

House Committee on Business and Consumer Affairs
Subcommittee No. 1
May 23, 1991 - Page

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

HOUSE COMMITTEE ON
BUSINESS AND CONSUMER AFFAIRS
SUBCOMMITTEE NO. 1

May 23, 1991
2:45 P.M.

Hearing Room F
Tape 21

MEMBERS PRESENT: Rep. Jerry Barnes, Chair
Rep. Lisa Naito

Rep. John Schoon
Rep. Greg Walden

STAFF PRESENT: Terry Connolly, Committee Administrator
Annetta Mullins, Committee Assistant

MEASURES
CONSIDERED: SB 948 PH

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TAPE 21, SIDE A

004 CHAIR BARNES calls the meeting to order at 2:46 p.m. and opens the public hearing on SB 948 .

SB 948 - EXTENDS TIME FOR SECURED PARTY TO PERFECT PURCHASE MONEY SECURITY INTEREST TO PROTECT RIGHTS AGAINST TRANSFEREE IN BULK, LIEN CREDITOR OR CONFLICTING SECURITY INTEREST.

Witnesses: Keith Burns, Oregon Financial Services Association
Frank Brawner, Oregon Bankers Association
Barbara Fishleder, Oregon State Bar Professional Liability Fund

The Senate Staff Measure Summary, Legislative Fiscal Impact Assessment and Revenue Impact Assessment are hereby made a part of these minutes (EXHIBIT A).

010 KEITH BURNS, Oregon Financial Services Association, submits a packet of information and paraphrases a prepared statement in support of SB 948 (EXHIBIT B) and

reviews the attachments to his statement.

074 FRANK BRAWNER, Oregon Bankers Association: We support the passage of SB 948 .

People with security interest should perfect them as quickly as they can. Because of the dealing with automobile titles this Legislature four years enacted legislation providing for the transitional ownership document. That can be perfected within a 10 year (10 day) period even if you don't have the title. You then have 30 days in order to perfect your security interest. Uniformity is what brings us to the table.

This is the sixth time we have changed this. Thirty-two states are now at 20 days and I think that is where we ought to be. I want the committee to understand a point. There have been bankruptcy referees that have declared a creditor is unsecured even though they have a security interest if they did not perfect the security interest within the first 10 days. That is federal law; we can't change it. But that has only applied in the first 90 days of a loan. I submit if someone goes bankrupt within 90 days of the time we made a loan, we probably ought to be treated as an unsecured stupid creditor anyway.

096 BARBARA FISHLEDER, Director of Loss Prevention, Oregon State Bar Professional Liability Fund, submits a paper and testifies in opposition to SB 948 (EXHIBIT C.). The people who have testified on behalf of this bill are special interest groups who have the ability to do extensive credit checks on their debtors. The people who are going to be most affected by this bill are the people who are small business people and who have perhaps less frequent situations to issue a purchase money security interest. The small business people will believe they have 20 days to perfect, which is a longer period of time than the federal regulation. There are many instances in which that federal regulation is going to preempt the state regulation.

You need to look at the interest of people and organizations that do not have the staff or money to do credit checks. Many states have gone to the 20 day rule. It is also well recognized that is an error of the ways of those states and it is because the legislatures in those states have listened to the special interest groups and have not taken the small business man or small business person into consideration. I have documented in my testimony the type of opposition and the extensive writing that has been done on this topic.

173 CHAIR BARNES closes the public hearing on SB 948 and declares the meeting adjourned at 3:00 p.m.

Respectfully submitted, Reviewed by,

Annetta MullinsTerry Connolly
AssistantAdministrator

EXHIBIT SUMMARY

A -SB 948, Senate Staff Measure Summary, Legislative Fiscal Impact
Assessment and Revenue
Impact Analysis, staff

B -SB 948, prepared statement, copy of part of the May 1991 issue of the
Oregon State Bar

Professional Liability Fund In Brief and segments of the Uniform Commercial
Code, Keith Burns

C -SB 948, prepared statement and writings, Barbara Fishleder