

Briefly...

■ Ridge on Security

The nation's first Homeland Security Secretary, Tom Ridge, will speak at the SSA Fall Conference & Trade Show in Las Vegas this September. Ridge, who was also the governor of Pennsylvania, will discuss vulnerabilities within certain business sectors that could be used in terrorist activities. He will also talk about the current regulatory environment in Washington and the possibility that the self storage industry could be subject to security-related directives.

■ Limited License

For the third year in a row a bill has been introduced in both the New York Assembly and Senate to provide for a limited insurance license enabling operators to offer point-of-rent tenant insurance. The bill was vetoed last year after passing legislature. Technical corrections have been made to the new bill, addressing the administrative considerations cited in Governor Patterson's veto.

■ NJ Repeal

A bill (AB 2584) that would repeal the New Jersey tax on self storage rent has been introduced in the New Jersey Assembly. If the measure becomes law, it would eliminate the current 7% tax on self storage rents. The tax has been in effect since October 2006. The SSA supports the New Jersey effort to end this unfair tax.

Thirsty for Revenue, Illinois Municipalities Decide to Tax Self Storage

By Tim Dietz – SSA VP, Communications & Government Relations

The national Self Storage Association, the Illinois Mini-Storage Association and several member companies have mobilized to battle tax plans enacted and/or proposed in municipalities around suburban Chicago. Representatives of the organizations testified during a City of Oakbrook Terrace Council meeting on May 11, along with attorneys representing the self storage companies whose tenants are targeted by the tax.

Currently only a handful of Illinois locations have instituted a similar levy, including Morton Grove two years ago. The Village of Harwood Heights (3%) and the City of Oakbrook Terrace (3.5%) are the two latest to broach these provisions. Clearly communities seem inclined to borrow revenue-raising ideas from others, which accounts for this uptick in tax activity targeting self storage tenants. The industry feels that the tax is unconstitutional, because it arbitrarily targets the self storage industry and its customers, and no other customers of real property rentals such as their garages, spare rooms, attics or offices. Mobile Storage operators, though obviously competitors, are also exempted from the measure. The Illinois State Constitution Illinois Constitution appears to require uniformity:

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Storage on the Wharf

The Cumberland Self Storage building in Portland, Maine may be one of the oldest storage structures in the country. Originally built a century and a half ago by the J.B. Brown sugar company to store rum, the building has served several purposes since its construction. The 100,000 square foot structure is not exactly glamorous, but its location on the popular waterfront makes it an attractive piece of real estate. Photo: John Ewing, *Portland Herald*

Art. IX, SECTION 2. Non-Property Taxes - Classification, Exemptions, Deductions, Allowances and Credits

In any law classifying the subjects or objects of non-property taxes or fees, the classes shall be reasonable and the subjects and objects within each class shall be taxed uniformly. Exemptions, deductions, credits, refunds and other allowances shall be reasonable.

In the case of Harwood Heights, the only operator is Public Storage. The company was not informed of the proposal before Village trustees enacted it, thus providing no opportunity to comment about the measure. In a letter to the Harwood Heights Trustees, SSA President & CEO Mike Scanlon noted that they have shifted their budget dilemma to some of the most vulnerable members of their community.

“The tax adds an additional burden to low and moderate income households, families needing storage due to difficult relocations (involving foreclosures, lost jobs, divorce, death, etc.), active military, single-parent households, retirees, students and small business owners,” said Scanlon. “These are the people who use and need self storage facilities. Imposing a sales tax on self storage rent would tax the very citizens that the government should be determined to protect.”

Oakbrook Terrace has two facilities in the city: Public Storage and Metro Storage. It is important for Illinois-based operators to keep an eye out for hints of this type of tax and for facility managers to watch for correspondence from their local governments. The earlier that the industry learns about such situations, the better chance it will have to defeat them.

The industry believes that these taxes are unfair for many other reasons and is particularly troubling in light of the statewide tax proposal currently alive in Springfield. Attached to a schools funding bill, the six percent sales tax could be enacted by the state’s legislature during the 2011 session and targets a broad base of industries that have been designated as services. ❖

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