

Nine New Laws Improve Storage Regulation

SSA helps avoid taxes, other threats.

By Tim Dietz, SSA Sr. VP, Government Relations

The Self Storage Association and its state association partners have had a successful legislative season, which—with the exception of a few states—wound down toward the end of the spring.

The industry pursued 21 improved laws or new laws where they previously had not existed. Thirteen of these laws centered around upgrading the lien process, with seven of those successful thus far: Indiana, Illinois, Kentucky, Michigan, Minnesota, Missouri and South Carolina. The improvements enabled email for notice of default, made it easier to have an abandoned vehicle towed, and added other enhancements.

Additionally, the associations worked with state groups to establish tenant insurance solutions where no regulated program was in place. This advocacy first involved working with various insurance departments to achieve buy-in on a reasonable approach—usually a legislative solution to establish a limited lines certification program. Kentucky, Maryland and South Carolina each established new tenant insurance laws in 2014.

Opposition to limited insurance programs was particularly stiff in Missouri and Pennsylvania, where associations representing insurance agents claimed self storage managers were not qualified to convey insurance details to tenants. The SSA has faced the insurance associations before and eventually satisfied their concerns.

Additionally, the SSA was successful in avoiding two bills in Massachusetts that could have negatively influenced the industry. One would have required operators to keep a tenant registry and provide that information to law enforcement upon request, even without a warrant. The SSA and MA-SSA testified against the measure. In Pennsylvania, the self storage industry continues to oppose a measure sponsored by the auction industry that would have eliminated an exemption.

On June 25, the SSA Legislative & Regulatory Advisory Committee met in Chicago to consider 2015 targets. The group is made up of industry attorneys, state association representatives and SSA board members. The committee approved an aggressive agenda with goals that will improve the business arena in approximately 25 states if successful.

Where is your law? Visit your state's legislative website to view bill activity affecting self storage. Here is a brief update on recent legislation:

Alabama: HB 421 (Lien Law). This was deferred until next year.

California: AB983 (Lien Law). This effort is still active. Makes a slight change to declaration provision, also provides for email, towing and value limitation in statute.

Illinois: SB2952 (Lien Law). This bill has passed the legislature and was likely going to be signed earlier this summer. After repeated negotiations regarding the public notice issue, the industry declined to accept concessions. Email and online auctions will be enabled this year.

Indiana: HB1385 (Lien Law). Was signed into law in March and became effective July 1. This is one of the best laws in the country now, having eliminated the public notice provisions, allowing for email and including generally all of our targets. It does not include a late fee standard.

Kentucky: SB 150 (Lien Law). The governor signed this on April 9. HB357 (Tenant Insurance). Signed by governor April 10. A sales tax measure failed, which would have shifted to a services model, including self storage.

Massachusetts: H326 (Lien Law). This has passed subcommittee and is in Joint Committee on Economic Development and Emerging Technologies. A meeting was held in April between attorney general's office and our industry over certain concerns. H842 (Tenant Insurance). S158 (Law Enforcement Access). This bill broadly expands police access to private records without a search warrant. One hearing has been held; SSA and MA-SSA provided testimony against. This does not appear to have legs.

Maryland: HB603/SB490 (Tenant Insurance). Was signed in April.

Michigan: HB4484 (Lien Law). This was signed into law on March 28 of this year. It includes \$20 or 20 percent late fee, statutory recognition of contractual value limitations, protection from liability when private/sensitive records are disposed of or sold during auction, and the ability for operators to have motor vehicles towed after 60 days. It also eliminates a nonsensical requirement that operators obtain an affidavit as proof that a notice of default was provided. HB4485 (Tenant Insurance). This has passed the House and is in Senate insurance

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Tim Ryman, owner of Springbank Self Storage located in Calgary, has a storage facility on 14 acres of land. His facility consists of permanent storage buildings as well as boat and RV parking. Tim needed a way to better utilize his land where it is too cost prohibitive, takes too long, and other restrictions exist to building a traditional self-storage facility. The USC Z-Box® was the perfect solution in being portable, stackable, and extremely durable to handle the challenging Canadian weather conditions.

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Tim Ryman, Owner

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committee. This is an exemption from general insurance regulations, not a limited lines program.

Minnesota: SF 2398, HF 2598 (Lien Law). The lien bill was signed into law in May and included significant improvements, including taking the entire law out of the warehousing portion of state code. The state's chaotic sales tax, that only subjected business tenants, was repealed on March 25.

Missouri: HB1225 (Lien Law). The bill including most of our improvements is sitting on the governor's desk. HB1385 (Tenant Insurance) had been added to the lien law by a committee chairman. The insurance portion was eliminated when the insurance agents association resisted and it threatened to delay all provisions.

New York: S6201 (Lien Law). This bill was not proposed by the industry and adds more burdensome regulations. This effort does not appear to be a serious threat. S7576/A9960 (Lien Law). NY-SSA sponsored this measure, which was introduced in May and includes only the direct notification provisions (email/first-class).

North Carolina: H998 (Sales Tax). This is the second year some legislators have proposed tax realignment. We

have worked with our lobbyist in NC and the state association; it did not turn out to be a terrible threat.

Ohio: HB 430 (Tenant Insurance). The limited lines bill passed the full House 87-1 on June 3; headed to Senate. It is progressing well and can still succeed this year.

Pennsylvania: S799 (Lien Law). This has passed relevant committee stop in the Senate with one recommended amendment regarding assurance of delivery to email address. HB1494 (Tenant Insurance). The industry testified on March 11 and faced fairly significant resistance from both the independent insurance agents and the insurance department. Subsequently, we met with the insurance department, which represents some progress. It likely will take another session for this one to get done. HB 325 (Auctions). This measure would require operators to utilize licensed auctioneers.

South Carolina: H3563 (Lien Law). This has been signed into law. S1065 (Tenant Insurance). Was signed into law in May.

Virginia: HB729 (Sales Tax). This bill died with the session.

Washington: HB2424/SB6331 (Lien Law). Deferred until 2015. ❖

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