

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	6 - 0 - 2
Yeas:	Berger, Garrard, Gelsner, Jenson, Read, Roblan
Nays:	0
Exc.:	Edwards C., Nolan
Prepared By:	Jerry Watson, Administrator
Meeting Dates:	2/2, 5/27

WHAT THE MEASURE DOES: Deletes existing provision that requires Secretary of State to send renewal notices concerning financing statements or effective financing statements for secured transactions or agricultural liens that are filed with the Secretary. Permits Secretary of State to provide renewal notice report to secured party electronically upon request. Specifies content of report.

ISSUES DISCUSSED:

- Notice requirement is unique to Oregon
- Creditor and banking industry continuing need for notices
- Need to harmonize Oregon's Uniform Commercial Code law with model version adopted in other states
- Bill accommodates creditor and banking industries' wishes regarding notice while also saving Secretary of State cost of postage
- Electronic means also allow distribution of more meaningful information

EFFECT OF COMMITTEE AMENDMENT: Permits Secretary of State to provide renewal notice report to secured party electronically upon request and specifies content of report.

BACKGROUND: Financing statements are used to provide notice of a creditor's interest in personal property, including fixtures, and to establish the priority of creditor interest in such property. Oregon law (ORS 79.0515) currently provides that the Secretary of State must send a renewal notice not less than three months or more than six months before the expiration of any financing statement notifying the secured party or assignee of record, that the financing statement may be continued by filing a continuation statement or initial financing statement prior to expiration. The effectiveness of a filing statement lapses on the expiration of the period of its effectiveness (either five years or 30 years) unless it is continued. Lapse has a significant impact upon the rights of a creditor or assignee of a creditor. Upon lapse, a financing statement ceases to be effective and any security interest or agricultural lien that was perfected solely by the financing statement becomes unperfected. Furthermore, an unperfected security interest is deemed never to have been perfected as against a purchaser of the collateral for value.

Proponents assert that the requirement for the state to provide a renewal notice is an exception to the Uniform Commercial Code model act adopted by every other state. Proponents further assert that technology has evolved to the point that secured parties can and should be responsible for managing their own financing statement expiration dates, that the mailing of renewal notices creates expense to the government, and that secured parties frequently complain that receiving renewal notices creates unnecessary work for their staff.