

# HOUSE BILL REPORT

## SHB 1043

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### As Passed Legislature

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

**Brief Description:** Concerning self-service storage facilities.

**Sponsors:** House Committee on Business & Financial Services (originally sponsored by Representatives Ryu and Parker).

#### Brief History:

##### Committee Activity:

Business & Financial Services: 1/14/15, 1/20/15 [DPS].

##### Floor Activity:

Passed House: 2/12/15, 96-1.

Passed Senate: 4/8/15, 48-1.

Passed Legislature.

#### Brief Summary of Substitute Bill

- Permits notice by electronic mail (e-mail) of default or lien sale to self-storage unit renters if the storage facility owner followed certain procedures allowing the renter to opt-in to email notification and confirmed delivery of the emails.
- Requires additional notice by United States Postal Service if there was no confirmation of e-mail notice.
- Permits motor vehicles and boats stored to be towed in lieu of lien sale.
- Provides that if a rental agreement sets out a condition limiting the value of personal property to be stored, that value constitutes the maximum value of the property for the limited purpose of the storage facility owner's liability.

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### HOUSE COMMITTEE ON BUSINESS & FINANCIAL SERVICES

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Kirby, Chair; Ryu, Vice Chair; Vick, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Blake, G. Hunt, Hurst, Kochmar, McCabe, Santos and Stanford.

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*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.*

**Staff:** David Rubenstein (786-7153).

**Background:**

Self-storage facilities, in which a building or property owner rents space to a person for storage of goods, are governed by Washington law. Renters, known as "occupants," are obligated to pay rent for the space, usually monthly. When renting a space, the occupant must be given an opportunity to provide the address of another person to whom lien and sale notices may be sent.

Liens for Unpaid Rent.

When rent or other charges are unpaid for 14 days, the storage facility owner has the right to terminate the rental or lease agreement and place a lien on the personal property stored in the unit. The owner must notify the renter in writing with a "preliminary lien notice," by first-class mail, of the amount due and that a lien may be placed on the stored property if the amount due remains unpaid for another 14 days or more. The preliminary lien notice must be sent to both the occupant's primary mailing address and specified alternative address, if any.

If, after a date specified in the preliminary lien notice, the outstanding balance is not paid, the owner must notify the renter, by certified mail, that the stored property, other than personal papers and effects, will be sold or disposed of on a date at least 14 days later, but not less than 42 days after the date rent was first past due. This notice is called a "notice of final lien sale" or "final notice of disposition."

Boats and Motor Vehicles.

In addition to other personal property, occupants may store motor vehicles and boats at a self-storage facility. If the occupant defaults on rent for storage of such vehicles, the storage facility owner may still take a lien, but the lien has a lower priority than any other lien specified on the vehicle's or boat's title.

**Summary of Substitute Bill:**

"Verified mail" is defined as any method of mailing through the United States Postal Service that provides evidence of mailing.

A storage facility owner may send a preliminary lien notice to an occupant in default either by first-class mail to both the occupant's last known address and specified alternative address, or by e-mail. A storage facility owner may also send a notice of final lien sale or final notice of disposition by personal service, verified mail, or electronic mail (e-mail) to the occupant's last known mailing address and alternative address or e-mail address.

If the owner wishes to send either the preliminary lien notice or the notice of final lien sale or disposition by e-mail:

1. The occupant must expressly agree to e-mail notifications.
2. The rental agreement must state in bold type that notices will be sent by e-mail.

3. The owner must provide the occupant with the e-mail address from which notices will be sent and direct the occupant to change his or her e-mail settings to allow e-mails from that address to avoid any filtration systems.
4. The owner must notify the occupant of any change of e-mail address before the change occurs.

If an e-mail notice of final lien sale or disposition does not receive a response or confirmation of receipt, then the owner must also send the notice by verified mail. The timing of the final lien sale is counted from the last date of sending.

No less than 60 days after default, any motor vehicles and boats belonging to the occupant may be towed from the self-storage facility in lieu of a lien sale. The final lien sale or final notice of disposition sent to the occupant must set this out and the owner must, prior to towing, provide the occupant the name and contact information of the towing company used. The owner is not liable for damage after towing.

If a rental agreement contains a condition on the use of the storage unit that sets forth a limit on the value of personal property stored in the occupant's space, that limit is the maximum value of the stored property for the limited purpose of the storage facility owner's liability.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Staff Summary of Public Testimony:**

(In support) This is not about evicting people or businesses, but it is about people's possessions. Because of the opt-in possibility for notice by e-mail, this would be helpful for tenants, especially young people, as many people do not forward their United States Postal Service (USPS) mail. If the occupants' intent is to fully keep up with their contract with a self-service storage facility, this gives them another avenue to be sure the occupants are caught up, which is also good for storage facility owners. This helps people avoid losing their possessions. If people are facing eviction and lien sale, there is still a USPS mailing requirement. If there is no response after that, then it is up to the facility owner to dispose of the items. As for motor vehicles and boats, this will help vehicle and boat owners who are interested in getting their items back by allowing them to get information on where the boat or vehicle is held. It will also help storage facility owners keep rental costs low for tenants.

Arizona, California, Illinois, Michigan, and Oregon already have these provisions in place. This is a commonsense bill that has already been before you. Many renters, including commercial renters, like getting e-mail notifications for issues with their account, for example, when a credit card is hacked or canceled. Otherwise, renters may forget to notify the storage facility owner. Customers request this service frequently, and this would allow them to opt in. It would not require anything of consumers.

(Opposed) None.

**Persons Testifying:** Representative Ryu, prime sponsor; and Terry Kohl and Benjamin Riehm, Washington Self-Storage Association.

**Persons Signed In To Testify But Not Testifying:** None.