

## **BILL ANALYSIS**

S.B. 1181  
By: Creighton  
Business & Industry  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

When a tenant abandons a self-service storage unit, the storage facility must notify the tenant in writing before pursuing a lien for nonpayment on the stored property. If the tenant does not respond, the facility may conduct a public auction to sell the stored property, which may include a vehicle, trailer, boat, vessel, or outboard boat motor. When the tenant does not pay rent, the mandatory statutory notice and sale protocol takes a minimum of one month to complete, which can be burdensome on both the storage facility and the tenant. There have been calls to provide self-service storage facilities with an alternate process to regain use of storage space occupied by the property of a non-paying tenant, given that many facilities would rather forego lien rights and simply clear the rental space for lease to another tenant. S.B. 1181 seeks to address this issue by authorizing self-service storage facilities to transfer certain property, including vehicles, trailers, and boats, to a licensed vehicle storage facility at which the tenant or lien holder may then seek to redeem the property.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

S.B. 1181 amends the Property Code to authorize a lessor who takes possession of an applicable motor vehicle, trailer, semitrailer, motorboat, vessel, or outboard motor for the enforcement of a self-service storage facility lien to transfer possession of the property and have the property towed to a vehicle storage facility for disposition by that facility under the following conditions:

- the transfer of possession and towing is authorized under a written rental agreement between the lessor and tenant;
- the lessor gives written notice of the lessor's claim to the tenant in a specified manner;
- the tenant fails to satisfy the claim on or before the 14th day after the date the notice of the lessor's claim is delivered; and
- the vehicle storage facility agrees in writing to accept possession of the property.

S.B. 1181 establishes that a lessor's lien on the transferred property is extinguished when the property is towed from the self-service storage facility. The bill exempts a lessor from liability to a tenant for any damage to the property that occurs during the tow or after the property is towed from the self-service storage facility. The bill's provisions regarding the towing of certain property to a vehicle storage facility do not affect any right or remedy of the lessor at law or in equity.

S.B. 1181 amends the Occupations Code to require a vehicle storage facility to accept property from a lessor who has transferred possession of the property from a self-service storage facility to the vehicle storage facility in compliance with the bill's provisions. The bill authorizes a vehicle storage facility that accepts the property to dispose of the property in the manner authorized by state law for other vehicles towed to such a facility.

**EFFECTIVE DATE**

September 1, 2021.