

SESSION OF 2024

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2545

As Amended by Senate Committee of the Whole

Brief*

HB 2545, as amended, would make changes to the Self-Service Storage Act, specifically concerning sales of property after a notice of termination or non-renewal; non-delivery of rental agreements; and electronic signatures and delivery of rental agreements.

Sale of Property after a Notice of Termination or Non-renewal

The bill would permit a self storage operator to sell personal property not retrieved by an occupant within 45 days of a notice of termination or non-renewal delivered by the operator pursuant to the rental agreement's terms.

Operators would also be required to provide an additional notice to the occupant and the sale could occur no less than 15 days after the additional notice, unless the initial notice of termination or non-renewal included, in bold type, a statement indicating the operator may sell the property unless the occupant removes the property by a specified date, which must be at least 45 days after the notice of termination or non-renewal.

Any proceeds from the sale after the operator deducts rent and other charges incurred in the sale of the property would be deemed unclaimed property and required to be remitted to the State Treasurer.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Operators would be permitted to dispose of unretrieved property that has been offered for sale in a commercially reasonable manner and received no bids or offers. The bill would define this property as property with no commercial value.

Non-delivery of a Rental Agreement

The bill would address party obligations when one party does not sign or deliver a rental agreement, but actions indicate the rental is to begin or continue.

Generally, operators would be bound by a rental agreement signed and delivered by an occupant when the operator accepts payment for the rental, and renters would be bound by a rental agreement signed and delivered by the operator when the renter takes or continues possession of the leased space and remits a rent payment. However, beginning July 1, 2024, renters would only be bound under such conditions if the rental agreement signed and delivered by the operator indicated such conditions in bold type.

Electronic Rental Agreement Signature and Delivery

The bill would also permit electronic signatures for rental agreements and electronic rental agreement delivery, and would specify such provisions would only apply to a rental agreement delivered electronically if an occupant has affirmatively agreed to such in writing. The bill defines electronic signature as an electronic symbol or process that is logically associated with, or attached to, a rental agreement and executed or adopted by a party with an intent to accept, execute, or amend the rental agreement.

Technical and Conforming Amendments

The bill would make technical amendments to the definitions section in current law, a technical amendment due

to 2023 legislation, and conforming amendments in current law to implement provisions of the bill.

Background

The bill was introduced by the House Committee on Commerce, Labor and Economic Development at the request of a representative of the Self Storage Association.

House Committee on Commerce, Labor and Economic Development

In the House Committee hearing, **proponent** testimony was provided by a representative of the Self Storage Association. The proponent generally stated the bill would provide consistency with other states' laws and address technical issues.

No other testimony was provided.

The House Committee recommended the bill be placed on the Consent Calendar.

Senate Committee on Commerce

In the Senate Committee hearing, **proponent** testimony was provided by a representative of the Self Storage Association that was substantially the same as provided in the House Committee hearing.

No other testimony was provided.

The Senate Committee amended the bill to require consent by an occupant to receive electronic notifications.

Senate Committee of the Whole

The Senate Committee of the Whole amended language in the bill to clarify provisions authorizing electronic notifications would only apply to a rental agreement delivered electronically if an occupant has affirmatively agreed to electronic delivery in writing.

Fiscal Information

According to the fiscal note prepared by the Division of Budget on the bill, as introduced, the Department of Revenue indicates enactment of the bill would require \$162 of additional State General Fund expenditures in FY 2025 to update forms and train staff on the policy changes made by the bill.

The Judicial Branch indicates the bill would not have a fiscal effect on its operations. Any fiscal effect associated with the bill is not reflected in *The FY 2025 Governor's Budget Report*.

Commerce; self storage; forfeited property