



# Senate

General Assembly

**File No. 144**

January Session, 2023

Substitute Senate Bill No. 943

*Senate, March 21, 2023*

The Committee on Housing reported through SEN. MOORE of the 22nd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING THE RETURN OF SECURITY DEPOSITS  
UPON THE TERMINATION OF TENANCY.***

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2 repealed and the following is substituted in lieu thereof (*Effective October*  
3 *1, 2023*):

4 (d) (1) Not later than the time specified in subdivision (2) 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 that 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. If the  
13 landlord at the time of termination of a tenancy is a rent receiver, such  
14 rent receiver shall return security deposits in accordance with the

15 provisions of subdivision (3) of this subsection.

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

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

43 Sec. 2. Subsection (i) of section 47a-21 of the general statutes is  
44 repealed and the following is substituted in lieu thereof (*Effective October*  
45 *1, 2023*):

46 (i) On and after July 1, 1993, each landlord other than a landlord of a  
47 residential unit in any building owned or controlled by any educational

48 institution and used by such institution for the purpose of housing  
 49 students of such institution and their families, and each landlord or  
 50 owner of a mobile manufactured home or of a mobile manufactured  
 51 home space or lot or park, as such terms are defined in subdivisions (1),  
 52 (2) and (3) of section 21-64, shall pay interest on each security deposit  
 53 received by such landlord at a rate of not less than the average rate paid,  
 54 as of December 30, 1992, on savings deposits by insured commercial  
 55 banks as published in the Federal Reserve Board Bulletin rounded to the  
 56 nearest one-tenth of one percentage point, except in no event shall the  
 57 rate be less than one and one-half per cent. On and after January 1, 1994,  
 58 the rate for each calendar year shall be not less than the deposit index,  
 59 determined under this section as it was in effect during such year. On  
 60 and after January 1, 2012, the rate for each calendar year shall be not less  
 61 than the deposit index, as defined in section 36a-26, for that year. On the  
 62 anniversary date of the tenancy and annually thereafter, such interest  
 63 shall be paid to the tenant or resident or credited toward the next rental  
 64 payment due from the tenant or resident, as the landlord or owner shall  
 65 determine. If the tenancy is terminated before the anniversary date of  
 66 such tenancy, or if the landlord or owner returns all or part of a security  
 67 deposit prior to termination of the tenancy, the landlord or owner shall  
 68 pay the accrued interest to the tenant or resident not later than [thirty]  
 69 fifteen business days after such termination or return. Interest shall not  
 70 be paid to a tenant for any month in which the tenant has been  
 71 delinquent for more than ten days in the payment of any monthly rent,  
 72 unless the landlord imposes a late charge for such delinquency. No  
 73 landlord shall increase the rent due from a tenant because of the  
 74 requirement that the landlord pay on interest the security deposit.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2023	47a-21(d)
Sec. 2	October 1, 2023	47a-21(i)

**HSG**      *Joint Favorable Subst.*

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:**

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Banking Dept.	BF - Potential Revenue Gain	See Below	See Below

Note: BF=Banking Fund

**Municipal Impact:** None

**Explanation**

The bill shortens the time period by which landlords must return a tenant's security deposit and interest on deposits, resulting in a potential revenue gain to the Banking Fund, if the reduced time period results in increased fines from violations.

Under current law, landlords are subject to fines of up to \$250 per offense for failure to return a security deposit and up to \$100 per offense for failure to pay accrued interest. The Department of Banking has generally imposed fines for such violations at a rate fewer than once per year.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of violations per year.

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**OLR Bill Analysis****sSB 943*****AN ACT CONCERNING THE RETURN OF SECURITY DEPOSITS  
UPON THE TERMINATION OF TENANCY.*****SUMMARY**

This bill generally shortens the deadline for landlords to return a tenant's security deposit and interest on deposits under certain circumstances.

Under current law, after a tenancy terminates, landlords must return the tenant's security deposit, or the deposit balance if any, plus accrued interest, within the greater of (1) 30 days or (2) 15 days after receiving written notification of the tenant's forwarding address. The bill reduces this 30-day deadline to 15 business days. Under existing law and unchanged by the bill, any landlord that violates this requirement is liable for twice the security deposit amount (or, if the landlord fails only to deliver the accrued interest, the greater of twice the accrued interest or \$10).

The bill also makes a similar change to a statutory provision requiring landlords to pay interest annually on tenants' security deposits. Under current law, a landlord must pay their tenant the accrued interest within 30 days after (1) the tenancy is terminated before its anniversary date or (2) he or she returns all or part of a security deposit before the tenancy's anniversary date. The bill reduces this deadline to 15 business days.

By law, any landlord who knowingly and willfully fails to pay all or part of a security deposit when due is subject to a fine of up to \$250 for each offense, or \$100 per offense for failing to pay accrued interest (CGS § 47a-21(k)).

EFFECTIVE DATE: October 1, 2023

**COMMITTEE ACTION**

Housing Committee

Joint Favorable Substitute

Yea 10 Nay 5 (02/28/2023)