

**ALASKA STATE LEGISLATURE
HOUSE JUDICIARY STANDING COMMITTEE**

March 16, 2022

1:03 p.m.

MEMBERS PRESENT

Representative Matt Claman, Chair
Representative Liz Snyder, Vice Chair
Representative Harriet Drummond
Representative Jonathan Kreiss-Tomkins
Representative David Eastman
Representative Christopher Kurka
Representative Sarah Vance

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 331

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

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 331

SHORT TITLE: SELF-STORAGE UNITS: LIENS; SALES

SPONSOR(S): REPRESENTATIVE(S) TUCK

02/16/22	(H)	READ THE FIRST TIME - REFERRALS
02/16/22	(H)	JUD, L&C
03/14/22	(H)	JUD AT 1:00 PM GRUENBERG 120
03/14/22	(H)	<Bill Hearing Canceled>
03/16/22	(H)	JUD AT 1:00 PM GRUENBERG 120

WITNESS REGISTER

REPRESENTATIVE CHRIS TUCK
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 331.

DANIEL BRYANT, Legal and Legislative Counsel

Self Storage Association

Alexandria, Virginia

POSITION STATEMENT: Presented a PowerPoint, titled "Bringing a Self Storage Lien Law to Alaska."

MIKE MASON, Staff

Representative Chris Tuck

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: On behalf of Representative Tuck, prime sponsor, answered questions during the hearing on HB 331.

SHARON BEEMAN

Forbes Storage

North Pole, Alaska

POSITION STATEMENT: Gave public testimony during the hearing on HB 331.

WILLIAM BREWER, Owner

Fairbanks Storage, LLC

Fairbanks, Alaska

POSITION STATEMENT: Gave public testimony during the hearing on HB 331.

ACTION NARRATIVE

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CHAIR MATT CLAMAN called the House Judiciary Standing Committee meeting to order at 1:03 p.m. Representatives Vance, Kreiss-Tomkins (via teleconference), Eastman, and Claman were present at the call to order. Representatives Drummond, Snyder, and Kurka arrived as the meeting was in progress.

HB 331-SELF-STORAGE UNITS: LIENS; SALES

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CHAIR CLAMAN announced that the only order of business would be HOUSE BILL NO. 331, "An Act relating to self-storage facilities for personal property, including vehicles and watercraft; relating to the treatment of firearms, ammunition, and controlled substances found in self-storage units;

distinguishing self-storage facility liens from another type of storage lien; and excluding self-storage liens from the treatment of certain unclaimed property."

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REPRESENTATIVE CHRIS TUCK, Alaska State Legislature, as prime sponsor, presented HB 331. He stated that HB 331 would modernize the lien law in Alaska pertaining to self-storage facilities, of which there are approximately 150 in the state. He remarked that Alaska is the only state with no lien laws specific to the self-storage unit industry. He stated that lien laws exist to settle disputes between storage facility owners and unit renters. He drew a comparison of the lien laws to those in the Landlord-Tenant Act, and he stated that the proposed legislation would contain protections for both parties. For storage facility owners, he said that lien laws would aid in satisfying the debts incurred by renters not paying their rent, or who fail to comply with the terms of rental agreements. He stated that HB 331 would allow owners to enforce a lien on the storage after the renter has been continuously in default for at least 10 days. He noted that 10 days would be the minimum number of days elapsed prior to the owner taking action. He expressed the opinion that it would be unlikely an owner would take action immediately. He stated that the proposed legislation would give owners the right to dispose of property in a storage unit if a renter does not pay the default amount due by the deadline prescribed in the lien notice. He added that the proposed legislation would direct how and when an owner could dispose of the contents in a unit.

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REPRESENTATIVE TUCK explained that renters would also be protected. Unit owners would be required to provide details of the lien process and the methods of enforcing a lien. In other words, an itemized statement of the claim would be provided to renters with instructions on curing a default. He stated that the proposed legislation would also allow the renter to receive notifications via email. He added that owners would be required to allow time for renters to settle any default prior to taking possession of the private property contained in a storage unit. The proposed legislation would also outline how renters may redeem their property prior to disposal by the owner. Owners would be required to hold any excess proceeds from the disposal of property, along with the records, for one year. He added that the owners would be required to provide these records to

any former unit renters. He stated that the proposed legislation would contain a notification requirement which includes a phone call, postal mail, and an email from the owner to the renter. He further explained that facility owners who seek to dispose of property must provide a published notice in a newspaper within the facility's judicial district. The owner of the facility would be required to advertise any sale one time per week for two weeks in a commercially reasonable manner. He expressed the understanding that this would likely attract at least three bidders who are not related to the facility owner or each other. He noted that HB 331 would prescribe the information which must be included in the publication advertisement and notice of sale, and the sale would take place not less than five days after the notification of sale.

REPRESENTATIVE TUCK stated that the proposed legislation would contain a provision on restricted property, such as firearms, ammunition, and controlled substances, as these would be transferred to law enforcement. The lien notice must include a statement that a law enforcement agency will be notified should restricted property be found in a rental unit, and a renter will be notified when restricted property is transferred to law enforcement. He stated that renters would be permitted to file a claim for the return of firearms or ammunition from law enforcement within one year.

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DANIEL BRYANT, Legal and Legislative Counsel, Self Storage Association (SSA), gave a PowerPoint presentation, titled "Bringing a Self Storage Lien Law to Alaska" [hard copy included in the committee packet]. He began on slide 2, reviewing how the self-storage business works. He gave an overview of lien laws, how the lien sale process works, and the proposed Alaska self-storage lien law. Moving to slide 3, he stated that in Alaska there are approximately 150 facilities. Almost all of these facilities are owned by small operators based in Alaska. He pointed out that the larger storage facility owners are publicly traded companies, such as Public Storage. Addressing self-storage operations, he moved to slide 4, which read as follows [original punctuation provided]:

- The self storage operator and tenant have a commercial landlord-tenant relationship.
- A broad swath of consumers use self storage for a variety of reasons.

- Consumers contact storage operators over the phone, via the internet, or in person to rent a unit.
- Once a unit size is selected, a consumer signs the rental agreement, the contract that governs the relationship between the operator and the tenant.
- All rental agreements are month-to-month tenancies that renew upon the mutual desire of both parties. Consumers are free to terminate and vacate.
- Vast majority of tenancies are successful for both parties. Goods are stored and rent is timely paid.

MR. BRYANT further explained that units are rented because the renter does not have enough space for life transitions, such as death or divorce. He added that storage unit rental agreements would not lock a consumer into a multi-month or multi-year commitment. He stated that most agreements are successful for both the renter and the unit owner. He then summarized the information on slide 5, which read as follows [original punctuation provided]:

Lien Law Overview

- Forty-nine states and the District of Columbia have a self storage lien law.
- Alaska is the last state without a self storage lien law.
- Self storage lien laws provide a non-judicial foreclosure process for addressing situations in which self storage tenants fail to pay their rent, and the storage operator must sell the tenant's property to satisfy the operator's lien for past due rents.
- Statutory lien laws are important to provide a basic legal framework and guardrails to protect both owners and occupants.
- This bill would ensure that several steps are taken before a sale, starting with the execution of a written rental agreement that informs the occupant of the lien and the fact the property may be sold or disposed of upon default.
- Also, the occupant would have to be notified several times before sale / disposal.

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MR. BRYANT continued the presentation on slide 6, explaining the lien sale process. He pointed out that national data from SSA indicates storage operators sell approximately 1 percent to 3 percent of leased spaces annually. In other words, 97 percent

to 99 percent of tenants use the space as described in the rental agreement and never have their belongings subject to a lien sale. He explained that even though the lien process is not used often, it is necessary for the successful operation of a storage facility business. When a renter is in default, he voiced that the primary goal of storage facility operators is to recover the space, which can then be rented again to a paying customer. He explained that lien sales are not an income generating activity, and an owner would likely recover only 20 cents to 30 cents per dollar lost because of the imposition of the lien.

MR. BRYANT explained that the Servicemembers Civil Relief Act (SCRA) provides special protections for service members in all 50 states, including Alaska, and the proposed legislation would ensure these protections are maintained. He pointed out that SCRA is explained on slide 7 of the presentation. He added that failure to comply with the SCRA carries both criminal and civil penalties and liability.

MR. BRYANT drew attention to slide 8 which listed highlights from the proposed legislation. These highlights include rental agreement requirements, default notice requirements, advertising requirements, and the manner and method of sales. He pointed out slide 9 addresses the rental agreement requirements. These include that the rental agreement would be executed by both parties; the lien would be attached on the date the property is placed in the unit; the storage owners would be legally obligated to ensure the rental agreement contains a statement in bold notifying the renter of the existence of the storage lien; and for the owner's lien to be enforceable, occupants must be informed upon execution of the rental agreement. Moving to slide 10, he went over the default notices covered by the proposed legislation, which include, after being informed of the owner's lien rights, if the tenant defaults, the owner must send a notice to the occupant regarding the default and provide an opportunity to cure; the required notice must be to the occupant's postal address and electronic mail address provided in the rental agreement, or in the written notice of a change of address; and hard copy mail must be sent, providing evidence of the mailing. He added that, as a matter of practice, owners in every state make several additional attempts to contact renters in default to remedy any dispute prior to a lien sale.

MR. BRYANT recalled Representative Tuck's earlier reference to the use of email and explained that this has become a national trend. He explained that email is useful because approximately

50 percent of self-storage tenants are in transition, and email addresses typically remain the same when an individual moves. He stated that the proposed legislation would give tenants the choice to receive lien notices by email, if provided, and the owner must send the notice by both traditional mail and email. He added that nationally most storage owners have found tenants more responsive to email. He directed attention to slide 12 and explained that the map depicts the status of legislation in other states related to the use of email for notifications.

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MR. BRYANT drew attention to slide 13, which concerned late fees in the proposed legislation. He stated that the late fee would be the standard \$20 or 20 percent of the monthly rent, whichever is greater. He suggested that consumers would be protected by this amount, which is fair and reasonable, while still compensating the storage owner for lost revenue. Moving to slide 14 explained that the map depicts the status of safe harbor laws for late fees. He explained that states highlighted in yellow do not have a safe harbor provision related to late fees, but those states allow late fees. He added that some owners may elect to charge exorbitant late fees and expressed his opinion that it would be prudent to provide guidance in statute on what is fair and reasonable.

CHAIR CLAMAN asked which party would benefit from the safe harbor provision.

MR. BRYANT answered that the safe harbor provision would apply to the owner. He explained that the \$20 or 20 percent would be fair and reasonable.

MR. BRYANT, moving to slide 15, described the step which would be taken following multiple attempts to contact a renter in default. He stated that once the occupant has been informed of the lien in the rental agreement, and several attempts have been made to contact the renter, and the occupant is completely unresponsive, other methods of contact are available, such as by text message. He reiterated that an owner's best interest is to avoid a lien sale; however, at this point, the proposed legislation would allow the property to be towed, sold, or, if the property is of very low value, disposed of. Regarding towing property, such as a vehicle, he stated that many storage operators do not want to sell this type of property because the process is cumbersome. He continued that the proposed legislation would provide operators with the option to have the

property towed after default, and the towing company would have to comply with the process for selling a titled vehicle. He added that 43 states allow operators to tow vehicles under similar circumstances. He pointed out the language on slide 18 pertaining to towing in HB 331. He drew attention to slide 19 and reiterated that owners' lien sales are not "moneymakers" for storage owners, and the primary goal of the proposed bill is to enable the owner to get the unit back into the owner's inventory as a rental.

MR. BRYANT, moving to slide 20, explained the sale of property. He stated that operators have a strong incentive to advertise in the most effective means possible to maximize the sale price, as any proceeds received would be applied to the debt owed. He added that this also benefits the customer, as any excess proceeds greater than the debt would be held for the former occupant. He stated that the owner would then send notice to the occupant of the excess proceeds for the occupant to collect; however, he expressed the understanding that it is rare for there to be any excess proceeds greater than the debt owed. He reiterated that in nearly all cases, the owner loses money when selling a customer's property. He described advertising for the sale, and pointed out the proposed legislation would require an owner to advertise once in a newspaper of general circulation, or one time a week for two weeks in a commercially reasonable manner which is likely to attract three independent bidders, who are not related to the owner or each other. He explained that an owner would be allowed to choose either method of advertising, whichever best suits the circumstances.

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MR. BRYANT reviewed how the sale would be conducted. He stated that the owner must hold the sale at the storage facility, or the nearest suitable location to the unit. It could also be on a publicly accessible internet website. He continued that the facility owner must hold the sale not less than five days after the advertisement. He added that these provisions are common in the legislation in other states. Moving to slide 22, he pointed out that sales can be conducted online or on-site. He added that online sales expand the audience of potential bidders by allowing bidders to submit bids over the course of several days without attending a one-day sale in person, and this would create the likelihood of higher bids. He pointed out that slide 23 depicts a map of states which allow online sales. Moving to slide 24, he stated that the proposed legislation would allow owners to dispose of very low value property in

units. He stated that, if the unit renter does not cure the default and pay the amount due by the deadline, as stated in the lien notice, and if the facility owner determines it is not viable to publicly sale the property, the facility owner may privately sell, give away, donate, or throw away the property.

MR. BRYANT, moving to slide 25, summarized the process after the sale of the property. He stated that the bill outlines the order of payments from the proceeds. The facility owner must mail a notice about the excess proceeds to the renter and hold these proceeds for one year.

MR. BRYANT concluded the presentation by summarizing the information on slide 27, which read as follows [original punctuation provided]:

- Self storage lien laws provide a non-judicial foreclosure process to address situations in which self storage tenants fail to pay their rent, and the storage owner must sell the tenant's property to satisfy the owner's lien for past due rents and other fees.
- The lien process is an infrequently used procedure, but it is necessary for the successful operation of a storage facility.
- A statutory lien law provides an essential framework and guardrails to protect storage owners and consumers.
- Alaska is the last remaining state without such a law.
- Now is the time to bring a self storage lien to Alaska.

MR. BRYANT restated that most tenants and owners are satisfied, and he welcomed questions from the committee.

[1:28:05 PM](#)

REPRESENTATIVE SNYDER referred to Section 34.35.665 on page 7, line 6 of the proposed legislation and asked whether an owner would be entitled to excess proceeds in the case of a tenant in default having violated the maximum value of the contents of the unit, as stipulated in the rental agreement, and the property was sold at a higher value.

MR. BRYANT answered that the provision was included to allow a unit owner to limit the value of stored goods so an individual

could not later claim the loss or destruction of items of very high value. He added that self-storage units are not appropriate for very high-value items. In response to the restatement of the question, he explained that any time a lien sale occurs, the owner is entitled to a maximum of the total debt owed by the renter. He added that a renter would be entitled to the proceeds which exceed the debt and any other qualified claims against the proceeds of the sale. He further explained that the owner would be required to attempt to contact the renter.

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REPRESENTATIVE EASTMAN referred to the provision related to the disposal of low-value contents and asked whether an owner could determine a sale would be inconvenient or elect to not sell an item, regardless of its actual value.

MR. BRYANT offered that this provision would pertain to units in default which evidently contain garbage. He noted that other states had provisions allowing an owner to determine a low dollar value threshold, and this would allow an owner to elect not to conduct a sale. In response to a follow-up question, he answered that, as the bill is written, there does not exist an appeal process and valuation is left to the facility owner.

REPRESENTATIVE EASTMAN asked what would happen in the case that an owner valued a renter's property lower than its actual value, and it exceeded the amount provisioned in the rental agreement. He questioned the legal remedy for the renter.

MR. BRYANT answered that other states do not incorporate such language into their laws, and SSA recommends owners execute a sale for each unit in default, when possible. He stated that the sale would determine the fair value of the contents of a unit. He reiterated that the provision under discussion would be included to provide a remedy for units which are evidently full of garbage, and an owner may elect not to conduct a sale.

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CHAIR CLAMAN suggested that an owner, who does not know the value of an object, disposes of valuable property. He questioned what remedy would exist for the renter.

MR. BRYANT answered that the renter could pursue damages through a civil action called a "wrongful sale."

REPRESENTATIVE TUCK offered that the bill before the committee has been a work in progress for more than 10 years. He suggested that the line of questioning underscored the need for a storage lien bill, and a case has occurred in Alaska where a renter had valuable property which an owner kept. He added that similar situations have occurred with firearms. He stated that cases exist where a renter falls behind, and if the owner has knowledge of valuable property in the unit, the owner may not attempt to contact the renter. He expressed the importance of establishing terms and conditions in statute, so individuals know their rights.

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REPRESENTATIVE VANCE referred to page 5, line 11 in the proposed legislation and asked whether 5 days between public notification and the execution of a sale would be adequate.

MR. BRYANT answered that the national average ranges between 5 to 15 days. He expressed the opinion that 5 days after advertisement of the sale would be adequate for online sales.

REPRESENTATIVE VANCE asked for an explanation of the process from the time rent is due to the advertisement of the sale.

MR. BRYANT explained that an owner is required to wait 10 days [after rent is due] to determine whether a renter is in default, and the process would not start before day 11. He said there would be 21 days following the notice to the renter to cure the default. He stated that the advertising process would occur after this. He reiterated that the guidance offered by SSA would be to slow the process to attempt contact and to seek other remedies prior to a sale.

REPRESENTATIVE VANCE expressed her concern that many rural Alaskans may not have access to email or postal mail because of commercial fishing, or other activities. She asked what protections would exist for individuals who may not prioritize storage unit rent with no malicious intent.

REPRESENTATIVE TUCK stated that there has been discussion regarding a provision requiring owners to make a phone call. He described his personal experience of being stranded in rural Alaska with no access to the internet. He suggested that the decision to expand the provision to require a phone call would be one of policy.

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REPRESENTATIVE SNYDER expressed similar concerns about individuals out of cellular range in excess of the timelines provided in the bill. She asked whether it had been considered to include a provision for a renter to disclose potential seasonal absences in the rental agreement to improve communication with the owner.

REPRESENTATIVE TUCK offered that the federal government has addressed such matters for military families for similar reasons. He offered that any tenant may negotiate with a landlord or facility owner, and he would encourage renters to do so. He stated that to include provisions beyond the minimum proposed in the bill would be one of policy.

REPRESENTATIVE SNYDER referenced the term "commercially viable" and asked whether including a definition of this was considered.

REPRESENTATIVE TUCK answered that a previous version of the bill stipulated that an appraiser would establish a value threshold of the property. He reiterated that such an inclusion would be a policy determination.

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CHAIR CLAMAN asked whether the Uniform Laws Commission had taken a position regarding self-storage facilities.

MR. BRYANT responded that he is unaware of the commission's involvement. He added that SSA has reviewed existing laws in various states. In response to a series of follow-up questions, he stated that he had not specifically sought to learn about the Uniform Laws Commission's position on self-storage facilities. Concerning the best model for the proposed legislation, he responded that North Dakota has recently updated its law, which provides simple baseline requirements and consumer protections. Concerning the worst model for the proposed legislation, he responded that Rhode Island has a confusing law regarding notification provisions, which includes process serving and a lengthy and costly advertisement requirement. He shared that a member of SSA has reported spending over \$700 to comply with this advertising requirement. He noted that there had been a significant decline in readership [of publications], which does not benefit owners to advertise.

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CHAIR CLAMAN referred to the requirement in the proposed bill to advertise in a newspaper of "general circulation" [in the judicial district] and noted that a storage unit owner in the City of Bethel would be in the same judicial district as the City of Nome; therefore, an owner could post a notice in a newspaper of general circulation in Nome.

MR. BRYANT offered the clarification that the newspaper advertisement is not providing notice to the renter, but to drive bidders to the upcoming sale. He stated that the notification to the renter starts with the rental agreement and the subsequent outreach to a tenant in default. He stated that an advertisement could prompt a renter to make contact prior to a sale, but he characterized this as unlikely.

CHAIR CLAMAN referenced the civil action for wrongful sale and asked whether this would be included in the bill and, if so, in what section.

MR. BRYANT answered that, to his knowledge, it would not be included in the bill. In response to a follow-up question, he stated that a wrongful sale is a reference to a common lawsuit. He stated that he is not familiar with where this type of law is in the statute.

[1:54:52 PM](#)

MIKE MASON, Staff, Representative Chris Tuck, Alaska State Legislature, cited AS 34.35, which pertains to liens in a very detailed section of law. He offered to provide the information to the committee.

REPRESENTATIVE TUCK, in response to Representative Eastman concerning the definition of "restricted property", answered that he had collaborated with Legislative Legal Services to develop the definition, and it includes anything illegal in nature, specifically firearms. He noted that the possession of a firearm is not illegal; however, a firearm may relate to a criminal investigation. In response to a follow-up question, he answered that the definition includes firearms, ammunition, and controlled substances, which are defined in AS 11.71.900.

REPRESENTATIVE EASTMAN questioned the requirement that law enforcement store ammunition for a year. He asked whether law enforcement may seek storage fees.

REPRESENTATIVE TUCK answered that he would be speculating to answer to the preferences of a law enforcement agency. He noted that the agency may subsequently auction the restricted property [after one year]. He added that law enforcement agencies have storage facilities for personal property.

MR. MASON added that the proposed bill has a one-year timeframe during which a renter may file a claim.

REPRESENTATIVE EASTMAN asked whether other states charge individuals to reclaim property or whether an individual could elect for law enforcement store the property at no charge.

REPRESENTATIVE TUCK postulated that a person could deviously do so.

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MR. MASON added that restricted property would be transferred to a law enforcement agency by a facility owner as part of a lien. He added that the renter would be responsible for claiming a weapon or ammunition from the agency.

REPRESENTATIVE EASTMAN asked for additional information on controlled substances.

REPRESENTATIVE TUCK stated that AS 11.71.900 is within the criminal law statute. He stated that this contains classifications of controlled substances and the professional accreditation required for an individual to handle these substances. He offered the example of controlled substances as a drug, substance, or immediate precursor included in the schedule set out in AS 11.71.140 through AS 11.71.190 or included in the schedules by emergency regulation under AS 11.71.125.

CHAIR CLAMAN offered speculation that a unit owner may not have knowledge of a controlled substance being stored.

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REPRESENTATIVE KURKA suggested that individuals could bid on storage unit contents, and the landlord may advertise the sale without knowing the contents of a unit. He asked whether the owner would be required to conduct a thorough search of the unit

to identify restricted items. He added that these items could be quite small.

REPRESENTATIVE TUCK answered that the proposed bill would not direct these procedures, and a case could occur in which something not obvious is missed.

REPRESENTATIVE KURKA questioned the scenario where a unit, which contains a large quantity of firearms, is sold. He asked whether the owner would be liable for the failure to transfer this property to law enforcement.

MR. BRYANT responded that, if the contents were discovered later, the language "if the owner discovers" would provide some protection that the contents of the unit were reasonably reviewed. He expressed the opinion that it would not likely result in liability. He added that other states do not detail provisions pertaining to firearms and other contraband, and this language would be unique to Alaska.

REPRESENTATIVE KURKA, pertaining to the notification requirements, asked what would happen in the case of the sudden death of a renter who is storing valuable items which are bequeathed to family members.

MR. BRYANT answered that probate law would apply, and the executor of the estate would be responsible for notifying beneficiaries and the facility owners as a creditor.

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CHAIR CLAMAN opened public testimony on HB 331.

[2:09:25 PM](#)

SHARON BEEMAN, Forbes Storage, referred to page 2, line 27 of HB 331, which relates that a facility owner shall mail a lien notice to the unit renter. She encouraged the use of email as an option to contact the renter. She argued that typically mailing addresses change more often than email addresses. Referring to page 7, lines 12 to 13, she recommended that the notification requirement language be changed from "and" to "or" concerning email.

MS. BEEMAN referenced the concerns among committee members regarding the length of time for the auction process. She stated that, in her experience, the 10-day period relating to

default on a payment would not necessarily result in immediate auction. She explained that her employer would contact the renter first by phone to collect payment. She further explained that, after 10 days of default and 21 days later, the company would access the unit to begin the auction at this time. She estimated that the process would take approximately two months. She added that the cost of the proposed requirements in the bill appear to be insurmountable. She explained that proceeds from an auction are used to cover costs, which includes advertising and mailing.

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CHAIR CLAMAN asked whether the rental agreement contract or state statute controls the process for the company she represented.

MS. BEEMAN answered that the contract and common policy control the process. She explained her company's contract provides that nonpayment for six days following the due date will result in a late fee, and the following month would be the soonest at which the auction process could begin. In response to a series of follow-up questions, she stated that Alaska has no lien laws; therefore, the provision is in the contract. She responded that the advertisement practice is not in the contract [or statute], rather it is a matter of common practice. She added that the practices of her company have been based on vehicle storage and sales rules. She stated that she had provided a copy of her company's rental agreement to the bill sponsor. Regarding any complaints from renters about the procedures for collecting for nonpayment, she responded that she has never received a complaint regarding the auction process. She referred to a television series which depicts storage auctions. She likened this to her company's process because a unit is opened, photographed, closed, locked, and never entered. She further explained that the photos are posted online at the time of auction, and one week is given for the submission of bids. To the question whether notifications in newspapers online are for the purpose of contacting the renter, or for the purpose of advertising the auction, she responded that advertisements are to attract bidders.

MS. BEEMAN, in response to Representative Eastman, answered that her company only offers month-to-month lease terms.

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The committee took a brief at-ease.

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WILLIAM BREWER, Owner, Fairbanks Storage, LLC, testified in support of HB 331 and offered some recommended changes. He stated that he has based his business practice on regulations in Washington and California. He stated that the proposed legislation would provide a benefit similar to the Landlord-Tenant Act. He referred to the language proposed in Section 34.35.625, paragraph (11), which pertains to lien notices and Section 34.35.685 which pertains to restricted property. He questioned the idea that firearms and ammunition would be considered restricted property. He stated that his current practice for abandoned firearms is to contact local law enforcement for a serial number search, and if the serial number search "comes back clean," the firearm is legally included in the auction. He stated that a firearm revealed to have been stolen would become restricted property and seized by local law enforcement. He suggested that a firearm should only be considered restricted property if it is determined to have been stolen. He stated that the proposed bill would allow the original owner of the firearm to recover the firearm from law enforcement; however, the facility owner would not be able to sell it in an auction to recover lien costs. He argued that controlled substances should remain restricted property, but "clean" firearms should not. He referred next to the language proposed in Section 34.35.635, paragraph (1), pertaining to disposal publication. He stated that the advertising in the classified section of a local newspaper is cost prohibitive, and local rates charged are rarely recovered during the auction process. He stated that his current practice is to post a notice in three public places, including the local post office and the storage facility office. He postulated that the postings reach an equivalent number of people of a classified advertisement. He stated that there exists a variety of online, social media applications which are viable alternatives to newspaper advertising.

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REPRESENTATIVE EASTMAN expressed agreement with Mr. Brewer regarding restricted property. He questioned the longest lease term his company would offer to a renter.

MR. BREWER answered that his company offers monthly leases for storage units, with a 10-day notice to terminate by either

party. In response to a follow-up question, he said he has had seasonal workers as renters who had been difficult to contact. He stated that late fees may be incurred after 10 days; however, flexibility is provided to these customers, and, in some cases, these renters are allowed up to 60 days prior to the public notice of sale. He added that he would also contact renters via email and certified mail, providing 30 days for the renter to cure the default, and the lien process would begin 3 days after the 30-day grace period. He offered that costs are incurred, and it is infrequent a renter would leave property of any value. He emphasized that a lien sale has always cost more than what is recovered. He stated that he has better outcomes by offering flexibility to renters.

REPRESENTATIVE EASTMAN asked whether Mr. Brewer had experienced a disgruntled customer following a lien sale.

MR. BREWER answered that he has had a couple of renters who were unhappy with the outcome, but they understood the terms of the agreement and the sale had become necessary. He added that he has not been contacted by an individual with the claim there was no notification of an imminent lien. In response to Chair Claman, he confirmed that the customers were disgruntled with the situation but not with his business practices. He stated that certified mail is sometimes returned, and email alone is not necessarily the single best way to contact renters. He shared that he attempts to contact renters by phone, email, and certified mail prior to initiating a lien.

REPRESENTATIVE EASTMAN noted that the timelines Mr. Brewer has described are more generous to the renter than those proposed in the bill. He correlated this with Mr. Brewer's accounts of customer satisfaction.

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CHAIR CLAMAN, after ascertaining that there was no one else who wished to testify, closed public testimony on HB 331.

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REPRESENTATIVE TUCK, explaining the timeline of the lien process set forth in the proposed legislation, referred to page 2, lines 17 and 18 of the proposed legislation, which read, "A facility owner may enforce a storage lien after a unit renter has been continuously in default for at least 10 days." He referred to page 3, lines 2 and 3, which read, "(3) a demand that the unit

renter cure the default before the date stated in the lien notice; the date for curing the default must be not less than 21 days after the date the facility owner provides the lien notice;". He referred to page 4, line 15, which addressed that the sale would be advertised once a week for two weeks, and he pointed to page 5, line 11, which referenced another 5 days in the process.

MR. MASON referred to earlier testimony concerning advertisements and drew attention to page 4, lines 13 to 17, and noted the option to either advertise in a newspaper or in a commercially reasonable manner, so an owner would not be required to do both.

REPRESENTATIVE KURKA asked how much Mr. Bryant had talked with Alaskan storage facility owners.

MR. BRYANT answered that one member of his trade organization based in Louisiana had interacted with some Alaskan facility owners, but he had had very little contact with others.

REPRESENTATIVE TUCK, in response to Chair Claman, answered that he had been in contact with Alaskan storage facility owners, and a previous bill had included feedback from one facility owner, and he had also been in contact with an appraiser.

REPRESENTATIVE VANCE, referring to page 4, line 18 of the proposed bill, pointed out this pertains to a vehicle as the unit property and asked if there was a provision of the bill which would pertain to boats or watercraft.

REPRESENTATIVE TUCK answered that the definition of vehicle includes watercraft and trailers and can be found on page 10, line 20 in the proposed bill. He pointed out that [Section 34.35.645] addresses the redemption of vehicles. He offered to follow up to the committee with the specific portion of the bill which includes watercraft, trailers, and recreational vehicles.

CHAIR CLAMAN offered that on page 2, line 22, the language pertains to vehicles and watercraft.

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REPRESENTATIVE VANCE put forward the case in which a facility owner damages property while moving it. She questioned who would be liable for the damage.

REPRESENTATIVE TUCK expressed uncertainty on who would be liable, but he offered that facility owners had emphasized they do not like to move vehicles and avoid doing so unless it becomes necessary. He expressed the assumption that the same liability would exist while storing the vehicle, if it were to become damaged.

MR. BRYANT, in response to a question from Representative Vance, stated that facility owners would carry insurance to cover such damage. In response to a question from Representative Eastman, he said that SCRA would preclude enforcement of such a law on active-duty service members in all 50 states. He added that an owner would only be able to enforce a lien with a court order.

REPRESENTATIVE EASTMAN asked how owners of facilities would be protected from violating federal law in cases of unknowingly storing property belonging to active-duty service members.

MR. BRYANT answered that he would encourage facility owners to include a provision which discloses this in the rental agreement. In response to a follow-up question, he expressed the understanding that no such language is included in the proposed bill, and he offered to collaborate on developing the language for inclusion in the bill.

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CHAIR CLAMAN suggested that the federal regulations created a peculiar loophole. To avoid paying rent or being subject to a lien, he postulated that a renter could claim the belongings are those of an active-duty military member.

MR. BRYANT offered that this scenario is not a common occurrence. He restated that facility owners should ascertain whether any property in a unit is owned by an active-duty member and to conduct additional research to verify the facts.

CHAIR CLAMAN suggested that the sponsor prepare a thorough description of the status quo for the committee's consideration at a future hearing.

REPRESENTATIVE TUCK stated that the drafting of the bill had been based on laws in Washington and California.

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CHAIR CLAMAN announced that HB 331 was held over.

2:45:12 PM

ADJOURNMENT

There being no further business before the committee, the House Judiciary Standing Committee meeting was adjourned at 2:45 p.m.