

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 505

BY BUSINESS COMMITTEE

AN ACT

1 RELATING TO SECURITY DEPOSITS IN A LANDLORD-TENANT SITUATION; AMENDING
2 SECTION 6-321, IDAHO CODE, TO PROVIDE FOR INTEREST TO BE PAID ON
3 SECURITY DEPOSITS TO BE PAID TO THE TENANT.
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5 Be It Enacted by the Legislature of the State of Idaho:

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

8 6-321. SECURITY DEPOSITS. Amounts deposited by a tenant with a
9 landlord for any purpose other than the payment of rent shall be deemed
10 security deposits. Upon termination of a lease or rental agreement and
11 surrender of the premises by the tenant all amounts held by the landlord as a
12 security deposit shall be refunded to the tenant, except amounts necessary
13 to cover the contingencies specified in the deposit arrangement. The
14 landlord shall not retain any part of a security deposit to cover normal wear
15 and tear. "Normal wear and tear" means that deterioration which occurs based
16 upon the use for which the rental unit is intended and without negligence,
17 carelessness, accident, or misuse or abuse of the premises or contents by the
18 tenant or members of his household, or their invitees or guests.

19 A landlord who collects and holds a security deposit on and after July
20 1, 2010, for a period of one (1) year or longer shall pay to the tenant
21 interest on the deposit at a rate equal to the interest rate paid on regular
22 savings accounts in the Idaho bank, savings and loan association, or credit
23 union in which it is deposited, commencing from the date the landlord
24 receives the deposit. If a landlord mingles security deposits in a single
25 account the landlord shall pay the actual interest earned on such account
26 proportionately to each tenant. A tenant may request the interest accrued on
27 a security deposit every year, thirty (30) days before the expiration of that
28 year's tenancy. The landlord shall comply with the request within fifteen
29 (15) days of the expiration of that year's tenancy.

30 Refunds, including the interest due, if any, shall be made within
31 twenty-one (21) days if no time is fixed by agreement, and in any event,
32 within thirty (30) days after surrender of the premises by the tenant. Any
33 refunds in an amount less than the full amount deposited by the tenant shall
34 be accompanied by a signed statement itemizing the amounts lawfully retained
35 by the landlord, the purpose for the amounts retained, and a detailed list of
36 expenditures made from the deposit.

37 If security deposits have been made as to a particular rental or lease
38 property, and the property changes ownership during a tenancy, the new owner
39 shall be liable for refund of the deposits.