



General Assembly

February Session, 2010

**Raised Bill No. 235**

LCO No. 1171

\*01171\_\_\_\_\_BA\_\*

Referred to Committee on Banks

Introduced by:

(BA)

***AN ACT REDUCING THE INTEREST RATE ON SECURITY DEPOSITS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (i) of section 47a-21 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2010*):

4 (i) (1) On and after July 1, 1993, each landlord other than a landlord  
5 of a residential unit in any building owned or controlled by any  
6 educational institution and used by such institution for the purpose of  
7 housing students of such institution and their families, and each  
8 landlord or owner of a mobile manufactured home or of a mobile  
9 manufactured home space or lot or park, as such terms are defined in  
10 subdivisions (1), (2) and (3) of section 21-64, shall pay interest on each  
11 security deposit received by him at a rate of not less than the average  
12 rate paid, as of December 30, 1992, on savings deposits by insured  
13 commercial banks as published in the Federal Reserve Board Bulletin  
14 rounded to the nearest one-tenth of one percentage point, except in no  
15 event shall the rate be less than one and one-half per cent. On and after  
16 January 1, 1994, the rate for each calendar year shall be not less than

17 the deposit index, as defined in subdivision (2) of this subsection, for  
18 that year. [, except in no event shall the rate be less than one and one-  
19 half per cent.] On the anniversary date of the tenancy and annually  
20 thereafter, such interest shall be paid to the tenant or resident or  
21 credited toward the next rental payment due from the tenant or  
22 resident, as the landlord or owner shall determine. If the tenancy is  
23 terminated before the anniversary date of such tenancy, or if the  
24 landlord or owner returns all or part of a security deposit prior to  
25 termination of the tenancy, the landlord or owner shall pay the  
26 accrued interest to the tenant or resident within thirty days of such  
27 termination or return. In any case where a tenant or resident has been  
28 delinquent for more than ten days in the payment of any monthly rent,  
29 he shall forfeit any interest which would otherwise be payable to him  
30 for that month, except that there shall be no such forfeiture if, pursuant  
31 to a provision of the rental agreement, a late charge is imposed for  
32 failure to pay such rent within the time period provided by section  
33 47a-15a. No landlord or owner shall increase the rent due on any  
34 quarters or property subject to the provisions of this section because of  
35 the requirement that interest be paid on any security deposit made  
36 with respect to such quarters or property.

37 (2) The commissioner shall publish the rate that takes effect July 1,  
38 1993, in the Department of Banking news bulletin no later than July 15,  
39 1993. The deposit index for each calendar year shall be equal to the  
40 average rate paid on savings deposits by insured commercial banks as  
41 last published in the Federal Reserve Board Bulletin in November of  
42 the prior year. The commissioner shall determine the deposit index for  
43 each calendar year and publish such deposit index in the Department  
44 of Banking news bulletin no later than December fifteenth of the prior  
45 year. The commissioner shall also cause such rates to be disseminated  
46 in a manner designed to come to the attention of landlords and tenants  
47 including, but not limited to, the issuance of press releases and public  
48 service announcements, the encouragement of news stories in the mass  
49 media and the posting of conspicuous notices at financial institutions.  
50 For purposes of this subsection, "Federal Reserve Board Bulletin"

51 means the monthly survey of selected deposits published as a special  
52 supplement to the Federal Reserve Statistical Release Publication H.6  
53 published by the Board of Governors of the Federal Reserve System or,  
54 if such bulletin is superseded or becomes unavailable, a substantially  
55 similar index or publication.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2010</i>	47a-21(i)

**Statement of Purpose:**

To eliminate the unfair burden placed on landlords who must pay a tenant a higher interest rate on a security deposit than the landlord may obtain from depositing such funds in a bank.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*