

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 477 w/CS Termination of Rental Agreements by Military Members
SPONSOR(S): Rep. Patterson
TIED BILLS: None. **IDEN./SIM. BILLS:** HB 505, HB 1475, SB 482, SB 1098.

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Judiciary</u>	<u>18 Y, 0 N w/CS</u>	<u>Havlicak</u>	<u>Havlicak</u>
2) <u>Veterans' & Military Affairs</u>	<u></u>	<u>Smith-Boggis</u>	<u>Highsmith-Smith</u>
3) <u>Local Government & Military Affairs</u>	<u></u>	<u></u>	<u></u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

Current law requires a military member to pay liquidated damages to a landlord when he or she is required to terminate a rental agreement due to receiving permanent change of station orders if the landlord, due to the early termination, has suffered actual damages.

This bill eliminates this liquidated damages provision.

The bill also prohibits landlords from discriminating against members of the United States Armed Forces in renting residential property.

The bill creates a new section of law permitting residential rental agreements with a specific duration to contain a provision requiring a tenant to give up to 60 days notice of his or her intent to vacate the premises upon completion of the rental agreement. If a rental agreement requires notice and the tenant does not give such notice, the tenant may be liable for liquidated damages as specified in the rental agreement. Additionally, this new section of law provides that if the tenant remains in the rental unit after the termination of the rental agreement with the landlord's permission and fails to give timely notice prior to leaving, the tenant is liable to the landlord for one month's rent.

This bill does not appear to have a fiscal impact on state or local governments.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h0477b.lgv.doc
DATE: April 7, 2003

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|--|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

This bill may relieve some tenants of the liquidated damages provision in their rental agreements; an obligation they knowingly entered into.

B. EFFECT OF PROPOSED CHANGES:

Section 83.682, F.S., governs the termination of rental agreements by active duty members of the United States Armed Forces. Specifically, a military member who receives permanent change of station orders requiring him or her to move 35 miles or more, or who has been prematurely or involuntarily discharged from the military, may terminate the rental agreement with written notice effective at least 30 days after the landlord receives the notice. Along with the written notice to terminate the rental agreement, the service member must provide a copy of the official military orders or a written verification of the military reassignment signed by the member's commanding officer.

When a service member terminates a rental agreement under this section, he or she is liable for the rent due under the lease prorated to the effective date of the termination. The service member is not liable for any other rent or damages due to the early termination of the rental agreement except liquidated damages as defined in s. 83.682(3), F.S. However, the tenant is only liable for liquidated damages if he or she has completed less than 9 months of the rental agreement and the landlord has suffered actual damages due to the service member's early termination.

The liquidated damages are:

- up to 1 month's rent if tenant completed less than 6 months of the tenancy as of the termination date; or
- up to one-half of 1 month's rent if tenant completed between 6 and 9 months of the tenancy as of the termination date.

This bill eliminates the liquidated damages provision in s. 83.682 (3), F.S. The service member is still required to provide written notice of termination to the landlord at least 30 days in advance and provide either a copy of the official military orders or a written verification of the military reassignment by the service member's commanding officer. The service member would still be liable for the portion of the rent due under the rental agreement prorated to the effective date of the termination.

The bill also specifically prohibits landlords from discriminating against members of the United States Armed Forces in offering a rental unit for rent or in any of the terms of the rental agreement.

Finally, the bill creates s. 83.575, F.S., which permits residential rental agreements with a specific duration to contain a provision requiring a tenant to give no more than 60 days notice of his or her intent to vacate the premises upon completion of the rental agreement. If a rental agreement requires notice and the tenant does not give such notice, the tenant may be liable for liquidated damages as specified

in the rental agreement. Additionally, this new section of law provides that if the tenant remains in the rental unit after the termination of the rental agreement with the landlord's permission and fails to give timely notice as required in s. 83.57(3), F.S., prior to leaving, the tenant is liable to the landlord for one month's rent.¹

C. SECTION DIRECTORY:

Section 1 amends s. 83.682, F.S., deleting the liquidated damages provision.

Section 2 amends s. 83.67 relating to prohibited practices in residential tenancies.

Section 3 creates s. 83.575 relating to termination of tenancy with specific duration.

Section 4 provides an effective date of upon becoming law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

This bill could have a negative fiscal impact on landlords who own and rent their property to United States military members due to their inability to recover liquidated damages from their military tenants who move prior to completion of their rental agreements.

D. FISCAL COMMENTS:

None.

¹ Section 83.57(3) requires either party wishing to terminate a tenancy without a specific duration to give at least 15 days notice prior to the end of any monthly period if the tenancy is from month to month.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or municipalities to spend funds or to take an action requiring expenditure of funds.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

The Judiciary Committee adopted a strike everything amendment on March 26, 2003, after which the bill, as amended, was reported favorably. The strike everything added two new sections to the bill.

- Section 2 amending s. 83.67, F.S., adding a provision prohibiting landlords from discriminating against members of the United States Armed Forces in offering a rental unit for rent or in any of the terms of the rental agreement.
- Section 3 creating s. 83.575, F.S., which permits residential rental agreements with a specific duration to contain a provision requiring a tenant to give no more than 60 days notice of his or her intent to vacate the premises upon completion of the rental agreement. If a rental agreement requires notice and the tenant does not give such notice, the tenant may be liable for liquidated damages as specified in the rental agreement. Additionally, this new section of law provides that if the tenant remains in the rental unit after the termination of the rental agreement with the landlord's permission and fails to give timely notice prior to leaving, the tenant is liable to the landlord for one month's rent.