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Dunmire
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SENATE CS FOR CS FOR HOUSE BILL NO. 97(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVE PRAX

A BILL

FOR AN ACT ENTITLED

"An Act relating to self-storage facilities for personal property, including vehicles and watercraft; distinguishing self-storage facility liens from another type of storage lien; and excluding self-storage liens from the treatment of certain unclaimed property."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* **Section 1.** AS 28.11.025 is amended by adding a new subsection to read:

(d) This section does not apply to a vehicle in a self-storage facility under AS 34.35.600 - 34.35.670.

* **Sec. 2.** AS 34.35 is amended by adding a new section to article 5 to read:

Sec. 34.35.227. Application. AS 34.35.220 and 34.35.225 do not apply to a self-storage facility under AS 34.35.600 - 34.35.670.

* **Sec. 3.** AS 34.35 is amended by adding new sections to read:

Article 13A. Self-Storage Facilities.

Sec. 34.35.600. Self-storage facility liens; fees. (a) A facility owner has a storage lien on personal property stored under a rental agreement in a storage unit at

the self-storage facility for rent, labor, late fees, and other charges, and for expenses reasonably incurred in the sale or other disposition of the property under law not to exceed an amount equal to 60 days of accrued charges permitted under the rental agreement, including rent, labor, and other fees.

(b) A facility owner may charge a reasonable late fee for each service period in which a unit renter fails to pay rent or a fee when due. A late fee is reasonable if the fee does not exceed the greater of

(1) \$20; or

(2) 20 percent of the monthly rent payment.

Sec. 34.35.605. Priority of storage lien. (a) If a vehicle is an item of the unit property, a storage lien is junior to a lien or encumbrance established under AS 28.10.371 - 28.10.401.

(b) A storage lien is superior to another lien or security lien, except a tax lien or security interest that was perfected before the date the rental agreement was entered into.

Sec. 34.35.610. Attachment of storage lien; rental agreements. (a) A storage lien attaches on the date on which property is placed in a storage unit.

(b) A rental agreement must contain a statement in bold type

(1) notifying the unit renter of the existence of the storage lien and of the method by which the facility owner may enforce the storage lien under AS 34.35.600 - 34.35.670; and

(2) requiring the unit renter to disclose any lienholders with an interest in property that will be stored in the storage unit.

Sec. 34.35.615. Enforcement. A facility owner may 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. (a) After a default, a facility owner may

(1) deny the unit renter access to the storage unit;

(2) move the unit renter's unit property to another place for storage;

and

(3) if the unit property includes a vehicle or watercraft, tow or

1 otherwise remove the vehicle or watercraft from the storage facility, or have the
2 vehicle or watercraft towed or otherwise removed from the storage facility to another
3 place for safe storage.

4 (b) A facility owner may not be held liable for damage incurred to a unit
5 renter's vehicle or watercraft after the facility owner removes the vehicle or watercraft
6 from the storage facility under this section. Removal of unit property from a self-
7 storage facility under this section releases the storage lien under AS 34.35.600.

8 **Sec. 34.35.625. Default notice.** (a) Before selling the unit property of a unit
9 renter, a facility owner shall notify the unit renter and any other lienholder identified
10 in the rental agreement that the unit renter is in default by electronic mail and by the
11 United States Postal Service with a certificate of mailing sent to the most recent
12 address provided by the unit renter in a rental agreement or subsequent written notice
13 of change of address.

14 (b) At least 10 days, but not more than 20 days, after the notice of default
15 required by (a) of this section is sent, a facility owner shall hand deliver, send by
16 electronic mail, send by certified mail, return receipt requested, or send by the United
17 States Postal Service with a certificate of mailing a second notice of default to the
18 most recent address provided by the unit renter in a rental agreement or subsequent
19 written notice of change of address. The second notice of default must include

20 (1) a statement that the unit property of the unit renter is subject to a
21 storage lien and that the unit renter has been or will be denied access to the property
22 until the facility owner's claim is satisfied;

23 (2) the address of the self-storage facility, the name of the unit renter,
24 and the number of the storage unit rented by the unit renter;

25 (3) a statement of the charges due, the date of default, and a demand
26 for payment of the charges due by a specified date that is at least 20 days after the date
27 the notice was sent;

28 (4) a statement in bold type providing that, unless the claim is paid by
29 the date specified in the demand for payment, the unit property of the unit renter will
30 be sold on or after a date specified in the notice; and

31 (5) the name, address, and telephone number of the facility owner or a

designated agent the unit renter may contact to respond to the notice.

(c) In addition to the notice required under (a) of this section, a facility owner shall, after a unit renter has been in default for 20 days, notify a lienholder identified in the rental agreement that the unit renter is in default.

Sec. 34.35.630. Authority to dispose of unit property. If a unit renter does not cure a default and pay the amount due by the deadline specified in the notice required by AS 34.35.625, the facility owner may sell or dispose of unit property under AS 34.35.635.

Sec. 34.35.635. Sale and disposal of unit property. (a) A facility owner shall hold a sale of unit property

(1) at the storage facility or, if the storage facility is not a suitable location for the sale, at the nearest suitable location; or

(2) on a publicly accessible Internet website.

(b) A facility owner may dispose of property if the property was offered for sale and did not receive a bid or offer.

Sec. 34.35.640. Redemption by unit renter, vehicle owner, or vehicle lienholder. (a) Before a sale or disposal of a unit renter's unit property takes place under AS 34.35.635, the unit renter may redeem the unit property by paying the amount due. If the unit renter redeems the unit property, the facility owner shall immediately return the unit property to the unit renter.

(b) If the vehicle owner of record or a lienholder listed on the vehicle title pays the amount due before the facility owner sells or disposes of a vehicle under AS 34.35.635, the facility owner shall transfer possession of the vehicle to that vehicle owner or lienholder.

(c) If the facility owner returns unit property under (a) or (b) of this section, the facility owner does not have any further liability with respect to the unit property.

Sec. 34.35.645. Good faith purchasers. A person who purchases unit property in good faith and without notice of a noncompliance with AS 34.35.600 - 34.35.670 at a sale held under AS 34.35.635 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.

1 **Sec. 34.35.650. Vehicle title.** If a vehicle is sold at a public sale held under
2 AS 34.35.635 and is titled under AS 28.10, the Department of Administration shall
3 transfer title to the vehicle to the purchaser who purchased the vehicle and who
4 requests the transfer.

5 **Sec. 34.35.655. Proceeds of sale.** If a sale is held, a facility owner may satisfy
6 a storage lien from the proceeds of the sale and shall hold the remaining balance, if
7 any, for delivery on demand to the unit renter or another recorded lienholder for a
8 period of three years from the date of sale. If unclaimed after three years, the funds
9 shall be considered abandoned under AS 34.45.110 and the facility owner shall remit
10 the funds to the Department of Revenue. The remaining balance from the sale may
11 exceed the limit in AS 34.35.660.

12 **Sec. 34.35.660. Limit on value of property stored.** If a rental agreement
13 specifies a limit on the value of property that a unit renter may store in the storage
14 unit, the limit specified in the rental agreement is considered to be the maximum value
15 of the unit renter's unit property stored in the storage unit.

16 **Sec. 34.35.665. Additional rights and obligations.** The provisions of
17 AS 34.35.600 - 34.35.670 do not prevent a rental agreement from containing other
18 rights, duties, and obligations that do not conflict with or arise from AS 34.35.600 -
19 34.35.670. The rights provided to a facility owner by AS 34.35.600 - 34.35.670 are in
20 addition to other rights provided by law to a creditor against a debtor.

21 **Sec. 34.35.670. Definitions.** In AS 34.35.600 - 34.35.670,

22 (1) "amount due" means the amount of the storage lien under
23 AS 34.35.600;

24 (2) "default" means a unit renter's failure to perform an obligation or
25 duty at the time and in the manner set out in the rental agreement or under this chapter;

26 (3) "electronic mail" means the transmission of information by use of a
27 computer or through other electronic means;

28 (4) "facility owner" means

29 (A) the owner, operator, lessor, or sublessor of a self-storage
30 facility;

31 (B) a person authorized by a person described in (A) of this

paragraph to receive rent from a unit renter under a rental agreement;

(5) "rental agreement" means a written agreement that establishes or modifies the terms under which a person may use a storage unit at a self-storage facility;

(6) "self-storage facility" means

(A) real property that

(i) is designed for and used as a rental space where a person may store and retrieve property directly without going through another person;

(ii) may not be used for a person to live in;

(B) does not include a warehouse subject to AS 45.07;

(7) "storage lien" means a lien authorized under AS 34.35.600;

(8) "storage unit" means the individual storage space at a self-storage facility that is rented to a person under a rental agreement;

(9) "unit property" means the property, including goods, wares, merchandise, household items, vehicles, watercraft, and other items, stored in a storage unit;

(10) "unit renter" means a person who is entitled to the use of a rented space in a self-storage facility under a rental agreement, or the sublessee, successor, or assignee of a facility owner;

(11) "vehicle" has the meaning given in AS 28.90.990(a);

(12) "watercraft" means a boat required to be registered under AS 05.25.055.

* **Sec. 4.** AS 34.45 is amended by adding a new section to article 1 to read:

Sec. 34.45.095. Application. AS 34.45.010 - 34.45.085 do not apply to a self-storage facility under AS 34.35.600 - 34.35.670.

* **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. This Act applies to rental agreements entered into on or after the effective date of this Act. In this section, "rental agreement" has the meaning given in AS 34.35.670, enacted by sec. 3 of this Act.