

# FINAL BILL REPORT

## SB 5085

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C 57 L 17  
Synopsis as Enacted

**Brief Description:** Enacting the uniform voidable transactions act.

**Sponsors:** Senators Pedersen, Padden, Frockt and O'Ban; by request of Uniform Law Commission.

**Senate Committee on Law & Justice**  
**House Committee on Judiciary**

**Background:** The Uniform Fraudulent Transfer Act (UFTA) provides a creditor with the means to reach assets a debtor has transferred to another person to keep them from being used to satisfy a debt. The UFTA was adopted by the Uniform Law Commission in 1984. Forty-five states subsequently enacted state versions of the UFTA, including Washington State in 1987. In 2014, the name UFTA was changed as a result of a series of amendments, and those amendments address a number of narrowly-defined issues. The act is now known as the Uniform Voidable Transactions Act (UVTA).

The intent of the UVTA is the same as the UFTA—it classifies a category of transfers as fraudulent to creditors and provides creditors with a remedy for such transfers. The fundamental remedy is the recovery of the property for the creditor. The UVTA creates a right of action for any creditor against any debtor and any other person who has received property from the debtor in a fraudulent transfer. A fraudulent transfer occurs when a debtor intends to hinder, delay, or defraud a creditor, or transfers property under certain conditions to another person without receiving reasonably equivalent value in return.

**Summary:** The title of the state UFTA is changed to the UVTA. A creditor making a claim for relief under the UVTA has the burden of proof by a preponderance of the evidence. A special definition of insolvency for partnerships is removed. A debtor is insolvent if, at a fair valuation, the sum of the debtor's debts is greater than the sum of the debtor's assets. A claim for relief is governed by the local law of the jurisdiction in which the debtor is located when the transfer is made, or obligation is incurred. A series organization is a separate person for the purposes of the UVTA, even if it is not a separate person for other purposes. The UVTA is not applied retroactively to transfers made or obligations incurred prior to the effect date.

**Votes on Final Passage:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Senate 49 0  
House 95 1

**Effective:** July 23, 2017