

**ALASKA STATE LEGISLATURE**  
**SENATE JUDICIARY STANDING COMMITTEE**

May 3, 2024

2:25 p.m.

**MEMBERS PRESENT**

Senator Matt Claman, Chair  
Senator Jesse Kiehl, Vice Chair  
Senator Cathy Giessel  
Senator Löki Tobin

**MEMBERS ABSENT**

Senator James Kaufman

**COMMITTEE CALENDAR**

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 29 (JUD) AM

"An Act prohibiting certain insurance decisions based solely on a person's status as an elected official."

- HEARD & HELD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 97 (JUD) AM

"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 29

SHORT TITLE: INSURANCE DISCRIMINATION

SPONSOR(S): REPRESENTATIVE(S) MCCABE

01/19/23	(H)	PREFILE RELEASED 1/9/23
01/19/23	(H)	READ THE FIRST TIME - REFERRALS
01/19/23	(H)	L&C, JUD
02/10/23	(H)	L&C AT 3:15 PM BARNES 124
02/10/23	(H)	Heard & Held
02/10/23	(H)	MINUTE (L&C)
02/17/23	(H)	L&C AT 3:15 PM BARNES 124

02/17/23 (H) Heard & Held  
 02/17/23 (H) MINUTE(L&C)  
 03/03/23 (H) L&C AT 3:15 PM BARNES 124  
 03/03/23 (H) <Bill Hearing Canceled>  
 03/06/23 (H) L&C AT 3:15 PM BARNES 124  
 03/06/23 (H) Moved CSHB 29(L&C) Out of Committee  
 03/06/23 (H) MINUTE(L&C)  
 03/08/23 (H) L&C RPT CS(L&C) 1DP 1DNP 5NR  
 03/08/23 (H) DP: CARRICK  
 03/08/23 (H) DNP: FIELDS  
 03/08/23 (H) NR: PRAX, WRIGHT, SADDLER, RUFFRIDGE,  
 SUMNER  
 04/28/23 (H) JUD AT 1:00 PM GRUENBERG 120  
 04/28/23 (H) Heard & Held  
 04/28/23 (H) MINUTE(JUD)  
 05/03/23 (H) JUD AT 1:00 PM GRUENBERG 120  
 05/03/23 (H) Moved CSHB 29(JUD) Out of Committee  
 05/03/23 (H) MINUTE(JUD)  
 05/08/23 (H) JUD RPT CS(JUD) NEW TITLE 3DP 1DNP 2NR  
 1AM  
 05/08/23 (H) DP: C.JOHNSON, ALLARD, VANCE  
 05/08/23 (H) DNP: EASTMAN  
 05/08/23 (H) NR: GROH, CARPENTER  
 05/08/23 (H) AM: GRAY  
 05/13/23 (H) TRANSMITTED TO (S)  
 05/13/23 (H) VERSION: CSHB 29(JUD) AM  
 05/15/23 (S) READ THE FIRST TIME - REFERRALS  
 05/15/23 (S) L&C, JUD  
 04/24/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
 04/24/24 (S) Heard & Held  
 04/24/24 (S) MINUTE(L&C)  
 05/01/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
 05/01/24 (S) Moved SCS CSHB 29(L&C) Out of Committee  
 05/01/24 (S) MINUTE(L&C)  
 05/03/24 (S) JUD AT 1:30 PM BUTROVICH 205

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  
 03/24/23 (H) Heard & Held  
 03/24/23 (H) MINUTE(L&C)  
 04/14/23 (H) L&C AT 3:15 PM BARNES 124  
 04/14/23 (H) Heard & Held

04/14/23 (H) MINUTE(L&C)  
 05/01/23 (H) L&C AT 3:15 PM BARNES 124  
 05/01/23 (H) Heard & Held  
 05/01/23 (H) MINUTE(L&C)  
 05/03/23 (H) L&C AT 3:15 PM BARNES 124  
 05/03/23 (H) Moved CSHB 97(L&C) Out of Committee  
 05/03/23 (H) MINUTE(L&C)  
 05/08/23 (H) L&C RPT CS(L&C) 4DP 2AM  
 05/08/23 (H) DP: PRAX, WRIGHT, SADDLER, RUFFRIDGE  
 05/08/23 (H) AM: FIELDS, CARRICK  
 02/05/24 (H) JUD AT 1:30 PM GRUENBERG 120  
 02/05/24 (H) Heard & Held  
 02/05/24 (H) MINUTE(JUD)  
 02/07/24 (H) JUD AT 1:00 PM GRUENBERG 120  
 02/07/24 (H) Heard & Held  
 02/07/24 (H) MINUTE(JUD)  
 02/09/24 (H) JUD AT 1:30 PM GRUENBERG 120  
 02/09/24 (H) <Bill Hearing Canceled>  
 02/14/24 (H) JUD AT 1:00 PM GRUENBERG 120  
 02/14/24 (H) Moved CSHB 97(JUD) Out of Committee  
 02/14/24 (H) MINUTE(JUD)  
 02/15/24 (H) JUD RPT CS(JUD) 4DP 2NR  
 02/15/24 (H) DP: CARPENTER, SUMNER, ALLARD, VANCE  
 02/15/24 (H) NR: GRAY, GROH  
 03/21/24 (H) TRANSMITTED TO (S)  
 03/21/24 (H) VERSION: CSHB 97(JUD) AM  
 03/22/24 (S) READ THE FIRST TIME - REFERRALS  
 03/22/24 (S) L&C, JUD  
 04/08/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
 04/08/24 (S) Heard & Held  
 04/08/24 (S) MINUTE(L&C)  
 04/24/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
 04/24/24 (S) Heard & Held  
 04/24/24 (S) MINUTE(L&C)  
 05/01/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
 05/01/24 (S) Moved SCS CSHB 97(L&C) Out of Committee  
 05/01/24 (S) MINUTE(L&C)  
 05/03/24 (S) JUD AT 1:30 PM BUTROVICH 205

**WITNESS REGISTER**

REPRESENTATIVE KEVIN MCCABE, District 30  
 Alaska State Legislature  
 Juneau, Alaska  
**POSITION STATEMENT:** Sponsor of HB 29.

JULIE MORRIS, Staff

Representative Kevin McCabe  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented the sectional analysis for HB 29.

REPRESENTATIVE MIKE PRAX, District 33  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Sponsor of HB 97.

MAGGIE ELLIOT, Staff  
Representative Mike Prax  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Paraphrased the sectional analysis for HB 97.

NATHANIEL DYE, Juneau Self Storage and American Mini Storage  
Palmer, Alaska

**POSITION STATEMENT:** Gave invited testimony on HB 97.

WENDIE MACNAUGHTON, Co-Owner  
Blue Moose Storage  
Fairbanks, Alaska

**POSITION STATEMENT:** Gave invited testimony on HB 97.

ELIZABETH MANN, General Manager  
Alaska Mini Storage  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified with concerns on HB 97.

TIM SULLIVAN, President  
Alaska Credit Union League  
Anchorage, Alaska

**POSITION STATEMENT:** Testified with concerns on HB 97.

SHARON BEEMAN, Manager  
Forbes Storage  
North Pole, Alaska

**POSITION STATEMENT:** Testified with concerns on HB 97.

DANIEL FONOV, Site Manager  
Eagle Eye Secure Storage  
Wasilla, Alaska

**POSITION STATEMENT:** Testified in support of HB 97.

#### **ACTION NARRATIVE**

[2:25:00 PM](#)

**CHAIR MATT CLAMAN** called the Senate Judiciary Standing Committee meeting to order at [2:25 p.m.] Present at the call to order were Senators Tobin, Giessel, and Chair Claman. Senator Kiehl arrived thereafter.

**HB 29-INSURANCE DISCRIMINATION**

[SCS CSHB 29(L&C) was before the committee.]

[2:25:28 PM](#)

**CHAIR CLAMAN** announced the consideration of CS FOR HOUSE BILL NO. 29(JUD) am "An Act prohibiting certain insurance decisions based solely on a person's status as an elected official."

[2:26:05 PM](#)

**REPRESENTATIVE KEVIN MCCABE**, District 30, Alaska State Legislature, Juneau, Alaska, asserted that insurance companies discriminate based on risk-profile differences. This discrimination allows insurers to segregate the insured, thus enabling the insurer to vary premium charges by group (based on the group's associated risk) and to incentive risk reduction. He noted that there are limits to the types of discrimination that insurers can engage in; these limits are decided at both the federal and state level and vary greatly. He stated that insurance companies have denied Alaskans coverage based on political affiliation, expression, and/or elected status. HB 29 would end these types of discriminatory practices. He explained that an amendment in the [Senate Labor and Commerce Standing Committee] expanded the scope of protection to members of Alaska's congressional delegation. He paraphrased the following sponsor statement:

HB 29

**SPONSOR STATEMENT**

"An Act relating to insurance discrimination."

HB29 seeks to prohibit insurers from discriminating against individuals on the basis of their political affiliation or expression.

HB29 amends the Insurance Code to prohibit a person from taking any of the following actions because of an individual's political affiliation or expression:

- refuse to insure or renew insurance coverage;

- limit the scope of insurance coverage;
- Cancel an existing policy of insurance;
- Deny a covered claim; or
- Increase the premium, policy fees or rates charged on an insurance policy.

A person does not violate this prohibition if the refusal, limitation, or charge is based on sound underwriting or actuarial principles reasonably related to actual or anticipated loss experience or is required or authorized by law or a regulatory mandate.

Given that insurance products are critical to protecting property and health, it is in the public interest to ensure that consumers are protected from discriminatory practices contrary to the foundational values of our democracy.

REPRESENTATIVE MCCABE explained that HB 29 arose from personal experience. He shared his story and stated that he was denied an umbrella policy because he was an elected official. He explained that many companies do not offer umbrella policies to elected officials (from the school board level through to the congressional delegation level).

[2:30:18 PM](#)

JULIE MORRIS, Staff, Representative Kevin McCabe, Alaska State Legislature, Juneau, Alaska, presented the sectional analysis for HB 29:

[Original punctuation provided.]

Section 1 amends Sec. 21.36 to add a new section that prohibits a person transacting insurance in this state from discriminating against a person based solely on a person's political affiliation or expression or a person's status as an elected state official as defined in AS 44.99.205.

Section 2 amends uncodified law of the State of Alaska by adding a new section regarding applicability and effective dates to insurance policies and/or contracts.

[2:30:33 PM](#)

SENATOR KIEHL joined the meeting.

MS. MORRIS said the Senate Labor and Commerce Committee amended HB 29.

[2:31:28 PM](#)

CHAIR CLAMAN sought clarification that those changes were made in the Senate Labor and Commerce Committee.

MS. MORRIS replied yes.

CHAIR CLAMAN asked if those changes were made in version U.A.

MS. MORRIS replied yes.

CHAIR CLAMAN said that if the changes made in Senate Labor and Commerce Standing Committee were in the version of HB 29 that is before the committee, then no further explanation is needed.

[2:31:51 PM](#)

REPRESENTATIVE MCCABE corrected a misstatement in his previous testimony; he stated that the Senate Labor and Commerce (SL&C) was the first committee to hear CSHB 29(JUD) am, version U.A, in the Senate. He explained that SL&C adopted an amendment adding the congressional delegation verbiage.

[2:32:07 PM](#)

CHAIR CLAMAN clarified that version U.A. does not have the congressional delegation update, so the updated, amended version must contain the change.

[2:32:22 PM](#)

SENATOR KIEHL shared his understanding that SL&C heard (and amended) CSHB 29(JUD). The resulting Senate committee substitute (SCS) is version Y, which contains the congressional delegation language. He clarified that version Y is before the committee for consideration.

SENATOR KIEHL asked whether HB 29 applies to all insurance or is limited to a particular category of insurance.

[2:32:55 PM](#)

REPRESENTATIVE MCCABE replied that the change applies to all insurance. He explained that if a form of insurance is offered to the general public, then it must also be offered to elected officials. He said that there must be a sound actuarial reason to exclude or charge more and indicated that being an elected official is not a sound actuarial reason.

[2:34:20 PM](#)

SENATOR KIEHL expressed his appreciation and agreement that denials should not be allowed. He noted that HB 29 also prohibits higher insurance premiums. He shared a hypothetical scenario in which Alaska's elected officials share a common ailment that results in increased health costs (which would normally result in an increased insurance premium). He asked if this would be forbidden by HB 29.

REPRESENTATIVE MCCABE replied no. He explained that any decision regarding rate-making that is based on sound underwriting or actuarial principles would be allowed. He briefly explained the process of determining whether these decisions are sound.

[2:36:48 PM](#)

SENATOR KIEHL commented that he is considering whether the Division of Insurance should also consider underwriting that relates to other areas.

[2:37:05 PM](#)

CHAIR CLAMAN commented that, if an insurance company could show that elected officials submit more claims, the elected official could be charged a higher premium but could not be denied coverage.

REPRESENTATIVE MCCABE said that is correct.

[2:37:43 PM](#)

CHAIR CLAMAN opened public testimony on HB 29; finding none, he closed public testimony.

[2:38:07 PM](#)

CHAIR CLAMAN held HB 29 in committee.

**HB 97-SELF-STORAGE UNITS: LIENS; SALES**

[SCS CSHB 97(L&C) was before the committee.]

[2:38:14 PM](#)

CHAIR CLAMAN announced the consideration of CS FOR HOUSE BILL NO. 97(JUD) am "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."

[2:38:42 PM](#)

REPRESENTATIVE MIKE PRAX, District 33, Alaska State Legislature, Juneau, Alaska, said that self-storage liens are the national standard for settling disputes between facility owners and unit renters. These laws offer protection for both unit renters and storage facility owners in the event rent is not paid and contents of a storage unit are abandoned. He paraphrased the following sponsor statement:

[Original punctuation provided.]

Sponsor Statement for House Bill 97  
Version U.A

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.

[2:43:17 PM](#)

MAGGIE ELLIOT, Staff, Representative Mike Prax, Alaska State Legislature, Juneau, Alaska, paraphrased the sectional analysis for HB 97, version U:

[Original punctuation provided.]

**House Bill 97**  
**Sectional Analysis Version U**

**Section 1** (*Page 1, lines 5-7*) - Amends AS 28.11.025 relating to abandoned vehicles by stipulating that it does not apply to a vehicle in a self-storage facility under the sections of this bill.

**Section 2** (*Page 1, lines 8-10*) - Amends AS 34.35 by adding a new section stipulating that AS 34.35.220 and 225 do not apply to a self-storage facility.

**Section 3** - (*Page 1, line 11 - Page 6, line 14*) - 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.

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 - 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.

[2:44:30 PM](#)

MS ELLIOT continued to paraphrase the sectional analysis for HB 97:

[Original punctuation provided.]

Sec. 34.35.610. Attachment of storage lien; rental agreements. *(Page 2, lines 13-20)* Stipulates that a storage lien attaches on the date property is placed in storage. A rental agreement must contain a statement notifying the unit renter of the existence of the storage lien and the method by which the facility owner may enforce the lien. This section also requires the unit renter to disclose any lienholders with an interest in the stored property.

Sec. 34.35.615. Enforcement. *(Page 2, lines 21-22)* Gives facility owners the right to enforce a storage lien after a unit renter has been continuously in default for at least 10 days.

Sec. 34.35.620. Denial of access; removal of unit property. *(Page 2, line 23 - Page 3, line 3)* Stipulates that after a default, the facility owner may deny the unit renter access to the storage unit and move property to another place for storage. The section also allows the facility owner to tow or otherwise remove a vehicle or watercraft from the storage facility.

Sec. 34.35.625. Default notice *(Page 3, lines 4-27)* Requires a facility owner to notify the unit renter and any lienholders identified in the rental agreement that a unit renter is in default before enforcing a storage lien.

Sec. 34.35.630. Authority to dispose of unit property. *(Page 3, lines 28-31)* Allows the facility owner to dispose of the unit property if a unit renter does not cure a default and pay the amount due by the deadline stated in the lien notice.

**Sec. 34.35.635.** Sale and disposal of unit property. *(Page 4, lines 1-7)* Section (a) allows a facility owner to sell unit property at the storage facility or nearest suitable location, or on the internet.

[2:45:35 PM](#)

MS. ELLIOT continued to paraphrase the sectional analysis for HB 87:

[Original punctuation provided.]

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

Sec. 34.35.640. Redemption by unit renter, vehicle owner, or vehicle lien holder. (Page 4, lines 8-18) Section (a) notes that, before the sale of the property, the unit renter may redeem the unit property by paying the amount due, in which case, the facility owner shall immediately return the unit property to the unit renter.

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

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

[2:46:27 PM](#)

MS. ELLIOT concluded her summary of the sectional analysis. The remainder of the sectional analysis follows:

[Original punctuation provided.]

Sec. 34.35.645. Good faith purchasers. (Page 4, lines 19-23) A person who purchases unit property in good faith takes possession of the property free of any rights of the unit renter, the facility owner, or any lienholders.

Sec. 34.35.650. Vehicle title. (Page 4, lines 24-27) Stipulates that if a vehicle is sold at a public sale and is titled, the Department of Administration shall transfer the vehicle title to the purchaser.

Sec. 34.35.655. Proceeds of sale. (Page 4, line 28 - Page 5, line 2) This section details how the storage facility owner is to apply the proceeds from the disposal of private property to satisfy a storage lien.

Sec. 34.35.660. Limit on value of property stored. (Page 5, lines 3-6) This section details that if a rental agreement specifies a limit on the value of stored property, that limit is the maximum value.

Sec. 34.35.665. Additional rights and obligations. (Page 5, lines 7-11) Specifies that a rental agreement may contain other rights, duties, and obligations not required in the provisions of this bill.

Sec. 34.35.670. Definitions. (Page 5, line 12 - Page 6, line 14) This section defines terms used in the Act.

**Section 4** (Page 6, lines 15-17) - This section clarifies that AS 34.45.010 - 34.45.085 do not apply to a self-storage facility.

**Section 5** (Page 6, lines 18-22) Amends the uncodified law stating this Act only applies to rental agreements entered on or after the effective date.

[2:46:42 PM](#)

CHAIR CLAMAN directed attention to AS 34.35.665, Additional rights and obligations. He asked how existing contracts would be impacted by HB 97.

[2:47:18 PM](#)

REPRESENTATIVE PRAX repeated the question for clarification.

[2:47:28 PM](#)

CHAIR CLAMAN replied that this is correct.

[2:47:34 PM](#)

REPRESENTATIVE PRAX shared his understanding that existing contracts would not be affected, and the new contractual requirements would go into effect only when a new contract is signed.

[2:47:44 PM](#)

CHAIR CLAMAN directed attention to line 18 of HB 97 and surmised that this indicates that in cases where existing contracts are in conflict with the new provisions, the law would supersede existing contracts.

[2:48:11 PM](#)

REPRESENTATIVE PRAX asked Chair Claman to repeat the associated section numbers.

[2:48:15 PM](#)

CHAIR CLAMAN replied that this can be found on page 5, lines 16-20, (AS 34.35.655).

[2:49:31 PM](#)

REPRESENTATIVE PRAX replied that he does not share this interpretation. He indicated that he would give this further consideration.

[2:49:37 PM](#)

CHAIR CLAMAN asked how HB 97 would apply to a motor vehicle with a bank lien. He asked whether the bank or the storage facility would be first in line for payment in this case.

REPRESENTATIVE PRAX said that the original concept gave the storage facility owner the superior lien. He explained the model used for this concept. He said that HB 97 requires lienholder notification before any sale occurs. He surmised that this is still the case but indicated further discussion and evaluation may be needed.

[2:51:42 PM](#)

CHAIR CLAMAN asked for clarification that Representative Prax believes this is what HB 97 does currently.

[2:51:46 PM](#)

REPRESENTATIVE PRAX replied that he would have to confirm this.

[2:51:52 PM](#)

CHAIR CLAMAN requested further information.

REPRESENTATIVE PRAX agreed.

[2:51:58 PM](#)

SENATOR TOBIN directed attention to page 2, lines 10 to 15, which addresses property storage liens.

[2:52:17 PM](#)

CHAIR CLAMAN clarified that he was asking about page 4, lines 21-24, which applies to vehicle owners. He surmised that Senator Tobin was indicating that the section on page 2 puts the bank in first place, rather than the storage facility owner.

[2:52:46 PM](#)

SENATOR KIEHL directed attention to Section 3 and asked if the 60-day limit would cause some storage facility owner to open a storage unit sooner than they might otherwise.

[2:53:53 PM](#)

REPRESENTATIVE PRAX replied that this sets a maximum amount that they can charge. He explained that other sections of HB 97 give the facility owner permission to cut the lock and determine what is inside. Oftentimes, there is nothing of value to recoup; this change enables the owner to cut the lock and prepare the unit for the next renter. He indicated that the 60-day limit is there to prevent excessive charges against the renter.

[2:55:30 PM](#)

CHAIR CLAMAN announced invited testimony on HB 97.

[2:55:59 PM](#)

NATHANIEL DYE, Juneau Self Storage and American Mini Storage, Palmer, Alaska, said that he has been operating self-storage facilities for over ten years. He pointed out that Alaska is the only state that does not regulate the self-storage industry. He said he is looking forward to a time when the industry is regulated. He directed attention to testimony given by Daniel Bryant, Attorney for the Self-Storage Association.

[2:56:50 PM](#)

CHAIR CLAMAN asked if Mr. Dye operates Juneau Self Storage.

MR. DYE replied yes.

CHAIR CLAMAN asked if he is interested in having a state law that supersedes the storage facility's contract - and if so, why this would be preferable to allowing the storage facility contract to determine how to proceed with its tenants.

MR. DYE replied that, in a perfect world, the storage facility would be self-managing. However, there is always a potential for risk; therefore, this statute would set a minimum requirement. Each storage facility could set their standards above the minimum. He opined that this gives storage facility operators the ability to determine what works best for them in a given situation. He added that the minimum would protect both storage facility operators and renters.

[2:58:02 PM](#)

CHAIR CLAMAN asked if HB 97 would require him to modify rental agreements.

MR. DYE replied that this is a possibility. He said that rental agreements may require an addendum.

[2:59:04 PM](#)

WENDIE MACNAUGHTON, Co-Owner, Blue Moose Storage, Fairbanks, Alaska, expressed support for a legal frame with clear guidelines for lien enforcement in situations where a renter goes into default. She stated that there are currently no guidelines. She said that clear guidelines would mitigate risk. She stated that, as a small business, they do not want to foreclose on a tenant. She added that foreclosure is labor intensive and not profitable. (All foreclosures result in a financial loss.) She expressed concerns with the 60-day limit on fees and foreclosures. She explained that currently, Blue Moose Storage forecloses when units are 101 days past due. Final notices are sent out at 90 days past due. While HB 97 sets a minimum and provides structure, 60 days does not provide the flexibility necessary to work with customers. She said that a 60-day limit could require them change their foreclosure date from 100 days to 60 days. She stated that she would support HB 97 if this limit was removed.

[3:01:16 PM](#)

CHAIR CLAMAN opened public testimony on HB 97.

[3:01:47 PM](#)

ELIZABETH MANN, General Manager, Alaska Mini Storage, Fairbanks, Alaska, testified with concerns on HB 97. She said that, with the exception of the incoming request from [Global Credit Union], this legislation does not challenge any of Alaska Mini Storage's policies or regulations. She indicated that industry regulation is needed.

[3:02:47 PM](#)

CHAIR CLAMAN asked for her perspective on the 60-day provision on page 2 of HB 97.

[3:02:58 PM](#)

MS. MANN said that she concurs with Ms. Macnaughton. She opined that the limit should be determined by the storage facility owner. She indicated that foreclosures are a financial loss. She said that if storage facilities are limited to a 60-day timeframe, they would foreclose at 60 days rather than allowing renters to remain in unpaid units without accruing additional fees.

[3:03:35 PM](#)

CHAIR CLAMAN asked what a reasonable timeline would be, if the 60-day limit is too short.

MS. MANN replied that currently, auctions are held at 120 days; however, they are considering cutting this back to 90 days. She offered examples to illustrate the difficulty of these situations. She expressed frustration that credit unions have a voice in these decisions.

[3:04:49 PM](#)

TIM SULLIVAN, President, Alaska Credit Union League (ACUL), Anchorage, Alaska, testified with concerns on HB 97. He said ACUL has worked with the sponsor of HB 97 to create changes that would benefit ACUL and its members. He clarified an earlier question related to vehicle loans, explaining that the vehicle loan would be superior to the self-storage unit fees. He expressed appreciation that HB 97 requires that both the storage facility owner and credit union be notified in a timely manner. He expressed concern with AS 34.35.640(b), which requires the vehicle lien holder to pay the entire debt owed on the self-storage unit in order to get the vehicle out of storage. He stated that this conflicts with the lien superiority in AS 34.35.605(a).

[3:06:48 PM](#)

SHARON BEEMAN, Manager, Forbes Storage, North Pole, Alaska, testified with concerns on HB 97. She directed attention to the question about vehicle auctions and explained that the Department of Motor Vehicles (DMV) has rules around how vehicles can be auctioned. She stated that some of the language in HB 97 conflicts with DMV's rules. She briefly explained the process of contacting vehicle owners to recoup late fees and return the vehicle. She opined that DMV regulations should be considered. She turned her attention to the 60-day limit and expressed concern. She said that this would shorten the auction process timeline. She stated that it is rare to recoup the monthly fees and expressed hope that HB 97 would eliminate some of the fees the storage unit incurs as a result of delinquent accounts. She indicated that email is a helpful tool and expressed concern about advertising fees.

[3:09:45 PM](#)

DANIEL FONOV, Site Manager, Eagle Eye Secure Storage, Wasilla, Alaska, testified in support of HB 97. Indicated his agreement with earlier testimony from storage facility representatives. He expressed support of industry regulation by statutory guidelines

that can be incorporated into rental agreements. He explained that currently, rental agreement disputes are taken before a judge who makes the determination.

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CHAIR CLAMAN closed public testimony on HB 97.

[3:11:08 PM](#)

CHAIR CLAMAN held HB 97 in committee.

[3:11:35 PM](#)

There being no further business to come before the committee, Chair Claman adjourned the Senate Judiciary Standing Committee meeting at 3:11 p.m.