

BILL ANALYSIS

S.B. 1533
By: Brimer
State Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Uniform Commercial Code (UCC), codified in Section 9 of the Business and Commerce Code, allows the secretary of state to reject a filing by a secured party if some of the requisite information is missing or cannot be deciphered. The International Association of Commercial Administrators (IACA) has approved forms for filing under Section 9 of the UCC that are designed to reduce errors by filing parties; however, some filing parties prefer to submit non-standard forms. Such documents are more difficult to process, more likely to be rejected for the omission of requisite information, and may result in indexing errors on the part of the filing officer unable to decipher the filer's intent.

The purposes of Senate Bill 1533 are to allow a filing office (with limited exceptions, the secretary of state) to refuse to accept a record that is not on the National Standard Form or a form approved by the IACA used for filing a record, and to delete the graphic representation of the form in the code.

RULEMAKING AUTHORITY

It is the opinion of the committee that rulemaking authority is expressly delegated to the secretary of state in SECTION 1 (Sec. 9.516(b)(1), Business and Commerce Code) and also referenced in SECTION 2 (Sec. 9.521, Business and Commerce Code) of this bill.

ANALYSIS

Senate Bill 1533 amends Section 9.516 of the Business & Commerce Code to provide that filing does not occur with respect to a record that a filing officer refuses to accept because the record is not on an industry standard form, including the National Standard Form or a form approved by the International Association of Commercial Administrators, adopted by rule by the secretary of state.

The bill also amends Section 9.521 of the Business & Commerce Code to provide that a filing office that accepts written records may not refuse to accept a written initial financing statement or record on the National Standard Form or a form approved by IACA and adopted by rule by the secretary of state, except for a reason provided in Section 9.516(b), Business and Commerce Code.

EFFECTIVE DATE

January 1, 2004.