FLORIDA HOUSE OF REPRESENTATIVES BILL ANALYSIS

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BILL #: CS/HB 587 COMPANION BILL: CS/SB 386 (Harrell)

TITLE: Self-storage Spaces

LINKED BILLS: None

SPONSOR(S): Smith, Borrero

RELATED BILLS: None

Committee References

Civil Justice & Claims
12 Y, 2 N, As CS

Industries & Professional

Activities

<u>Judiciary</u>

SUMMARY

Effect of the Bill:

CS/HB 587 requires any rental agreement, regarding a self-service storage facility or self-contained storage unit, entered into on or after September 1, 2025, to contain a provision that apprises the tenant that he or she has the option to designate an alternate contact to receive notices required by the Self-Storage Facility Act and a space in the agreement to do so. However, the bill provides that if a tenant elects to designate an alternate contact, such alternate contact does not acquire any rights to access the tenant's storage space or the personal property contained therein unless expressly stated otherwise in the rental agreement.

If a tenant elects to designate an alternate contact, the bill requires an owner to notify any alternate contact, in addition to the tenant, by written notice delivered in an authorized manner to the alternate contact's last known address of any pending sale of property being carried out to satisfy the owner's lien upon nonpayment of rent by the tenant. The bill removes the requirement that a notice of sale be conspicuously posted at the self-service storage facility or on the self-contained storage unit.

The bill further provides an alternative to posting an advertisement of the sale in a newspaper, and authorizes an owner, after expiration of the time given in the notice, to advertise the sale or other disposition on a public website that customarily conducts or advertises personal property auctions or sales.

Fiscal or Economic Impact:

The bill may have an indeterminate impact on the private sector.

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ANALYSIS

EFFECT OF THE BILL:

CS/HB 587 requires any <u>rental agreement</u>, regarding a self-service storage facility or self-contained storage unit, entered into on or after September 1, 2025, to contain a provision that apprises the tenant that he or she has the option to designate an alternate contact to receive notices required by the Self-Storage Facility Act. Such rental agreement must include a space in the agreement for a tenant to designate such an alternate contact. (Section <u>3</u>)

For any rental agreements entered into before September 1, 2025, the bill authorizes an owner to send notice to the tenant's last known address to apprise the tenant of the new option to designate an alternate contact. (Section 3)

The bill provides that if a tenant elects to designate an alternate contact, such alternate contact does not acquire any rights to access the tenant's storage space or the personal property contained therein unless expressly stated otherwise in the rental agreement. (Section $\underline{3}$)

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DATE: 4/10/2025

The bill provides that a tenant's failure or refusal to designate an alternate contact does not affect the tenant's or an owner's rights or remedies under the Self-Storage Facility Act or under any other law. (Section 3)

If a tenant elects to designate an alternate contact, the bill requires an owner to notify any alternate contact, in addition to the tenant, by written notice delivered in person, by e-mail, or by first-class mail with a certificate of mailing to the alternate contact's last known address of any pending sale of property being carried out to satisfy the <a href="https://www.owner.com/

The bill removes the requirement that a <u>notice of sale</u> be conspicuously posted at the self-service storage facility or on the self-contained storage unit. (Section $\underline{2}$)

The bill provides an alternative to posting an <u>advertisement of the sale</u> in a newspaper, and authorizes an owner, after expiration of the time given in the notice, to advertise the sale or other disposition on a public website that customarily conducts or advertises personal property auctions or sales. (Section $\underline{2}$)

The bill provides an effective date of October 1, 2025. (Section 4)

FISCAL OR ECONOMIC IMPACT:

PRIVATE SECTOR:

The bill may have an indeterminate fiscal impact on both owners of self-storage facilities or self-contained storage units and tenants of such facilities and units. The bill may reduce costs for owners associated with posting notice of sale at the storage facility or self-contained storage unit and associated with advertising a sale or other disposition to the extent that posting an advertisement on a public website is more cost effective than publishing such advertisement twice in a newspaper. However, the bill may increase costs associated with having to notify a second party in addition to the tenant. Additionally, the bill may reduce loss to a tenant to the extent that authorization of an alternate contact assists a tenant in receiving notice of an impending sale in time to pay the obligations owed and to recoup his or her property.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Liens Under the Self-Storage Facility Act

A lien is a claim against property that evidences a debt, obligation, or duty.¹ A self-service storage facility² or self-contained storage unit³ owner⁴ has a lien upon all personal property, whether or not owned by the tenant,⁵ located at the self-service storage facility or in a self-contained storage unit for rent, labor charges, or other charges relating to the property and for expenses necessary for its preservation or reasonably incurred in its sale or other disposition under the Self-Storage Facility Act.⁶ Such lien attaches when the personal property is brought to the storage facility or when the tenant takes possession of the self-contained storage unit, and the lien's priority7 is as

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¹ Fla. Jur. 2d Liens § 37:1.

² "Self-service storage facility" means any real property designed and used for the purpose of renting or leasing individual storage space to tenants who aret to have access to such space for the purpose of storing and removing personal property and where no individual storage space is used for residential purposes. S. <u>83.803(5)</u>, F.S.

³ "Self-contained storage unit" means any unit not less than 200 cubic feet in size, including, but not limited to, a trailer, box, or other shipping container, which is leased by a tenant primarily for use as storage space whether the unit is located at a facility owned or operated by the owner or at another location designated by the tenant. S. <u>83.803(4), F.S.</u>

⁴ "Owner" means the owner, operator, lessor, or sublessor of a self-service storage facility or self-contained storage unit or his or her agent or any other person authorized by him or her to manage the facility or to receive rent from a tenant under a rental agreement. S. <u>83.803(2)</u>, F.S.

⁵ "Tenant" means a person or the person's sublessee, successor, or assign entitled to the use of storage space at a self-service storage facility or in a self-contained storage unit, under a rental agreement, to the exclusion of others. S. <u>83.803(6)</u>, F.S. 6 S. <u>83.805</u>, F.S.

⁷ A lien's priority determines the order in which the lienholder will be paid after sale of the property to which the lien attached. Generally, earlier-recorded liens take priority over later-recorded liens. State and federal law may also specify a

provided in <u>s. 83.808, F.S.</u>; however, in the event of default, the owner must give notice to persons holding perfected security interests⁸ in which the tenant is named as the debtor.⁹

Withholding Access to Personal Property Upon Nonpayment of Rent

If a tenant in a self-service storage facility or self-contained storage unit fails to pay the rent for such storage space when it becomes due, the facility or unit owner may, without notice, after five days from the date the rent was due, deny the tenant access to the personal property located in the facility or unit. In denying the tenant access to such personal property, the owner may proceed without judicial process – that is, without obtaining a court order – if this can be done without breach of the peace. ¹⁰

Lien Enforcement: Notice of Sale or Other Disposition

To satisfy an owner's lien under the Self-Storage Facility Act, <u>s. 83.806</u>, <u>F.S.</u>, specifies that the owner must notify the tenant by written notice delivered in person, by e-mail, or by first-class mail with a certificate of mailing to the tenant's last known address,¹¹ and such notice must be conspicuously posted at the self-service storage facility or on the self-contained storage unit. If the facility or unit owner sends notice of a pending sale of property to the tenant's last known e-mail address and does not receive a response, return receipt, or delivery confirmation from the same e-mail address, the owner must send notice of the sale to the tenant by first-class mail with a certificate of mailing to the tenant's last known address before the sale.¹²

The notice must include:

- An itemized statement of the facility or unit owner's claim, showing the amount due at the time of the notice and the date when the amount became due;
- The same description, or a reasonably similar description, of the personal property as provided in the rental agreement;¹³
- A demand for payment within a specified time of not less than 14 days after the notice's delivery;
- A conspicuous statement that, unless the claim is paid within the time stated in the notice, the personal
 property will be advertised for sale or other disposition and will be sold or otherwise disposed of at a
 specified time and place; and
- The name, street address, and telephone number of the owner whom the tenant may contact to respond to the notice.¹⁴

The notice is presumed delivered when it is deposited with the United States Postal Service and properly addressed with postage prepaid.¹⁵

Lien Enforcement: Advertisement of Sale or Other Disposition

After the expiration of the time given in the notice of sale, an advertisement of the sale or other disposition must be published once a week for two consecutive weeks in a newspaper of general circulation in the area where the self-service storage facility or self-contained storage unit is located. A lien sale may be conducted on a public website that customarily conducts personal property auctions, and the facility or unit owner is not required to hold a

particular lien's priority. Legal Information Institute, *Debtor and Creditor*,

https://www.law.cornell.edu/wex/debtor and creditor (last visited Apr. 7, 2025).

⁸ A security interest arises when, in exchange for a loan, a borrower pledges in a security agreement specified assets owned by the borrower, which assets the lender may take and sell if the borrower defaults on the loan. Legal Information Institute, *Secured Transactions*, https://www.law.cornell.edu/wex/secured transactions (last visited Apr. 7, 2025).

9 S. 83.805, F.S.

¹⁰ S. <u>83.8055, F.S.</u>

¹¹ "Last known address" means the street address or post office box address provided by the tenant in the latest rental agreement or in a subsequent written change-of-address notice provided by hand delivery, first-class mail, or e-mail. S. 83.803(1), F.S.

12 S. 83.806(1), F.S.

¹³ "Rental agreement" means any agreement or lease which establishes or modifies terms, conditions, rules, or any other provisions concerning the use and occupancy of a self-service storage facility or of a self-contained storage unit. S. <u>83.803(3)</u>, F.S.

¹⁴ S. <u>83.806(2), F.S.</u>

¹⁵ S. 83.806(3), F.S.

¹⁶ S. 83.806(4), F.S.

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license to post property for online sale.¹⁷ Should a sale involve the property of multiple tenants, one advertisement may be used to dispose of the property at any one sale.¹⁸

The advertisement must include:

- A brief and general description of what is believed to constitute the personal property contained in the storage unit;
- The address of the self-service storage facility or the address where the self-contained storage unit is located and the tenant's name; and
- The time, place, and manner of the sale or other disposition, which sale or other disposition must take place at least 15 days after the first publication.¹⁹

However, if there is no newspaper of general circulation in the area where the self-service storage facility or self-contained storage unit is located, the advertisement must be posted at least ten days before the date of the sale or other disposition in at least three conspicuous places in the neighborhood where the self-service storage facility or self-contained storage unit is located.²⁰

Lien Enforcement: Sale or Other Disposition

Any sale or other disposition of a tenant's personal property must conform to the terms of the notification and must be conducted in a commercially reasonable manner.²¹ However, before any such sale or other disposition, the tenant may pay the amount necessary to satisfy the lien and the reasonable expenses incurred under the Self-Storage Facility Act and thereby redeem the personal property.²² Upon receipt of such payment, the owner must return the property to the tenant and thereafter has no liability to any person with respect to such personal property. However, if the tenant fails to redeem the personal property or satisfy the lien, including reasonable expenses, he or she will be deemed to have unjustifiably abandoned the self-service storage facility or self-contained storage unit, and the owner may resume possession of the premises for himself or herself.²³

In the event of a sale, the facility or unit owner may satisfy his or her lien from the sale's proceeds, if the owner's lien has priority over all other liens on the personal property. The lien rights of secured lienholders are automatically transferred to the remaining proceeds of the sale, and the balance, if any, must be held by the owner for delivery on demand to the tenant. A notice of any balance must be delivered to the tenant in person or by first-class mail with a certificate of mailing to the tenant's last known address. If the tenant fails to claim the balance within two years after the sale date, the proceeds are deemed abandoned, and the facility or unit owner has no further obligation to pay the balance.²⁴

If the facility or unit owner's lien does not have priority over all other liens, the sale proceeds must be held for the benefit of those lienholders with priority over the owner's lien. A notice of the amount of the sale proceeds must be delivered by the facility or unit owner to the tenant or secured lienholders in person or by first-class mail with a certificate of mailing to their last known addresses. If the tenant or the secured lienholders do not claim the sale proceeds within two years after the sale date, the proceeds are deemed abandoned, and the owner has no further obligation to pay the proceeds.²⁵

Lien Enforcement: Motor Vehicles and Watercraft

If a lien is claimed on a motor vehicle or a watercraft and rent and other charges related to such property remain unpaid for 60 days after the maturity of the obligation to pay the rent and other charges, the facility or unit owner may sell the property under the Self-Storage Facility Act or have the property towed. If a motor vehicle or watercraft is towed, the facility or unit owner is not liable for the motor vehicle or watercraft or any damages

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¹⁷ S. <u>83.806(4</u>)(a), F.S.

¹⁸ *Id.*

¹⁹ S. <u>83.806(4)(b), F.S.</u>

²⁰ S. 83.806(4)(c), F.S.

²¹ S. <u>83.806(5)</u>, F.S.

²² S. <u>83.806(6)</u>, F.S.

²³ *Id.*

²⁴ S. <u>83.806(8)</u>, F.S.

²⁵ *Id*.

thereto once a wrecker takes possession of such property. However, such wrecker must comply with all notification and sale requirements set out in s. 713.78, F.S., relating to liens for recovering, towing, or storing vehicles and vessels.26

Rental Agreements

Section 83.808, F.S., sets out additional provisions that govern rental agreements under the Self-Service Storage Facility Act. Specifically, a rental agreement must contain a provision disclosing whether the applicant is a member of the uniformed services as that term is defined in 10 U.S.C. s. 101(a)(5).²⁷ Further, the owner of a self-service storage facility or self-contained storage unit may charge a tenant a reasonable late fee for:

- Each period that he or she fails to pay rent due under the rental agreement. The amount of the late fee and the conditions for imposing such fee must be stated in the rental agreement or in an addendum to such agreement. For purposes of the Act, a late fee of \$20, or 20 percent of the monthly rent, whichever is greater, is reasonable and does not constitute a penalty.
- Any expenses incurred as a result of rent collection or lien enforcement.²⁸

However, s. 83.809, F.S., clarifies that nothing in the Act may be construed as impairing or affecting the right of any person to create additional rights, duties, and obligations in a rental agreement, and the provisions of the Act are in addition to all other rights allowed by law in a creditor-debtor or landlord-tenant relationship.

BILL HISTORY				
COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Civil Justice & Claims	12 Y, 2 N, As CS	4/10/2025	Jones	Leshko
Subcommittee THE CHANGES ADOPTED BY THE COMMITTEE:	Changed the effective date from July 1, 2025, to October 1, 2025.			
Industries & Professional Activities Subcommittee				
<u>Judiciary Committee</u>				

THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.

²⁸ S. 83.808(3), F.S.

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²⁶ S. 83.806(10), F.S.

²⁷ Where a tenant is an active duty member of the uniformed services and deployed, the Servicemembers Civil Relief Act provides additional protections for the tenant's property. S. 83.808(2), F.S.