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House Bill 4484 (Substitute H-1 as passed by the House)
Sponsor: Representative Peter Pettalia
House Committee: Regulatory Reform
Senate Committee: Regulatory Reform

Date Completed: 2-27-14

CONTENT

The bill would amend the Self-Service Storage Facility Act to do the following:

- **Specify that the owner of a self-storage facility or self-contained storage unit would not be liable for damages or claims related to the release, use, or misuse of confidential, proprietary, or personal ID information contained in documents or other media stored by a tenant, after the sale or other disposition of the documents or media.**
- **Authorize the owner of a storage facility or unit to destroy any or all documents or other media containing confidential, proprietary, or personal identification information.**
- **Authorize the owner of a storage facility or unit to properly dispose of any property that he or she could not lawfully sell.**
- **Specify that the owner of a self-storage facility or unit could use the proceeds of a sale to satisfy the balance of unpaid rent, late fees, and reasonable lien enforcement costs.**
- **Authorize the owner of a storage facility or unit to have certain property towed from the facility in lieu of a sale.**
- **Allow a rental agreement under the Act to include a limit on the value of property stored at a facility or unit.**
- **Authorize a rental agreement to provide for a reasonable late charge for the tenant's failure to make timely payments when due, and specify that the charge would not be a penalty.**

The bill would take effect upon the expiration of 90 days after it was enacted.

Confidential Information

The Act provides that the owner of a self-service storage facility or self-contained storage unit has a lien upon personal property located at that facility or unit. To enforce the lien, if a tenant defaults on a rental agreement, the owner must notify the tenant and advertise the sale or other disposition of the property in the facility or unit.

The bill specifies that an owner would not be liable for any damages or claims related to the release, use, or misuse of confidential, proprietary, or personal identification information contained in any documents or other media stored by a tenant in the facility or unit after the sale or other disposition of the documents or media.

If an owner reasonably believed that a storage space contained any documents or other media containing confidential, proprietary, or personal identification information, the owner

could destroy any or all of them in lieu of a sale. An owner who destroyed documents or media would not be liable to any person for the destruction.

If an owner had actual knowledge of, and the storage space contained, any property that the owner could not lawfully sell, the owner could properly dispose of the property in any manner allowed by applicable law in lieu of a sale. An owner who disposed of property under this provision would not be liable to any person for the disposal.

Distribution of Sale Proceeds

A person conducting a sale under the Act must distribute the proceeds in the following sequence: 1) to satisfy the owner's liens up to an amount equivalent to four months' rent, minus any amount already paid to the owner by the holder of a prior lien on certain property; 2) to satisfy outstanding balances owed to prior perfected lienholders; and 3) to satisfy the balance of the owner's liens.

Under the bill, satisfying the balance of the owner's liens would include all unpaid rent, late fees, and reasonable lien enforcement expenses.

Towing of Property

The bill specifies that, if any property to which a lien attached under the Act were a motor vehicle, aircraft, mobile home, moped, motorcycle, snowmobile, trailer, or watercraft, and the rent and other storage charges remained unpaid or unsatisfied for 60 days, the owner of the storage facility or unit could have the property towed from the facility in lieu of selling it. Towing would have to be done by an independent motor carrier with a proper certificate of authority from the Michigan Public Service Commission. An owner who had property towed would not be liable or responsible for the property after possession of the property was transferred to the motor carrier.

Value Limit

The bill specifies that a rental agreement under the Act could provide for a limit on the value of the property stored at the facility or unit. The stated limit would have to be considered the maximum value of the stored property for all purposes.

Late Charge

The bill would allow a rental agreement to provide for a reasonable late charge for failure of the tenant to make timely payments for the storage space when due. A monthly late fee of \$20 or 20% of the monthly rental amount, whichever was greater, would be considered reasonable and would not constitute a penalty. The owner of the storage facility or unit would have the burden of justifying the reasonableness of any higher late fee.

MCL 570.523 & 570.525

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have an indeterminate, but likely negligible, fiscal impact on State and local government. The bill could potentially increase the amount of fees collected for the licensing of insurers for these types of facilities. It also could preclude litigation related to the enforcement of an owner's lien.

Fiscal Analyst: John Maxwell

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.