

HOUSE BILL REPORT

SB 5385

As Reported By House Committee On:
Financial Institutions & Insurance

Title: An act relating to creating an appropriated uniform commercial code fund.

Brief Description: Creating the uniform commercial code fund.

Sponsors: Senators Moore, Newhouse, McAuliffe and Winsley; by request of Department of Licensing.

Brief History:

Reported by House Committee on:
Financial Institutions & Insurance, March 25, 1993, DP.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 13 members:
Representatives Zellinsky, Chair; Scott, Vice Chair; Mielke, Ranking Minority Member; Dyer, Assistant Ranking Minority Member; Anderson; Grant; Kessler; Kremen; Lemmon; R. Meyers; Reams; Schmidt; and Tate.

Staff: John Conniff (786-7119).

Background: The Department of Licensing (DOL) administers the Uniform Commercial Code (UCC) Program, which is a federally mandated, nonregulatory service for persons taking security interests in this state. As part of the credit extension process, the credit grantors often take a security interest to protect themselves in the event of borrower default. Before extending credit, a credit grantor generally searches the UCC records to establish whether another creditor would have priority over the grantor's intended security interest. If the search reveals no security interest having priority, the creditor files the prescribed documents and fee. Approximately 180,000 filings and 50,000 search requests are processed each year.

Summary of Bill: Beginning July 1, 1993, the Department of Licensing (DOL) is required to deposit all fees collected from the administration of the UCC Program into a dedicated fund. Moneys within the account are subject to appropriation and may only be used to administer the UCC Program. The director is authorized to set fees at a level sufficient to defray the costs of administering the program.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: The creation of a UCC fund will promote and encourage the availability and timelines of UCC information for the public, thus improving the borrowing process for lenders and promoting commerce within the state.

Testimony Against: None.

Witnesses: Shirley Wheelock, Department of Licensing (pro).