

Proponent Testimony in Support of Am. HB172
Senate Transportation, Commerce, & Workforce Committee
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Chairman McColley and members of the committee. Thank you for welcoming me to your capital today. My name is Joe Doherty. I am the Chief Legal & Legislative Officer for the national Self Storage Association, based in Alexandria, Virginia. We also manage the Ohio Self Storage Association through which we represent the nearly 2,000 self storage properties in your state.

I have come to Columbus today to in support of HB172, a bill that would modernize the lien process that self storage operators industry must comply with when customers stop paying. As a bit of background, our industry is not in the business of selling customers' property. We rent space, however, and by law, this is the established collections process. Our industry grew out of the moving and storage industry and still more than half of self storage customers are in some sort of transition and use storage to assist during that transition.

The laws in every state require an auction in order to provide closure when a customer has stopped paying. This benefits the customers by helping to satisfy some or, in very rare cases, all of their debt. In reality, business owners often do not recoup even one-third of the unpaid rent. The costs associated with the lien process are also passed along to the customers; thus, the more efficient and cost-effective the process, the better it is for the customers and for the businesses.

The two main provisions addressed in this bill, allowing for email notification and online auctions, are common sense updates that have been adopted in most states, 38 and 28 states respectively.

First the email provision. As I just noted, most storage customers are in a transitional part of their lives and thus they would prefer that their contact address be in the form of email because the email address is more likely to follow them. Email is also less costly and we have found that customers are more responsive due to the immediacy, as well as the accessibility of email. In the 38 states where the email option is law, the process has been effective for customers and businesses.

Second, the online auctions. These auctions are administered by independent companies and are conducted on publicly accessible websites similar to eBay. They frequently draw more bidders than in-person auctions because the bidders are not limited by weather and are less limited by geography. Online auctions must comply with all prescribed elements of the lien process set forth in the law.

Finally, the existing towing provisions require clean-up. Current law requires the storage operator to tow any vehicles or watercrafts if the customer's rent is either 30 or 60 days late (depending on whether there is another lienholder for the property) or the storage operator conducts a lien sale on the rest of the customer's property. This requirement inadvertently prevents a storage operator from negotiating a resolution with a non-paying customer in lieu of having the vehicle

or watercraft towed. Also, it contradicts Ohio code section 4505.101, which allows storage facilities to obtain title on low-value vehicles. This cleanup does not affect the lien rights of banks or other creditors and does not encroach on auto dealers' sale of used vehicles. Instead, it simply brings Ohio law into conformity with the 33 other states that provide storage operators with this option.

Thank you again for having me today, and I welcome your questions.