

Third-Party Utility Billing – Consumer Protection for Tenants

What You Need to Know

Seattle's Third-Party Billing law defines rules for landlords that, by themselves or through private companies, bill tenants for utilities separate from their rent. This law took effect on February 1, 2004.

The law applies to:

- Residential buildings (apartments, houses, mobile home parks or boat moorage facilities) in Seattle with three or more tenant units;
- Residences described above that use a master metered utility service or unmetered utility service that is provided to the building or group of buildings as a whole;
- City water, sewer, garbage, and electric services.

What is third-party billing for utility service?

Third-party billing exists when a residential building in the City of Seattle received utility services and the landlord separately bills each rental unit for any of these services. A landlord, or billing company acting as its agent, that wants to bill tenants for water, sewer, garbage, or electrical service, must follow this law.

How does third-party billing work?

First, the landlord receives a billing statement of utility charges for the master meter on the property, or for other unmetered services provided to the property, such as garbage or sewer. The landlord then divides the bill for each tenant's share of the utility charges. Finally, tenants receive a bill from the property landlord or a billing company, not from the City of Seattle. The bill sent to tenants may not be entirely based on each tenant's usage.

What should a tenant's bill include?

- The name, business address and telephone number of the landlord or third-party billing agent who sent the bill to the tenant.
- The basis for each separate charge, including service charges and late fees, if any, as a line item, and the total amount of the bill.

- If the units are sub-metered, the current and previous meter readings, the current read date, and the amount consumed.
- The due date, the date upon which the bill becomes overdue, the amount of any late charges or penalties that may apply, and the date that late charges or penalties may be imposed.
- Any past due dollar amounts.
- The name, mailing address and telephone number for billing inquiries and disputes, the business hours and days of availability, and the billing dispute resolution process.

How are tenant utility bills calculated?

Landlords have several methods for allocating utility bills. Landlords may also decide to install submeters and begin billing on a sub-metered basis. Tenants should check their lease or the written notice provided by the landlord to determine how their bill was calculated.

What utility charges can be passed through to tenants?

The total charges sent to all the tenants in a building must not exceed the amount of the bill sent by the utility for the entire building, minus any late fees or other charges that the landlord owes to the utility. The following charges are permitted:

- Service charges no more than \$2 per utility per month, not to exceed a cumulative service charge of \$5 per month for all the utilities.
- Late payment charges no more than \$5 per month plus interest at a rate not to exceed 1% per month. Late payment charges shall not accrue until at least 30 days after the tenant receives the bill.
- The insufficient funds charge must not exceed \$31 per dishonored check.

What information and records must be made available to tenants?

Landlords must post, or hand-deliver or mail to tenants if posting isn't possible, a written description of the method used to allocate each utility service charge and a copy of Seattle Municipal Code Chapter 7.25. In addition, landlords must post copies of the three most current utility bills in the building and must keep utility bills for the last two years.

Landlords must make the last two years' utility bills, and the three most current utility bills if they cannot be posted, available to tenants upon request, within five (5) business days.

Can a landlord or third-party billing agent affect a tenant's credit report?

Maybe. A landlord may have a right under state or federal law to contact a credit reporting agency.

Can a landlord or third-party billing agent give out personal information about a tenant?

A landlord can only give a tenant's name and address to a third-party billing agent and cannot give the agent Social Security number or other person information.

Dispute Resolution

How do tenants dispute third-party bills?

The tenant must notify the billing agent and explain the reason for the dispute within 30 days of receiving the bill. The billing agent must contact the tenant to discuss the dispute within 30 days of receiving the notice of a billing dispute. Tenants must have a good faith basis for disputing the bill, and must pay any amounts they are not disputing. Tenants must first work with the billing agent to resolve the dispute, but may file a complaint with the Seattle Office of Hearing Examiner (206-684-0521), or go to court if necessary. If a tenant doesn't file a complaint or go to court within 120 days of notifying the billing agent of the dispute, the landlord may take the tenant to court or take other actions to resolve the dispute or collect any unpaid charges.