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FISCAL IMPACT REPORT

SPONSOR <u>Senate Judiciary Committee</u>	LAST UPDATED _____
	ORIGINAL DATE <u>3/2/25</u>
SHORT TITLE <u>Self-Service Storage Rental Changes</u>	BILL NUMBER <u>CS/Senate Bill 180/SJCS</u>
	ANALYST <u>Chavez</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
NMAG	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
 New Mexico Attorney General (NMAG)

SUMMARY

Synopsis of Senate Bill 180

Senate Bill 180 (SB180) would amend sections within the Self-Service Storage Lien Act (Section 48-11-3 NMSA 1978), specifically the sections governing rental agreements, the establishment of liens, enforcement of liens, and language changes to required notice postings.

SB180 replaces “tenant” with “occupant” in the original section of the statute. SB180 adds that a rental agreement must now also have a telephone number and electronic address of the occupant, originally the statute only mandated a physical address. The bill then adds two subsections: The first subsection calls for a rental agreement, for self-storage rentals, to include space for the occupant to designate an alternative contact. The alternative contact would also receive a notice of intent to enforce a lien. The subsection outlines that if the occupant fails or refuses to appoint an alternative contact, the owner of the storage facility will not be affected regarding the protections in the Self-Service Storage Lien Act. Also described is that the alternative contact will not have the right to access the storage space, or the personal property stored unless expressly stated in the rental agreement. The second subsection calls for self-service storage owners to send notice to occupants with rental agreements entered before 2025 informing them of the option to designate an alternative contact and the owner must create a form that the occupant can fill out and return to designate the alternative contact.

SB180 would also amend Section 48-11-5 NMSA 1978 related to establishing a lien. The bill would add language providing that any lien on a self-storage unit encompasses the late fees

associated to any rental payments in default.

In addition, SB180 would amend Section 48-11-7 NMSA 1978 related to the enforcement of liens to include notification of the alternative contact, along with the occupant, of the intent to enforce a lien, with the notice being sent to the last known address of both parties within five days of the owner entering the unit. SB180 would provide that an owner can take action to sell the property in the self-service storage unit once the occupant has been in default for 45 days, rather than the current 90 days. The bill goes on to make amendments to include the alternative contact and their contact information rather than just the occupant of the self-service storage unit. The Self-Service Storage Lien Act, in its current form, calls for an owner to advertise the sale of property gained from enforcing a lien. The bill amends this section requiring that the time, place, and manner of a sale be provided in the advertisement if the sale is to take place at least 15 days after the publication of the advertisement. The final addition to this section would allow an owner to charge and collect a late fee of no more than \$20 for each month the occupant is in default.

Finally, SB180 amends Section 48-11-8 NMSA 1978 related to required posting to require the posting to reflect the period in which the occupant must default continuously before the owner takes action to sell any property is 45 days.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

Private sector entities would be the most affected by SB180. Self-service storage facility owners would now be allowed to recuperate some losses from their defaulting occupants through the fees they are allowed to impose monthly, as well as the lien expansion to include late fees associated with any rental payments in default.

The Self-Service Storage Lien Act only allows the New Mexico Attorney General (NMAG) to enforce the act through imposing a criminal liability of a petty misdemeanor for occupants who do not disclose that what they are storing has a lien. This enforcement mechanism does not apply to the amendments made in SB180 but could have an indeterminate, but minimal fiscal impact because the bill adds alternative contacts which can be used to investigate occupants who violate the lien disclosure requisite.

SIGNIFICANT ISSUES

Expanding communications to include an alternative contact could result in fewer occupants losing their property because the owner was unable to reach them. Alternative contacts might also work to help individuals gain access to a self-storage facilities if owners view them like co-signers on loans. Although SB180 does not put financial or credit obligations on the alternative contact, it could still increase the credibility of the prospective occupant.

Allowing owners to impose monthly fees on defaulting occupants could further the financial burden already imposed on the defaulting party. However, the bill also allows owners to recuperate additional losses from renting to a defaulting party.

TECHNICAL ISSUES

The NMAG provides the following:

The section amending the required publication of an advertisement of any sale of property seized by the owner in enforcement of a lien makes things somewhat unclear. With underlined text being the text added by the bill, the text of the statute would read that the advertisement must include “the time, place and manner of the sale or other disposition; provided that the sale or disposition shall take place [~~not sooner than~~] at least fifteen days after the first publication.” This could read as making the time, place and manner requirement in the advertisement contingent on the sale taking place at least 15 days after publication.

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