

HB2162 HD1

Measure Title: RELATING TO UNIFORM COMMERCIAL CODE ARTICLE 9.
 Report Title: Uniform Commercial Code; Secured Transactions
 Description: Implements the amendments to Article 9 of the Uniform Commercial Code, relating to secured transactions, set forth by the Uniform Law Commission. Effective July 1, 2013. (HB2162 HD1)
 Companion:
 Package: None
 Current Referral: CPN, JDL
 Introducer(s): HERKES

<u>Sort by Date</u>		Status Text
1/20/2012	H	Pending introduction.
1/23/2012	H	Introduced and Pass First Reading.
1/23/2012	H	Referred to CPC/JUD, FIN, referral sheet 6
1/30/2012	H	Bill scheduled to be heard by CPC/JUD on Wednesday, 02-01-12 2:00PM in House conference room 325.
2/1/2012	H	The committees on CPC recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 10 Ayes: Representative(s) Herkes, Yamane, Cabanilla, Keith-Agaran, Luke, McKelvey, Tsuji, Ching, Marumoto, Thielen; Ayes with reservations: none; Noes: none; and 5 Excused: Representative(s) Brower, Carroll, Coffman, Ito, Souki.
2/1/2012	H	The committees on JUD recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 9 Ayes: Representative(s) Keith-Agaran, Rhoads, Cabanilla, Herkes, Luke, McKelvey, Tsuji, Marumoto, Thielen; Ayes with reservations: none; Noes: none; and 6 Excused: Representative(s) Brower, Carroll, Coffman, Ito, Souki, Fontaine.
2/17/2012	H	Reported from CPC/JUD (Stand. Com. Rep. No. 627-12) as amended in HD 1, recommending passage on Second Reading and referral to FIN.
2/17/2012	H	Passed Second Reading as amended in HD 1 and referred to the committee(s) on FIN with none voting aye with reservations; none voting no (0) and Herkes, Kawakami, M. Lee, Mizuno, Morikawa excused (5).
2/21/2012	H	Bill scheduled to be heard by FIN on Thursday, 02-23-12 2:00PM in House

		conference room 308.
2/21/2012	H	Broadcast of hearing/briefing available. See: www.capitoltv.org
2/23/2012	H	The committees on FIN recommend that the measure be PASSED, UNAMENDED. The votes were as follows: 17 Ayes: Oshiro, M. Lee, Choy, Cullen, Giugni, Har, Hashem, Ichiyama, Jordan, Kawakami, C. Lee, Morikawa, Tokioka, Yamashita, Marumoto, Riviere, Ward; Ayes with reservations: none; 0 Noes: none; and 0 Excused: none.
3/2/2012	H	Reported from FIN (Stand. Com. Rep. No. 847-12), recommending passage on Third Reading.
3/6/2012	H	Passed Third Reading with none voting aye with reservations; none voting no (0) and none excused (0). Transmitted to Senate.
3/8/2012	S	Received from House (Hse. Com. No. 139).
3/8/2012	S	Passed First Reading.
3/8/2012	S	Referred to CPN, JDL.
3/9/2012	S	The committee(s) on CPN has scheduled a public hearing on 03-16-12 9:00AM in conference room 229.

**TESTIMONY OF THE
COMMISSION TO PROMOTE UNIFORM LEGISLATION**

ON H.B. NO. 2162, H.D. 1

RELATING TO UNIFORM COMMERCIAL CODE ARTICLE 9.

**BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER
PROTECTION.**

DATE: Friday, March 16, 2012, at 9:00 a.m.
Conference Room 229, State Capitol

PERSON(S) TESTIFYING: PETER J. HAMASAKI, Commissioner
Commission to Promote Uniform Legislation

To Chair Baker, Vice Chair Taniguchi, and Members of the Committee:

My name is Peter Hamasaki and I am testifying on behalf of the Commission to Promote Uniform Legislation, which supports passage of the H. B. No. 2162, H.D. 1, Relating to **UNIFORM COMMERCIAL CODE ARTICLE 9**. This bill is the companion to S.B. No. 2444, which this committee approved on February 3, 2012.

Article 9 of the Uniform Commercial Code governs secured transactions in personal property. Article 9 was substantially revised in 1998, and the 1998 revisions are in effect in all states and the District of Columbia. The 2010 amendments to Article 9 modify the existing statute to respond to filing issues and address other matters that have arisen in practice following a decade of experience with the revised Article 9.

Of most importance, the amendments provide greater guidance as to the name of an individual debtor to be provided on a financing statement. The amendments provide that, if the debtor holds a driver's license issued by the state where the financing statement is filed, the debtor's name as it appears on the driver's license is the name required to be used on the financing statement. If the debtor does not have such a driver's license, either the debtor's actual name or the debtor's surname and first personal name may be used on the financing statement.

The amendments further improve the filing system for the filing of financing statements. More detailed guidance is provided for the debtor's name on a financing statement when the debtor is a corporation, limited liability company or limited partnership or when the collateral is

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held in a statutory or common law trust or in a decedent's estate. Some extraneous information currently provided on financing statements will no longer be required.

In addition, the amendments provide greater protection for an existing secured party having a security interest in after-acquired property when its debtor relocates to another state or merges with another entity.

The amendments also contain a number of technical changes that respond to issues arising in the marketplace and a set of transition rules.

The UCC Article 9 amendments have been endorsed by the American Bar Association.

The UCC Article 9 amendments have been adopted in the following 13 U.S. jurisdictions:

- Connecticut
- Indiana
- Minnesota
- Nebraska
- Nevada
- North Dakota
- Oregon
- Puerto Rico
- Rhode Island
- South Dakota
- Texas
- Virginia
- Washington

In addition, the UCC Article 9 amendments have so far been introduced during the 2012 legislative sessions of the following jurisdictions:

- Colorado
- District of Columbia
- Florida
- Idaho
- Illinois
- Iowa
- Kansas
- Kentucky
- Louisiana
- Maryland
- Massachusetts
- Michigan

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- New Hampshire
- New Mexico
- Ohio
- Oklahoma
- Pennsylvania
- Tennessee
- Virginia
- West Virginia

The amendments are slated to have a uniform effective date of July 1, 2013, so as to allow states to adopt the amendments uniformly and have them become operative simultaneously (thereby avoiding unnecessary conflicts and confusion with respect to interstate transactions).

We respectfully urge adoption of the 2010 amendments to UCC Article 9 so that Hawaii's version of UCC Article 9 will be consistent with Article 9 as adopted in the other states, and Hawaii can benefit from the experience with the existing statute and keep its UCC Article 9 up to date.