

2025 SENATE INDUSTRY AND BUSINESS

SB 2236

2025 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee Fort Union Room, State Capitol

SB 2236
1/29/2025

A bill relating to late fees on rents under a rental agreement.

10:50 a.m. Vice-Chairman Boehm called the meeting to order.

Members present: Chairman Barta, Vice-Chairman Boehm, Senator Klein, Senator Kessel, Senator Enget

Discussion Topics:

- Excessive and compound fees
- Late fee caps
- Accessible resources and FirstLink
- Homeless interim study
- Transient homeless populations and seasonal homelessness
- Percentage of cost-burdened renters
- Operation and maintenance cost fluctuation

10:51 a.m. Senator Braunberger, District 10, testified in favor and submitted testimony #31732.

10:54 a.m. Cody Schuler, American Civil Liberties Union of ND, testified in favor and submitted testimony #32439.

11:20 a.m. Kaden Feltch, Fair Housing Specialist with High Plains Fair Housing Center testified in favor and submitted testimony #32478.

11:24 a.m. Jeremy Petron, lobbyist representing the ND Apartment Association, testified in opposition and submitted testimony #32055.

11:26 a.m. Vice-Chairman Boehm closed the hearing.

Audrey Oswald, Committee Clerk

Good morning, Chairman Barta and members of the Senate Industry and Business Committee,

For the record, my name is Senator Ryan Braunberger, and I represent Fargo's District 10. This bill addresses a straightforward but essential issue: the implementation of reasonable late fees for rental payments under a rental agreement. It seeks to amend section 47-16-20 of the North Dakota Century Code to provide clarity and balance in rental agreements between lessors and lessees.

There is no specific provision in our state law addressing late fees for overdue rent payments. Senate Bill 2236 proposes a clear framework, allowing landlords to charge late fees not exceeding 8% of the overdue rent if payments are not made on time. By establishing this cap, the bill ensures fairness and prevents excessive penalties while also recognizing the financial implications that delayed payments can have on landlords.

This legislation fosters transparency and promotes responsible financial practices in rental agreements. It also aligns North Dakota with standard practices in many other states, ensuring our rental market operates efficiently and equitably.

Thank you for your time and consideration, and I will stand for your questions.

January 28, 2025

Jeremy Petron
Lobbyist # 209
North Dakota Apartment Association

Re: SB 2236 - opposed

Chairman and members of the Committee, my name is Jeremy Petron, lobbyist with the North Dakota Apartment Association.

We oppose SB 2236. This Bill is overreaching by essentially price-fixing what a property owner can charge for late rent payments. If a landlord charges late fees, the amounts are already specified in a lease agreement.

A property owner's costs associated with operating and maintaining the property aren't fixed, and can fluctuate. It becomes a higher-cost burden to cover losses when rent payments aren't received timely, to ensure property expenses are paid on-time; such as mortgage payments, insurance premiums, utility services, vendor invoices, and staff paychecks. Landlords would prefer to have all rent payments paid on-time, so that no late fees would need to be collected. It creates a cascade of issues down-the-line when a rent payment is not received on-time.

Sixty-ninth North Dakota Legislative Assembly
Senate Industry and Business Committee
S.B. 2236
January 29, 2025



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Chair Barta, Vice Chair Boehm, and members of the Committee:

On behalf of the ACLU of North Dakota, I submit testimony in support of Senate Bill 2236 relating to late fees on rents under a rental agreement.

According to the U.S. Census Bureau, approximately 35% of North Dakota's households are renter-occupied and approximately 40% of renter households are cost-burdened, meaning they spend at least 30% of their income on housing expenses. Rental housing plays a significant role in North Dakota's housing landscape, as does the reality that renters face weighty financial challenges across the state leading to housing instability and many living on the brink of eviction and contributing to ongoing issues of homelessness.

When cost burdened tenants are able to more easily make progress and catch up on rent on their own without assistance, they are more likely to stay housed. This reduces costly eviction proceedings for landlords and courts. Furthermore, the reduction in evictions avoids the ever-growing costs of turning over properties for new tenants and keeps occupancy rates up while leading to long-term stability in revenue flow.

Landlords should be compensated for late payments while late fees should not become an undue financial burden that traps tenants in a cycle of debt. Limiting late fees is essential to ensure penalties remain fair and proportional, which protects cost burdened tenants and those with low or fixed income.

While many property owners across the state are upstanding businessmen and women providing vital safe, decent, and affordable housing to our citizens, not all are good actors. Unfortunately, the business practices of some landlords charge punitive and excessive fees that often snowball, pushing financially struggling tenants into debt and increasing the risk of eviction and homelessness, and growing the reliance on and need for emergency services—including heavily subsidized financial assistance programs. A statewide standard for fees prevents landlords from imposing arbitrary or exploitative late fees.

Several industry organizations acknowledge or support late fee rent caps as a best practice in responsible property management. Key organizations supporting or providing guidance on rent cap practices include the National Apartment Association (NAA), Institute of Real Estate Management (IREM), and the National Multifamily Housing Council (NMHC).

While the NAA generally opposes excessive regulation, it does provide best practices and model lease agreements that include reasonable late fee structures. Likewise, the IREM promotes ethical property management practices, including fair late fee policies that balance landlord rights with tenant protections. While representing large apartment owners and operators, the NMHC generally favors market-driven policies, yet it does support fair housing initiatives that include reasonable late fee structures.

SB 2236 is a reasonable, balanced approach that protects both tenants and landlords by ensuring accountability without creating additional financial hardship for burdened tenants or notable revenue loss for landlords. We urge a "do pass" recommendation on SB 2236.

Submitted by:

Cody J. Schuler

*Advocacy Manager, ACLU of North Dakota, cschuler@aclu.org
ND Lobbyist #367*

Kaden Felch

SB2236

Thank you, Chairman and members of the committee.

My name is Kaden Felch, and I am a Fair Housing Specialist of High Plains Fair Housing Center, a private nonprofit with the mission to strengthen communities and ensure equal access to housing across North Dakota. On behalf of High Plains Fair Housing Center and myself, I would like to thank for the opportunity to speak today in support of Senate Bill 2236.

An audit of leases within the High Plains Fair Housing Center database showed a great deal of discrepancies in the amount of the late fee per landlord. Late fees started as little as \$10 and went all the way up to a late fee of \$100 + \$100 per week thereafter. According to the North Dakota Housing Finance Agency, most recent "Current State of Housing in North Dakota", nearly 40% of renters are cost-burdened in housing, meaning that more than 30% of their income is going to their rent payment. This number is in stark contrast to the state's homeowners who have an active mortgage, who are only 17.5% cost burdened. Large and accumulating late fees can set renters back for months, lead to eviction, or lead to large bills that may stay with them for a long time and prevent renters from finding stable housing in the future. We feel that passing SB2236 will be a good step forward in protecting ND renters from high late fees that are nearly impossible to actually pay.

Senate Bill 2236 will help North Dakota have clearer rental policy for landlords and tenants alike. Late payment caps will help stabilize many North Dakotans' lives. There are many reasons for someone to be late on a payment (medical crises, surprise car issues, etc.) this cap will allow more flexibility for North Dakotans who may not have as much expendable income as others. In many cases, renters' main priority of their possible multiple payments each month is their rent. In the rare situations where a tenant may only be able to do a partial payment or cannot pay until a few days later, this cap would help to not severely punish working class people for possible uncontrollable circumstances.

Another reason for rental caps is to lower confusion across the board for landlords and tenants. This cap allows landlords to now have a policy to point to if someone questions their late payment policies, something they have not been able to do before. This cap of 8% is still high enough to deter people from paying rents late. No one likes paying extra fees, this Bill just normalizes what can be charged. This bill also recognizes the burden continual late receptions of payments can have on landlords. Setting the late fee at 8% allows landlords to collect enough money to make up for the burdens late payments may have caused while ensuring they are not excessively profiting off of people's misfortune.

We urge you to pass SB2236 as a way to both protect renters while still holding them accountable for their contractual obligation. Thank you for your time.

2025 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee Fort Union Room, State Capitol

SB 2236
2/3/2025

A bill relating to late fees on rents under a rental agreement
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9:24 a.m. Chairman Barta opened the hearing on SB 2236.

Members present: Chairman Barta, Vice-Chairman Boehm, Senator Klein, Senator Enget
Members absent: Senator Kessel

Discussion Topics:

- Percentage amount
- Government involvement and overreach
- Private contracts
- Clear expectations
- Circumstances and relevancy

9:29 a.m. Senator Enget moved a Do Not Pass.

9:29 a.m. Senator Klein seconded the motion.

Senators	Vote
Senator Jeff Barta	Y
Senator Keith Boehm	Y
Senator Mark Enget	Y
Senator Greg Kessel	A
Senator Jerry Klein	Y

Motion passed 4-0-1.

Senator Enget will carry the bill.

9:30 a.m. Chairman Barta closed the hearing.

Audrey Oswald, Committee Clerk

REPORT OF STANDING COMMITTEE
SB 2236 ([25.0576.01000](#))

Industry and Business Committee (Sen. Barta, Chairman) recommends **DO NOT PASS** (4 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2236 was placed on the Eleventh order on the calendar. This bill does not affect workforce development.