

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.