

2019 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1150

2019 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Peace Garden Room, State Capitol

HB 1150
1/16/2019
30939

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk: Ellen LeTang

Explanation or reason for introduction of bill/resolution:

Lessor security deposit limitations.

Minutes:

Attachment 1, 2

Chairman Keiser: Opens the hearing on HB 1150.

Rep Tveit~District 33, Mercer, Oliver & part of Morton Counties: Attachment 1.

6:10

Chairman Keiser: Was there to be a fiscal note on the last portion?

Rep Tveit: No one mentioned that.

Vice Chairman Lefor: Section 2, judgments are public record. Why are we putting that on the Attorney General for the judgments that the landlords should be doing for themselves?

Rep Tveit: To be in one place, a centralized location.

Rep P Anderson: Do you do a judgment when you trash a place?

Rep Tveit: That's the hope of this bill is that there are some teeth with the judgment.

Rep P Anderson: They always need a judgment?

Rep Tveit: Yes.

Rep Adams: If you know he's bad already, do I have to rent to him?

Rep Tveit: As I understand it, yes.

Rep Richter: Can a landlord get this information from another state?

Rep Tveit: At this point I don't believe its available.

Rep P Anderson: I thought if they have a bad credit report you didn't have to rent to them?

Rep Tveit: I can't answer that.

Rep Schauer: Why the 4-hour notice, what is the logic behind that?

Rep Tveit: We want to shorten that window as much as reasonable possible. With 4 hours, they can do a lot of trashing or pack up & leave. When the landlord suspects an incident, he wants to get in there as quickly as possible.

Rep Ruby: When do you verify that contact was made so it starts the 4 hours?

Rep Tveit: With this day & age, a simple text.

Rep Ruby: You don't know if they read it.

Rep Tveit: The text on my phone does indicate whether they read it or not.

Mark Olson~Citizen: Attachment 2. Explains his situation about his renter. He's tired of fixing up houses. The landlord needs to get in quicker. The people this bill is for is the problem tenant because there are no consequences.

18:45

Chairman Keiser: Anyone else here to testify in support, opposition neutral?

Rep P Anderson: Can we get something from the Attorney General to do this list? I struggle with the amendment?

Chairman Keiser: I can tell you, they don't want anything to do with this list.

Rep P Anderson: I don't struggle with the original bill but I struggle with the amendment.

Rep Adams: Do you do a credit check on your people who are going to rent?

Mark Olson: Yes, we do.

Rep Adams: Doesn't that show up on their credit report?

Mark Olson: It does, but it doesn't allow me to charge two months of rent.

Rep Richter: Do we have to accept all of the amendments?

Chairman Keiser: No we don't but we should check with the Attorney General.

Mark Olson: It doesn't matter where the list is, as long as there is a place where I can go to find the list.

Rep P Anderson: I'm still struggling with the tenant list versus the judgment.

Mark Olson: They will only be on the list if they have a judgment against them.

Rep P Anderson: If the credit report says it's a judgment, why does the Attorney General get all these judgments together if you can just look at the credit report? It's either a judgment list or a nonjudgement list.

Mark Olson: They get on the list by a judgment, not for being a bad client.

Rep Ruby: I agree with Rep P Anderson, if there is a need of a list, is the department of labor or credit reports the right place. I don't know. This is going to add a fiscal note, you will have cost there, you are going to run into issues with appropriations.

Chairman Keiser: Closes the hearing. We will check with the Attorney General because that's what's on the amendment.

2019 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Peace Garden Room, State Capitol

HB 1150
2/4/2019
32058

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk: Ellen LeTang

Explanation or reason for introduction of bill/resolution:

Lessor security deposit limitations.

Minutes:

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Chairman Keiser: Reopens the hearing on HB 1150.

Rep P Anderson: Didn't turn on her mike.

Chairman Keiser: We showed the amendment to the Attorney General & they said I can come in with force & kill it. This won't work. The Attorney General strongly supported the original bill which adds subsection b, on lines 16-18, page.

Rep P Anderson: Moves Do Pass.

Rep Schauer: Second.

Chairman Keiser: Further discussion.

Roll call was taken on HB 1150 for a Do Pass with 14 yes, 0 no, 0 absent & Rep P Anderson is the carrier.

Date: Feb 4, 2019Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1150

House _____ Industry, Business and Labor _____ Committee

☐ SubcommitteeAmendment LC# or
Description: _____

Recommendation

- ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions

- ☐ Reconsider ☐ _____

Motion Made by Rep Anderson Seconded By Rep Schauer

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	<u>x</u>		Rep O'Brien	<u>x</u>	
Vice Chairman Lefor	<u>x</u>		Rep Richter	<u>x</u>	
Rep Bosch	<u>x</u>		Rep Ruby	<u>x</u>	
Rep C Johnson	<u>x</u>		Rep Schauer	<u>x</u>	
Rep Kasper	<u>x</u>		Rep Adams	<u>x</u>	
Rep Laning	<u>x</u>		Rep P Anderson	<u>x</u>	
Rep Louser	<u>x</u>		Rep M Nelson	<u>x</u>	

Total (Yes) 14 No 0Absent 0Floor Assignment Rep Anderson

REPORT OF STANDING COMMITTEE

HB 1150: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
HB 1150 was placed on the Eleventh order on the calendar.

2019 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1150

2019 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Roosevelt Park Room, State Capitol

HB 1150
3/5/2019
Job #33208

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk: Amy Crane

Explanation or reason for introduction of bill/resolution:

Relating to lessor security deposit limitations.

Minutes:

Att. #1

Chairman Klein: Opened the hearing on HB 1150. All members were present.

Representative Tveit, District 33: see attachment #1 for testimony in support of the bill.

Senator Roers: What kind of a judgement can you get against an individual for skipping rent?

Representative Tveit: You can get a judgement not for skipping rent, as much as you can for trashing the place, and if it's an extended period of rent skipped a judgment can be held against you. The one who requested the bill is actually working on a judgement right now and that's why he's not here today.

Senator Piepkorn: How does the lesser find out?

Representative Tveit: That is a good question. There was an amendment we attempted to run through that had the attorney general keep a list, but that was turned down. Right now the renter's association would keep the list.

Chairman Klein: It would be hard to keep track of that

Vice Chairman Vedaa: I'm gonna go back about 20 years to my renting days, on the first place my wife and I rented. Somebody had for sale and they needed to kind of clean it up. So we cleaned it all up. We go to leave and low and behold they come in and inspect the house and there's a scratch on the tile that we forgot to mention and the plant left a stain on the carpet. I didn't get my \$1,000 security deposit back. So had I been an individual with a judgement against them, I wouldn't have gotten my \$2,000 security deposit back. And I know when renting it's so difficult to get a security deposit back. Any idea what to do there?

Representative Tveit: I don't have the answer to that. I do know that western North Dakota has become a very mobile society lately, the damages left behind by the individual is in excess of \$5,000-6,000. Somewhere there has to be some civility between the landlord and the lessee.

Chairman Klein: But then in this case it could've been five months' rent and you wouldn't have met the cost of all the damages. You know that's why this gentleman is going with a judgement.

Senator Kreun: What you're doing is changing from the ability to negotiate the two-month deposit and now you're forcing the two-month deposit. Because right now, you can get a two-month deposit but it has to be agreed upon by the landlord and the lessee.

Representative Tveit: You're correct in that statement. But for this bill, we're talking only in the case where there has been a judgement against the individual.

Senator Kreun: I'm not quite sure. The lessor may not demand or receive security however in domination the amount of value in excess of one month's rent. They can't do it except a lessor may accept or an amount or value up to two-month's rent as security from an individual convicted of a felony offense as incentive to rent the property. You can do that now, if you've been convicted they can get up to two-months' rent but what you're asking for is no matter what they can pick up two-months' rent as a deposit no matter what, whether they've got the felony charge or not.

Representative Tveit: I think we're getting our words turned around, I'm talking about an individual having a judgement against them, the felon is already within the law. If he is a felon that's already covered by the law. We're talking about a simple judgement on a previous rental, abuse, neglect, avoidance, etc. And in doing that, they are hoping that in the case that Chairman Klein talked about, you're hoping to help the next landlord or a past landlord is going to help you identify these individuals.

Chairman Klein: But in the case of Vice Chairman Vedaa, he lost that month but if he had had a judgement, he'd have lost two months? Not just because his plant made a stain on the carpet. Making sure I understand, there has to be beyond the usual wear and tear?

Representative Tveit: That is correct, he would've had to have a previous judgement even to be asked to put down a two-months' deposit.

Senator Kreun: You're just looking for the ability to have a two-months deposit up front no matter what?

Representative Tveit: Only in the case that this person has a previous judgement against them.

Senator Kreun: At this time.

Representative Tveit: Nope, you're thinking the felon. The way its written in the book, and we're talking the requirement of a judgment against any individual renter who has a judgement for a previous offense.

Senator Kreun: But you're just asking for a two-month deposit on any renter?

Representative Tveit: No sir.

Chairman Klein: Line 17, who has had a judgement entered in against that individual.

Senator Kreun: Yeah but then I go back into the century code and it says an individual convicted of a felony, is that the key word? Convicted? They can get up to two-months already in here.

Chairman Klein: If you're a convicted felon. This gentleman wouldn't be a convicted felon if you had a judgement for a previous walkout on a previous rental. That's not a felony.

Representative Tveit: That's correct

Senator Roers: But this is much more than just not paying rent, he's done much more damage than that by either not paying his rent or causing damage that cause a landlord to take him to court and expend all the time and energy to do that. More as a preventive measure for the next guy, because the changes of you ever collecting as a landlord is pretty limited. Unless the guy has some pretty significant assets you could tie on to, would you agree to that?

Representative Tveit: Yes, I would.

Vice Chairman Vedaa: There are a lot of judgements that can go against you that don't involve housing. So will any judgement count for this? Cause as its written, I think any judgement would be able to qualify for two-months' rent.

Representative Tveit: You're probably right about that. The intent was just a previous rental agreement.

Chairman Klein: It does say for a previous rental agreement, on the last line 18.

Representative Tveit: Line 16-17, a lesser may demand an amount of a value up to two-months' rent as security from an individual who has had a judgment entered against them for violating the terms of a previous rental agreement.

Vice Chairman Vedaa: I've never had a judgement against me so I don't know what it looks like. Does it say judge judgment, or does it define on a piece of paper that this was a rental agreement that you have a judgement against? I'm asking because I don't know.

Representative Tveit: I've never had a judgement against me either so I don't know. My understand is that you have to physically take the person to court and receive a certificate of judgement on that particular instance.

Todd Kranda, Kelsch Law firm: neutral testimony. As an attorney, yes the judgements generally define what they're relating to, at least the pleadings. If someone files a complaint it has to list the allegations for which it is being pursued so the judgment itself will have a basis for the agreement breach. They'll be more specific sometimes there is just a money judgment, the basis for which it is can be found out.

Chairman Klein: How do I find out about judgements?

Todd: The court system has a search mechanism. I assume that when an applicant comes in they check the history and it comes up a record of judgements.

Senator Piepkorn: Can the lessor look for a background check for a judgement on this particular issue? Because I don't think it would be fair if they run just a general background check there might be other judgements that pop up? Because the lessor cannot make decisions based on other non-rental agreements.

Todd: That's where the research has to go a step further. You would look and identify what the judgement was for, I think it's up to the landlord to be sure you're not charging someone for what is statutorily allowed.

Chairman Klein: So the landlord could be held if they attempt to add an additional month's rent and it's not based on a previous rental-related judgement?

Todd: That would be my advice for my landlord clients that you need to be sure that the judgment that you're relying upon is related to what it says that you're allowing them to charge the duplicate or two-months' rent.

Senator Roers: As a standard course of business in the rental business, you do background checks and you find out things like sexual abusers and people who jump bail, all of those things do show up and that's a landlord's prerogative to do that, so for us to single out this one issue is not doable. You get everything when you do a background check.

Todd: I think you're right but I think all this is saying is that as a landlord you can double the security deposit. They're going to do all the additional background checks to see if you're an offender, if you've got a bad credit history, whatever their criteria is without a discriminatory purpose to determine whether they are appropriate for rental.

Senator Roers: The fair housing act is exactly what allows you to do this, so you have to live within those standards as well.

Todd: Not only that, but there is a state law about labor as well. You can't discriminate for the housing purposes similarly.

Chairman Klein: In following, is 1150 as the manufactured housing folks, you don't have a comment either way or this would help you? Cause some of your folks have manufactured housing communities and probably have rental properties?

Todd: North Dakota manufactured housing association hasn't taken a formal position. I do have other clients that I represent that are landlord related and I don't think they would disagree with this either and as an individual lawyer, I would think this is well reasoned and makes sense.

Chairman Klein: As an attorney you would suggest that this is not bad?

Todd: From what I've heard, yes.

Chairman Klein: Closed the hearing on HB 1150.

Vice Chairman Vedaa: Moved a Do Pass.

Senator Roers: Seconded.

A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent.

Motion Carried.

Senator Roers will carry the bill.

Date: 3/5
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1150

Senate Industry, Business and Labor Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Wesley Seconded By Wesley

[illegible]

Total (Yes) 1 No 0

Absent 0

Floor Assignment None

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1150: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1150 was placed on the Fourteenth order on the calendar.

2019 TESTIMONY

HB 1150

HB 1150

Attachment/

Jan 16, 2019

(For Tveit, Bill)

Scratch Pad for: HB 1150

Chairman Keizer and Members of the committee;

I am Representative Bill Tveit from District 33, which is all of Mercer, all of Oliver and part of Morton Counties.

HB 1150 is a constituent requested amendment to Section 47-16-07-01 of North Dakota century code. This amendment is Designed to Offer protection to landlords when renting premises to an individual with a judgment entered against them for violating the terms of a previous rental agreement.

A landlord/lessor is often caught in between a rock and a hard place. That individual desires to have good responsible tenants, and he/she wants to supply a reasonable safe premise for the tenant. This landlord/lessor also hopes to make a reasonable profit in return.

By law, it is difficult, if not impossible to turn away a potential tenant , even though that individual may knowingly have a record of skipping out on his rent payment or worse yet, a history of "trashing" the place before leaving, or as is all too often, both!

Under current law, a landlord/lessor can charge no more than one months rent as a security deposit, except in the case of a felon, the current law then allows for up to 2 months rent as security deposit.

HB 1150 is designed to aid the landlord/lessor with an additional security in a case such as described above, should the potential tenant have a judgement entered against them for violating the terms of a previous rental agreement, much the same as renting to a felon under subsection 1 of 47-16-07.1 of the North Dakota Century Code.

In Section 1, Subsection 1, on line 13, Sub-paragraph a. the letter "A" was added to better describe Lessor.

Also in Section 1, on line 16, Sub-paragraph b. , a new subsection is created to allow a landlord/lessor to demand an amount or value up to two months rent, as security, from an individual who has had a judgment entered against that individual for violating the terms of a previous rental agreement.

In consultation with my constituents last evening, It was discovered that I had failed to include a some crucial and desired wording in HB 1150. I did immediately visit with Legislative Council and due to the lateness of the hour in relationship to this scheduled hearing time, I was advised to present HB 1150 as printed and then request to amend within this committee.

Mr. Chairman and members of this committee, would you like me to bring the amendment verbiage forward at this time?

???????

Mr. Chairman, members of the committee, this completes my presentation and I will stand for any questions you may have.

19.0863.01001
Title.

Prepared by the Legislative Council staff for
Representative Tveit

January 16, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1150

Page 1, line 1, after "to" insert "create and enact a new subsection to section 54-12-01 of the North Dakota Century Code, relating to the duty of the attorney general to create and maintain a list of individuals with previous rental delinquency judgments; and to"

Page 1, after line 18, insert:

- "c. If a tenant has had a judgment entered against the tenant for violating the terms of a previous rental agreement, a lessor may enter and inspect a rental dwelling upon a four-hour notice to the tenant.
- d. If an individual has a positive rental history with no judgments entered against the individual for violating the terms of a rental agreement in the previous five years and all judgments against the individual have been settled, the individual may submit a written request to the attorney general to remove the individual's name from the information maintained by the attorney general under section 2 of this Act.

SECTION 2. A new subsection to section 54-12-01 of the North Dakota Century Code is created and enacted as follows:

Create and maintain information regarding individuals with a previous judgment entered against the individual for violating the terms of a previous rental agreement. The attorney general shall disseminate the information to prospective landlords upon written request."

Renumber accordingly

6-11-18 Pd Rent - 2 week notice HB1150

Attachment 2
Jan 16, 2019
Page 1

6- - 18 WH ISSUES

6-22-18 Fixed WH & OUT

July 2- ① Pictures

② Called & told to Finish Cleaning

Aug 4- letter to Complete Cleaning by 8/31

9-1- Cleaning by wxt Garby

11-6-18- Done with Repairs

Dec 4 Filed SCLaims Paper

Dec 14 " served

Jan 4- to Respond - Asked for Henry

Feb 4- Scheduled Henry

many Rescheduled

9 months
over \$11500⁰⁰ loss

Leo Coleman 3-15 282330 Judgment - no
action
Since then 4 more judgments

30-60 Day Process

Ad - Eviction to Reason to be on list

Other losses not Filed to Court
Based on Value

2 month Rent/Security - Could be in 4 months
Approx

HB 1150

Attachment 2
Page 2
Jan 16, 2019

Judgment Records Search Results

[Skip to Main Content](#) [Logout](#) [My Account](#) [Search Menu](#) [New Judgment Search](#) [Refine Search](#) Location : State of North Dakota [Help](#)

Record Count: 8

Exact Name: on Party Search Mode: Name Last Name: Coleman First Name: Lee Sort By: Filed Date

Case No./Location	Entered/Docketed	Debtor(s)	Creditor(s)	Details
<u>09-2013-SC-01069</u> -- Cass County	01/02/2014 01/02/2014, 1:10 PM	Coleman, Lee Grupee, Kerwoser	Money Lenders	Damages Amount: \$693.50 Current Principal: \$693.50 Status: Active Type: MJE
<u>09-2017-CV-02096</u> -- Cass County	08/09/2017 08/09/2017, 1:55 PM	Coleman, Lee Grupee, Kerwoser	Campbell Property Management, LLC	Damages Amount: \$2,240.01 Current Principal: \$2,240.01 Status: Active Type: MJE
<u>09-2017-CV-03282</u> -- Cass County	12/29/2017 12/29/2017, 4:21 PM	Coleman, Kerwoser Coleman, Lee	Ley, George C.	Damages Amount: \$1,411.51 Current Principal: \$1,411.51 Status: Active Type: MJE
<u>10-2014-SC-00012</u> -- Cavalier County	03/25/2014 03/25/2014, 9:29 AM	Coleman, Lee	Schroeder Furniture LLC	Damages Amount: \$2,767.51 Current Principal: \$2,500.01 Status: Satisfied Type: MJE
<u>28-2016-CV-00188</u> -- McLean County	12/19/2016 12/19/2016, 2:12 PM	Coleman, Lee	DCI Credit Services Inc	Damages Amount: \$1,483.61 Current Principal: \$1,483.61 Status: Active Type: JBD
<u>28-2016-CV-00189</u> -- McLean County	12/27/2016 12/27/2016, 9:06 AM	Coleman Jr, Lee Coleman, Leann Coleman, Lee, Jr.	Credit Bureau of Bismarck Inc.,	Damages Amount: \$7,028.61 Current Principal: \$7,028.61 Status: Active Type: JBD
<u>29-2014-CV-00073</u> -- Mercer County	04/23/2014 04/23/2014, 10:52 AM	Coleman, Milton Lee	Schroeder Furniture LLC	Damages Amount: \$2,767.51 Current Principal: \$0.00 Status: Satisfied Type: MJE
<u>29-2015-SC-00005</u> -- Mercer County	03/25/2015 03/25/2015, 1:46 PM	Coleman, Lee	HBW Holding, LLC	Damages Amount: \$2,823.31 Current Principal: \$2,823.31 Status: Active Type: MJE

* 2015 then in 2016, 2017 *

Representative Bill Tveit
Senate IBL Committee HB 1150 Testimony. 5 March 2019

Chairman Klein and Members of the committee;

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