

SENATE BILL REPORT

SB 5385

AS PASSED SENATE, MARCH 15, 1993

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

Majority Report: Do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Amondson, Fraser, McAuliffe, Newhouse, Pelz, Prince, and Sutherland.

Staff: Benson Porter (786-7470)

Hearing Dates: February 10, 1993; February 15, 1993

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.

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 (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.

Appropriation: none

Revenue: none

Fiscal Note: available

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

TESTIMONY FOR:

Because of budgetary reductions, the services provided by the UCC filing program have been impaired. A dedicated fund will facilitate prompt service to clients.

TESTIMONY AGAINST: None

TESTIFIED: Linda Crerar, Shirley Wheelock, Department of Licensing (pro); Trevor Sandison, Washington Bankers Association (pro)