

AN ACT

relating to distribution of recordings on consignment.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 2101.002, Occupations Code, is amended by amending Subdivision (1) and adding Subdivisions (6) and (7) to read as follows:

(1) "Art" means a commonly recognized art form, including a painting, sound recording of a musical performance, sculpture, drawing, work of graphic art, pottery, weaving, batik, macrame, or quilt.

(6) "Recording distributor" means a person who acquires a sound recording and sells the sound recording to another person for use or resale.

(7) "Sound recording" means a tangible medium on which music or other sounds are recorded or otherwise stored, including a phonograph record, disc, tape, cassette, or other medium now existing or developed later on which music or other sounds are or can be recorded or otherwise stored or a copy or reproduction that duplicates in whole or in part the original. The term does not include a medium on which the primary recorded information is information other than music or other sound, such as a motion picture or computer program, and that contains recorded sound as an integrated part of the primary recorded information.

SECTION 2. Chapter 2101, Occupations Code, is amended by

1 adding Section 2101.004 to read as follows:

2 Sec. 2101.004. CONSIGNED SOUND RECORDINGS EXEMPT FROM
3 CERTAIN LIENS OR CLAIMS. (a) Notwithstanding any provision of the
4 Business & Commerce Code, a sound recording delivered by the artist
5 who produced the music or other sound on the recording to a
6 recording distributor for sale and the proceeds from the recording
7 distributor's sale of the sound recording are not subject to a
8 claim, lien, or security interest of a creditor of the recording
9 distributor.

10 (b) Except as provided by Subsection (c), this section
11 applies to the proceeds of a sale of a sound recording regardless of
12 whether the recording distributor or another person purchased the
13 recording.

14 (c) This section does not apply to the proceeds of a sale of
15 a sound recording if the artist delivered the recording to the
16 recording distributor pursuant to a sale for which the artist has
17 been paid in full.

18 SECTION 3. Subdivision (20), Subsection (a), Section 9.102,
19 Business & Commerce Code, is amended to read as follows:

20 (20) "Consignment" means a transaction, regardless of
21 its form, in which a person delivers goods to a merchant for the
22 purpose of sale and:

23 (A) the merchant:

24 (i) deals in goods of that kind under a name
25 other than the name of the person making delivery;

26 (ii) is not an auctioneer; and

27 (iii) is not generally known by its

1 creditors to be substantially engaged in selling the goods of
2 others;

3 (B) with respect to each delivery, the aggregate
4 value of the goods is \$1,000 or more at the time of delivery;

5 (C) the goods are not consumer goods immediately
6 before delivery;

7 (D) the transaction does not create a security
8 interest that secures an obligation; and

9 (E) the transaction does not involve delivery of
10 a work of art to an art dealer or delivery of a sound recording to a
11 distributor if [~~, as provided by~~] Chapter 2101, Occupations Code,
12 applies to the delivery.

13 SECTION 4. This Act takes effect immediately if it receives
14 a vote of two-thirds of all the members elected to each house, as
15 provided by Section 39, Article III, Texas Constitution. If this
16 Act does not receive the vote necessary for immediate effect, this
17 Act takes effect September 1, 2005.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 846 passed the Senate on April 14, 2005, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 16, 2005, by the following vote: Yeas 30, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 846 passed the House, with amendment, on May 11, 2005, by the following vote: Yeas 146, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor