



Chair Bowman, Vice-Chairs Drazan and Pham, and members of the House Committee on Rules,

Thank you for the opportunity to provide testimony in opposition to HB 3974. Oregon REALTORS® is an industry association comprised of roughly 18,000 members who work as real estate brokers, principal real estate brokers, real estate property managers, and affiliated industry professionals. In turn, our members represent hundreds of thousands of Oregonians in real property transactions across the state.

By capping tenant screening charges at \$20, HB 3974 would eliminate the ability of residential landlords to offset their actual costs when screening a tenant, thus increasing a housing providers' operational costs. Housing providers will be left with three options, all of which are detrimental to Oregon's housing market:

1. Conduct substandard screenings, risking safety and stability and making it difficult if not impossible for the housing provider to evaluate all prospective tenants based on objective criteria;
2. Absorb the actual cost of tenant screenings, reducing the economic viability of investing in and providing rental housing; or
3. Pass the costs of screening onto other tenants through increased rents.

The costs of completing a tenant screening won't go away and HB 3974 will not change the basic economics of operating a business. The costs will simply be shifted in ways that will worsen Oregon's housing crisis.

We sympathize with the concerns that the bill is trying to address. There is no doubt that application screening fees can be burdensome for low-income prospective tenants. However, it is important to keep in mind that Oregon already has laws to protect tenants from excessive or repetitive screening charges, laws which have been updated as recently as 2023 (ORS 90.295). Among other protections, these laws:

- Limit tenant screening fees to the landlord's average actual cost of screening applicants or the customary amount charged by tenant screening companies or consumer credit reporting agencies for a comparable level of screening;
- Require landlords to return screening fees to prospective tenants if the landlord fills the unit prior to screening the applicant or the applicant withdraws their application before screening is conducted. Landlords must also notify prospective tenants of this right before requiring the payment of the screening fee; and



- Prohibit landlords from charging a prospective tenant more than one applicant screening charge within any 60-day period, regardless of the number of rental units owned for which the applicant has applied.

Additionally, our members who conduct property management report that they only screen applicants who are first in line for a property and that not until someone is denied do they run screening report for another applicant. While it is true that an applicant may apply with more than one landlord at a time, it is unlikely that the applicant is first in line for each unit, and the applicant can withdraw if they have already qualified for a unit with another landlord.

Oregon REALTORS® is encouraged by recent market innovations such as Zillow's portable rental application. We believe that existing laws—which have recently been strengthened—and market innovations are better solutions than arbitrary price controls that don't reflect the cost of doing business and risk further damage to the housing market. Oregon REALTORS® is interested in being a constructive partner with lawmakers and other stakeholders on this issue but strongly encourages the Committee to reject HB 3974 as written.

Thank you for your time and consideration of our testimony.