

STAFF MEASURE SUMMARY

Senate Committee On Judiciary

Fiscal: No Fiscal Impact

Revenue: No Revenue Impact

Action Date: 04/15/15

Action: Do Pass With Amendments. (Printed A-Eng.)

Meeting Dates: 03/09, 04/15

Vote:

Yeas: 5 - Burdick, Gelser, Kruse, Prozanski, Thatcher

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WHAT THE MEASURE DOES:

Requires financing statement to show name of individual debtor as indicated on unexpired driver license or identification card for sufficiency of name on financing statement. Provides phase-in period for financing statements perfected under current law. Declares emergency; effective on passage.

ISSUES DISCUSSED:

- Uniform Law Commission development of Article 9 of Uniform Commercial Code (UCC)
- Alternative A and Alternative B for acceptable use of individual debtor's name for financing statement
- Oregon currently uses Alternative B, allowing use of individual name, or name as appears on driver license
- Current UCC search protocol
- Use of Alternative A in majority of other states

EFFECT OF COMMITTEE AMENDMENT:

Provides phase-in period for requirements of measure. Specifies operative date of January 1, 2016. Allows one year from operative date for amended filing of prior-perfected security interest. Specifies new provisions apply to prior created liens or transactions, but not to actions, cases, or proceedings begun before operative date. Makes provisions for perfection in specified circumstances. Makes provisions for properly filing continuation statement.

BACKGROUND:

The Uniform Commercial Code (UCC) was developed by the National Conference of Commissioners on Uniform State Laws (NCCUSL) and the American Law Institute (ALI) and has been adopted in some form by all 50 states. States may adopt the Code as it is written, or they may make specific changes. The UCC governs commercial transactions and has nine sections, or Articles. Article 9 governs secured transactions and its Oregon statutory counterpart can be found in Chapter 79 of Oregon Revised Statutes.

ORS 79.0502 provides the information required on a financing statement: the name of the debtor, the name of secured party, and the collateral covered by the financing statement. To sufficiently provide the name of an individual debtor, the financing statement must either reflect the surname and first personal name of the debtor, or the name on an un-expired state-issued identification card or driver license. The names of debtors and priority liens associated with those debtors are catalogued on the Secretary of State's searchable database.

Senate Bill 462 A requires the name as it appears on an unexpired driver license or state-issued identification card for perfection of filing a financing statement.