

HOUSE BILL REPORT

HB 2661

As Reported by House Committee On:
Commerce & Labor

Title: An act relating to self-service storage facilities.

Brief Description: Providing for self-service storage facility late fees to be reasonable and stated in the rental contract.

Sponsors: Representatives Green and Morrell.

Brief History:

Committee Activity:

Commerce & Labor: 1/25/08, 1/29/08 [DPS].

Brief Summary of Substitute Bill

- Limits late fees charged to a renter of a self-service storage facility to \$20 or 20 percent of the total rent due, whichever is greater.
- Requires that all late fees be written in the rental agreement.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Conway, Chair; Wood, Vice Chair; Green, Moeller and Williams.

Minority Report: Do not pass. Signed by 2 members: Representatives Chandler, Assistant Ranking Minority Member; Crouse.

Staff: Alison Hellberg (786-7152).

Background:

The Washington Self-Service Storage Facility Act (Act) governs the leasing and renting of individual storage units in self-service storage facilities. The Act requires that all rental and lease agreements be in writing. Owners must also comply with certain procedures when

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addressing past due rent, terminating the rental or lease agreement, placing liens on personal property stored in the unit, and disposing of unclaimed personal property.

The Act applies to rental agreements entered into, extended, or renewed after June 9, 1988. All rental agreements entered into before June 9, 1998, and not extended or renewed after that date, remain valid.

Summary of Substitute Bill:

A late fee is defined as a fee or charge assessed by an owner of a self-service storage facility as an estimate of any loss incurred by an owner for an occupant's failure to pay rent when due. A late fee is not a penalty nor an interest on debt. Additionally, a late fee is not a reasonable expense which the owner may incur in the course of collecting unpaid rent, in enforcing the owner's lien rights, or enforcing any other remedy provided by law or contract.

The owner may charge a reasonable late fee if it is written in the rental agreement. A late fee of \$20 or 20 percent of the monthly rental amount, whichever is greater, is deemed reasonable and is not a penalty.

The Act applies to rental agreements entered into, automatically extended, or automatically renewed after June 9, 1988. All rental agreements entered into before June 9, 1998, and not automatically extended or automatically renewed after that date, remain valid.

Substitute Bill Compared to Original Bill:

The provisions related to late fees are applied to rental agreements entered into before June 9, 1988, and not automatically extended or automatically renewed after that date, rather than to all agreements entered into before June 12, 2008 and automatically extended or automatically renewed after that date. The language allowing owners to recover reasonable rent collection and lien enforcement expenses is removed. It is specified that owners have a lien for reasonable costs directly incurred by the delivering or sending of notices, advertising, accessing, inventorying, auctioning, conducting a public sale, removing, and disposing of property, rather than a lien for "other charges" in general.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) This bill was brought by the industry to set industry standards for late fees. To their credit, members of the industry are trying to help consumers.

The self-service storage facility industry has expanded greatly in the past 20 years. There are over 1,400 facilities in the state. At this point, the industry is viewed favorably by the public. The industry wants to keep it that way. Current law does not put any limits on late fees and the industry would like to create a uniform standard because many places out there charge excessive fees. The industry also plans to put great effort into publicizing the changes to the law.

The Office of the Attorney General has looked at the bill and suggested some minor changes. Those will be introduced as a proposed substitute.

(Opposed) None.

Persons Testifying: Representative Green, prime sponsor; Alan Ameche and Patrick Reilly, Washington Self Storage Association; and Donald Arsenault, Arsenault Realty Advisors.

Persons Signed In To Testify But Not Testifying: None.