one rental property of similar construction and within
25 the same business office, and such rental properties have the
26 same utility service payment structure with the same applicable
27 public utility, the disclosure statement may indicate the
28 average annual costs for utility service for dwelling units in
29 all such rental properties with the same number of bedrooms.
30 For purposes of this paragraph, "*of similar construction*" means
31 sharing common construction details, including but not limited
32 to comparable building envelope designs or structural features,
33 comparable arrangements for access to hallways, dwelling units,
34 common areas, and washers or dryers, and comparable functions
35 of utility services.

1 *b.* The cost information included in a disclosure statement
2 shall be computed by April 1 each year pursuant to subsection
3 4 and shall be valid and included in any disclosure statement
4 provided by the landlord until the last day of March of the
5 following year. In the event that a rental property was
6 acquired by the landlord within the previous twelve-month
7 period, disclosure statements shall be provided by the landlord
8 to prospective tenants beginning ninety days after the date of
9 closing.

10 4. *a.* The landlord shall obtain the cost information
11 required in subsection 3 from the applicable public utility
12 by sending a written request to the utility between January 1
13 and February 1 of each year. The written request shall, at a
14 minimum, include the following information:

15 (1) The name, address, and telephone number of the landlord.

16 (2) The number of bedrooms in each dwelling unit in the
17 rental property.

18 (3) If cost information is to be computed for more than
19 one rental property, a description of the applicable rental
20 properties and the number of bedrooms in each dwelling unit in
21 all such rental properties.

22 (4) Any other information deemed necessary by the
23 applicable public utility to compute the cost information.

24 *b.* The applicable public utility shall compute the cost
25 information for the landlord at no charge and shall provide
26 such information to the landlord within thirty days of
27 receiving the landlord's written request, unless the parties
28 otherwise agree in writing to extend the time. The applicable
29 public utility may use any methodology to compute the cost
30 information, provided that the average costs are based on
31 dwelling units with the same number of bedrooms, and the
32 methodology used to compute the cost information is disclosed
33 to the landlord in writing.

34 *c.* If the landlord fails to obtain cost information from
35 the applicable public utility within thirty days of sending a

1 valid written request or as otherwise agreed to in writing,
2 the rental property is new construction or was renovated in
3 the previous twelve-month period where the total cost of the
4 renovation was greater than twenty-five percent of the assessed
5 value of the rental property, or if subsection 7 is applicable,
6 the landlord shall include, in lieu of the cost information
7 required in subsection 3, any of the following in the utility
8 service cost disclosure statement:

9 (1) An estimate of anticipated annual utility service costs
10 provided by the applicable public utility.

11 (2) An estimate of anticipated annual utility service costs
12 provided by a licensed, registered, or certified professional
13 with expertise in computing utility service costs.

14 (3) An estimate of anticipated annual utility service costs
15 consistent with the United States department of housing and
16 urban development section 8 guidelines.

17 5. The landlord shall retain and preserve all records
18 relating to cost information obtained pursuant to subsection 4
19 for a period of not less than one year. On reasonable notice,
20 a tenant may inspect and copy any such records during regular
21 business hours.

22 6. A landlord of rental property who enters into a rental
23 agreement with a tenant without providing a utility service
24 cost disclosure statement in violation of this section shall
25 pay the tenant liquidated damages in the amount of one hundred
26 dollars. If the landlord fails to pay the tenant such amount
27 within thirty days of receiving a written request for payment
28 from the tenant, the tenant may bring a civil action in small
29 claims court. If a final judgment is entered against the
30 landlord, the tenant shall recover damages in the amount of one
31 hundred dollars, as well as court costs and reasonable attorney
32 fees incurred by the tenant in bringing the action. The
33 landlord shall also be subject to a civil penalty in the amount
34 of five hundred dollars. Such civil penalty shall be remitted
35 to the division of community action agencies of the department

1 of human rights, to be used only for the low income home energy
2 assistance program and the weatherization assistance program.

3 7. This section shall not apply to a rural electric
4 cooperative or a municipal utility which does not provide
5 budget billing to customers, or a billing system in which
6 customers are charged a set amount each month over a specific
7 time period.

8 Sec. 4. EFFECTIVE DATE. This Act takes effect January 1,
9 2021.

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EXPLANATION

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The inclusion of this explanation does not constitute agreement with
the explanation's substance by the members of the general assembly.

13 This bill establishes new Code section 562A.13A within the
14 uniform residential landlord and tenant law provisions of Code
15 chapter 562A, relating to utility service cost disclosure
16 requirements for certain rental properties.

17 The bill defines "applicable public utility" to mean a
18 public utility which furnishes electric, gas, water, or sewer
19 service to a rental property. "Landlord" is defined as a
20 landlord as defined in Code section 562A.6, or any other person
21 authorized to enter into a rental agreement on behalf of the
22 landlord with respect to a rental property. "Rental property"
23 is defined as a residential rental building in Iowa with 12 or
24 more dwelling units, but does not include a residential rental
25 building which uses a master meter. "Utility service" is
26 defined as electric, gas, water, and sewer service.

27 The bill requires a landlord of rental property to disclose
28 to a prospective tenant a utility service cost disclosure
29 statement in writing in accordance with the bill. At least
30 one adult prospective tenant entering into the tenancy shall
31 sign an acknowledgment form stating that the tenant received
32 the disclosure statement upon completing the rental application
33 or before signing the lease, whichever occurs first, which
34 shall be a defense to any claim that the landlord violated the
35 disclosure provisions.

1 The bill provides that the disclosure statement shall
2 indicate the average annual costs for utility service for
3 dwelling units in the rental property with the same number of
4 bedrooms. If a landlord charges tenants using a ratio utility
5 billing system, as described in the bill, the cost information
6 shall include the average charges for utility service in the
7 previous year, including any fees, for dwelling units in the
8 property with the same number of bedrooms. If a landlord
9 has more than one rental property of similar construction,
10 as defined in the bill, and with the same utility service
11 payment structure for the same applicable public utility, the
12 disclosure statement may indicate the average annual costs for
13 dwelling units in all such rental properties with the same
14 number of bedrooms.

15 The bill provides that cost information shall be computed
16 by April 1 each year, which shall be valid and included in any
17 disclosure statement provided until the last day of March of
18 the following year. If the rental property was acquired by the
19 landlord within the previous year, disclosure statements shall
20 be provided by the landlord beginning 90 days after the date
21 of closing.

22 The bill provides that the landlord shall obtain the cost
23 information included in a disclosure statement from the
24 applicable public utility by sending a written request to the
25 utility between January 1 and February 1 of each year, with
26 information described in the bill. The utility shall compute
27 and provide such information to the landlord at no charge
28 within 30 days of receiving such request, unless otherwise
29 agreed to by the parties in writing. The utility may use
30 any methodology to compute the cost information, provided
31 that average costs are based on dwelling units with the same
32 number of bedrooms and the methodology used is disclosed to the
33 landlord in writing.

34 The bill provides that if the landlord fails to obtain cost
35 information from the applicable public utility within 30 days

1 or as otherwise agreed to in writing, the rental property is
2 new construction or was renovated in the previous year where
3 the total cost of the renovation was greater than 25 percent
4 of the assessed property value, or if the utility disclosure
5 provisions do not apply to the applicable public utility as
6 specified in the bill, the landlord shall include in the
7 disclosure statement an estimate of anticipated annual utility
8 service costs as described in the bill.

9 The bill provides that a landlord shall retain all records
10 relating to cost information for a period of not less than one
11 year. A tenant may inspect and copy such records on reasonable
12 notice and during regular business hours.

13 The bill provides that a landlord of rental property who
14 enters into a rental agreement with a tenant without providing
15 a utility service cost disclosure statement in violation of
16 the bill shall pay the tenant liquidated damages in the sum
17 of \$100. If the landlord fails to pay the tenant such amount
18 within 30 days of receiving a written request from the tenant
19 to do so, the tenant may bring a civil action in small claims
20 court. If a final judgment is entered against the landlord,
21 the tenant shall recover \$100 in damages, as well as court
22 costs and reasonable attorney fees. The landlord shall also
23 be subject to a civil penalty of \$500, to be remitted to the
24 division of community action agencies of the department of
25 human rights, and used only for specified purposes.

26 The bill provides that Code section 562A.13A shall not apply
27 to a rural electric cooperative or a municipal utility which
28 does not provide budget billing to customers, as described in
29 the bill.

30 The bill modifies Code section 476.56, relating to the
31 provision of energy costs by gas or electric utilities,
32 by requiring gas and electric utilities, as well as public
33 utilities furnishing water or sewer service, to comply with the
34 utility service cost disclosure provisions of the bill. The
35 bill also makes Code section 476.56 applicable to gas public

1 utilities with less than 2,000 customers.

2 Current law provides that a public utility which, after
3 written notice from the Iowa utilities board of a specified
4 violation of a provision in Code chapter 476, violates the
5 same provision is subject to a civil penalty of at least \$100
6 but not more than \$2,500 per violation. If the violation is
7 willful, the civil penalty increases to at least \$1,000 but not
8 more than \$10,000 per violation.

9 The bill takes effect January 1, 2021.