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Rep. Brian Porter, Chairman

House Judiciary Committee

Date: April 19, 1993

Place: Capitol Room 120

HB 187 Interception of Private Communications
 HB 132 Extend Resource Extraction Permit/Lease
 SB 149 Revision of Banking Code
 SB 112 Uniform Commercial Code Revisions

Subject of Meeting: SB 84 Revoke Driver's License
 if False ID Used; SB 86 Fund Transfers Under the UCC

Please Print Name	Representing	Business/Personal Mailing Address	Zip	(H) Phone	(W) Phone	Do you Want to Testify?	Which Subject/ Which Bill?
LT. CHRIS STOCKARD	PUBLIC SAFETY	450 Whittier St Juneau				(Y) N	HB 187 - FOR QUESTIONS ONLY ✓
Juanita Hensley	DPS/DMV	Box 111200	99811		4335	(Y) N	SB 84
Bill Kelder	SEN. KERTTALA	Room 427, Capitol Bldg Juneau 99801-1122			4834	(Y) N	SB 86 * SB 112 ✓
JOSH FINK	SEN. KELLY				3819	(Y) N	SB 84 ✓
JOSH FINK	SEN. KELLY				3819	(Y) N	SB 149 ✓
BUD JAEGER	ALASKA INSURANCE AGENTS	301 STEWARD ST. JUNEAU	99801		586-2414	(Y) N	SB 149 ✓
BEN WILLIAMS	REP. TOM BRICE	STATE CAPITOL	9980		73466	(Y) N	CSHB 132 (ND)
Margot Knuth	law - Crim	Box 110300	99811		X 4049	(Y) N	HB 187
JEFF BUSH	Commerce - Banking + Securities	175 S. Franklin, Ste. 318, Juneau	99801		463-4150	(Y) N	SB 149 ✓
						Y N	
						Y N	
						Y N	

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Please Print Name	Representing	Business/Personal Mailing Address	Zip	(H) Phone	(W) Phone	Do you Want to Testify?	Which Subject/ Which Bill?
✓ Art Peterson	NCCUSL	One Seelaska Plaza Suite 202 Juneau, AK	99801			<input checked="" type="radio"/> Y <input type="radio"/> N	112
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
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						<input type="radio"/> Y <input type="radio"/> N	

FISCAL NOTE

No. 1

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: SB 112

(S) Publish Date: 3-5-93

Revision Date: _____

Title: An Act relating to the UCC

Sponsor: Senator Kertula

Requestor: _____

Department Affected: Commerce and Economic Development

BRU: Banking, Securities and Corporations

Component: _____

COMPONENT SERIAL NO. 1233

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Changes in SSB 112 (JVJ) have no fiscal impact. This fiscal note is appropriate.

Changes in SSB 112 (LGC) have no fiscal impact. This fiscal note is appropriate.

Estimate of current year (FY 93) impact

ANALYSIS: (Attach a separate page if

3/22 date KRL Comte Aide (initial)

3/5/93 date JPF Comte Aide (initial)

Prepared by: Willis F. Kirkpatrick, Director

Division: Banking, Securities and Corporations

Phone: _____

Date: _____

Approved by Commissioner: Paul Fuhs

Agency: Commerce and Economic Development

Date: 3-2-93

FISCAL NOTE

No. 2

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: SB 112

(S) Publish Date: 3-5-93

Revision Date: February 18, 1993

Title: 'An Act relating to the Uniform Commercial Code...'

Department Affected: Department of Law

BRU: Legal Services

Component: Operations

Sponsor: Senator Kerttula

Requestor: Senator Kerttula

COMPONENT SERIAL NO. 0093

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
FUND SOURCE:						

FUNDING:

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

Changes in CSB 112 (JVD)

Estimate of current year (FY93) impact: have no fiscal impact. This fiscal note is appropriate.

ANALYSIS: (Attach a separate page if

Please see the attached analysis.

3/22/93 date KRL Comte Aide (initial)

Changes in CSB 112 (LAC) = have no fiscal impact. This fiscal note is appropriate.

3/5/93 date [Signature] Comte Aide (initial)

Richard I. Peques

Prepared by: Richard I. Peques, Director

Division: Administrative Services Division

Richard I. Peques

Phone: 465-3672

Date: February 18 1993

Approved by Commissioner: Charles E. Cole, Attorney General

Agency: Department of Law

Date: February 18, 1993

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. SB 112

ANALYSIS (Continued):

This bill makes substantial amendments to the state's Uniform Commercial Code (UCC) under AS 45.01- AS 45.09 and AS 45.12. This bill is a major effort to update Alaska's UCC by adding a new article (Art. 2A) on personal property leasing; amending the UCC's Arts. 3 and 4, regarding negotiable instruments and bank deposits and collections; repealing UCC Art. 6, on bulk sales; and making other changes in the UCC that are necessary to accommodate the basic changes being made in the bill. These basic changes have been proposed by the National Conference of Commissioners on Uniform State Laws (NCCUSL), and they are needed to help bring Alaska business and consumers involved in commercial transactions up to date with businesses and consumers in the rest of the country. Because the bill deals with transactions between private parties it will not have a fiscal impact for the Department of Law. To the extent that the bill impacts state-funded loan and investment programs, it should have a beneficial effect.

FISCAL NOTE

No. 3

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Version: CSSB 112(LFC)

BILL (S) Publish Date: 3-22-93

Revision Date 15-Mar-93 Department Affected: Natural Resources
 Title: "An Act relating to the Uniform Commercial Code" BRU: Management & Administration
 Sponsor: Senator Kerttula Components: Recorder's Office
 Requestor: Senate Judiciary Committee Component Serial No. 802

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE fund source:	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Changes in CSSB112 (JUD) have no fiscal impact. This fiscal note is appropriate.
 03/19/93 date KRL Comte Aide (initial)

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: \$ No fiscal impact anticipated

ANALYSIS:

SB112 is a comprehensive revision of the State's Uniform Commercial Code and proposes addition of a new chapter (A.S.45.12) on leases. While the proposed lease provisions are extensive, the impact on the statewide Recorder's/UCC offices should be negligible. Although the new chapter includes extensive provisions relating to commercial leases (rights, remedies, default, warranties, etc.), only leases "intended as security" are entitled to be filed with the Recorder's/UCC offices under Chapter 9 governing secured transactions. This represents no change from existing law which already covers leases intended as security (A.S.45.09.10(b)). Contact with other jurisdictions which have enacted the comprehensive leasing provisions indicates there has been no noticeable impact on filing volumes. The Uniform Law Commissioner has confirmed that the bill as drafted should not present any perceptible burden on the Recorder's/UCC offices and that some minor language changes requested by the component in previous sessions have been incorporated. Other provisions of SB112 relating to Chapter 3 (Negotiable Instruments) and Chapter 4 (Bank Deposits and Collections) do not affect the Recorder's/UCC component.

Prepared by: Sharon Young, State Recorder Phone: 762-2437
 Division: Recorder's Office Date: 15-Mar-93
 Approved by Commissioner: Glenn A. Olds Date: 15-Mar-93
 Agency: Department of Natural Resources

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STATEMENT OF
SEN. JAY KERTTULA
ON
S.B. 86 AND S.B. 112
"UNIFORM COMMERCIAL CODE"
BEFORE THE
HOUSE JUDICIARY COMMITTEE
HONORABLE BRIAN PORTER, CHAIRMAN
MONDAY, APRIL 19, 1993

GOOD AFTERNOON. I'D LIKE TO THANK COMMITTEE CHAIRMAN PORTER AND THE MEMBERS OF THE HOUSE JUDICIARY COMMITTEE FOR SCHEDULING SENATE BILLS 86 AND 112 FOR PUBLIC HEARING TODAY. THE BILLS ARE COMPANION PIECES OF LEGISLATION AMENDING ALASKA'S UNIFORM COMMERCIAL CODE.

AS SPONSOR, I WILL PROVIDE AN OVERVIEW OF THE BILLS. I HAVE ALSO ASKED A REPRESENTATIVE OF THE DEPARTMENT OF LAW, AND ALASKA UNIFORM LAW COMMISSIONER ART PETERSON TO BE HERE TODAY TO EXPLAIN THE MORE TECHNICAL ASPECTS OF THE BILLS, SHOULD THE COMMITTEE DESIRE SUCH AN EXPLANATION.

I WILL BEGIN WITH SENATE BILL 86, ALSO KNOWN AS THE "FUNDS TRANSFERS' BILL.

**SPONSOR STATEMENT-SB 86 AND AB 112
PAGE 2**

GENERALLY SPEAKING, SENATE BILL 86 BRINGS THE FUNDS TRANSFERS PORTION OF ALASKA'S UNIFORM COMMERCIAL CODE UP TO DATE WITH REGARD TO CURRENT ELECTRONIC TECHNOLOGY AS IT APPLIES TO MODERN BUSINESS PRACTICES.

S.B. 86 WILL ENACT THE NEW ARTICLE 4A INTO THE STATE'S UNIFORM COMMERCIAL CODE. THE U.C.C. IS A COMPREHENSIVE CODIFICATION OF COMMERCIAL LAW THROUGHOUT THE COUNTRY. UNTIL 1989, HOWEVER, THE U.C.C. DID NOT DEAL WITH FUNDS TRANSFERS BETWEEN COMMERCIAL ENTITIES. AS BUSINESS PRACTICE HAS COME TO RELY MORE HEAVILY ON THE SPEED, EFFICIENCY, RELIABILITY AND RELATIVELY LOW COST OF ELECTRONIC TECHNOLOGY, IT IS APPARENT THAT ALASKA'S COMMERCIAL LAWS NEED TO BE BROUGHT UP TO DATE.

THE NEW ARTICLE 4A EMBODIED IN S.B. 86 DOES THIS. THE PROVISIONS IN S.B. 86 HAVE ALREADY BEEN ADOPTED BY 44 OTHER STATES, INCLUDING NEW YORK, ILLINOIS AND CALIFORNIA--THE MAJOR FINANCIAL CENTERS FOR AMERICA.

THE SHEER VOLUME OF COMMERICAL FUNDING TRANSACTIONS VIA MODERN TECHNOLOGY MAKES ENACTMENT OF S.B. 86 NECESSARY. IN 1989, A RECORD THREE TRILLION DOLLARS WERE TRANSFERRED ON A SINGLE DAY--MORE MONEY THAN THE 1989 U.S. GROSS NATIONAL PRODUCT. THE AVERAGE INDIVIDUAL FUNDS TRANSFER IN 1989 WAS FIVE MILLION DOLLARS, AND THE AVERAGE DAILY TRANSFER WAS ONE TRILLION DOLLARS.

UNLESS THE PARTIES TO A TRANSACTION USE THE SAME BANK, A FUNDS TRANSFER, ON AVERAGE, INVOLVES AT LEAST FOUR ENTITIES: THE ORIGINATOR OF THE PAYMENT; THE BANK TO WHICH THE ORIGINATOR COMMUNICATES THE FIRST PAYMENT ORDER; THE BANK OF THE ENTITY RECEIVING THE ORDER; AND THE RECIPIENT OR BENEFICIARY.

BECAUSE THESE TRANSACTIONS ARE DONE ELECTRONICALLY, AND NOT IN CASH, A NUMBER OF QUESTIONS REGARDING RESPONSIBILITY AND LIABILITY ARISE. QUESTIONS SUCH AS: WHAT HAPPENS IF THE FIRST

**SPONSOR STATEMENT--SB 86 AND SB 112
PAGE 4**

**BANK MAKES A MISTAKE ON THE AMOUNT TO BE PAID? WHAT
IF THE SECOND BANK FAILS TO NOTIFY THE RECIPIENT?
WHAT HAPPENS IF THE ORIGINAL PAYMENT ORDER IS
FRAUDULENT AND NOT ACTUALLY ISSUED BY THE
ORIGINATOR? WHO BEARS THE RISK OF LOSS AT A GIVEN
TIME IN THE TRANSACTION PROCESS? AND WHAT
CONSTITUTES ACCEPTANCE AND REJECTION OF A PAYMENT
ORDER?**

**THESE AND OTHER QUESTIONS ARE ANSWERED IN THE
ARTICLE 4A ENACTED BY SENATE BILL 86 WHICH,
BASICALLY, ESTABLISHES THE RULES GOVERNING THE
PAYMENT OF LARGE SUMS OF MONEY.**

**THE BILL PROVIDES A SIGNIFICANT IMPROVEMENT IN
ALASKA COMMERCIAL LAW. IT WILL HELP KEEP ALASKA'S
UNIFORM COMMERCIAL CODE UP TO DATE WHICH, IN TURN,
HELPS ASSURE A FAVORABLE COMMERCIAL CLIMATE IN
ALASKA--ONE THAT IS IN LINE WITH THE REST OF THE
NATION AND CAN, ACCORDINGLY, HELP ENCOURAGE
ECONOMIC DEVELOPMENT AND GROWTH IN ALASKA.**

SPONSOR STATEMENT-SB 86 AND SB 112
PAGE 5

S.B. 86 HAS A ZERO FISCAL NOTE FROM THE DEPARTMENT OF LAW. IN ADDITION, FEDERAL FINANCIAL REGULATORS ARE ENCOURAGING INDIVIDUAL STATES TO ENACT THE PROVISIONS EMBODIED IN S.B. 86. TO BRING THEIR RESPECTIVE STATE LAWS INTO COMPLIANCE WITH FEDERAL LAW. UNLESS STATES ADOPT THESE PROVISIONS, THE FEDERAL GOVERNMENT WILL STEP IN AND PERFORM THE REGULATORY AND ENFORCEMENT DUTIES RELATING TO FUNDS TRANSFERS.

THE PROVISIONS IN S.B. 86 HAVE BEEN ENDORSED BY THE NATIONAL CONFERENCE OF COMMISSIONERS ON UNIFORM STATE LAWS.

SENATE BILL 112

SENATE BILL 112, IN GENERAL, ALSO MAKES AMENDMENTS TO ALASKA'S UNIFORM COMMERICAL CODE. IN MOST INSTANCES THESE CHANGES ARE DESIGNED TO BRING THE CODE UP TO DATE WITH THE REST OF THE COUNTRY.

**SPONSOR STATEMENT-SB 86 AND SB 112
PAGE 6**

THE FIRST CHANGE ADDS A NEW ARTICLE 2A TO THE EXISTING LAW. WHILE THE EXISTING LAW COVERS COMMERCIAL PROPERTY LEASES, THERE IS NO LANGUAGE RELATING TO PERSONAL PROPERTY LEASING.

PERSONAL PROPERTY BEING LEASED RANGES FROM CARS, HORSES, AND MOVING VANS TO CONSTRUCTION EQUIPMENT AND OIL RIGS.

ARTICLE 2A DEALS WITH WHAT ARE CALLED "TRUE" LEASES AND "FINANCE" LEASES. THE ARTICLE PROVIDES THE STATUTORY ANSWERS TO A BROAD RANGE OF LEGAL ISSUES, COVERING SUCH MATTERS AS OFFER AND ACCEPTANCE, WARRANTIES, MISTAKE, FAILURE TO PERFORM, RISK OF LOSS AND REMEDIES.

THE CURRENT ABSENCE OF THESE RULES PROMOTES LITIGATION.

ARTICLE 3 OF S.B. 112, FOR THE MOST PART, REORGANIZES THE EXISTING MATERIAL IN THE STATE CODE TO MAKE IT MORE CLEAR AND TO ACCOUNT FOR MODERN

**SPONSOR STATEMENT-SB 86 & SB 112
PAGE 7**

TECHNOLOGIES. THESE REVISIONS FIX MANY OF THE PROBLEMS THAT HAVE ARISEN OVER THE PAST 40 YEARS WITH THE UNIFORM COMMERCIAL CODE AND WITH NEGOTIABLE INSTRUMENTS. SOME OF THE CHANGES INCLUDED IN ARTICLE 3 AND ARTICLE 1 OF S.B. 112 ARE NECESSARY TO BRING THESE ARTICLES INTO COMPLIANCE WITH THE NEW LANGUAGE IN ARTICLE 4A AS IT APPEARS IN S.B. 86.

ONE IMPORTANT CHANGE IN ARTICLE 3 IS THAT THE REVISION RECOGNIZES THAT THERE ARE TWO TYPES OF INSTRUMENTS--NOTES AND DRAFTS--WHICH USUALLY PERFORM DIFFERENT FUNCTIONS AND, THEREFORE, MERIT DIFFERENT TREATMENT.

BENEFITS FROM ENACTING ARTICLE 3 OF S.B. 112 INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING: CERTAINTY OF THE LAW, SPEED AND RELIABILITY, LOWER COSTS, REDUCED LITIGATION, AND STRICTER STANDARDS FOR FIDUCIARIES.

FINALLY, SENATE BILL 112 SEEKS TO REPEAL ARTICLE 6 OF THE PRESENT UNIFORM COMMERCIAL CODE. ARTICLE 6 DEALS WITH BULK SALES. A BULK SALE IS ONE IN WHICH A BUSINESS SELLS ALL OR A LARGE PART OF ITS INVENTORY TO A SINGLE BUYER OUTSIDE THE ORDINARY COURSE OF BUSINESS.

THE EXISTING LAW WAS DESIGNED TO PROTECT CREDITORS OF SUCH BUSINESSES FROM THE PROPRIETOR WHO ABSCONDS WITH THE PROCEEDS OF SUCH A SALE. THESE LAWS WERE ENACTED IN A CLIMATE OF SMALLER BUSINESSES.

BUT THE CREDIT ENVIRONMENT HAS CHANGED DRASTICALLY OVER THE YEARS, SO THAT THE RISK OF THE ABSCONDING PROPRIETOR IS NO LONGER VERY GREAT. IT IS NOW EASIER FOR BUSINESSES TO ESTABLISH THE CREDITWORTHINESS OF A PROPRIETOR OR MERCHANTISER, AND EASIER TO PURSUE THOSE FEW WHO DO "TAKE THE MONEY AND RUN".

SPONSOR STATEMENT-SB 86 AND SB 112
PAGE 9

IN ADDITION, UNDER ARTICLE 9 OF THE EXISTING CODE, PROTECTIONS FOR CREDITORS ARE MORE SIGNIFICANT THAN IN THE PAST.

BECAUSE OF THESE FACTORS, THE NATIONAL CONFERENCE OF COMMISSIONERS ON UNIFORM STATE LAWS, AND A GROUP OF 16 ALASKA BUSINESS LAW ATTORNEYS, HAVE RECOMMENDED THAT ARTICLE 6 BE REPEALED. AS OF 1991, 14 STATES HAD APPROACHED THIS ISSUE AND TEN OF THEM OPTED FOR THE REPEAL APPROACH ENACTED IN SENATE BILL 112.

THIS BILL RECEIVED A ZERO FISCAL NOTE FROM THE DEPARTMENT OF LAW'S DIVISION OF LEGAL SERVICES. ACCORDING TO THE DEPARTMENT'S ANALYSIS ACCOMPANYING THIS FISCAL NOTE, THE BASIC CHANGES PROPOSED IN S.B. 112 ARE--AND I QUOTE:

". . .NEEDED TO HELP BRING ALASKA BUSINESSES AND CONSUMERS INVOLVED IN COMMERCIAL TRANSACTIONS UP TO DATE WITH BUSINESSES AND CONSUMERS IN THE REST OF THE COUNTRY." (END QUOTE).

SPONSOR STATEMENT-SB 86 AND SB 112
PAGE 10

BECAUSE OF THIS, AND THE OTHER REASONS I HAVE
OUTLINED IN MY STATEMENT, IT IS MY HOPE THAT THIS
COMMITTEE WILL LOOK FAVORABLY ON BOTH SENATE BILL 86
AND SENATE BILL 112 GIVING IT A "DO PASS"
RECOMMENDATION.

(end statement)

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

WALTER J. HICKEL, GOVERNOR

P.O. BOX K—STATE CAPITOL
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600
FAX: (907) 463-5295

April 14, 1993

Hon. Brian Porter, Chair
House Judiciary Committee
Alaska House of Representatives
State Capitol Building, Room 122
Juneau, AK 99801

Re: SB 112

Dear Representative Porter:

The Department of Law has reviewed SB 112 and finds no legal problems.

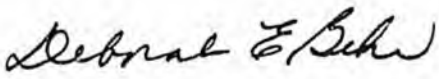
The bill makes important improvements to the Uniform Commercial Code.

We understand that the bill is referred to your committee. We would request early scheduling of a hearing on the bill.

If you have questions, please let me know.

Sincerely,

CHARLES E. COLE
ATTORNEY GENERAL

By: 
Deborah E. Behr
Assistant Attorney General

DEB:cl

cc: Alaska's Uniform Law Commissioners Delegation
Justice Jay Rabinowitz
Arthur H. Peterson, Esq.
Jerry Kurtz, Esq.
Tam Cook, Esq.
Grant Callow, Esq.

Kris Lethin, Legislative Liaison
Office of the Governor

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 2, 1993

FURTHER REFERRALS:

Judicia

Date of Committee Action: 4/13/93

The LABOR AND COMMERCE Committee considered:

SB 1

CS FOR SENATE BILL NO. 112(JUD)

UNIFORM COMMERCIAL CODE REVISION

"An Act relating to the Uniform Commercial Code; amending Alaska Rules of Civil Procedure 8 and 82, and Alaska Rule of Evidence 402; and providing for an effective date."

RECOMMENDATIONS: [] the same title
 be replaced with _____ [] a new title

[] have attached amendments(s)

[] do pass

[] do not pass

no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

[] fiscal impact _____

[] fiscal note(s) _____

[] zero fiscal note _____

3 zero fiscal note(s) DNR, LAW, DCEI

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Joe Sutton</i>	✓	<i>Byron Porter</i>		✓	
<i>Bill Hudson</i>	✓	<i>John Walker</i>		✓	
		<i>Christopher...</i>		✓	
		<i>William</i>		✓	

Bill Hudson

 CHAIRMAN'S SIGNATURE

CHANGES TO SB 112

Changes made to SB 112 through the committee hearings:

Page 4, line 20: the words "the code" are new, replacing the older citation of specific chapters. Housecleaning change, making the bill easier to read.

Page 4, line 21: "AS 45.12.207" is new, it was inadvertently dropped in the original bill.

Page 48, line 16: the words "subject to B through E" were added. The original bill had "subject to B through D" which is an error in the National version of this bill and that version is being corrected to reflect this new language. Essentially a typo.

Page 86, lines 13-15 were added by the Labor & Commerce Committee then, after further thought, it was determined by the legal experts that this was unnecessary and would be better placed in other existing statutes that don't deal with the Uniform Commercial Code. The Judiciary Committee agreed, and, on March 19th, deleted these lines from the bill during its hearing on CSSB 112.

Page 106, lines 28 & 29: the last sentence of subsection C on this page was added--the language was recommended by Professor Fred Miller, of the University of Oklahoma, and the executive director of the National Conference of Commissioners on Uniform State Laws.

Page 112, line 16: the words "under B or C, and D" were added to replace the words "under B -(das) D" to clarify intent.

Page 112, line 25: the word "or" was changed to "of", correcting a typo.

Page 112, line 28: the word "and" was changed to "or", again correcting a typo.

Page 112, lines 29 & 30: the words "or lessee" were added.

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February 10, 1993

The Honorable Jay Kerttula
Alaska State Senate
Room 427, State Capitol
Juneau, AK 99801-1182

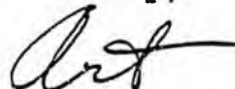
HAND-DELIVERED

Re: Your draft bill on Uniform Commercial Code changes: Art. 2A (personal property leasing), Arts. 3 and 4 (negotiable instruments, etc.), and repeal of Art. 6 (bulk sales) LAA Work Order No. 8-LS0227\E

Dear Jay:

You will find attached three updated (2/1/93) fact sheets, respectively, for the three parts of this bill. They should be helpful in connection with the bill's two-page explanation that I wrote and gave you February 4.

Yours truly,



Arthur H. Peterson
Uniform Law Commissioner
for Alaska

AHP/ah

Enclosures

cc w/encs.: Deborah E. Behr
Assistant Attorney General (Hand-Delivered)

ah/ahp/kerttula.f09

**A Few Facts About
The Uniform Commercial Code,
Article 2A – Leases**

Purpose: To provide states with a legal framework for any transaction, regardless of form, that creates a lease.

Origin: Completed by the Uniform Law Commissioners in 1987 and amended in 1990.

Endorsed by: American Bar Association
American Law Institute

State Adoptions of 1987 Act:	Florida Oregon	South Dakota Utah
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Adoptions with 1990 Amendments:	Alabama Arizona California Colorado Delaware District of Columbia Hawaii Illinois Indiana Kansas Kentucky Maine Michigan Minnesota	Missouri Montana Nebraska Nevada New Mexico North Dakota Ohio Oklahoma Pennsylvania Rhode Island Virginia Wisconsin Wyoming
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1993 Introductions:	Maryland Massachusetts New Hampshire	New Jersey West Virginia
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For any further information regarding Article 2A of the Uniform Commercial Code, please contact John McCabe or Katie Robinson at 312-915-0195.

(2/1/93)

A Few Facts About Revised Article 3 of the UCC

(With Conforming and Miscellaneous Amendments to Articles 1 and 4)

Purpose: To update provisions of the UCC dealing with payment by checks and other paper instruments to provide essential rules for the new technologies and practices in payment systems.

Origin: Completed by the Uniform Law Commissioners in 1990.

Endorsed by: American Bar Association
American Law Institute

State Adoptions:

Arkansas	Missouri
California	Montana
Connecticut	Nebraska
Florida	New Mexico
Hawaii	North Dakota
Illinois	Oklahoma
Kansas	Pennsylvania
Louisiana	Virginia
Minnesota	Wyoming
Mississippi	

1993 Introductions:

Arizona	New Hampshire
Massachusetts	West Virginia

For any further information regarding Revised Article 3 of the Uniform Commercial Code (with conforming and miscellaneous amendments to Articles 1 and 4), please contact John McCabe or Katie Robinson at 312-915-0195.

(2/1/93)

A Few Facts About
REVISED ARTICLE 6 OF THE UNIFORM COMMERCIAL CODE

PURPOSE: To provide states with the option of repealing or revising current Article 6 of the UCC.

ORIGIN: Completed by the Uniform Law Commissioners in 1989.

ENDORSED BY: American Bar Association
American Law Institute

STATE ADOPTIONS
OF REVISED UCC6:

Arizona
California
Hawaii
Oklahoma
Utah

STATE REPEALS
OF UCC6:

Arkansas	Montana
Colorado	Nebraska
Illinois	Nevada
Kansas	New Mexico
Kentucky	Oregon
Louisiana	Pennsylvania
Maine	West Virginia
Minnesota	Wyoming

INTRODUCTIONS
TO REPEAL UCC6:

New Hampshire
New Jersey
North Dakota

INTRODUCTIONS
TO REVISE UCC6:

For any further information regarding the revised Article 6 of the Uniform Commercial Code, please contact John McCabe or Katie Robinson at 312-915-0195.

National Bank of Alaska



Juneau Office P.O. Box 021189 Juneau, Alaska 99802-1189 (907) 586-3324 FAX (907) 463-3997

April 7, 1993

Representative Bill Hudson
Capitol Office Building
Room 108
Juneau, AK 99801

Dear Representative Hudson:

I urge your support in scheduling Senate Bill 112 for house consideration. This lengthy bill will update the present Uniform Commercial Code to reflect what is taking place in the business market place. The code changes are made in the following three areas: 1.) Personal property leasing, 2.) Negotiable instruments, 3.) Bulk sales. By adopting these changes Alaska will join most of the other states in cleaning up older obsolete rules of commerce and provide guidelines for what is actually taking place in commerce. The Alaska Bankers Association as well as my company fully support these changes and request your assistance in passing this important bill.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Peter M. Crandall'.

Peter M. Crandall
Senior Vice President