

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

March 24, 2023

3:17 p.m.

MEMBERS PRESENT

Representative Jesse Sumner, Chair
Representative Justin Ruffridge, Vice Chair
Representative Mike Prax
Representative Dan Saddler
Representative Ashley Carrick
Representative Zack Fields -via teleconference

MEMBERS ABSENT

Representative Stanley Wright

COMMITTEE CALENDAR

CONFIRMATION HEARING(S)

BOARD OF PHARMACY

SARA RASMUSSEN - Anchorage

- HEARD & HELD

MARIJUANA CONTROL BOARD

CHRIS JAIME - SOLDOTNA

- HEARD & HELD

ALCOHOLIC BEVERAGE CONTROL BOARD

DAVID KOCH - ANCHORAGE

- HEARD & HELD

HOUSE BILL NO. 56

"An Act exempting controlled substances prescribed or dispensed by a veterinarian to treat an animal from the requirements of the controlled substance prescription database."

- MOVED HB 56 OUT OF COMMITTEE

HOUSE BILL NO. 97

"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."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 56

SHORT TITLE: CONTROLLED SUB. DATA: EXEMPT ANIMAL RX

SPONSOR(s): REPRESENTATIVE(s) RUFFRIDGE

02/03/23	(H)	READ THE FIRST TIME - REFERRALS
02/03/23	(H)	HSS, L&C
02/18/23	(H)	HSS AT 3:00 PM DAVIS 106
02/18/23	(H)	-- MEETING CANCELED --
03/02/23	(H)	HSS AT 3:00 PM DAVIS 106
03/02/23	(H)	Heard & Held
03/02/23	(H)	MINUTE(HSS)
03/11/23	(H)	HSS AT 3:00 PM DAVIS 106
03/11/23	(H)	Moved HB 56 Out of Committee
03/11/23	(H)	MINUTE(HSS)
03/15/23	(H)	HSS RPT 6DP
03/15/23	(H)	DP: SUMNER, RUFFRIDGE, MCCORMICK, SADDLER, MINA, PRAX
03/20/23	(H)	L&C AT 3:15 PM BARNES 124
03/20/23	(H)	Heard & Held
03/20/23	(H)	MINUTE(L&C)
03/24/23	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 97

SHORT TITLE: SELF-STORAGE UNITS: LIENS; SALES

SPONSOR(s): REPRESENTATIVE(s) PRAX

03/06/23	(H)	READ THE FIRST TIME - REFERRALS
03/06/23	(H)	L&C, JUD
03/24/23	(H)	L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

SARA RASMUSSEN, Appointee
Board of Pharmacy
Anchorage, Alaska

POSITION STATEMENT: Testified as the appointee to the Board of Pharmacy.

CHRIS JAIME, Appointee
Marijuana Control Board
Soldotna, Alaska

POSITION STATEMENT: Testified as the appointee to the Marijuana Control Board.

DAVID KOCH, Appointee
Alcoholic Beverage Control Board
Anchorage, Alaska

POSITION STATEMENT: Testified as the appointee to the Alcoholic Beverage Control Board.

KRYSTAL TODD, Veterinarian Technician
North Pole Veterinary Hospital
North Pole, Alaska

POSITION STATEMENT: Gave public testimony in support of HB 56.

KATRINA BACKUS, DVM, Medical Director
North Pole Veterinary Hospital
North Pole, Alaska

POSITION STATEMENT: Gave public testimony in support of HB 56.

JAMES DELKER, DVM
Alaska Veterinary Association
Soldotna, Alaska

POSITION STATEMENT: Gave public testimony in support of HB 56.

CHADWICK VANCE, Staff
Representative Mike Prax
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Gave the sectional analysis of HB 97, on behalf of Representative Prax, prime sponsor.

DANIEL BRYANT, Legal and Legislative Council
Self Storage Association
Arlington, Virginia

POSITION STATEMENT: Provided invited testimony on HB 97 and gave a PowerPoint presentation, titled "Bringing a Self Storage Lien Law to Alaska."

ACTION NARRATIVE

[3:17:51 PM](#)

VICE CHAIR JUSTIN RUFFRIDGE called the House Labor and Commerce Standing Committee meeting to order at 3:17 p.m. Representatives Prax, Carrick, Saddler, and Ruffridge were present at the call to order. Representatives Sumner (via teleconference), and Fields arrived as the meeting was in progress.

CONFIRMATION HEARING(S)
Board of Pharmacy
Marijuana Control Board
Alcoholic Beverage Control Board

[3:18:48 PM](#)

VICE CHAIR RUFFRIDGE announced that the first order of business would be the confirmation hearings on the governor's appointees to various boards.

[3:19:24 PM](#)

SARA RASMUSSEN, Appointee, Board of Pharmacy, stated that she has previously served for four years in the Alaska State Legislature. She pointed out the importance of the board and expressed a desire to continue serving the State of Alaska.

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MS. RASMUSSEN, in response to a question from Representative Prax, answered that she has already participated in some of the previous board meetings.

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REPRESENTATIVE CARRICK asked why Ms. Rasmussen put herself forward for the Board of Pharmacy, as opposed to another board.

MS. RASMUSSEN expressed interest in the Prescription Drug Monitoring Program and stated that she supports the efforts to exempt veterinarians from the program.

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REPRESENTATIVE SADDLER asked what perspectives she would be able to bring to the Board of Pharmacy, as a representative of the public.

MS. RASMUSSEN responded that her husband had previously worked as a trainer for pharmacy technicians. She added that she has experience reviewing records as a residential appraiser. In response to a follow-up question, she said that the membership make-up of the Pharmacy Board is one of the biggest challenges the board will face in the coming years.

REPRESENTATIVE SADDLER asked whether Ms. Rasmussen would be supportive of licensure compacts involving pharmacists.

MS. RASMUSSEN answered that she would wait for more information from the legislature and the Board of Pharmacy before making a position statement on the issue.

[3:27:40 PM](#)

CHRIS JAIME, Appointee, Marijuana Control Board, stated that he has been a member of the Marijuana Control Board since 2019. He said that his focus as a member of the board is supporting public safety by being a voice of caution.

[3:28:58 PM](#)

REPRESENTATIVE SADDLER asked how Mr. Jaime views his role on the Marijuana Control Board.

MR. JAIME answered that he sets his personal views aside and applies the regulations as they are written. In response to a follow-up question, he stated that as an Alaska State Trooper, he cited people for possession of marijuana when it was a controlled substance, and he grew up in a time when marijuana was viewed as the gateway to other drugs.

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REPRESENTATIVE CARRICK asked for Mr. Jaime's thoughts on the on-site consumption of marijuana.

MR. JAIME answered that he is apprehensive of the idea because law enforcement is still learning how to identify those who are driving under the influence of marijuana.

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REPRESENTATIVE PRAX asked whether there are reasonable ways to detect impairment due to marijuana.

MR. JAIME answered yes. He said that standard field sobriety tests are still used for any possible impairment from any source.

[3:35:44 PM](#)

REPRESENTATIVE SADDLER asked how the Marijuana Control Board can prevent the usage of marijuana edibles by underage individuals.

MR. JAIME answered that there are ways to acquire tetrahydrocannabinol (THC) from hemp products which are not regulated by the board. He said that the board is working with the Department of Natural Resources on possible solutions.

[3:39:08 PM](#)

The committee took an at-ease from 3:39 p.m. to 3:41 p.m.

[3:41:33 PM](#)

DAVID KOCH, Appointee, Alcoholic Beverage Control Board, stated that he has been the law enforcement representative on the board for a year, and he has served 40 years in the Anchorage Police Department. He said that he has significant experience with the alcoholic beverage industry and public safety.

[3:42:55 PM](#)

REPRESENTATIVE SADDLER asked where Mr. Koch stands on enforcement versus allowing the industry to grow.

MR. KOCH expressed the importance of holding the industry accountable when the laws and regulations in place are not followed.

[3:46:20 PM](#)

VICE CHAIR RUFFRIDGE announced that the confirmation hearings for the governor's appointees to various boards were held over.

HB 56-CONTROLLED SUB. DATA: EXEMPT ANIMAL RX

[3:46:39 PM](#)

VICE CHAIR RUFFRIDGE announced that the next order of business would be HOUSE BILL NO. 56, "An Act exempting controlled substances prescribed or dispensed by a veterinarian to treat an

animal from the requirements of the controlled substance prescription database."

[3:46:53 PM](#)

VICE CHAIR RUFFRIDGE open public testimony on HB 56.

[3:47:23 PM](#)

KRYSTAL TODD, Veterinarian Technician, North Pole Veterinary Hospital, expressed the opinion that requiring veterinarians to be a part of the Prescription Drug Monitoring Program (PDMP) does not work because the animal patients do not have identification such as Social Security numbers and birth certificates. She said that veterinarians are not trained under the Health Insurance Portability and Accountability Act [HIPAA] and have "no business" looking through the medical records of pet owners.

[3:49:06 PM](#)

KATRINA BACKUS, DVM, Medical Director, North Pole Veterinary Hospital, stated that she has practiced veterinary medicine in states in addition to Alaska, and most other states do not require veterinarians to be a part of PDMP. She said that the medications being prescribed to pets do not have a high risk of abuse among humans. She reiterated that veterinarians should not be looking at the medical records of pet owners.

[3:51:18 PM](#)

JAMES DELKER, DVM, Alaska Veterinary Association, stated that he has been working with the Board of Pharmacy since 2008 on a legislative solution to this issue, and he expressed support for the proposed legislation, which would exempt veterinarians from PDMP.

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VICE CHAIR RUFFRIDGE, after ascertaining that there was no one else who wished to testify, closed public testimony on HB 56.

[3:52:23 PM](#)

REPRESENTATIVE SADDLER moved to report HB 56 out of committee with individual recommendations and the accompanying zero fiscal

note. There being no objection, HB 56 was reported out of the House Labor and Commerce Standing Committee.

[3:52:49 PM](#)

The committee took an at-ease from 3:52 p.m. to 3:55 p.m.

HB 97-SELF-STORAGE UNITS: LIENS; SALES

[3:55:56 PM](#)

VICE CHAIR RUFFRIDGE announced that the final order of business would be HOUSE BILL NO. 97, "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."

[3:56:27 PM](#)

REPRESENTATIVE PRAX, as the prime sponsor, introduced HB 97 and read from the sponsor statement [copy in the committee packet], which read as follows [original punctuation provided]:

49 states and the District of Columbia have self storage lien statutes. Alaska is the last remaining state without a self storage lien statute. These laws provide for a non-judicial foreclosure process to address and remedy nonpayment issues between the facility owner and the unit renter. Storage liens are the national standard for settling disputes between facility owners and unit renters.

Self storage lien laws provide protections for unit renters. HB 97 would require facility owners to include specific information regarding the facility owner's lien rights in the rental agreement. HB 97 would also require the facility owner to wait at least ten (10) days after the unit renter's default to begin lien enforcement. After ten (10) days, the facility owner would be required to send a default notice to the unit renter.

If the unit renter does not cure the default, the facility owner would then be required to send a second notice of default to the unit renter that provides an additional 20-day window for the unit renter to cure

the default. If the payment issue is not remedied, then HB 97 would permit the facility owner to proceed with a sale. The bill details that process and how proceeds from that sale must be applied.

HB 97 also provides certainty and protection for storage facility owners. The bill would provide a specific statutory process for facility owners to follow to enforce their lien rights in the state.

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CHADWICK VANCE, Staff, Representative Mike Prax, Alaska State Legislature, on behalf of Representative Prax, prime sponsor, gave the sectional analysis for HB 97 [copy included in the committee packet], which read as follows [original punctuation provided]:

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.

[4:04:15 PM](#)

MR. VANCE continued with Section 3 of the sectional analysis, which read as follows [original punctuation provided]:

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. 32.35.610. Attachment of storage lien. (Page 2, lines 13-17)

This section stipulates that a storage lien attaches on the date on which property is placed in a storage unit. This section further stipulates that 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.

Sec. 34.35.615. Enforcement. (Page 2, lines 18-19)

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, lines 20-31)

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 1-23)

Requires a facility owner to notify the unit renter as part of 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 24-27)

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 3, line 28 - page 4, line 3)

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 4-14)

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 15-19)

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 20-23)

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, lines 24-29)

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 4, line 30 - page 5, line 2) 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 3-7) 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. 34.35.695. Definitions. (Page 5, line 8 - page 6, line 10) 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 11-13) - 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 14-18)
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.

[4:07:30 PM](#)

DANIEL BRYANT, Legal and Legislative Counsel, Self Storage Association, gave a PowerPoint presentation, titled "Bringing a Self Storage Lien Law to Alaska." He began on slide 2 through slide 4 and stated that there are approximately 150 self storage facilities across Alaska, with almost all being locally owned and operated small businesses. He explained that the relationship between a self storage operator and the individual storing property is a commercial landlord-tenant relationship. He said that storage unit rental agreements are generally month-to-month tenancies, with the majority of these agreements successful for both parties.

[4:09:38 PM](#)

MR. BRYANT continued to slide 5 through slide 7 and stated that Alaska is the only state with no self storage lien laws. Self storage lien laws provide for a non-judicial process in which operators can foreclose on tenants who have failed to pay rent. He said that the proposed legislation would provide protection for both operators and tenants by creating a process for a tenant to recover property; however, if the tenant fails to do so, the operator would be allowed to remove the property and find another tenant for the storage unit. He stated that the lien process is an uncommon procedure, and at most 3 percent of leased spaces require this process. He said that the Servicemembers Civil Relief Act protects active-duty service members from having their property sold, and the failure to comply with the act carries civil and legal penalties.

[4:12:10 PM](#)

MR BRYANT moved to slide 8 through slide 15 and stated that HB 97 would provide requirements for rental agreements and notices of default. The agreement would be a written and signed agreement, and the lien date would be based on the date of the agreement, if applicable. He said that the first notice of default would be required to be sent by electronic mail (email) or first-class mail, after the tenant has been in default for at least 10 days, and the second notice would be sent at least 10 days after the first notice, giving the tenant 20 days to cure the default. He stated that the reason for allowing the use of email to notify tenants is because many tenants are in transition and not able to receive first-class mail. He said that the proposed legislation allows for a late fee of up to \$20 or 20 percent; whichever is greater. He added that 37 states have a late fee as part of the state's storage facility lien law. After the period in which the tenant has been given the opportunity to cure the default, he said, if a tenant does not respond to the default notices, the owner of the facility then can tow, sell, or otherwise dispose of the tenant's property.

[4:15:42 PM](#)

MR. BRYANT continued to slide 16 through slide 22 and stated that the reason towing would be an option is because of the complications of selling a titled vehicle. He displayed a map of the 45 states which allow for towing under such circumstances. He said that a storage facility owner is "lucky" to receive 30 cents for every dollar lost when selling defaulted property, and the primary goal of a sale is to clear the unit so it can be rented to another tenant. The sale would be required to be held at the storage facility, the nearest suitable facility, or online. The tenant would have the opportunity to redeem the property before a final sale. He added that online sales increase the number of bids on property, and 41 states allow this. He displayed a map showing the states which allow online sales.

[4:17:52 PM](#)

MR. BRYANT continued to slide 23 through slide 26 and stated that the proposed legislation would allow for the disposal of property if unsold. If there are proceeds in excess of the default amount, the facility owner must hold the funds for three years. If the amount is unclaimed, the facility would be

required to remit the excess funds to the State of Alaska. He concluded by giving a final overview of HB 97.

[4:19:28 PM](#)

REPRESENTATIVE CARRICK questioned the current process if tenants default on their rental agreement.

REPRESENTATIVE PRAX answered that it takes significantly longer to foreclose on a storage unit because it must go through a process similar to foreclosure on a vehicle. In response to a follow-up question, he said that if a tenant only provides email as a form of contact but was unable to access the email account to see the notice of default, the tenant would be "out of luck."

[4:22:33 PM](#)

VICE CHAIR RUFFRIDGE asked whether HB 97 is modeled after existing legislation in other states.

MR. BRYANT answered that it draws from legislation from multiple states and is most like legislation in North Dakota.

[4:23:46 PM](#)

REPRESENTATIVE CARRICK asked what the justification is for a specific late fee in statute.

MR. BRYANT answered that 32 states have this same late fee in statute.

REPRESENTATIVE PRAX added that the fee is a standard fee based on conversations with storage facility owners.

[4:25:10 PM](#)

REPRESENTATIVE SADDLER asked what effect defaulting on a storage unit would have on the credit of an individual.

REPRESENTATIVE PRAX answered that he is unsure.

MR. BRYANT added that it would be unlikely for a self-storage facility owner to report this scenario to a credit reporting agency. In response to a follow-up question, he reiterated that active-duty service members are protected from storage unit liens by federal statute.

[4:28:50 PM](#)

REPRESENTATIVE CARRICK asked how the legislation is beneficial to the tenant of a self-storage unit.

REPRESENTATIVE PRAX responded that HB 97 would add the benefit of a written contract for the tenant, and it would create a standard procedure for the owner of the facility. In response to a follow-up question, he said that facility owners are not trying to make money from lien sales, only recover lost revenue and make the unit available again.

[4:33:39 PM](#)

VICE CHAIR RUFFRIDGE announced that HB 97 was held over.

[4:33:47 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:34 p.m.