

BILL ANALYSIS

S.B. 474
By: Carona
Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law prescribes the requirements for an effectively filed financing statement for the perfection of certain security interests and establishes when such a financing statement may be rejected for filing or considered not effectively filed. Interested parties note that the state's filing offices are prohibited from refusing to accept industry standard forms, including those prescribed by the International Association of Commercial Administrators (IACA). Interested parties report that IACA is amending its financing statement form as of July 1, 2013, to remove certain organizational information, such as type of organization, jurisdiction, and organizational identifier. S.B. 474 seeks to bring current law in line with the IACA changes as of July 1, 2013, in order to continue the state's policy of accepting industry standard forms.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 474 amends the Business & Commerce Code to clarify that, when a record pertaining either to an initial financing statement provided to perfect certain security interests or to an amendment that provides a name of a debtor that was not previously provided in the initial financing statement is communicated to a filing office, filing does not occur with respect to a record that the filing office refuses to accept because the record does not indicate whether the name provided as the name of the debtor is the name of an individual or an organization. The bill removes provisions establishing that filing does not occur with respect to the filing office's refusal to accept the pertinent record pertaining to such a financing statement or amendment that indicates that the debtor that is an organization if that record does not provide the debtor's organization type, jurisdiction, or organizational identification number or an indication that the debtor has no such number.

EFFECTIVE DATE

July 1, 2013, or, if the bill does not receive the necessary vote, September 1, 2013.