



General Assembly

February Session, 2022

Raised Bill No. 5344

LCO No. 1483



Referred to Committee on HOUSING

Introduced by:
(HSG)

AN ACT CONCERNING ADVANCE RENTAL PAYMENTS.

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

1 Section 1. Section 47a-21 of the 2022 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2022*):

4 (a) As used in this chapter:

5 (1) "Accrued interest" means the interest due on a security deposit as
6 provided in subsection [(i)] (h) of this section, compounded annually to
7 the extent applicable.

8 (2) "Commissioner" means the Banking Commissioner.

9 (3) "Escrow account" means any account at a financial institution
10 which is not subject to execution by the creditors of the escrow agent
11 and includes a clients' funds account.

12 (4) "Escrow agent" means the person in whose name an escrow
13 account is maintained.

14 (5) "Financial institution" means any state bank and trust company,
15 national bank, savings bank, federal savings bank, savings and loan
16 association, and federal savings and loan association that is located in
17 this state.

18 (6) "Forwarding address" means the address to which a security
19 deposit may be mailed for delivery to a former tenant.

20 (7) "Landlord" means any landlord of residential real property, and
21 includes (A) any receiver; (B) any successor; and (C) any tenant who
22 sublets his premises.

23 (8) "Receiver" means any person who is appointed or authorized by
24 any state, federal or probate court to receive rents from tenants, and
25 includes trustees, executors, administrators, guardians, conservators,
26 receivers, and receivers of rent.

27 (9) "Rent receiver" means a receiver who lacks court authorization to
28 return security deposits and to inspect the premises of tenants and
29 former tenants.

30 (10) "Residential real property" means real property containing one
31 or more residential units, including residential units not owned by the
32 landlord, and containing one or more tenants who paid a security
33 deposit.

34 (11) "Security deposit" means any advance rental payment, or any
35 installment payment collected pursuant to section 47a-22a, except an
36 advance payment for the first month's rent or a deposit for a key or any
37 special equipment.

38 (12) "Successor" means any person who succeeds to a landlord's
39 interest whether by purchase, foreclosure or otherwise and includes a
40 receiver.

41 (13) "Tenant" means a tenant, as defined in section 47a-1, or a resident,
42 as defined in section 21-64.

43 (14) "Tenant's obligations" means (A) the amount of any rental or
44 utility payment due the landlord from a tenant; (B) a tenant's obligations
45 under the provisions of section 47a-11; and (C) the actual reasonable cost
46 of changing the locks of the dwelling unit pursuant to section 47a-7b, if
47 the tenant has not paid such cost.

48 [(b) (1) In the case of a tenant under sixty-two years of age, a landlord
49 shall not demand a security deposit in an amount that exceeds two
50 months' rent.

51 (2) In the case of a tenant sixty-two years of age or older, a landlord
52 shall not demand a security deposit in an amount that exceeds one
53 month's rent. Any landlord who has received a security deposit in an
54 amount that exceeds one month's rent from a tenant who becomes sixty-
55 two years of age after paying such security deposit shall return the
56 portion of such security deposit that exceeds one month's rent to the
57 tenant upon the tenant's request.]

58 [(c)] (b) Any security deposit paid by a tenant shall remain the
59 property of such tenant in which the landlord shall have a security
60 interest, as defined in subdivision (35) of subsection (b) of section 42a-1-
61 201, to secure such tenant's obligations. A security deposit shall be
62 exempt from attachment and execution by the creditors of the landlord
63 and shall not be considered part of the estate of the landlord in any legal
64 proceeding. Any voluntary or involuntary transfer of a landlord's
65 interest in residential real property to a successor shall constitute an
66 assignment to such successor of such landlord's security interest in all
67 security deposits paid by tenants of such transferred residential real
68 property.

69 [(d)] (c) (1) Not later than the time specified in subdivision (2) of this
70 subsection, the person who is the landlord at the time a tenancy is
71 terminated, other than a rent receiver, shall pay to the tenant or former
72 tenant: (A) The amount of any security deposit that was deposited by
73 the tenant with the person who was landlord at the time such security
74 deposit was deposited less the value of any damages that any person

75 who was a landlord of such premises at any time during the tenancy of
76 such tenant has suffered as a result of such tenant's failure to comply
77 with such tenant's obligations; and (B) any accrued interest. If the
78 landlord at the time of termination of a tenancy is a rent receiver, such
79 rent receiver shall return security deposits in accordance with the
80 provisions of subdivision (3) of this subsection.

81 (2) Upon termination of a tenancy, any tenant may notify the landlord
82 in writing of such tenant's forwarding address. Not later than thirty
83 days after termination of a tenancy or fifteen days after receiving written
84 notification of such tenant's forwarding address, whichever is later, each
85 landlord other than a rent receiver shall deliver to the tenant or former
86 tenant at such forwarding address either (A) the full amount of the
87 security deposit paid by such tenant plus accrued interest, or (B) the
88 balance of such security deposit and accrued interest after deduction for
89 any damages suffered by such landlord by reason of such tenant's
90 failure to comply with such tenant's obligations, together with a written
91 statement itemizing the nature and amount of such damages. Any
92 landlord who violates any provision of this subsection shall be liable for
93 twice the amount of any security deposit paid by such tenant, except
94 that, if the only violation is the failure to deliver the accrued interest,
95 such landlord shall be liable for ten dollars or twice the amount of the
96 accrued interest, whichever is greater.

97 (3) (A) Any receiver who is authorized by a court to return security
98 deposits and to inspect the premises of any tenant shall pay security
99 deposits and accrued interest in accordance with the provisions of
100 subdivisions (1) and (2) of this subsection from the operating income of
101 such receivership to the extent that any such payments exceed the
102 amount in any escrow accounts for such tenants. (B) Any rent receiver
103 shall present any claim by any tenant for return of a security deposit to
104 the court which authorized the rent receiver. Such court shall determine
105 the validity of any such claim and shall direct such rent receiver to pay
106 from the escrow account or from the operating income of such property
107 the amount due such tenant as determined by such court.

108 [(e)] (d) A successor, other than a receiver, shall be liable for the
109 claims of tenants of such property for return of any part of such security
110 deposit which is or becomes due to such tenant during the time such
111 successor is a landlord. A receiver's liability for payment of security
112 deposits and interest under this section shall be limited to the balance in
113 any escrow account for such tenants maintained by such receiver in such
114 receivership in accordance with subsection [(h)] (g) of this section and
115 to the operating income generated in such receivership.

116 [(f)] (e) Any landlord who is not a resident of this state shall appoint
117 in writing the Secretary of the State as the landlord's attorney upon
118 whom all process in any action or proceeding against such landlord may
119 be served.

120 [(g)] (f) Any person may bring an action in replevin or for money
121 damages in any court of competent jurisdiction to reclaim any part of
122 such person's security deposit which may be due. This section does not
123 preclude the landlord or tenant from recovering other damages to
124 which the landlord or tenant may be entitled.

125 [(h)] (g) (1) Each landlord shall immediately deposit the entire
126 amount of any security deposit received by such landlord from each
127 tenant into one or more escrow accounts established or maintained in a
128 financial institution for the benefit of each tenant. Each landlord shall
129 maintain each such account as escrow agent and shall not withdraw
130 funds from such account except as provided in subdivision (2) of this
131 subsection.

132 (2) The escrow agent may withdraw funds from an escrow account
133 to: (A) Disburse the amount of any security deposit and accrued interest
134 due to a tenant pursuant to subsection [(d)] (c) of this section; (B)
135 disburse interest to a tenant pursuant to subsection [(i)] (h) of this
136 section; (C) make a transfer of the entire amount of certain security
137 deposits pursuant to subdivision (3) of this subsection; (D) retain
138 interest credited to the account in excess of the amount of interest
139 payable to the tenant under subsection [(i)] (h) of this section; (E) retain

140 all or any part of a security deposit and accrued interest after
141 termination of tenancy equal to the damages suffered by the landlord
142 by reason of the tenant's failure to comply with such tenant's
143 obligations; (F) disburse all or any part of the security deposit to a tenant
144 at any time during tenancy; or (G) transfer such funds to another
145 financial institution or escrow account, provided such funds remain
146 continuously in an escrow account.

147 (3) (A) Whenever any real estate is voluntarily or involuntarily
148 transferred from a landlord, other than a receiver, to a successor,
149 including a receiver, such landlord shall withdraw from the escrow
150 account and deliver to the successor the entire amount of security
151 deposits paid by tenants of the property being transferred, plus any
152 interest accrued pursuant to subsection [(i)] (h) of this section. If at the
153 time of transfer of such real estate the funds in such account are
154 commingled with security deposits paid by tenants in real estate not
155 being transferred to such successor, and if at such time the funds in such
156 account are less than the amount of security deposits paid by all tenants
157 whose security deposits are contained in such account, such landlord
158 shall deliver to such successor a pro rata share of security deposits paid
159 by tenants of the real estate being transferred to such successor. (B)
160 Whenever any real estate is transferred from a receiver to a successor,
161 such receiver shall dispose of the escrow accounts as ordered by the
162 court which appointed such receiver. The order of such court shall
163 provide for the priority of the present and future rights of tenants to
164 security deposits paid by them over the rights of any secured or
165 unsecured creditor of any person and shall provide that the funds in
166 such account shall be delivered to the successor of such receiver for
167 immediate deposit in an escrow account for tenants who paid security
168 deposits.

169 (4) (A) The landlord shall provide each tenant with a written notice
170 stating the amount held for the benefit of the tenant and the name and
171 address of the financial institution at which the tenant's security deposit
172 is being held not later than thirty days after the landlord receives a
173 security deposit from the tenant or the tenant's previous landlord or

174 transfers the security deposit to another financial institution or escrow
175 account.

176 (B) If the commissioner makes a written request to the landlord for
177 any information related to a tenant's security deposit, including the
178 name of each financial institution in which any escrow account is
179 maintained and the account number of each escrow account, the
180 landlord shall provide such information to the commissioner not later
181 than seven days after the request is made.

182 [(i)] (h) On and after July 1, 1993, each landlord other than a landlord
183 of a residential unit in any building owned or controlled by any
184 educational institution and used by such institution for the purpose of
185 housing students of such institution and their families, and each
186 landlord or owner of a mobile manufactured home or of a mobile
187 manufactured home space or lot or park, as such terms are defined in
188 subdivisions (1), (2) and (3) of section 21-64, shall pay interest on each
189 security deposit received by such landlord at a rate of not less than the
190 average rate paid, as of December 30, 1992, on savings deposits by
191 insured commercial banks as published in the Federal Reserve Board
192 Bulletin rounded to the nearest one-tenth of one percentage point,
193 except in no event shall the rate be less than one and one-half per cent.
194 On and after January 1, 1994, the rate for each calendar year shall be not
195 less than the deposit index, determined under this section as it was in
196 effect during such year. On and after January 1, 2012, the rate for each
197 calendar year shall be not less than the deposit index, as defined in
198 section 36a-26, for that year. On the anniversary date of the tenancy and
199 annually thereafter, such interest shall be paid to the tenant or resident
200 or credited toward the next rental payment due from the tenant or
201 resident, as the landlord or owner shall determine. If the tenancy is
202 terminated before the anniversary date of such tenancy, or if the
203 landlord or owner returns all or part of a security deposit prior to
204 termination of the tenancy, the landlord or owner shall pay the accrued
205 interest to the tenant or resident not later than thirty days after such
206 termination or return. Interest shall not be paid to a tenant for any
207 month in which the tenant has been delinquent for more than ten days

208 in the payment of any monthly rent, unless the landlord imposes a late
209 charge for such delinquency. No landlord shall increase the rent due
210 from a tenant because of the requirement that the landlord pay on
211 interest the security deposit.

212 [(j)] (i) (1) Except as provided in subdivision (2) of this subsection, the
213 commissioner may receive and investigate complaints regarding any
214 alleged violation of [subsections (b), (d), (h) or (i)] subsection (c), (g) or
215 (h) of this section. For the purposes of such investigation, any person
216 who is or was a landlord shall be subject to the provisions of section 36a-
217 17. If the commissioner determines that any landlord has violated any
218 provision of this section over which the commissioner has jurisdiction,
219 the commissioner may, in accordance with section 36a-52, order such
220 person to cease and desist from such practices and to comply with the
221 provisions of this section.

222 (2) The commissioner shall not have jurisdiction over (A) the failure
223 of a landlord to pay interest to a tenant annually under subsection [(i)]
224 (h) of this section, or (B) the refusal or other failure of the landlord to
225 return all or part of the security deposit if such failure results from the
226 landlord's good faith claim that such landlord has suffered damages as
227 a result of a tenant's failure to comply with such tenant's obligations,
228 regardless of whether the existence or amount of the alleged damages is
229 disputed by the tenant. For purposes of this section, "good faith claim"
230 means a claim for actual damages suffered by the landlord for which
231 written notification of such damages has been provided to the tenant in
232 accordance with the provisions of subdivision (2) of subsection [(d)] (c)
233 of this section.

234 (3) The commissioner may adopt regulations, in accordance with
235 chapter 54, to carry out the purposes of this section.

236 [(k)] (j) (1) Any person who is a landlord at the time of termination of
237 a tenancy and who knowingly and wilfully fails to pay all or any part of
238 a security deposit when due shall be subject to a fine of not more than
239 two hundred fifty dollars for each offense, provided it shall be an

240 affirmative defense under this subdivision that such failure was caused
241 by such landlord's good faith belief that he was entitled to deduct the
242 value of damages he has suffered as a result of such tenant's failure to
243 comply with such tenant's obligations.

244 (2) Any person who knowingly and wilfully violates the provisions
245 of subsection [(h)] (g) of this section on or after October 1, 1979, shall be
246 subject to a fine of not more than five hundred dollars or imprisonment
247 of not more than thirty days or both for each offense. It shall be an
248 affirmative defense under the provisions of this subdivision that at the
249 time of the offense, such person leased residential real property to fewer
250 than four tenants who paid a security deposit.

251 (3) Any person who is a landlord at the time an interest payment is
252 due under the provisions of subsection [(i)] (h) of this section and who
253 knowingly and wilfully violates the provisions of such subsection shall
254 be subject to a fine of not more than one hundred dollars for each
255 offense.

256 (4) No financial institution shall be liable for any violation of this
257 section except for any violation in its capacity as a landlord.

258 [(l)] (k) Nothing in this section shall be construed as a limitation upon:
259 (1) The power or authority of the state, the Attorney General or the
260 commissioner to seek administrative, legal or equitable relief permitted
261 by the general statutes or at common law; or (2) the right of any tenant
262 to bring a civil action permitted by the general statutes or at common
263 law.

264 Sec. 2. Subsection (c) of section 17b-93 of the 2022 supplement to the
265 general statutes is repealed and the following is substituted in lieu
266 thereof (*Effective October 1, 2022*):

267 (c) No claim, except a claim required to be made under federal law,
268 shall be made, or lien applied, against any payment made pursuant to
269 chapter 135, any payment made pursuant to section 47-88d or 47-287,
270 any moneys received as a settlement or award in a housing or

271 employment or public accommodation discrimination case or in any
272 action brought by a tenant or occupant or former tenant or occupant
273 against an owner or lessor of a residential premises or manufactured
274 mobile home park, any court-ordered retroactive rent abatement,
275 including any made pursuant to subsection (e) of section 47a-14h or
276 section 47a-4a, 47a-5 or 47a-57, or any security deposit refund pursuant
277 to subsection [(d)] (c) of section 47a-21, as amended by this act, as paid
278 to a beneficiary of assistance under the state supplement program,
279 medical assistance program, aid to families with dependent children
280 program, temporary family assistance program or state-administered
281 general assistance program or paid to any person who has been
282 supported wholly, or in part, by the state, in accordance with section
283 17b-223, in a humane institution.

284 Sec. 3. Section 17b-114 of the general statutes is repealed and the
285 following is substituted in lieu thereof (*Effective October 1, 2022*):

286 Subject to federal approval, as a condition of receiving a special need
287 benefit to cover the cost of a security deposit, a recipient of assistance
288 under the temporary family assistance program or the state-
289 administered general assistance program or the program of state
290 supplementation to the Supplemental Security Income Program shall
291 sign an agreement with the Commissioner of Social Services stating that
292 the security deposit and accrued interest, less the value of any damages
293 suffered by the landlord due to the recipient's failure to comply with his
294 obligations as a tenant pursuant to section 47a-21, as amended by this
295 act, shall be paid by the landlord to the Department of Social Services
296 when the recipient vacates the housing for which the deposit is paid.
297 The recipient shall notify the commissioner of the date such housing is
298 vacated. If the landlord claims the right to withhold all or part of the
299 security deposit or interest, the landlord shall comply with the
300 applicable provisions of section 47a-21, as amended by this act, except
301 any notice required shall be sent to the tenant and to the Commissioner
302 of Social Services. If the landlord fails to return the deposit to the
303 Department of Social Services or to account to the department for any
304 amount withheld within the time limits set forth in section 47a-21, as

305 amended by this act, the department may refer the matter to the
306 Department of Administrative Services for payment to the state of the
307 deposit, interest and such other damages as are available to tenants
308 under said section. Notwithstanding the provisions of subsection [(d)]
309 (c) of section 47a-21, as amended by this act, for purposes of taking such
310 action on behalf of the state, the Department of Administrative Services
311 is not required to give notice of a forwarding address. A recipient of a
312 special need benefit to cover the cost of a security deposit who agrees
313 the deposit shall be returned to the department pursuant to this section
314 shall be eligible for a subsequent such special need benefit at any time
315 the recipient meets the eligibility criteria for the special need benefit for
316 emergency housing set forth in subsection (a) of section 17b-808.

317 Sec. 4. Subsection (c) of section 17b-129 of the general statutes is
318 repealed and the following is substituted in lieu thereof (*Effective October*
319 *1, 2022*):

320 (c) No claim shall be made, or lien applied, against any payment
321 made pursuant to chapter 135, any payment made pursuant to section
322 47-88d or 47-287, any moneys received as a settlement or award in a
323 housing or employment or public accommodation discrimination case,
324 any court-ordered retroactive rent abatement, including any made
325 pursuant to subsection (e) of section 47a-14h, or section 47a-4a, 47a-5 or
326 47a-57, or any security deposit refund pursuant to subsection [(d)] (c) of
327 section 47a-21, as amended by this act, paid to a beneficiary of assistance
328 under sections 17b-122, 17b-124 to 17b-132, inclusive, 17b-136 to 17b-
329 138, inclusive, 17b-194 to 17b-197, inclusive, 17b-222 to 17b-250,
330 inclusive, 17b-263, 17b-340 to 17b-350, inclusive, 17b-689b and 17b-743
331 to 17b-747, inclusive.

332 Sec. 5. Subdivision (1) of subsection (a) of section 36a-32 of the general
333 statutes is repealed and the following is substituted in lieu thereof
334 (*Effective October 1, 2022*):

335 (1) The bank's record of offering escrow accounts for purposes of
336 compliance with subsection [(h)] (g) of section 47a-21, as amended by

337 this act;

338 Sec. 6. Subsection (d) of section 51-15 of the 2022 supplement to the
339 general statutes, as amended by section 13 of public act 21-197, is
340 repealed and the following is substituted in lieu thereof (*Effective October*
341 *1, 2022*):

342 (d) The procedure for the hearing and determination of small claims
343 as the same may be prescribed, from time to time, by the judges of the
344 Superior Court shall be used in all small claims sessions of the court. The
345 small claims procedure shall only be applicable to (1) all actions
346 claiming money damages not in excess of five thousand dollars, except
347 such procedure shall not be applicable to actions of libel and slander,
348 and (2) actions claiming loss or damages not in excess of fifteen
349 thousand dollars sustained by reason of (A) performance of, or offer to
350 perform, home improvement, as defined in section 20-419, by a
351 contractor holding a certificate under chapter 400, or (B) a contract for
352 new home construction with a new home construction contractor
353 holding a certificate under chapter 399a. If an action is brought in the
354 small claims session by a tenant pursuant to subsection [(g)] (f) of section
355 47a-21, as amended by this act, to reclaim any part of a security deposit
356 which may be due, the judicial authority hearing the action may award
357 to the tenant the damages authorized by subsection [(d)] (c) of said
358 section and, if authorized by the rental agreement or any provision of
359 the general statutes, costs, notwithstanding that the amount of such
360 damages and costs, in the aggregate, exceeds the jurisdictional
361 monetary limit established by subdivision (1) of this subsection. If a
362 motion is filed to transfer a small claims matter to the regular docket in
363 the court, the moving party shall pay the fee prescribed by section 52-
364 259. The Attorney General or an assistant attorney general, or the head
365 of any state agency or his or her authorized representative, while acting
366 in his or her official capacity shall not be required to pay any small
367 claims court fee. There shall be no charge for copies of service on
368 defendants in small claims matters.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2022</i>	47a-21
Sec. 2	<i>October 1, 2022</i>	17b-93(c)
Sec. 3	<i>October 1, 2022</i>	17b-114
Sec. 4	<i>October 1, 2022</i>	17b-129(c)
Sec. 5	<i>October 1, 2022</i>	36a-32(a)(1)
Sec. 6	<i>October 1, 2022</i>	51-15(d)

Statement of Purpose:

To remove the limits on the amounts of advance rental payments a landlord may charge a tenant.

[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.]