

# Rental Housing Association of Utah

## 2024 Legislative Session Report

The 2024 legislative session was a relatively quiet one for the Rental Housing industry, and our government affairs committee was not involved in many aggressive bills. Initially, a few bills were of concern; however they were negotiated on, and overall, the issues we were involved with led to positive outcomes. 2024 was another successful year for our industry. The RHA Government Affairs Committee would like to extend a major thank you to all of the individuals and companies who donate to the Rental Housing Political Action Committee and who are involved with the RHA Government Affairs Committee.

As the state continues to battle an affordable housing crisis, many legislators are looking for answers. Several bills were passed this year addressing funding and development of housing opportunities. Tenants rights organizations also presented a number of bills looking to aid tenants in their housing. Some of these bills were negotiated down to the point where the RHA Government Affairs Committee supported the bill; a few others were opposed. However, the legislature did not pass any tenant's rights bills this year.

Perhaps the most significant issue that arose during the 2024 session was restructuring how property management is regulated in the state of Utah. Over the past couple of years, property managers have sought clarifying rules regarding property management. A bill attempting to create separate licensure and regulations at the Division of Real Estate was presented at this year's legislature (more about that can be found in this report); however, a working group will be formed over the summer to help draft rules and a bill to be adopted in 2025.

Lastly, the RHA legislative team successfully pushed bills addressing HOA regulations over rental dwellings and county assessor policies on how they verify a rental property's "residential status."

### Bill Report Summary:

#### BILLS HELD FOR INTERIM WORK:

H.B. 578 – Property Manager Requirements

#### BILLS THAT PASSED:

H.B. 104 – Property Owner Association Amendments

H.B. 174 – Automatic Renewal Contract Requirements

H.B. 500 – Real Estate Amendments

S.B. 58 – Property Tax Administration Amendments

S.B. 116 – Eviction Notice Requirements Amendments

S.B. 171 – Municipal Rental Dwelling Licensing

S.B. 187 – Fair Housing Amendments

S.B. 204 – Condominium and Community Association Amendments

#### BILLS THAT DID NOT PASS:

H.B. 169 – Rental Property Disclosure Requirements

H.B. 180 – Short-term Rental Amendments

H.B. 255 – Residential Rental Modifications

H.B. 321 – Eviction Records Amendments

S.B. 184 – Expungement of Eviction Amendments



## **Property Manager Licensing Bill | Held for Interim Work**

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### **H.B. 578**

*Would create an alternative path to property management licensing, and PM rules at the DRE.*

Sponsored by: Representative Teuscher

RHA Position: Support

**BACKGROUND:** Perhaps the most complicated issue we addressed this year was property management regulations within the division of real estate. The state is currently investigating state commissions with the goal of lowering the barrier of entry. This coupled with the frustration property managers have with division regulations over property management created momentum for separate licensing and regulations for property managers. In January 2024 the state “Office of Professional Licensure Review” published an opinion recommending separate regulations for property management and a lower barrier to entry.

**THIS BILL:** This bill was an excellent step in addressing our goal. It succeeded in bringing all of the stakeholders together. However, the timing of the states report (mentioned above) and legislative drafting process left too little time to complete this complicated step. However, the bill has brought the major stakeholders to the table with a commitment to fix the issue over the interim.

**NEXT STEPS:** With this step in the process complete, the next step is forming a “property management regulation task force” to meet and address the issues over the summer. The task force will be comprised of legislators, key industry members, and a division representative. The goal will be to draft proposed rules to be adopted by the division of real estate, and to refine H.B. 578 to be passed early in the 2025 legislative session. The new process still aims to create a separate license to perform property management-related services, with a lower barrier of entry than a real estate license, and anyone with an active real estate license would automatically qualify for this license. It appears that a fall 2025 launch for this new process is still the best estimate. The regulations would also address permitted practices within property management specifically.

## **HOA Radon Remediation Bill | Passed**

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### **H.B. 104**

*Requires HOAs to permit radon remediation on properties that need it.*

Sponsored by: Representative Thurston and Senator Kennedy

RHA Position: Monitor

Effective Date: May 1, 2024

One issue that has come up over the past year is HOA regulations over radon remediation. Often, to treat radon, venting is installed from a basement to the exterior of a dwelling. Some HOAs have had issues with this as the venting enters into a common area and may not be the most aesthetically pleasing. HB 104 requires an HOA to permit radon remediation. Under this new law, an HOA can still put rules around the modification so long as the rules don’t undermine the cost and functionality of the modification; in addition, an HOA can require proof that the radon remediation is necessary.

## **Automatic Contract Renewal Notices | Passed**

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### **H.B. 174**

*Requires contracts (excluding real estate contracts) to provide certain notices if they automatically renew.*

Sponsored by: Representative Acton and Senator Weiler

RHA Position: Monitor

Effective Date: January 1, 2025

Representative Acton's bill addresses contracts that renew on an automatic basis. The RHA government affairs team originally had concerns on the implications this would have on rental contracts as well as contracts to manage real property. However, Representative Acton agreed to exempt those types of contracts based on our negotiations and concerns.

## **Real Estate Amendments | Passed**

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### **H.B. 500**

*This bill makes adjustments to the rules governing real estate through the Division of Real Estate.*

Sponsored by: Representative Musselman and Senator Cullimore

RHA Position: Support

Effective Date: May 1, 2024

Most years, the division of real estate makes changes to the rules governing real estate, sometimes called the "DRE clean-up bill." This bill specifically requires the division to notify a broker about a complaint against an agent, increases the penalty for certain crimes if they are committed against someone over the age of 65, and removes the 10-day reporting requirement for criminal convictions.

## **County Assessors – Residential Tax Credit Amendments | Passed**

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### **S.B. 58**

*Limits information a county tax assessor can request to verify the primary residential use of a property.*

Sponsored by: Senator Grover and Representative Christofferson

RHA Position: Support

Effective Date: May 1, 2024

In Utah, property that is being used as someone's primary residence receives a 40% reduction on their property taxes. Long-term rentals qualify for this discount because the tenant uses the property as their primary residence; however, short-term rentals, vacation homes, and other real estate do not. County tax assessors are tasked with implementing these taxes. Recently, county tax assessors have been asking for information landlords do not have access to in order to verify the tax-exempt status (i.e., tenant's driver's license with an address that matches the rental, copy of utility bills, etc.). This bill limits what a county can ask for to: first, a declaration of use from the owner. If there are still suspicions, second, a copy of the lease agreement; third, a copy of the real estate insurance policy for the property; and last, a copy of the federal tax return.

## **Animal Control Notice After Eviction | Passed**

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### **S.B. 116**

*Clarifies the notice required to be posted by animal control if an animal is left following an eviction.*

Sponsored by: Senator Plumb and Representative Eliason

RHA Position: Support

Effective Date: May 1, 2024

The title of this bill, “Eviction Notice Requirements Amendments,” is scarier than what this bill actually does. This bill clarifies notice that a sheriff or animal authority needs to post if they are performing a lockout order after an eviction and an animal is left on the property. The notice informs the tenant about where the animal is. This bill may actually help make animal authorities more responsive to dealing with abandoned animals.

## **Municipal Rental Dwelling Licensing Exemption | Passed**

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### **S.B. 171**

*Exempts rentals that don't earn income from having to pay for a business license.*

Sponsored by: Senator Kwan and Representative Stoddard

RHA Position: Support

Effective Date: May 1, 2024

If a city requires a rental property to get a business license, but the rental property doesn't receive rental income (i.e. a kid is living at the property rent-free), this bill requires the city to exempt the property from having to pay for the license. The owner may still have to provide proof that it doesn't receive income.

## **Fair Housing Amendments | Passed**

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### **S.B. 187**

*Addresses the LLC limitation on Utah's Fair Housing exemption, and makes technical appeals changes.*

Sponsored by: Senator Cullimore and Representative Brammer

RHA Position: Support

Effective Date: May 1, 2024

In Utah, certain small landlords can qualify for the “Mrs. Murphy” exemption to the fair housing act. This exemption provides a limited ability of a small landlord to have more input on the tenant's they approve for a rental. Inconsistent with federal law, Utah has not allowed small landlords who incorporate as a business to access this exemption. This new law fixes that, Starting in May of 2024 small landlord can incorporate and still qualify for this limited exemption to the fair housing act. This bill also grants the Attorney General's office negotiation and settlement authority over fair housing cases that are appealed to the district and appellate courts.

## **HOA Rental Amendments | Passed**

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### **S.B. 204**

*This bill expands protections for rental properties against HOA regulations.*

Sponsored by: Senator Harper and Representative Moss

RHA Position: Support

Effective Date: May 1, 2024

Under Utah code, rental properties receive certain protections against HOA regulations. This new law expands that protection. Under the new law, an HOA cannot require a rental provider to use a lease agreement provided by the HOA, or obtain the HOA's approval of a lease agreement. However, the HOA can still require an owner or tenant of a rental unit to sign an addendum provided by the HOA.

## **Rental Property Conditions Disclosure Bill | Did Not Pass**

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### **H.B. 169**

*Would have required rental housing operators to provide residents with an inventory of rental conditions.*

Sponsored by: Representative Walter

RHA Position: Oppose

As public policy around rental housing continues to be addressed, one concern that was raised in the 2024 legislative session was property conditions upon move-in. A property owner owes a resident the highest duty of care/negligence there is. This bill looked to require landlords to provide a written inventory of the history of property conditions (similar to what is required when you sell real property). However, case law and the current Fit Premises Act likely cover many of the concerns policymakers have. The RHA worked with the bill sponsor and agreed to help elevate the education surrounding property conditions in exchange for the legislator pulling the bill. This education and relevant forms to distribute to tenants will be implemented this summer.

## **Short-term Rental Requirements | Did Not Pass**

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### **H.B. 180**

*Would have regulated state-wide standards for short-term rental and how cities have to regulate them.*

Sponsored by: Representative Bennion

RHA Position: Disfavor

Representative Bennion was looking to overhaul how short-term rentals are dealt with. The government affairs committee did not directly oppose this bill but opposed the idea of government intervention in the private use of land. Her bill aimed to limit when short-term rentals are appropriate, create regulations around safety and occupancy standards, limit the number of people who can rent out a short-term rental, and instruct the cities on how to regulate short-term rentals. The bill received a lot of pushback, but many of the stakeholders agreed to work on the bill in the interim.

## **Technical Time Change for Eviction Record Expungement | Did Not Pass**

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### **H.B. 321**

*Changes the time in which the courts must expunge a record that qualifies for automatic expungement.*

Sponsored by: Representative Judkins and Senator Weiler

RHA Position: Support

Under current law, an eviction that is dismissed with the courts and for which judgment is satisfied (meaning the landlord who brought the case has been made whole) qualifies for an automatic expungement. This bill looked to change the time that the court has to actually expunge the record from 3 years to 120 days. This is a technical change and likely wouldn't have affect rental providers.

## **60 Days' Notice of Rent Increase | Did Not Pass**

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### **H.B. 355**

*Would have required a rental provider to give 60 notice of rent increase in limited circumstances.*

Sponsored by: Representative Bennion and Senator Fillmore

RHA Position: Support

This bill has been brought to the RHA government affairs committee over multiple years by the tenant's rights organizations. The concern is that, given the cost of living in Utah, renters need more time to make budget adjustments when receiving a rent increase. Of course, as rental providers, we are deeply invested in the success of residents and encourage all property owners to provide as much notice as reasonable when rent is increasing. What made this bill different is that our concerns about how this language would affect landlords were addressed, and several exemptions were added so as not to change how we do business – still, the legislature was concerned about how unbalanced this bill was and voted it down.

## **Criminal and Drug Eviction Expungement | Did Not Pass**

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### **H.B. 184**

*Would have created a path for eviction expungement specific for drug related evictions.*

Sponsored by: Representative Riebe

RHA Position: Oppose

This bill would have expanded the eviction expungement process available to tenants now, and created a specific path for drug related evictions. While the bill had exemptions, and would require the approval of the landlord who performed the eviction, the rarity of these types of evictions combined with severity lead the RHA government affairs committee to oppose this bill.