

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 473

BY BUSINESS COMMITTEE

AN ACT

1 RELATING TO LANDLORDS AND TENANTS; AMENDING SECTION 6-321, IDAHO CODE, TO
2 PROVIDE THAT CERTAIN SECURITY DEPOSITS FOR RESIDENTIAL RENTAL PREMISES
3 SHALL BE MAINTAINED IN ACCOUNTS AT AN INSTITUTION INSURED BY THE FEDERAL
4 DEPOSIT INSURANCE CORPORATION OR THE NATIONAL CREDIT UNION ADMINISTRA-
5 TION AND TO MAKE TECHNICAL CORRECTIONS; AND DECLARING AN EMERGENCY.
6

7 Be It Enacted by the Legislature of the State of Idaho:

8 SECTION 1. That Section 6-321, Idaho Code, be, and the same is hereby
9 amended to read as follows:

10 6-321. SECURITY DEPOSITS. (1) Amounts deposited by a tenant with a
11 landlord for any purpose other than the payment of rent shall be deemed secu-
12 rity deposits. Upon termination of a lease or rental agreement and surrender
13 of the premises by the tenant, all amounts held by the landlord as a security
14 deposit shall be refunded to the tenant, except amounts necessary to cover
15 the contingencies specified in the deposit arrangement. The landlord shall
16 not retain any part of a security deposit to cover normal wear and tear.
17 "Normal wear and tear" means ~~that deterioration which that~~ occurs based ~~upon~~
18 on the use for which the rental unit is intended and without negligence,
19 carelessness, accident, or misuse or abuse of the premises or contents by the
20 tenant or members of his household, or their invitees or guests.

21 (2) Refunds shall be made within twenty-one (21) days if no time is
22 fixed by agreement and, in any event, within thirty (30) days after surrender
23 of the premises by the tenant. Any refunds in an amount less than the full
24 amount deposited by the tenant shall be accompanied by a signed statement
25 itemizing the amounts lawfully retained by the landlord, the purpose for the
26 amounts retained, and a detailed list of expenditures made from the deposit.

27 (3) If security deposits have been made as to a particular rental or
28 lease property, and the property changes ownership during a tenancy, the new
29 owner shall be liable for refund of the deposits.

30 (4) A security deposit for a residential rental premises that is man-
31 aged by a third-party manager of a landlord shall be maintained in a sepa-
32 rate account at a ~~federally insured financial~~ an institution insured by the
33 federal deposit insurance corporation or the national credit union admin-
34 istration. Such account shall be maintained separate from the third-party
35 agent's operating account. The requirements of this subsection shall not
36 apply to a property owner, managers who have common members or principals of
37 the property owner entity, a real estate licensee, or a nonprofit business
38 organization as established under chapter 30, title 30, Idaho Code.

39 SECTION 2. An emergency existing therefor, which emergency is hereby
40 declared to exist, this act shall be in full force and effect on and after its
41 passage and approval.