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***House Bill 97 – Self-Storage Units: Liens; Sales***

***Sectional Analysis Version S***

**Section 1** (*Page 1, lines 5-7*) – Amends AS 28.11.025 relating to claims of ownership by private property owners to add a new subsection (d) stipulating that AS 28.11.025 does not apply to a vehicle in a self-storage facility under AS 34.35.600 through AS 34.35.670.

**Section 2** (*Page 1, lines 8-10*) – Amends AS 34.35 to add a new section to article 5 stipulating that AS 34.35.220 – Persons entitled to carrier, warehouse, and livestock liens and AS 34.35.225 – Sale to enforce liens, do not apply to a self-storage facility.

**Section 3** – (*Page 1, line 11 - Page 6, line 10*) - Amends 34.35 to add a new section titled Article 13A. Self-Storage Facilities.

**Sec. 34.35.600.** Self-storage facility liens; fees. (*Page 1, line 12 - Page 2, line 7*)

This section details that a facility owner has a storage lien on unit property if the unit renter fails to abide by a written rental agreement, including paying the rental charges and reasonable late fees. A late fee is considered reasonable if the fee does not exceed the greater of \$20 or 20 percent of the monthly rental fee.

**Sec. 34.35.605.** Priority of storage lien. (*Page 2, lines 8-12*)

(a) This section notes that if a vehicle is an item of the unit property, a storage lien is superior to a lien or encumbrance established under AS 28.10.371 – AS 28.10.401.

(b) Stipulates that a storage lien is superior to a security interest perfected under AS 45.29. A storage lien is also superior to another lien or security lien, except a tax lien.

**Sec. 34.35.610.** Attachment of storage lien; rental agreements. (*Page 2, lines 13-20*)

This section stipulates that a storage lien attaches on the date on which property is placed in a storage unit. A rental agreement must contain a statement notifying the unit renter of the existence of the storage lien and the method by which the facility owner may enforce the lien. This section also requires the unit renter to disclose any lienholders with an interest in the stored property.

**Sec. 34.35.615.** Enforcement. (*Page 2, lines 21-22*)

Gives facility owners the right to enforce a storage lien after a unit renter has been continuously in default for at least 10 days.

Sec. 34.35.620. Denial of access; removal of unit property. (*Page 2, line 23 - Page 3, line 3*)

Stipulates that after a default, the facility owner may deny the unit renter access to the storage unit and move property to another place for storage. The section also allows the facility owner to tow or otherwise remove a vehicle or watercraft from the storage facility.

Sec. 34.35.625. Default notice (*Page 3, lines 4-27*)

Requires a facility owner to notify the unit renter and any lienholders identified in the rental agreement that a unit renter is in default before enforcing a storage lien. The lien notice must include an itemized statement and the date when the default occurred. The notice must include a statement of how the unit renter can cure the default, including a demand that the unit renter cure the default before the date stated in the lien notice. The date for curing the default must not be less than 20 days after the date the facility owner provides the lien notice. The lien notice must also include a conspicuous statement noting that, unless the unit renter cures the default the facility owner will dispose of the unit property.

Sec. 34.35.630. Authority to dispose of unit property. (*Page 3, lines 28-31*)

This section allows the facility owner to dispose of the unit property if a unit renter does not cure a default and pay the amount due by the deadline stated in the lien notice.

Sec. 34.35.635. Sale and disposal of unit property. (*Page 4, lines 1-7*)

Section (a) allows a facility owner to sell unit property at the storage facility or nearest suitable location, or on the internet.

Section (b) Allows the facility owner to privately sell, give away, donate, or throw away unit property that is not commercially viable to dispose of by a public sale.

Sec. 34.35.640. Redemption by unit renter, vehicle owner, or vehicle lien holder. (*Page 4, lines 8-18*)

Section (a) notes that, before the sale of the property, the unit renter may redeem the unit property by paying the amount due, in which case, the facility owner shall immediately return the unit property to the unit renter.

Section (b) states that if a vehicle owner of record or a lienholder pays the amount due before the facility owner disposes of the vehicle under AS 34.35.635, the facility owner shall transfer possession of the vehicle to the vehicle owner or lienholder who pays the amount due.

Section (c) states that a facility owner is no longer liable for property after it is returned under (a) or (b) of this section.

Sec. 34.35.645. Good faith purchasers. (*Page 4, lines 19-23*)

A person who purchases unit property in good faith and without notice of noncompliance takes the unit property free of any rights of the unit renter, the facility owner, and any lienholders, even if the facility owner has not complied with AS 34.35.600 - 34.35.670.

Sec. 34.35.650. Vehicle title. (*Page 4, lines 24-27*)

This section stipulates that if a vehicle is sold at a public sale and is titled, the Department of Administration shall transfer title to the vehicle to the purchaser who purchased the vehicle and who requests the transfer.

Sec. 34.35.655. Proceeds of sale. (*Page 4, line 28 - Page 5, line 2*)

This section details how the storage facility owner is to apply the proceeds from the disposal of private property to satisfy a storage lien. If disposal proceeds remain after a storage lien is paid off, facility owners must hold proceeds for the unit renter or a recorded lienholder for a period of three years after the disposal sale. If excess proceeds are not claimed within the three-year period, the funds shall be considered abandoned and remitted to the Department of Revenue.

Sec. 34.35.660. Limit on value of property stored. (*Page 5, lines 3-6*)

This section details that if a rental agreement specifies a limit on the value of property that a unit renter may store in the storage unit, the specified limit is considered to be the maximum value of the unit renter's property stored in the rented unit.

Sec. 34.35.665. Additional rights and obligations. (*Page 5, lines 7-11*)

This section stipulates that the provisions of AS 34.35.600 – 34.35.670 do not prevent a rental agreement from containing other rights, duties, and obligations. The rights provided to a facility owner by AS 34.35.600 – 34.35.670 are in addition to other rights provided by law to a creditor against a debtor.

Sec. 34.35.670. Definitions. (*Page 5, line 12 - Page 6, line 14*)

This section defines terms used in the Act including amount due, default, electronic mail, facility owner, rental agreement, self-storage facility, storage lien, storage unit, unit property, unit renter, vehicle and watercraft.

**Section 4** (*Page 6, lines 15-17*) – Amends AS 34.45 to add a new section to article 1, Sec. 34.45.095 Application. This section clarifies that AS 34.45.010 – 34.45.085 do not apply to a self-storage facility under AS 34.35.600 – 34.35.670.

**Section 5** (*Page 6, lines 18-22*)

Amends the uncodified law of the State of Alaska to add a new section that stipulates this Act only applies to rental agreements entered into on or after the effective date.