

**Testimony Supporting
Bill No. 752 AN ACT CONCERNING SELF STORAGE FACILITY LIENS
General Law Committee
February 7, 2013**

Testimony By
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On behalf of the Connecticut Self Storage Association members and on behalf of the industry as a whole, I submit the following testimony in support of Bill No. 752.

About Self Storage and Tenants

- Self storage space is the rental of space or real estate.
- Tenants lease space much as they would rent an apartment, a house, an office, etc., with the terms of their rental specified in a rental agreement.
- The lien law applies only to those tenants who become delinquent on their rent. This is a small percentage of consumers.
- Those consumers who default are the people who have fallen on hard times – loss of employment, death of family member, divorce, etc.
- The consumers who default can least afford the additional costs incurred during the lien process.

About the Current Lien Law

The current lien law has mailing and advertising requirements that are no longer effective in our ever-changing world of electronic communication. It was written at a time (over 30 years ago) when most people subscribed to the local newspaper and their primary means of communication was via traditional mail sent through the United States Postal Service.

- The purpose of the advertising requirement was to maximize the number of bidders at a lien sale. It follows that if you have competing bids at an auction, the price for the goods increases resulting in a better sale price which is used to cover the cost of the delinquent rent and cost of conducting the lien sale.
 - Industry-wide, facility owners report that they average about 20 cents on the dollar owed.
- With newspaper readership down to 17 percent or less, the advertising requirement no longer drives bidders to the lien sales. The result is either lower bids or no bids at all.
- The delinquent consumer benefits from a strong bidding process as any money collected in excess of their debt is returned to them.
- The high cost of newspaper advertising adversely affects the delinquent consumer as these charges are part of their over-all debt.
- The registered or return receipt mail requirement increases the cost of mailing, a cost that also becomes part of the consumer's debt but it is also important to note that this type of communication is also ineffective.

- We estimate that 50 percent or more of certified mail is returned. Either the tenant has moved or they have refused to sign for the letter. The consumer suffers because they don't have the information they need to stop the lien process. The self storage owner is then required to send another expensive certified letter with the same expensive, ineffective result.

Proposed Changes to the Lien Law

- Both the consumer and facility benefit with changes to the advertising requirement that will allow self storage facilities to maximize the number of bidders at a lien sale without the higher costs of newspaper advertising. The result will be lower debt for the delinquent consumer because the costs of advertising the sale are lower and a higher sale price which could result in their debt being settled with a net gain to them for their goods.
- Add more flexibility in notifying the delinquent consumer of the impending lien sale. Our recommended change to current lien law is to allow mailing by first class certificate of mailing which would allow facilities to mail to the last known address of the tenant as before with verification from the post office that they mailed their notices. This provides proof that the letter was mailed but insures that if the Post Office has a change of address on file, the letter will be forwarded.
- Allows for electronic notifications. We have found that while tenants tend to be transient, they are less likely to change their e-mail address, are more likely to receive notices, and respond to them when contacted electronically.

Summary

Bill No. 752 will improve the way the self storage industry services the consumer and reduce the financial responsibilities of those tenants who are already struggling to make ends meet. With the addition of certificate of mailing, more consumers will have the information they need to stop the sale of their goods if they so wish and their financial responsibilities will be greatly reduced without the additional burden of high advertising and mailing costs.

Please support Bill No. 572 and the recommended changes to the current lien law as outlined above. Thank you.

Respectfully,

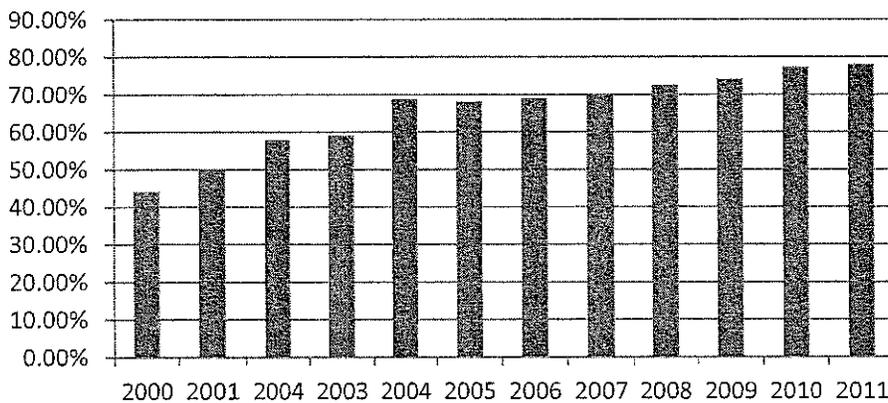


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Alternatives to Printed Public Notice Good for Consumers, Small Businesses

Public notice requirements in the United States are based on a method that was the only option for hundreds of years. Long before radio and television, there were no other vehicles to extend messages to the public. Can that be said today? Consumers are looking to Internet websites and mobile applications for their information. Private sector advertisers, and now government entities, have followed - migrating to clearly better options for mass exposure because they can choose where best to spend their resources- generally via Internet-based websites, mobile applications and social media. Unfortunately today thousands of small businesses must contend with obsolete laws that require only certain sectors, such as self storage, to advertise within print media, at increasing costs and decreasing exposure.

Internet Access % US Population



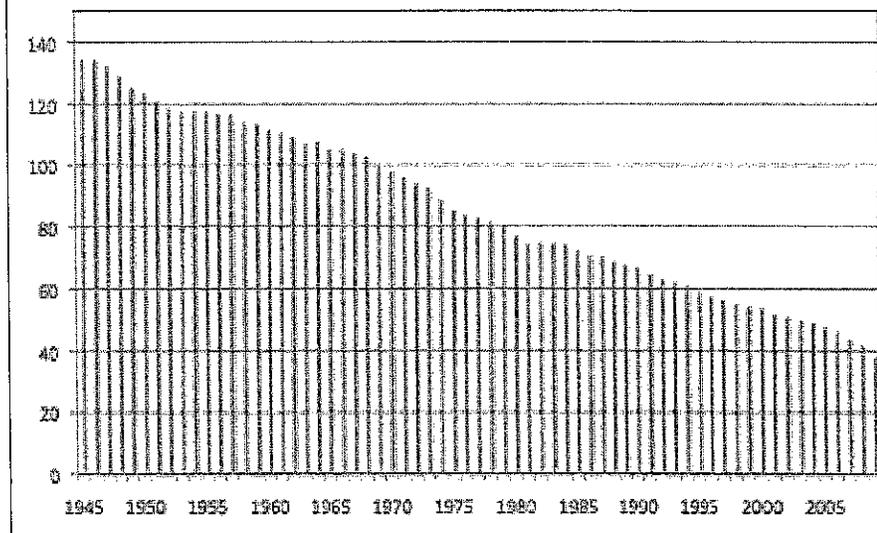
Source: Neilson Online

The effectiveness of now widely accepted means of direct contact and public exposure are already being utilized by most of these businesses, essentially creating a situation wherein the law requires them to subsidize another private sector which provides an outdated service.

Monopoly Despite Decreasing Circulation / Fewer Newspapers

In most parts of the country newspapers still hold a singular monopoly over public notice requirements, despite the unavoidable fact that print is going away. More than 200 major market print newspapers have closed their doors since 2005 and in some parts of the country, there are no "newspapers of record" through which to comply with public notice requirements that are required by law.

Newspaper Circulation Per 100 Households (% Households)



Source: Editor & Publisher

Governments Changing Public Notice Protocol

Governments at all levels are taking their public notices online to save money and reach a broader audience. In this case, the FBI/Justice Dept. announced in the *Wall Street Journal* on 12/28/12 that Federal Foreclosure Notices would only be available online, no longer in WSJ.



ATTENTION:

FEDERAL FORFEITURE NOTICES

Federal forfeiture notices previously published in this space may now be found at www.forfeiture.gov

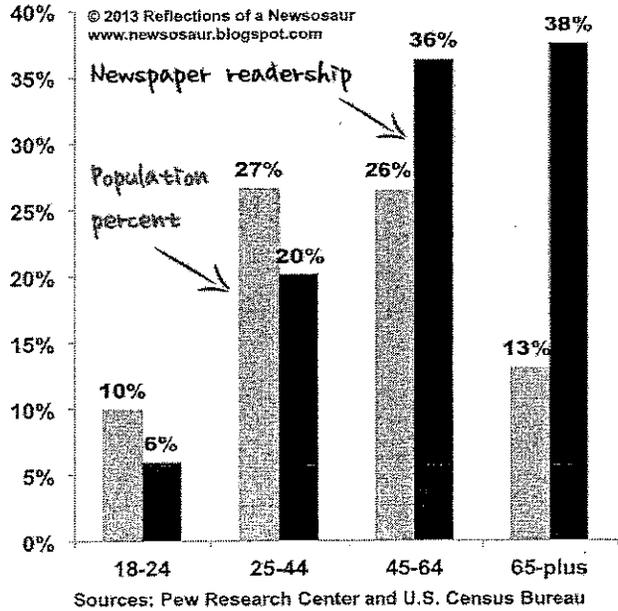


Department Of Justice
Federal Bureau Of Investigation

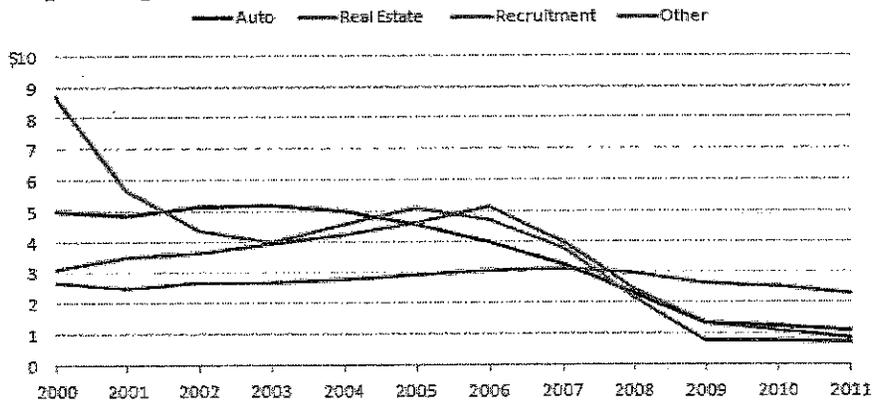


Aged 45 & Below Do Not Read Newspapers

Overwhelming majority of newspaper readers (74%) are older than 45, yet most of the U.S. population is now 45 or under. Only 26% of newspaper readers are under the age of 45, however 61% of the population is under 45 years of age



“Other” classified advertisements, including legally required public notices, only stable print media revenue



Source: Newspaper Association of America
PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM
2012 STATE OF THE NEWS MEDIA