

SENATE BILL REPORT

SHB 2661

As Reported By Senate Committee On:
Labor, Commerce, Research & Development, February 21, 2008

Title: An act relating to self-service storage facility late fees.

Brief Description: Allowing for reasonable self-storage facility late fees.

Sponsors: House Committee on Commerce & Labor (originally sponsored by Representatives Green and Morrell).

Brief History: Passed House: 2/13/08, 95-1.

Committee Activity: Labor, Commerce, Research & Development: 2/21/08 [DP].

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: Do pass.

Signed by Senators Kohl-Welles, Chair; Keiser, Vice Chair; Holmquist, Ranking Minority Member; Franklin, Hewitt, King, Murray and Prentice.

Staff: Ingrid Mungia (786-7423)

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 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.

Summary of 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 only applies to rental agreements entered into, automatically extended, or automatically renewed after June 9, 1988. Rental agreements entered into before June 9, 1988, and not automatically extended or automatically renewed after that date, remain valid.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Substitute Bill: PRO: This is a consumer protection bill. Over the last 20 years the self-storage business has really expanded in our state. People in our state have a good perception of self-storage facilities and we want to keep it that way. The bill was reviewed by the Attorney General's office and they are neutral. This is a very fair bill. The owners of self-storage facilities do not want late fees getting out of hand. This is a healthy thing for the industry.

Persons Testifying: PRO: Representative Green, prime sponsor; Patrick Reilly, Alan Amechi, Washington State Association of Self-Storage.