

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document

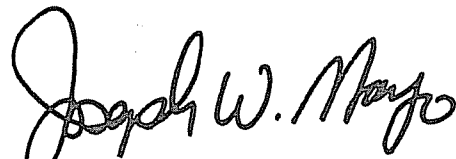
No. 1220

H.P. 905

House of Representatives, April 8, 1993

An Act Requiring Interest Earned on Security Deposits to Be Returned to Tenants.

Reference to the Committee on Legal Affairs suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative STEVENS of Orono.

Cosponsored by Representatives: ADAMS of Portland, CATHCART of Orono, OLIVER of Portland, SAXL of Bangor, TREAT of Gardiner, Senator: CONLEY of Cumberland.

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

4 **Sec. 1. 14 MRSA §6033, sub-§1-A** is enacted to read:

6 1-A. Interest to be paid on security deposit. A landlord
8 holding a tenant's security deposit in an escrow account pursuant
10 to section 6038, when returning the security deposit or any
12 portion of the security deposit, shall pay to a tenant the
14 interest accrued to the security deposit as follows:

16 A. When a landlord returns to a tenant the tenant's full
18 security deposit, all interest accrued to the full amount of
20 the security deposit is paid;

22 B. When a landlord returns to a tenant a portion of the
24 security deposit, only the interest accrued to the portion
26 of the security deposit so returned is paid; and

28 C. When a landlord retains a security deposit, interest
30 accrued to the security deposit may be retained by the
32 landlord and need not be paid to a tenant.

34 Interest on the security deposit must be computed from the date
36 of receipt of the security deposit to the date of its return to a
38 tenant. The interest paid to a tenant under this subsection may
40 not be reduced by any charge for service or maintenance of the
42 escrow account.

44 The requirements of this subsection apply to any security
46 deposits held in an escrow account on January 1, 1994 and to any
48 security deposits placed in an escrow account after that date.

50 **Sec. 2. 14 MRSA §6033, sub-§2,** as amended by PL 1985, c. 264,
is further amended to read:

2. Return; time; retention. A landlord shall return to a
tenant the full security deposit deposited with the landlord by
the tenant and interest accrued to the security deposit 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:

A. In the case of a written rental agreement, within the
time, not to exceed 30 days, stated in the agreement; and

B. In the case of a tenancy at will, within 21 days after
the termination of the tenancy or the surrender and
acceptance of the premises, whichever occurs later.

2 The written statement itemizing the reasons for the retention of
any portion of the security deposit shall must be accompanied by
4 a full payment of the difference between the security deposit and
the amount retained, plus accrued interest owed pursuant to
subsection 1-A.

6
8 The landlord is deemed to have complied with this section by
mailing the statement and any payment required to the last known
address of the tenant.

10
12 Nothing in this section may preclude the landlord from retaining
the security deposit to cover the costs of storing and disposing
14 of unclaimed property, for nonpayment of rent or nonpayment of
utility charges which that the tenant was required to pay
directly to the landlord.

16
18 **Sec. 3. 14 MRSA §6033, sub-§3,** as enacted by PL 1977, c. 359,
is amended to read:

20 **3. Penalty.** If a landlord fails to provide a written
statement or to return the security deposit and accrued interest
22 within the time specified in subsection 2, the landlord shall
forfeit his the right to withhold any portion of the security
24 deposit.

26

STATEMENT OF FACT

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30 This bill requires landlords to pay tenants the interest
that is earned on security deposits held in escrow accounts,
subject to the conditions of the return of the security
32 deposits. Landlords are required to pay the interest accrued to
that portion of the security deposit being returned to a tenant
and are not required to pay interest if the security deposit is
34 retained by the landlord.