

OPPOSE HOUSE BILL 7746

I oppose House Bill 7746 because requiring security deposits to be held in interest bearing escrow accounts will provide a very small amount of interest on security deposits while increasing the administrative cost to landlords for opening and maintaining these special accounts. Landlords will likely have to pay bank fees for opening and maintaining these special accounts that far exceeds any interest that would be earned on the security deposit. If a security deposit of \$2,000 is held in an escrow account earning interest at 1.5% per year, interest earned will be \$30 per year. Imposing a substantial administrative burden and cost on Landlords to create and maintain these accounts far outweighs the \$30 annual benefit that a tenant would gain under this example. Landlords should not have to ensure that interest is earned on security deposits and also absorb the cost to maintain that account which will likely far exceed the interest earned on the deposit.

The current law security deposit law is strict enough to protect tenants' security deposits because Landlords face a triple penalty if they fail to comply with the law and properly account for the security deposit. Landlord abuse of Tenant security deposits is not a problem in Rhode Island. The threat of treble damages under the current law is incentive enough for the vast majority of Landlords to comply.

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