

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 A.M. on March 10, 2005 in Room 241-N of the Capitol.

All members were present except:

Kevin Yoder- excused

Patricia Kilpatrick- unexcused

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department

Norm Furse, Office of Revisor of Statutes

Renae Jefferies, Office of Revisor of Statutes

June Evans, Committee Secretary

Conferees appearing before the committee:

John Federico, Kansas Self Storage Owners Association

Larry Triplett, General Partner, Triplett Self Storage

Others attending:

See attached list.

The Chairman opened the hearing on **SB 69 - Kansas Self-Storage Act; Late Fees.**

Staff gave a briefing on **SB 69**, stating a self-service storage facility is any property used for renting or leasing storage spaces. The hyphen was removed between "last" and "known" in line 41, page 1. A new Section (i) was added to define late fees. In new Section 2. "not" was added in line 9.

John J. Federico, on behalf of Kansas Self Storage Owners Association, testified as a proponent to **SB 69**. A very similar version of this bill passed out of the House last year and was too late to have Senate hearings. It was started in the Senate this year and passed out 39-0. Owners add late fees now but there is nothing in the statutes that says they can. This legislation only impacts people not paying their bills. Nuisance law suits are expensive. **SB 69** limits what can be charged for late fees, either \$20 or 20% which is a fair amount (Attachment 1).

Larry Triplett, General Partner, Triplett Self Storage L.P. dba Citywide Self Storage, testified as an opponent to **SB 69**. Mr. Triplett stated he believes this legislation would instigate litigation. It would be better to substitute "a reasonable fee rather than state \$20 or 20%". Mr. Triplett believes the New Hampshire Self Storage Lien Laws would lower overhead of every storage owner in Kansas. When overhead is lowered the consumer is the winner (Attachment 2).

There was discussion and it was found that some technical changes were needed. Staff was asked to bring back a balloon for final action at a later date.

Written testimony was distributed for Anthony Santaularia, Diversified Concepts, Lawrence, an opponent. (Attachment 3).

The Chairman closed the hearing on **SB 69**.

The Chairman asked the committee what their pleasure was on **SB 215 - Commercial real estate broker lien act.**

Staff briefed the committee on the balloon for **SB 215**.

Representative Pauls suggested two technical amendments to the balloon: (1) On page 5, line 7, change 30 to 20. (2) On page 4, line 43, strike "registered or certified mail, return receipt requested" and replace with "return mail receipt requested".

Representative Jack moved and Representative Grant seconded to accept the balloon with the technical

CONTINUATION SHEET

MINUTES OF THE House Commerce and Labor Committee at 9:00 A.M. on March 10, 2005 in Room 241-N of the Capitol.

amendments. The balloon was adopted as amended

Representative Jack moved and Representative Kiegerl seconded to move **SB 215** out favorably as amended. The motion carried.

The Chairman said action would be taken on **SB 69** at a later date.

The meeting adjourned at 10:15 a.m. and the next meeting will be March 11.



Testimony in Support of SB 69
House Commerce & Labor Committee
John J. Federico; On Behalf of the KSSOA
March 9, 2005

I. What SB 69 Does

- A. Simply seeks to codify what is a standard business practice of charging a late fee to delinquent payers.
- B. Also sets a "cap" on what the late fee can be. (You are not setting the fee! It is permissive.)
- C. Mandates that if a late fee is charged to a delinquent payer, that it be part of the written contract between the operator and renter.

NOTE: No one loses with the passage of SB 69. Both the small business owner, AND the consumer win with this legislation. The bill makes it permissible (not mandatory) that self-storage facility operators be allowed to charge a late fee to delinquent payers.. If an operator chooses to charge a late fee, the bill provides that the terms of the late fee be part of a written contract. And finally, it caps the late fee (currently an operator can charge any fee they choose.)

NOTE: In the 2004 Session a similar bill was passed out of House Judiciary Committee, twice, and was approved by the House 110-14. This bill passed the Senate 39-1

II. Why is the Bill Necessary?

- A. To prevent very expensive class action lawsuits.
- B. To eliminate or minimize retaliatory lawsuits by delinquent payers.

NOTE It is not without much debate and consideration that the self-storage industry has come to the legislature and ASKED to be further regulated! In short, because **the current Kansas Self-Service Storage Act is silent as to whether late fees are permissible**, there is a realistic threat of a class-action lawsuit by delinquent payers as to whether operators are allowed to charge a late fee. The KSSOA's request for protection from lawsuits is EXACTLY the same premise that prompted the cable industry to seek similar legislation and protection in 1999 (HB 2076 was passed by the full legislature). **SB69** protects small business owners from both the threat and expense of a class action lawsuit similar to the one filed against self-storage owners in Maryland, and, against retaliatory lawsuits (very frequent and time consuming) by delinquent payers challenging an operators' right to charge a late fee.

III. Is There Precedence?

- A. The Kansas legislature has put in statute similar language to protect other businesses with similar concerns.

- B. Similar language has been passed in other states (Missouri, Ohio, Arizona, West Virginia, & California) To our knowledge, no state has rejected this effort by self-storage owners in other legislatures.

IV. Why is the “Cap” Set at \$20 or 20% ?

- A. There are currently a few self-storage owners currently charging \$20 so while they are seeking help from the legislature, they would not be required to change current business practice or bear the expense of drafting new contracts and paperwork.
- B. It allows some flexibility that will prevent the industry from returning to the legislature repeatedly to ask that is been raised.
- C. Other states have similar caps.
- D. There is justification for self-storage late fees to be higher than other late fee charges such as cable or cellular phones. A small self-storage owner has only a limited number of units they can rent and is denied use and income from that space that is being occupied by a delinquent payer.

NOTE: Currently, an operator can charge any amount they want to for a late fee. You are not being asked to “set” the late fee, only cap it. Competition will play more of a role as to what the fee is set at, more so than anything the legislature does.

V. Is There Something “Hidden” In The Bill?

- A. No. Currently, a self-storage owner is free to charge any amount for a late fee. So it is not without careful consideration that that they come to the legislature asking for further regulation and a “cap” on the amount they will be allowed to charge!
- B. *New Section 2 (c) merely makes clear that a late fee is in addition to the recovery of other expenses already provided for in another part of the statute; (K.S.A. 58-816)*
The operator of a self-service storage facility has a lien on all personal property stored within each leased space for rent, labor or other charges, and for expenses reasonably incurred in its sale, as provided in the self-service storage act.

NOTE: This does NOT allow for recovery of attorney fees.

VI. Does It Help To Just Authorize A Late Fee And Not Set A Cap?

No. There must be clear legislative intent for both to avoid a lawsuit. If both are not part of the bill, then a lawsuit can be filed either challenging whether a late fee is allowed, OR if the late fee is reasonable.

This bill helps add clarity to a “hazy” part of the Kansas Self Storage Act. It is permissive, not mandatory. It provides the operator with the protection they need from nuisance lawsuits and protects the consumer by placing a cap on late fees that are allowable. Thank you for your support.

SENATE BILL 69
AMENDMENT OF K.S.A. 58-814
COMMERCE COMMITTEE

For your review.

I was introduced to the self-storage business by fate in 1984 when I evolved from tenant to landlord due to the owner of the office space we rented becoming insolvent. The office complex that we occupied as administrators of a c-store fuel stop operation also included a small self-storage operation. Our intent in the purchase of the facility was continued occupancy of our office space as well as expansion of the self-storage business as there was additional land included that was well suited for the purpose. We inherited the renters of what was a fully occupied building only to discover the amount of rent being collected was only about 38% of the actual amount of the scheduled rent. Through diligent efforts, we were able to increase our collection of scheduled rents into the low 80-percentile range.

We continued our business venture by adding an additional property for development into self-storage and then acquiring two more existing self-storage operations. The collection of rents as a percentage of rents scheduled continued to haunt our quest to be efficient in the management of this growing enterprise. Without efficiency we would be just another also ran.

We experimented over a period of time with varying programs in an effort to reduce the amount of delinquent tenants, minimize management cost in rent collection efforts, and maximize the retention of satisfied customers. Our efforts zeroed in on a \$2.00 per day late fee imposed after a 5-day grace period as being the most effective of the programs that we introduced to control rental delinquency. It was also by far the most accepted by those tenants who had money management difficulties. This was accomplished by stating the fee in bold type on the front page of our rental agreement and having the manager further explain the policy prior to the tenant signing the agreement. Our result was an increase in tenant's length of occupancy and a greater number of tenants to return when a storage need arose. An increase of rents collected into the mid 90's as a percentage of scheduled rents also reduced our dependence on rate increases to pace cost of living increases created by inflation.

The business that continued to evolve was split into two separate businesses in 2002 with my daughter and son-in-law taking over 300 units as their own to operate. The remaining portion continued to grow and in the past 12 months has achieved a 12.8% increase in rented space in spite of being in a period of static population growth and having several new storage operations to compete with.

My reason in relating the above story is to illustrate how a company, when unrestricted, can improvise in the implementation of a program dealing with tenant delinquency which is acceptable to those tenants because it is a known quantity. The quantity is also easily understood and is emphasized in bold type on the front page of our storage rental agreement.

The legislation as proposed could be restrictive to our late fee policy as it indicates any amount in excess of the arbitrary \$20.00 or 20% fee being proposed is probably excessive. Our \$2.00 per day late fee imposed following a 5-day grace period is much easier to put into a contract agreement than it is to list all the expenses that will be incurred complying with the mandates of the Kansas Self Storage Act, particularly as it pertains to auctioning tenants property to satisfy a lien. 58-814[e] of the act requires any late fee charged by the operator shall be stated in the rental agreement. The daily late fee is easily understood by the tenant, while the schedule of numerous charges incurred during compliance with the storage act is quite complex.

We do not feel there is a need for this legislation, as we know of no one in the State of Kansas that has been sued which this legislation would have prevented. If you deem it to be needed legislation then I would ask that the \$20.00 or 20% fee be removed and replaced by the words "reasonable fees" to allow self storage operators to improvise with acceptable variations. Where there is freedom to choose, the consumer comes out the winner.

Thank you for consideration of this input.

Respectfully,

Larry Triplett
General Partner
Triplett Self Storage L.P. dba Citywide Self Storage

Comm & Labor
3-10-05
Atch # 2

SELF STORAGE RENTAL AGREEMENT
#021605002

1. THIS RENTAL AGREEMENT (the "Agreement") includes the terms and conditions outlined below and this Agreement is a legally binding contract. If not understood, seek competent advice.

SPACE: Triplett Self Storage, LP doing business as Citywide Self-Storage, 440 North Ohio, Salina, KS 67401, as Citywide, hereby rents to DAVID [REDACTED] and whose primary identification number is [REDACTED] as Customer Storage Space Number [REDACTED] in Citywide's storage building located at 440 No. Ohio, Salina, KS to be used for the storage of Customer's personal property. Customer's personal Gate Access Code for the Storage Facility is N/A.

CUSTOMER:

Name: DAVID [REDACTED], Primary ID#: [REDACTED]

Physical Address: [REDACTED]

City, State Zip: SALINA, KS 67401

Home Phone: (785) [REDACTED] Work Phone: (785) [REDACTED]

Email: [REDACTED]@COX.NET

Employer: [REDACTED] May we contact your employer: Yes No

2. TERM: The initial term of this agreement shall begin on 02/16/05, and end on 03/14/05, and continue month to month thereafter. Citywide may terminate this Agreement on fifteen-(15) days written notice to the Customer. Customer may terminate this Agreement at any time. If Customer vacates the Storage Space within fifteen (15) days of the beginning of the current rental term, Citywide will prorate on a daily basis the Rent in excess of fifteen (15) days. If Customer vacates the Storage Space sixteen (16) days or more after the beginning of the current rental term, Customer shall owe rent for the entire month. Customer shall remain liable for rent until Customer has officially notified Citywide in writing or in person at Citywide's Rental Office that the unit has been vacated and Customer has cleaned and returned Citywide's lock and two keys. Citywide may change any provision of this Agreement at any time on thirty-(30) days written notice to Customer, but Customer retains their right to terminate this Agreement. If Customer does not terminate this Agreement prior to the effective date of any such change, the change shall take effect.

3. RENT: Customer shall pay Citywide \$74.00 on 02/16/05, as rent for the current period of this lease, and Customer shall thereafter pay Citywide \$77.00 per month, in advance, on or before the 15th day of each subsequent monthly rental period during the term of this Rental Agreement. *5 DAYS GRACE*

4. OTHER CHARGES: IF THE MONTHLY RENTAL IS NOT PAID BY THE 20th DAY OF ANY MONTH DURING THE TERM OF THIS LEASE, THE CUSTOMER SHALL PAY AN ADDITIONAL RENT OF \$2.00 PER DAY BEGINNING THE NEXT DAY AND CONTINUING UNTIL ALL PAST DUE RENTS HAVE BEEN PAID IN FULL; and Citywide shall have the right to lock the storage space and deny the Customer access to the storage space until the Customer shall have paid in cash all past due rents, additional rents and a \$15.00 fee for removal of Citywide's lock from the storage space. Delivery of an insufficient funds check shall not constitute payment of rent or other charges due Citywide. Customer agrees to allow Citywide to contact the person listed below in the event Citywide cannot reach the Customer through the information provided under paragraph (1).

5. DEPOSIT: Customer shall deposit with Citywide \$20.00, to ensure the return of the Storage Space in good condition and for the high security lock (DK Initials in blank indicate acceptance of high security lock with two keys) provided by Citywide. The deposit is not a prepayment of rent. Customer agrees to keep the Storage Space in as good condition and repair as it is on the date hereof and leave the Storage Space clean and free of debris at the end of the Term. Customer shall dispose of all dirt, debris, garbage, and similar matter, at Customer's expense throughout the Term of this Agreement and upon Termination as stated in Paragraph 2. Customer forfeits the amount of the deposit needed to satisfy one or more of the following items that has not been previously paid for:

- Citywide must clean Storage Space.
- Citywide must repair any damage to the Storage Space not specifically noted in Paragraph 6 below.
- Citywide cuts lock to satisfy a condition of this Lease Agreement.
- To satisfy any rents and/or fees due Citywide.
- Customer fails to return both keys and the high security lock in usable condition.
- Any other costs incurred by Citywide caused by Customer.

The balance of such deposit after payment of such costs shall be refunded to the Customer without interest.

6. CONDITION OF STORAGE SPACE: Customer will inspect the Storage Space upon moving in and will advise the Citywide if the same is not suitable for Customer's intended use or if the same is damaged when rented, except

ESTIMATED COSTS INCURRED BY CITYWIDE SELF STORAGE TO AUCTION AND CLOSE OUT A DELINQUENT TENANT IN COMPLIANCE WITH THE KANSAS STATUTE

Sale held 55 days after tenant becomes delinquent.

FEES CHARGED

Fees of 2.00 per day from 6th-55th day	\$	100.00
Lockout fee after 10 days past due	\$	15.00
Total fees charged	\$	115.00

COST OF COLLECTIONS

5th day past due letter	\$	2.87
10th day lock out notice	\$	2.87
20th day pre lien notice	\$	2.87
30th day lien notice	\$	2.87
Cut high security lock and Inventory unit [inventory for sale add]	\$	25.00
30th day auction notice restricted mail	\$	10.42
Legal notice in paper based on total charges [divided by 10 units being sold]	\$	9.15
Buyers guide ad to attract buyers based on charges [divided by 10 units]	\$	5.28
Letter to potential auction buyers 52 letters @ 2.37 [divided by 10 units]	\$	12.33
Per unit cost of auction	\$	32.00
Phone calls and attempted phone calls through the default to sales period made including research to find tenants that have moved and long distance phone calls to out of area tenants	\$	15.00
Average cost to clean units after sale	\$	20.00
* ABOVE CHARGES INCLUDE WAGES AND BENEFITS FOR MANAGER AND RELIEF MANAGER, PLUS MILEAGE, POSTAGE AND MATERIALS CONSUMED TO COMPLETE PROJECT		
Total collection expenses per delinquent unit	\$	140.66
Less fees charged	\$	125.00
Expenses incurred in excess of fees imposed	\$	15.66

This loss of revenue does not reflect that the unit is not rentable during the 55 day period, and it is rare that the total fees and rent are covered by auctions proceeds.

We have a grace period of 5 days past due no charge, and on the 6th day and thereafter we charge a \$2.00 fee EXAMPLE: A tenant 8 days delinquent would pay \$2.00 per day for the 6th, 7th and 8th day for a total of \$6.00 instead of the \$20.00 fee being proposed, a \$14.00 savings for the tenant. A majority of delinquent tenants fit this profile. Our late fee structure is an incentive to pay timely and at the same time imposes penalties based on the degree of infraction

RECAP AUCTION SALES							
Auc Date	Units Sold for Dollars				Total Units Sold	Total Dollars	Ave Dollars Per Unit SOLD
	0-100	101-200	201-300	301 & over			
7/26/2001	5			2	7	\$ 690.00	\$ 98.57
9/26/2001	5			2	2	\$ 1,675.00	\$ 186.11
11/28/2001	5	1			3	\$ 2,260.00	\$ 251.11
3/20/2002	13	4	1	3	21	\$ 2,840.00	\$ 135.24
5/29/2002	6	1	1	1	9	\$ 1,195.00	\$ 132.78
7/24/2002	7	2	1	1	11	\$ 1,165.00	\$ 105.91
Auto 7/31/2002	9	2		2	13	\$ 1,467.00	\$ 112.85
9/25/2002	6	3		3	12	\$ 2,230.00	\$ 185.83
11/20/2002	2	1	1	2	6	\$ 2,280.00	\$ 380.00
1/25/2003	2	0	1	3	6	\$ 1,525.00	\$ 254.17
4/30/2003	4	1	1	1	7	\$ 960.00	\$ 137.14
7/27/2003	4	6		1	11	\$ 1,955.00	\$ 177.73
10/1/2003	4	2			6	\$ 495.00	\$ 82.50
11/16/2003	6	3		1	10	\$ 1,380.00	\$ 138.00
1/28/2004	7				7	\$ 282.50	\$ 40.36
3/31/2004	1		1	2	4	\$ 715.00	\$ 178.75
5/26/2004	3	1			4	\$ 210.00	\$ 52.50
7/28/2004	3	1		2	6	\$ 1,370.00	\$ 228.33
9/29/2004	6	1			7	\$ 435.00	\$ 62.14
12/15/2004	3	1	1		5	\$ 670.00	\$ 134.00
3/2/2005	1		2	1	4	\$ 2,345.00	\$ 586.25
TOTAL	102	30	14	28	174	\$ 28,144.50	\$ 161.75
% to Total	58.6%	17.2%	8.1%	16.1%	100.0%		

4-2
 Avg @ 21.75 over cost

City wide storage Cost to sell \$140.00 plus
 To comply with Kansas lien law.

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stating the time and place of sale, the property to be sold, and the amount of the rent, charges, fees, or expenses owed.

Chap. 451-C, §451-C:5

Sale.

If any of the rent, charges, fees, or expenses referred to in this chapter shall remain unpaid for 30 days, and after complying with the provisions of RSA 451-C:4 and RSA 451-C:5, the owner may sell such personal property at a private or public sale, and the proceeds shall first be applied to satisfy such rent, charges, fees, or expenses. Proceeds remaining after the sale and payment of rent, charges, fees, or expenses to the owner shall then be paid to any lienholders of record, as their interests may appear, with any remaining proceeds to be paid to the occupant.

Chap. 451-C, §451-C:6

Abandoned Property.

I. In the event that a storage unit is unlocked, and the rent on the unit is past due, and the entire contents of the unit have a total value under \$500, the property shall be deemed abandoned. Such property may then be removed from the self-service storage facility unit and shall be retained for 30 days. If after 30 days, the occupant does not claim such personal property and any of the rent, charges, fees, or expenses remain unpaid, and there is no lienholder of record, the owner may dispose of the property without notice to the occupant.

II. In the event that a storage unit is locked, and the rent on the unit is past due, and the entire contents of the unit have a total value under \$500, the property shall be deemed abandoned. If after 30 days, the occupant does not claim such personal property and any of the rent, charges, fees, or expenses remain unpaid, and there is no lienholder of record, the owner shall be exempt from requirements of RSA 451-C:5 and RSA 451-C:6, may remove such property from the self-service storage facility unit, and dispose of the property without notice to the occupant.

Chap. 451-C, §451-C:7

Liability.

An owner acting in accordance with the provisions of this chapter shall not be liable to the occupant or lienholder for personal property disposed of under the provisions of this chapter.

Chap. 451-C, §451-C:8

Purchaser.

Provided that the provisions of this chapter are complied with by an owner conducting a sale of personal property, a purchaser in good faith of personal property under the provisions of this chapter shall take the personal property free and clear of any rights of an occupant against whom the liens were placed by a lienholder.

Chap. 451-C, §451-C:9

Disclosure.

An owner of a self-service storage facility shall disclose, in any rental agreement or lease, the terms and conditions of such rental agreement or lease and the notice provisions of RSA 451-C to an occupant before renting or leasing the storage unit.

Chap. 451-C, §451-C:10

Storage Operators
Cost to dispose
of thru Auctions
\$140 Plus
Change \$500
to \$150 - 200
\$200 would eliminate
75% of all Auctions

This act would lower overhead of every storage owner in Kansas. When overhead is lowered the consumer is the winner.

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(C) The officer to whom a distress warrant is delivered after the predistress hearing shall demand of the occupant payment of the rent with costs as enumerated in the distress warrant. If the amount is paid the officer shall return the warrant with the amount collected to the magistrate who shall settle with the owner. If the tenant fails or refuses to pay the rent with costs, the officer shall distrain sufficient of the property upon the rented premises to pay the amount by delivering or mailing to the occupant at his last known address a list in writing of the property distrained together with a copy of the distress warrant.

(D) If any property distrained is not the property of the occupant, the occupant shall immediately name the owner of the property and inform the officer of the ownership and the officer shall distrain sufficient other property of the occupant to pay the rent and costs. The property of the occupant must be first applied to payments of the rent and costs. All property in the self-service storage facility is subject to distress as provided in this section.

(E) Any property belonging to the occupant removed from the self-service storage facility must, if found, be subject to distraint and sale, provided the distraint be made within thirty days after the removal.

(F) Within five days after the distraint, the occupant may free the property from the lien of the distraint by giving a bond payable to the owner in double the amount claimed, with sufficient surety or sureties approved by the court, and the issues thus joined must be tried by the court. The owner has the right to except to the surety or sureties and the surety or sureties shall justify before the magistrate as provided for justification for sureties in claim and delivery actions.

(G) If the occupant fails to give bond as prescribed in subsection (F) then the officer may sell the property at public auction to the highest bidder for cash at a designated place of sale after posting a notice of the sale for five days upon the premises and two other public places in the county stating the time and place of the sale.

(H) The purchaser at a sale of chattels seized under a distress warrant takes the property subject to any other perfected and recorded liens on the property.

(I) If the property distrained brings more than the rent with costs at the sale the surplus must be paid to the occupant and the rent must be paid to the owner.

SECTION 39-20-49. Person claiming contents of storage facility to pay all unpaid rents. [SC ST SEC 39-20-49]

The owner of a self-service storage facility may require of a person laying claim to any of the contents of the self-service storage facility that the claimant pay to the owner all unpaid rents due for the use of the facility before taking possession of the contents. The owner is not responsible for any property taxes that may be due on any contents that have been in storage in the facility.

SECTION 39-20-50. Creation of additional rights, duties, and obligations by agreement; relation of chapter to other laws. [SC ST SEC 39-20-50]

Nothing in this chapter may be construed as in any manner impairing or affecting the right of the parties to create additional rights, duties, and obligations in and by virtue of the rental agreement. The rights provided by this chapter are in addition to all other rights allowed by law to a creditor against his debtor.

February 28, 2005

Representative Don Dahl
Chairman of Commerce and Labor

RE: SB 69

Dear Representative Dahl:

On March 3, 2005, your committee will hear Senate Bill 69 being sponsored by the Kansas Self Storage Association. The Kansas Self Storage Act does not address whether an operator may or may not charge a customer a late fee and it is the intent of this legislation to protect operators from being sued for assessing late fees to delinquent tenants. We are a supporter of having a late fee bill, but do not support capping the rates because we believe \$20.00 or 20% per month is not a strong enough deterrent to consumers to pay on time and will not recoup the costs associated with collecting past due rents from delinquent tenants due to the following reasons:

- SB 69 will allow an operator to collect more on larger units and less on small units. The consumers that are generally late are the ones renting the small units.
- The costs associated to collect past due rents do not vary based on the size of a unit.
- Currently, rental rates are set to produce a return on investment for the storage space rented and the costs associated with renting a unit not to recover costs incurred to collect past due rents.
- Additional payroll is required to make collection calls, write letters, send notifications of sale, write and publish legal notifications, conduct sales and cleaning each unit after the sale.
- There are costs associated with letter registrations and newspaper publications to perfect a lien under the Kansas Self Storage Act.

Proponents of this legislation claim it is to protect operators from being sued for charging late fees and operators whose costs exceed the proposed \$20.00 or 20% rule may charge a reasonable late fee. Attorney's target as being reasonable fees will be the amounts that are scheduled in Senate Bill 69. Any operator that should dare to exceed that schedule will be exposed to potential litigation even though the fee being charged is fair and reasonable. If storage operators do not feel free to charge the delinquent tenant the full amount of losses incurred due to passage of this bill they will need to recoup the losses through overall rent increases.

The Kansas Self Storage Association who is sponsoring this bill represents only 15% of the Self Storage Owners in Kansas. The reason cited for needing such a law is the Class Action Law Suite against a cable company who operates as a monopoly in the market place. With over 600 individual Self Storage Operators in Kansas, late fees as well as any other charges are regulated by the free market place and this proposed legislation is an attempt to promote the newly formed Kansas Self Storage Association. If this bill becomes law it could potentially result in over 85% of the Self Storage Owners being out of compliance with the Kansas Self Storage Act. For these reasons and the reasons stated herein we are opposed to statutorily regulating late fee amounts and recommend this bill be tabled or remove the caps.

Lawrence Triplett
Triplett Self Storage, L.P.
Salina, Kansas

Anthony Santaularia
Diversified Concepts
Lawrence, Kansas

Commerce Labor
3-10-05
Atch # 3