

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass with Amendments to the A-Eng Measure (Printed B-Eng.)

Vote: 4 - 0 - 1

Yeas: Atkinson, Ferrioli, Metsger, Devlin

Nays: -

Exc.: Burdick

Prepared By: Erin Seiler, Administrator

Meeting Dates: 6/5, 6/8

WHAT THE MEASURE DOES: Allows Secretary of State to electronically send renewal notice report concerning financing statements or effective financing statements for secured transaction or agricultural liens that are filed with secretary. Requires Secretary of State to provide renewal notice report to secured party electronically upon request. Specifies content of report.

ISSUES DISCUSSED:

- Utilization of notices by applicable industries
- Cost savings to Secretary of State by using electronic notifications
- Consistency with practices implemented in other states

EFFECT OF COMMITTEE AMENDMENT: Requires Secretary of State to continue to provide renewal notice report. Requires renewal notice to include statement that the secured party may file a continuation statement or an initial financing statement.

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 statute (ORS 79.0515) currently provides that the Secretary of State must send a renewal notice no 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 because 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.

The requirement for the state to provide a renewal notice is an exception to the Uniform Commercial Code model act adopted by other states. The requirement that the state mail renewal notices is an unnecessary expense to the Secretary of State and delivering financing statement expiration dates via email saves the state postage costs and recipient time.