

HOUSE BILL REPORT

SHB 1013

As Passed Legislature

Title: An act relating to the Uniform Commercial Code--Bulk Sales.

Brief Description: Adopting the revised uniform commercial code on bulk sales.

Sponsors: By House Committee on Judiciary (originally sponsored by Representatives Appelwick and Riley.)

Brief History:

Reported by House Committee on:
Judiciary, February 2, 1993, DPS;
Appropriations, February 22, 1993, DPS(JUD);
Passed House, March 8, 1993, 97-0;
Amended by Senate;
Passed Legislature, April 20, 1993, 97-0.

HOUSE COMMITTEE ON JUDICIARY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Appelwick, Chair; Ludwig, Vice Chair; Padden, Ranking Minority Member; Ballasiotes, Assistant Ranking Minority Member; Campbell; Chappell; Forner; Johanson; Locke; Long; Mastin; H. Myers; Riley; Schmidt; Scott; Tate; and Wineberry.

Staff: Patricia Shelledy (786-7149).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Judiciary be substituted therefor and the substitute bill do pass. Signed by 21 members: Representatives Locke, Chair; Valle, Vice Chair; Silver, Ranking Minority Member; Carlson, Assistant Ranking Minority Member; Appelwick; Ballasiotes; Dunshee; Jacobsen; Lemmon; Leonard; Linville; Morton; Peery; Rust; Sehlin; Sheahan; Sommers; Stevens; Talcott; Wang; and Wolfe.

Staff: Beth Redfield (786-7130).

Background: Bulk sale legislation originally was enacted in response to concern that a merchant would acquire stock in trade on credit, then sell the entire inventory and abscond with the proceeds. The creditors had a right to sue the merchant, but that right was often of little practical value. The creditors had no recourse against the buyer. Legislatures reacted to this risk to creditors by enacting laws regulating bulk sales. The salient component of these laws is to impose duties upon the buyer to notify the seller's creditors of the sale and to assure a distribution of the sale to the creditors. The buyer's failure to comply would enable a creditor to set aside the sale and take the inventory.

The National Conference of Commissioners on Uniform State Laws and the American Law Institute believe that bulk sales laws impede normal business transactions and that changes in the business and legal contexts in which bulk sales are conducted have made regulation of bulk sales unnecessary.

Summary of Bill: The current article known as the Uniform Commercial Code--Bulk Transfers is repealed.

Fiscal Note: Requested February 19, 1993.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: (Judiciary) None.

(Appropriations) None.

Testimony Against: (Judiciary) None.

(Appropriations) None.

Witnesses: (Judiciary) None.

(Appropriations) None.