

**FINAL BILL REPORT**

**SB 5385**

**C 51 L 93**

**SYNOPSIS AS ENACTED**

**Brief Description:** Creating the uniform commercial code fund.

**SPONSORS:** Senators Moore, Newhouse, McAuliffe and Winsley; by request of Department of Licensing

**SENATE COMMITTEE ON LABOR & COMMERCE**

**HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE**

**HOUSE COMMITTEE ON REVENUE**

**BACKGROUND:**

The Department of Licensing administers the Uniform Commercial Code (UCC) program, 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 has 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.

Because of current and proposed budget reductions, interest has been expressed in making the UCC program fee supported.

**SUMMARY:**

Beginning July 1, 1993, the Department of Licensing 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.

**VOTES ON FINAL PASSAGE:**

Senate	40	6
House	97	0

**EFFECTIVE:** July 1, 1993