



House of Representatives

General Assembly

File No. 19

January Session, 2011

House Bill No. 5437

House of Representatives, March 1, 2011

The Committee on Insurance and Real Estate reported through REP. MEGNA of the 97th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING SECURITY DEPOSITS.

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

1 Section 1. Subsection (d) of section 47a-21 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2011*):

4 (d) (1) Within the time specified in subdivisions (2) and (4) of this
5 subsection, the person who is the landlord at the time a tenancy is
6 terminated, other than a rent receiver, shall pay to the tenant or former
7 tenant: (A) The amount of any security deposit that was deposited by
8 the tenant with the person who was landlord at the time such security
9 deposit was deposited less the value of any damages which any person
10 who was a landlord of such premises at any time during the tenancy of
11 such tenant has suffered as a result of such tenant's failure to comply
12 with such tenant's obligations; and (B) any accrued interest due on
13 such security deposit as required by subsection (i) of this section. If the
14 landlord at the time of termination of a tenancy is a rent receiver, such
15 rent receiver shall return security deposits in accordance with the

16 provisions of subdivision (3) of this subsection.

17 (2) Upon termination of a tenancy, any tenant may notify his
18 landlord in writing or by electronic mail of such tenant's forwarding
19 address. [Within] Not later than thirty days after termination of a
20 tenancy, each landlord other than a rent receiver shall deliver to the
21 tenant or former tenant at such forwarding address either (A) the full
22 amount of the security deposit paid by such tenant plus accrued
23 interest as provided in subsection (i) of this section, or (B) the balance
24 of the security deposit paid by such tenant plus accrued interest as
25 provided in subsection (i) of this section after deduction for any
26 damages suffered by such landlord by reason of such tenant's failure
27 to comply with such tenant's obligations, together with a written
28 statement itemizing the nature and amount of such damages. Any
29 such landlord who violates any provision of this subsection shall be
30 liable for twice the amount or value of any security deposit paid by
31 such tenant, except that, if the violation is the failure to deliver the
32 accrued interest, such landlord shall only be liable for twice the
33 amount of such accrued interest.

34 (3) (A) Any receiver who is authorized by the court appointing
35 [him] such receiver to return security deposits and to inspect the
36 premises of any tenant shall pay security deposits and interest in
37 accordance with the provisions of subdivisions (1) and (2) of this
38 subsection from the operating income of such receivership to the
39 extent that any such payments exceed the amount in any escrow
40 accounts for such tenants. (B) Any rent receiver shall present any claim
41 by any tenant for return of a security deposit to the court which
42 authorized him to be a rent receiver. Such court shall determine the
43 validity of any such claim and shall direct such rent receiver to pay
44 from the escrow account or from the operating income of such
45 property the amount due such tenant as determined by such court.

46 (4) Any landlord who does not have written notice or notice by
47 electronic mail of his tenant's or former tenant's forwarding address
48 shall deliver any written statement and security deposit due to the

49 tenant, as required by subdivision (2) of this subsection, [within] not
50 later than the time required by subdivision (2) of this subsection or
51 [within] not later than fifteen days after receiving written notice or
52 notice by electronic mail of such tenant's forwarding address,
53 whichever is later.

54 Sec. 2. Subdivision (1) of subsection (i) of section 47a-21 of the
55 general statutes is repealed and the following is substituted in lieu
56 thereof (*Effective October 1, 2011*):

57 (i) (1) On and after July 1, 1993, each landlord other than a landlord
58 of a residential unit in any building owned or controlled by any
59 educational institution and used by such institution for the purpose of
60 housing students of such institution and their families, and each
61 landlord or owner of a mobile manufactured home or of a mobile
62 manufactured home space or lot or park, as such terms are defined in
63 subdivisions (1), (2) and (3) of section 21-64, shall pay interest on each
64 security deposit received by him at a rate of not less than the average
65 rate paid, as of December 30, 1992, on savings deposits by insured
66 commercial banks as published in the Federal Reserve Board Bulletin
67 rounded to the nearest one-tenth of one percentage point. [, except in
68 no event shall the rate be less than one and one-half per cent.] On and
69 after January 1, 1994, the rate for each calendar year shall be not less
70 than the deposit index, as defined in subdivision (2) of this subsection,
71 for that year. [, except in no event shall the rate be less than one and
72 one-half per cent.] On the anniversary date of the tenancy and
73 annually thereafter, such interest shall be paid to the tenant or resident
74 or credited toward the next rental payment due from the tenant or
75 resident, as the landlord or owner shall determine. If the tenancy is
76 terminated before the anniversary date of such tenancy, or if the
77 landlord or owner returns all or part of a security deposit prior to
78 termination of the tenancy, the landlord or owner shall pay the
79 accrued interest to the tenant or resident [within] not later than thirty
80 days [of] after such termination or return. In any case where a tenant
81 or resident has been delinquent for more than ten days in the payment
82 of any monthly rent, [he] such resident or tenant shall forfeit any

83 interest [which] that would otherwise be payable to [him] such
84 resident or tenant for that month, except that there shall be no such
85 forfeiture if, pursuant to a provision of the rental agreement, a late
86 charge is imposed for failure to pay such rent within the time period
87 provided by section 47a-15a. No landlord or owner shall increase the
88 rent due on any quarters or property subject to the provisions of this
89 section because of the requirement that interest be paid on any security
90 deposit made with respect to such quarters or property.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2011</i>	47a-21(d)
Sec. 2	<i>October 1, 2011</i>	47a-21(i)(1)

INS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

This bill impacts transactions between private parties and has no fiscal impact on the state or municipalities.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**HB 5437*****AN ACT CONCERNING SECURITY DEPOSITS.*****SUMMARY:**

This bill eliminates the requirement that a landlord pay a minimum 1.5% interest rate on residential security deposits. Current law requires a landlord to pay at least the average savings deposit interest rate paid by insured commercial banks published in the Federal Reserve Board Bulletin in November of the prior year (i.e., deposit index), but not less than 1.5%. (The 2010 deposit index rate is 0.28%.) The bill retains this method for calculating the security deposit interest rate.

The bill also allows a tenant to provide his or her forwarding address to a landlord by email. Current law only allows a tenant to do so in writing. By law, a landlord must return to a tenant's forwarding address a tenant's security deposit with interest or give a tenant written notice of damages claimed within 30 days after the tenant moves out. If a tenant fails to provide a written forwarding address, the landlord is not required to return the security deposit or provide a written notice of damages until 15 days after written receipt of a forwarding address or 30 days after the tenant moves out, whichever is later.

The bill also makes technical changes.

EFFECTIVE DATE: October 1, 2011

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 19 Nay 0 (02/10/2011)