

February 5, 2016

Hearing Date: Monday, February 8, 2016

Time: 2:05 p.m.

Place: House Conference Room 325

The Honorable Angus L.K. McKelvey, Chair

The Honorable Justin H. Woodson, Vice Chair

House Committee on Consumer Protection & Commerce

Re: Testimony in Support of H.B. No. 2716 – Relating to Self-Storage Facilities

Chair McKelvey, Vice Chair Woodson, and Members of the House Committee on Consumer Protection & Commerce:

My name is Timothy J. Dietz, President & CEO of the National Self Storage Association, testifying in strong support of H.B. No. 2716, which updates and clarifies Hawaii's self-storage facilities lien law.

The National Self Storage Association is a not-for-profit trade organization representing the best interests of the self storage industry. We work to build business viability for our members and to grow the industry. The association also represents the industry in the U.S. Congress, federal regulatory agencies, and other national, state, and regional associations.

Thirty-two years ago, in 1984, Hawaii adopted its self-storage facilities lien law. It has remained virtually unchanged since that time. H.B. No. 2716 will update and clarify Hawaii's self-storage lien laws as follows:

- Sections 3, 4, and 5 of the bill [amendments to Hawaii Revised Statutes (“HRS”) §§507-63, 507-64, and 507-65] add notification by e-mail as an option that an occupant can choose. Many customers prefer to be contacted by e-mail, particularly if they are in a transitory situation. E-mail actually provides greater reach to relocating tenants and members of the military who are being deployed.
- Section 6 of the bill amends HRS §507-66 (Method of sale) to allow for public notice of a sale in any commercially reasonable manner, provided that at least three independent bidders participate in the sale, and allows the sale to be conducted on an online website that customarily conducts self-storage lien sales. These amendments will allow self-storage operators to take advantage of technologies that have developed over the past 32 years regarding public notice and advertising of lien sales, as well as conducting such sales.
- Section 7 of the bill amends HRS §507-70 to add language allowing the lease contract to contain value limitation and late fee provisions. The value limitation provision allows a self-storage owner to make a reasonable calculation of its liability insurance needs, among other things, and is reasonable because only the tenant knows the type and nature of the property to be stored. The late fee provision provides a standard (\$20.00 or 20% of rent owed monthly, whichever is greater) that has been accepted as reasonable in 20 states to date.

Finally, we respectfully request that H.B. No. 2716 be amended to add language allowing for the towing of motor vehicles and boats after 60 or more days delinquency. We apologize for this provision not being in the original draft language of the proposed bill. In exchanging drafts with our local representative, the language was inadvertently dropped during a time crunch caused by our problems dealing with the huge snowstorm back east:

Allowing for the motor vehicle and boat towing option makes sense because: (1) vehicle liens are more complicated than the usual self-storage lien circumstances; (2) providing an option to have the vehicle towed is a simple resolution because towing companies are better prepared to proceed with vehicle lien situations, which are similar to parking garage facilities' situations; and (3) the self-storage operator gives up its lien rights (the lien is only on property at the facility) for a speedy solution to the problem that self-storage owners have when the property subject to the lien is titled property such as a motor vehicle or boat; once towed, the towing company will deal with the vehicle or boat in the same way that it deals with vehicles towed from a parking lot or other place where the vehicle should not have parked. We provide the following language for your consideration:

§507- Occupant in default; motor vehicle or boat removal. (a) If an occupant is in default for sixty or more days and the personal property stored in the leased space is a motor vehicle or boat, the owner may have the personal property towed or removed from the self-service storage facility in lieu of a sale. Prior to having the vehicle towed, the owner must provide notice to the occupant stating the name, address, and contact information of the towing company.

(b) The owner is not liable for any damage to the personal property towed or removed from the self-service storage facility once the property is in the possession of a third party."

We respectfully request that you move H.B. No. 2716 forward with the requested amendment.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy J. Dietz", with a long horizontal flourish extending to the right.

Timothy J. Dietz
President & CEO of the National Self Storage Association