

By: Hall

S.B. No. 2037

A BILL TO BE ENTITLED

1 AN ACT
2 relating to a study regarding the feasibility of implementing a
3 central filing system for the filing of financing statements for
4 security interests in farm products.

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

6 SECTION 1. DEFINITIONS. In this Act:

7 (1) "Security interest" has the meaning assigned by
8 Section 1.201, Business & Commerce Code.

9 (2) "Buyer" means a person who, in the ordinary course
10 of business, buys farm products from another person who is engaged
11 in farming operations and who is in the business of selling farm
12 products.

13 (3) "Commission merchant" means a person engaged in
14 the business of receiving a farm product for the purpose of selling
15 the farm product on commission or on behalf of another person.

16 (4) "Farm products" has the meaning assigned by
17 Section 9.102, Business & Commerce Code.

18 (5) "Financing statement" has the meaning assigned by
19 Section 9.102, Business & Commerce Code.

20 (6) "Selling agent" means a person, other than a
21 commission merchant, who is engaged in the business of negotiating
22 the sale or purchase of a farm product on behalf of a person engaged
23 in farming operations.

24 SECTION 2. FEASIBILITY STUDY ON CENTRAL FILING SYSTEM.

1 (a) The secretary of state shall conduct a study on the
2 feasibility of developing and implementing a central filing system
3 to be used for the filing of all financing statements that cover
4 farm products being sold and purchased in this state that are
5 subject to a security interest.

6 (b) The study conducted under this section must evaluate
7 proposals for a central filing system that allows:

8 (1) a secured party to file a financing statement in
9 the system that covers farm products; and

10 (2) a buyer, commission merchant, selling agent, or
11 other person to search the system to determine whether the farm
12 product is subject to a security interest based on the information
13 contained in a financing statement that is filed in the system.

14 SECTION 3. REPORT. Not later than January 12, 2021, the
15 secretary of state shall report the results of the study and any
16 recommendations to the legislature. The report must include any
17 proposed legislation necessary to implement the recommendations
18 made in the report.

19 SECTION 4. EXPIRATION. This Act expires June 1, 2021.

20 SECTION 5. EFFECTIVE DATE. This Act takes effect September
21 1, 2019.