



PROPONENT TESTIMONY

HB 2545

An Act concerning the self-service storage act; providing for the sale of property not retrieved by an occupant after notice by an operator; allowing electronic signatures and electronic delivery for rental agreements; defining “property that has not commercial value”; providing for the effectiveness of rental agreements when such agreements are not signed or delivered by an owner or by an occupant; specifying custody and control of abandoned or towed property.

**Whitney Damron
On Behalf Of The
Self Storage Association
www.selfstorage.org**

House Commerce, Labor, and Economic Development Committee

January 25, 2024

Good afternoon, Chairman Tarwater, and Members of the Committee:

I am Whitney Damron and I appear before you today in support of HB 2545 on behalf of the Self Storage Association, a national trade organization headquartered in Alexandria, Virginia representing thousands of owners and operators of self-storage facilities in all fifty states. With me today is Paul Davis, who is also a registered lobbyist for the Self Storage Association.

This Committee has considered changes to the K.S.A. 58-813, et. seq., known as the Self Service Storage Act in the past, as proposed by the Self Storage Association (SSA). From time to time the SSA seeks amendments to state laws to create regulatory consistency between the various states for the operation and regulation of these facilities. While many operators are multi-state owners, our legislative proposals are also crafted with the smaller operators in mind, the one-off or small chain operators, who are also members of the SSA.

The legislation before you today make four changes to the current Self Service Storage Act as outlined in the heading of this legislation:

1. Create a process by which a self storage operator can require a renter to vacate a property, including notice provisions and disposition of any property not retrieved by the occupant.
2. Create a definition for property with “no commercial value”.
3. Allow for an operator and a tenant to enter into a contract electronically and set out in statute what contractual obligations attach if one party or the other fails to sign the contract, but occupancy of the property continues.
4. Conforming changes to the Act related to legislation passed in 2023.

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Non-renewal of Agreement of Demand to Vacate Property.

From time to time a self storage operator may have a reason to require a renter to vacate the property either through a contract termination or nonrenewal of an existing and valid rental agreement, even though the renter might be current in all charges and fees. Examples might include unsocial activity (e.g., threatening, or disruptive behavior to staff or customers, or conducting illegal activity), damage to property, improper disposal of trash or other materials, and so forth. Nebraska and Oklahoma have a process for dealing with these situations, but Kansas does not.

Under New Section 1., the operator provides the renter notice of termination or nonrenewal and the renter has not less than 45 days to remove their property from the facility.

If the termination or non-renewal notice to the renter includes **bold type language** indicating any remaining property may be sold or disposed of as provided for under this Act, the operator may proceed to dispose of such property if remaining after 45 days.

If the termination or non-renewal notice does not include bold type language as described herein, the operator shall send by first class mail a second notice to the renter indicating such action shall be in order after no less than 45 days and at least 15 days after the notice.

The operator may dispose of any property not retrieved by the owner as allowed under current law (e.g., in a commercially reasonable sale). Any proceeds above and beyond any outstanding fees and costs as allowed under law shall be remitted to the State Treasurer as unclaimed property.

Should property not retrieved be offered for sale in a commercially reasonable manner and receive no bid, it shall be deemed to have “no commercial value” as defined in the bill and may be disposed of as deemed necessary and appropriate by the operator.

Electronic Execution/Acceptance of a Rental Agreement.

Entering the Covid/pandemic era, the public demand for contactless business transactions has grown throughout the business world and self storage is no different. We now have operators who can rent a storage facility via an app or online process and provide access to a facility 24/7 without ever having met face-to-face with the renter. Such transactions are not always foolproof, and it may be necessary to establish a contractual relationship based upon actions (e.g., acceptance of access to a rental unit, remittance of payment, etc.) as well as recognize changes to a business relationship as preferred by the operator or mandated under law and making acceptance a necessary part of the business relationship.

Language found in HB 2545 is modeled after the Kansas Landlord-Tenant Act, specifically K.S.A. 58-2546, which has been in effect since 1975 without amendment and similar to provisions found in other states' landlord/tenant laws. That statute confirms acceptance of a rental agreement without reservation by the landlord (or in this case, the operator) and gives the rental agreement the same effect as if it as been signed and delivered by the tenant or the landlord.

Example No. 1: Renter enters into an agreement for storage space with automatic renewal provisions (which are typically month-to-month). Operator changes hours of operation or access to the facility and seeks acknowledgement or acceptance from the renter, who fails to respond but continues to remit payment automatically and utilize the facility. Under this change, the agreement with revised operating hours would be deemed binding on both parties.

Example No. 2. Kansas law changes, as it did to provide for alternative disposition of motor vehicles, watercraft, or trailers (2023) or property sold at auction may be sold and advertised in a “commercially reasonable manner” as provided for in 2022. New agreements for new customers provided by an operator would incorporate such changes to their contract. However, an existing renter who continues to remit payment but fails to affirm revised terms of an updated agreement would be controlled by the terms of the updated agreement if the operator delivered it to him and the update included disclosure mandated by this legislation.

In layman’s terms, what is happening with this section is a common law contractual obligation being placed in statute. Both parties agree a contract is desired; consideration is exchanged (e.g., payment in exchange for access); and given this meeting of the minds, both parties agree to be bound under contract.

This process is similar to how any of us receive notice and acceptance of changes to our terms of agreement for use of our Apple phone, Facebook, Google, Amazon, credit card companies, telephone and cable companies or any other form of commerce that utilizes electronic transmission of terms of agreement and customer confirmation.

Should a customer not accept the revised terms of the rental agreement, the bill stays changes until after the next pay period for the customer, which is typically 30 days.

The bill also makes it statutorily clear that execution of a rental agreement may be made by means of a manual, facsimile, or electronic signature.

Towing of personal property or sale or disposal of personal property abandoned by the occupant.

Amendments made to Section 4. of the bill are conforming the Act to changes being made under this legislation and those made under HB 2042 in 2023 that addressed the removal or towing of a motor vehicle, watercraft, or trailer and affirms at all times prior to any sale or removal of property from the self storage facility remains in the exclusive care, custody, and control of the occupant/renter.

On behalf of the Self Storage Association we respectfully ask for the Committee’s support of HB 2545.

I am pleased to answer your questions.

WBD