

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

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ONE HUNDRED AND TENTH LEGISLATURE

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Legislative Document

No. 468

H. P. 421

House of Representatives, January 28, 1981

Speaker laid before the House and on Motion of Representative Hobbins of Saco, referred to the Committee on Judiciary. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative Brenerman of Portland.

Cosponsors: Representative Davies of Orono, Senator Najarian of Cumberland.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

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**AN ACT Providing for Equitable Treatment of Security Deposits.**

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Be it enacted by the People of the State of Maine, as follows:

**Sec. 1. 14 MRSA § 6033, sub-§ 2, first sentence**, as enacted by PL 1977, c. 359, is amended to read:

A landlord shall return to a tenant the full security deposit deposited with the landlord by the tenant **plus all interest as provided by section 6038** or, if there is actual cause for retaining the security deposit or any portion of it, the landlord shall provide the tenant with a written statement itemizing the reasons for the retention of the security deposit or any portion of it:

**Sec. 2. 14 MRSA § 6038, 2nd sentence**, as enacted by PL 1979, c. 315, is amended to read:

All security deposits received after October 1, 1979, shall be held in an **interest-bearing** account of a bank or other financial institution under such terms as will place the security deposit beyond the claim of creditors of the landlord, including a foreclosing mortgagee or trustee in bankruptcy, and as will provide for transfer of the security deposit to a subsequent owner of the dwelling unit.

**Sec. 3. 14 MRSA § 6038, last sentence**, as enacted by PL 1979, c. 315, is repealed.

Sec. 4. 14 MRSA § 6038, as enacted by PL 1979, c. 315, is amended by adding at the end a new paragraph to read:

**When calculating the amount of a security deposit and interest to be returned to a tenant pursuant to section 6033, a landlord is not required to return interest that has accrued if the security deposit has been held by the landlord for a period of less than 6 months.**

#### STATEMENT OF FACT

In order to protect the integrity of security deposits given by tenants, current law requires landlords to place them in an account at a bank or other financial institution. Landlords hold security deposits in trust for their tenants until the money is returned or the landlord gains the right to retain some or all of it at the end of the tenancy.

This bill requires that interest paid on security deposit accounts accrues to the benefit of the tenant and that the interest be returned to the tenant, along with all or part of the security deposit as provided by law. To avoid an unfair burden on landlords, no interest is required to be returned to a tenant who remains in a dwelling unit for less than 6 months.

Finally, this bill exempts owner-occupied dwellings of 5 units or less from coverage under the security deposit law.