

BILL ANALYSIS

Senate Research Center

S.B. 1181
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Business & Commerce
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1181 would supply self-service storage facilities with an alternate process to regain use of storage space occupied by the property of a non-paying tenant.

Under current law, the storage facility must notify the non-paying tenant in writing before pursuing a lien on the stored property. If they do not respond, the facility may foreclose the lien and conduct a public auction to sell the stored property.

Sometimes that stored property is a vehicle, trailer, boat, or boat motor. S.B. 1181 would allow the storage facility to forego its lien and transfer the vehicle to a licensed vehicle storage facility, which specializes in that type of property. The licensed vehicle storage facility could then exercise its existing statutory authority to sell the property after providing notice to the property owner as prescribed under current law.

S.B. 1181 would preserve all existing notice requirements to the property owner. In fact, under the property transfer the bill would authorize, the owner would receive more notice because both storage facilities would separately serve statutorily required notice to the property owner.

At least 37 states currently provide this alternate process.

S.B. 1181 amends current law relating to the towing of certain property from a self-service storage facility for disposition by a vehicle storage facility.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 59.001, Property Code, by adding Subdivision (4-a), to define "vehicle storage facility" for purposes of Chapter 59 (Self-Service Storage Facility Liens).

SECTION 2. Amends Section 59.043(a), Property Code, to require that the lessor's notice to the tenant of the claim relating to seizure and sale of property in a self-storage facility contain certain information, including a statement that if the tenant fails to satisfy the claim on or before the 14th day after the date the notice is delivered, the property is authorized to be, as applicable, sold at public auction under Subchapter C (Enforcement of Lien), or towed to a vehicle storage facility and disposed of by the vehicle storage facility under Subchapter D (Practice by License Holder), Chapter 2303 (Vehicle Storage Facilities), Occupations Code, rather than is authorized to be sold at public auction.

SECTION 3. Amends Chapter 59, Property Code, by adding Subchapter D, as follows:

SUBCHAPTER D. TOWING OF CERTAIN PROPERTY TO VEHICLE STORAGE FACILITY

Sec. 59.051. APPLICABILITY. Provides that this subchapter applies only to property that is a motor vehicle, trailer, or semitrailer for which a title or registration is required under Chapter 501 (Certificate of Title Act) or 502 (Registration of Vehicles), Transportation Code; a motorboat, vessel, or outboard motor for which a certificate of title is required under Subchapter B (Identification of Vessels; Required Numbering), Chapter 31 (Water Safety), Parks and Wildlife Code; or a motor vehicle, trailer, semitrailer, motorboat, vessel, or outboard motor registered or titled outside Texas.

Sec. 59.052. TRANSFER OF CERTAIN PROPERTY TO VEHICLE STORAGE FACILITY. Authorizes a lessor who takes possession of property to which this subchapter applies to enforce a lien under Chapter 59 (Self-Service Storage Facility Liens), notwithstanding Subchapter C, to transfer possession of the property and to have the property towed to a vehicle storage facility for disposition by the vehicle storage facility under Subchapter D, Chapter 2303, Occupations Code, if:

(1) the transfer of possession and towing is authorized under a written rental agreement between the lessor and tenant;

(2) the lessor gives written notice of the lessor's claim to the tenant as required under Section 59.042(a) (relating to the requirement that notice be delivered in writing) in the manner prescribed by Section 59.043 (Contents and Delivery of Notice or Claim; Information Regarding Tenant's Military Service);

(3) the tenant fails to satisfy the claim on or before the 14th day after the date the notice required under Section 59.042(a) is delivered in the manner prescribed by Section 59.043; and

(4) the vehicle storage facility agrees in writing to accept possession of the property.

Sec. 59.053. LIEN EXTINGUISHED. Provides that a lessor's lien on property towed to a vehicle storage facility under Section 59.052 is extinguished when the property is towed from the self-service storage facility.

Sec. 59.054. OTHER RIGHTS AND REMEDIES NOT AFFECTED. Provides that, except as provided by Section 59.053, this subchapter does not affect any right or remedy of the lessor at law or in equity.

Sec. 59.055. LESSOR'S LIABILITY FOR PROPERTY. Provides that a lessor is not liable to a tenant for any damage to property that the lessor has towed under Section 59.052 that occurs during the tow or after the property is towed from the self-service storage facility.

SECTION 4. Amends Chapter 2303, Occupations Code, by adding Subchapter E, as follows:

SUBCHAPTER E. ACCEPTANCE AND DISPOSITION OF CERTAIN PROPERTY FROM SELF-SERVICE STORAGE FACILITY

Sec. 2303.201. DEFINITIONS. Defines "lessor" and "self-service storage facility."

Sec. 2303.202. APPLICABILITY. Provides that this subchapter applies only to property described by Section 59.051, Property Code.

Sec. 2303.203. ACCEPTANCE OF PROPERTY. Requires 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 under Section 59.052, Property Code.

Sec. 2303.204. DISPOSITION OF PROPERTY. Authorizes a vehicle storage facility that accepts property under Section 2303.203 to dispose of the property in the manner

provided by Subchapter D for a vehicle received by a facility as described by Section 2303.151 (Notice to Vehicle Owner or Lienholder).

SECTION 5. Effective date: September 1, 2021.