

**ALASKA STATE LEGISLATURE
HOUSE JUDICIARY STANDING COMMITTEE**

April 20, 2022

1:05 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."

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
03/16/22	(H)	Heard & Held
03/16/22	(H)	MINUTE(JUD)
04/20/22	(H)	JUD AT 1:00 PM GRUENBERG 120

WITNESS REGISTER

DANIEL BRYANT, Legal and Legislative Counsel
National Self Storage Association
Alexandria, Virginia

POSITION STATEMENT: Testified in support of HB 331.

REPRESENTATIVE CHRIS TUCK
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, spoke to HB 331 and answered questions.

MIKE MASON, Staff
Representative Chris Tuck
Alaska State Legislature
Juneau, Alaska

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

ELIZABETH MANN, Property and Marketing Manager
Alaska Mini Storage
Fairbanks, Alaska

POSITION STATEMENT: Provided invited testimony and answered questions on HB 331.

SHARON BEAMAN, Manager
Forbes Storage
North Pole, Alaska

POSITION STATEMENT: Provided invited testimony and answered questions on HB 331.

ACTION NARRATIVE

[1:05:28 PM](#)

CHAIR MATT CLAMAN called the House Judiciary Standing Committee meeting to order at 1:05 p.m. Representatives Vance, Drummond (via teleconference), Snyder, Kreiss-Tomkins, and Claman were present at the call to order. Representatives Kurka and Eastman arrived as the meeting was in progress.

The committee took an at-ease from 1:05 p.m. to 1:07 p.m.

HB 331-SELF-STORAGE UNITS: LIENS; SALES

[1:07:39 PM](#)

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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DANIEL BRYANT, Legal and Legislative Counsel, Self Storage Association, testified in support of HB 331. He noted that Alaska is the only state without a self-storage statute addressing liens. He voiced the opinion that the proposed legislation would protect businesses and consumers. Businesses would be able to rely on a process established by law, as opposed to terms in a contract. Consumers would have guaranteed protections, such as a direct notification of default. He expressed the opinion that a statutory structure should exist to control fundamental elements of the process and requested that the committee support HB 331.

[1:10:10 PM](#)

REPRESENTATIVE TUCK, Alaska State Legislature, as prime sponsor, spoke to HB 331. He reiterated that Alaska is the only state which does not have a self-storage lien law. He said that the proposed legislation would create an agreement between the renter and the storage facility. He expressed the opinion that the agreement would be similar to the agreement laid out in the [Alaska] Landlord and Tenant Act.

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MIKE MASON, Staff, Representative Chris Tuck, Alaska State Legislature, answered questions on HB 331 on behalf of Representative Tuck, prime sponsor. He explained that currently the proposed legislation would require any restricted property, such as firearms, to be turned over to a law enforcement agency, and the renter would apply to the law enforcement agency for the return of the property. Based on the concerns voiced during the previous meeting, he said, the sponsor's office sent a request to Legislative Legal Services for an amendment to be drafted. The amendment would change the process and allow a self-storage facility to check the serial number with a law enforcement agency to ensure the gun is not stolen. If the gun is not

stolen, it would become subject to the lien on the storage unit. He expressed the understanding that this would be in line with the Self Storage Association and the operations of self-storage businesses.

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VICE CHAIR SNYDER stated that she had contacted Legislative Legal Services concerning the value-limit provision. She expressed concern that the provision would have an inadvertent impact on the proceeds of items sold from a storage unit [in arrears]. She explained that a self-storage facility may have a value limit on items kept in the storage unit, and this could prevent a renter from collecting some of the proceeds after items are sold. She acknowledged that Legislative Legal Services had responded that the value-limit provision would not have an impact.

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CHAIR CLAMAN clarified that a self-storage facility contract could limit the value of a storage unit's contents; however, the facility could possibly sell these contents for more. If the renter returns to collect the proceeds, he expressed the understanding that the value the renter could collect would not be capped.

VICE CHAIR SNYDER responded in the affirmative.

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MR. MASON responded that this would also be the sponsor's understanding.

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VICE CHAIR SNYDER questioned the motivations for the legislation.

REPRESENTATIVE TUCK responded that self-storage lien legislation had first been introduced [during the Twenty-Seventh Alaska State Legislature]. At that time, he had heard of a storage unit renter who had artwork sold. The renter asserted there was not proper notification, and the courts had become involved. From this example, he stated that he had had the realization that the process should be defined in law. He described the first bill introduced as "heavy on doing appraisals for property

before it was disposed of." He stated that since then legislation has been introduced several times over the years, with 2018 being the latest. He expressed the opinion that the current proposed legislation has more clarity than bills in the past.

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REPRESENTATIVE VANCE, referencing notification and mailing requirements in the proposed legislation, questioned whether texting or calling was considered as a concrete, but flexible way of communicating.

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REPRESENTATIVE TUCK responded that the notification element of the legislation had been reviewed with the industry. He expressed the understanding that phone calls would not be trackable; thus, this section had been removed. He stated that it had not been discussed, but "text messaging is a good idea." He cautioned that individuals in rural Alaska could be out of phone range. He recommended that self-storage facility owners should have as much flexibility as possible.

[1:20:46 PM](#)

ELIZABETH MANN, Property and Marketing Manager, Alaska Mini Storage, provided invited testimony on HB 331. In response to Mr. Mason, she said that [before items are sold] the renter would be emailed, called, texted, and mailed notices. She stated that a certified letter would be mailed after 90 days. She advised that there is software available which tracks calls and texts. She argued that customers do not always update their personal information.

[1:22:11 PM](#)

SHARON BEAMAN, Manager, Forbes Storage, provided invited testimony on HB 331. In response to Mr. Mason, she stated that [Forbes Storage] follows the same process described by the previous testifier. A call would be made around six days after the rent is past due, and then after three more weeks, two notices would be sent, one by regular mail and one by certified mail. A month after that, she said, the contents of storage units would go up for auction. She expressed concern about the language in the proposed bill. She directed the committee's attention to [Section 34.35.670] on page 7. She said this

section would require a phone call be made every time a notice is sent. She argued that because multiple notices are sent before storage units are auctioned, making a call for every notice would be a "waste of time," because "they're not going to answer in the first place." She said that leases would stipulate that a renter must contact the self-storage facility when fees are going to be late. She questioned the personal responsibility of renters.

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MS. MANN, in response to Chair Claman, expressed her concern that renters should have the responsibility to update personal information. She directed the committee's attention to the limit on monthly late fees described in Section 34.35.600 of the proposed bill. She argued that limiting late fees to [the greater of] \$20 or 20 percent of the monthly rental fee would not cover the hourly wages of staff. She stated that some staff live on site, and, when the rent is late, staff must take multiple steps, including contacting the customer, cutting the lock, and preparing the storage unit for auction. She stated that an auction could take up to three hours. She argued that it would be better to pay staff for their regular duties, which include promoting the business, cleaning the facility, patrolling the facility, addressing maintenance issues, and conducting "move in and move outs." She expressed the opinion that if late fees are not high enough there would be nothing to deter renters from going into lien status more often. She stated that the [late] fees in the proposed bill would not match the current [late] fees.

[1:27:05 PM](#)

MS. MANN voiced disagreement with Section 34.35.645 on page 5 of the proposed bill. Concerning vehicles stored onsite, she argued that, after a renter is 120 days past due, self-storage facility staff should not have the responsibility to explore the title holder or lienholder of a vehicle. She also argued that surveying the storage unit should not be the responsibility of the facility's staff; however, if it is obvious that items, such as firearms, are stolen, a police agency would be notified. Concerning vehicles, she stated that [when rent is past due Alaska Mini Storage's] practice is to impound the vehicle using a third-party company. If the owner of the vehicle can be identified, the tow company would report to the owner. She maintained that the language in the legislation should be clarified so this practice can be continued; otherwise, the

staff time to address the situation would not be covered. In its current practice, she said [Alaska Mini Storage] does not auction vehicles because the tow company would be the responsible party thereafter. She maintained that "we do not want our tenants to go late" because at no point does [Alaska Mini Storage] profit from late fees or auctions, and self-storage businesses should be protected because they are not profiting when customers do not pay. She offered the opinion that the value in [HB 331] would be the protection of tenants and businesses.

[1:29:23 PM](#)

CHAIR CLAMAN commented that a bill like this typically would be brought by consumers asking for regulations, not by business owners. He suggested that consumers "seem" happy with storage-rental services. He questioned why self-storage businesses would want to be regulated.

[1:30:59 PM](#)

MS. MANN, in response, referred to the guidelines in the [Alaska] Landlord and Tenant Act. Comparing the act to the proposed bill, she voiced the need for guidelines for staff. When a customer is not pleased with a contract, and there is a threat of a lawsuit, she said some backing other than the contract would be helpful.

[1:32:14 PM](#)

REPRESENTATIVE KURKA, concurring with Chair Claman, expressed surprise that a business would want government involvement. Comparing self-storage lien legislation introduced in the past, he stated that the new language in HB 331 is extensive. He expressed the opinion that the proposed legislation is "overkill," and a small addition to contract law or to the [Alaska] Landlord and Tenant Act could fulfill legislative gaps for the self-storage industry. He noted that no storage unit renters have come forward with complaints.

[1:33:35 PM](#)

MS. BEAMAN, comparing the proposed bill with the law in North Dakota, offered the opinion that [HB 331] is too long. She expressed agreement with Ms. Mann's concern regarding stored vehicles. She stated that [Forbes Storage] allows vehicles to be kept inside units, and the [proposed legislation] would allow

lienholders to retain vehicles by paying only part of the fees due. She said the fee would be based only on part of the square footage of the unit. She argued that paying fees in this way is "convoluted, unrealistic, and unenforceable." She expressed the opinion that some pieces of the proposed bill would create difficulties for self-storage businesses, and it should be simplified.

[1:36:12 PM](#)

REPRESENTATIVE TUCK stated that a balance had been attempted with the proposed legislation, and it was written to include information on a vehicle's title so lienholders would be able to capture their money. Having access to the title would allow lienholders to have priority over the property, and they would be able to monetize the property. Referencing third-party towing of vehicles, he questioned how the money would be retained from the process.

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MS. BEAMAN, in response to Chair Claman, stated that [Forbes Storage] has never taken a renter to court. She said, "We just generally swallow our losses." In response to a follow up from Chair Claman, she agreed with the comment that it is difficult "to get blood from a stone." She continued that attorney's fees run around \$300 per hour, so foregoing collection is cheaper. If the storage fee for a vehicle is late, and fees are up to \$500, she said the facility's policy is to begin the auction process. She added that a copy of the vehicle registration is required when a vehicle is parked on the property, and an attempt would be made to find the owner and lienholder.

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MS. MANN, in response to Chair Claman, said that [Alaska Mini Storage] has never taken a renter to court. She added that balances would be sent to collection agencies; however, the business would not get all of its money back. She stated that if paperwork on the vehicle is provided, storage is allowed, and if the storage is past due the vehicle will be towed. In this instance, the balance remaining on the account would be sent to collections.

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REPRESENTATIVE KURKA pointed out that Section 34.35.660(c) on page 6 of the proposed legislation conveys that in case [the renter] returns to claim the proceeds, the self-storage facility would be responsible for holding any leftover value of the contents for up to a year after disposal. He questioned whether this process is reasonable.

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REPRESENTATIVE TUCK responded that this would allow any incapacitated renters to obtain the excess from the sale of their property.

[1:42:18 PM](#)

The committee took an at-ease from 1:42 p.m. to 1:45 p.m.

[1:45:32 PM](#)

CHAIR CLAMAN explained that the legislation would be held pending a committee substitute reflecting committee preferences and invited testifiers' comments.

[1:46:50 PM](#)

CHAIR CLAMAN announced that HB 331 was held over.

[1:47:11 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Judiciary Standing Committee meeting was adjourned at 1:47 p.m.