

SUBJECT: Uniform Commercial Code provisions relating to negotiable instruments.

COMMITTEE: Business and Industry — favorable, without amendment

VOTE: 6 ayes — Giddings, Elkins, Castro, Martinez, Solomons, Zedler

0 nays

3 absent — Darby, Bailey, Bohac

SENATE VOTE: On final passage, April 19 — 31-0, on Local and Uncontested Calendar

WITNESSES: *(On House companion bill, HB 3219 by Elkins:)*
For — Val Perkins, Texas Business Law Foundation (*Registered, but did not testify*: Steve Scurlock, Independent Bankers Association of Texas)

Against — None

BACKGROUND: In 2005, the 79th Legislature enacted SB 1563 by Estes, which amended chs. 3 and 4 of the Business and Commerce Code concerning bank deposits and collections and negotiable instruments. The changes were based on recommendations by the National Conference of Commissioners on Uniform State Laws to amend arts. 3 and 4 of the Uniform Commercial Code (UCC), which is included in Business and Commerce Code as chs. 1-11. SB 1563 in 2005 updated provisions of the UCC dealing with payment by checks and other paper.

DIGEST: SB 1541 would amend Business and Commerce Code, secs. 3.103, 3.104, and 3.605. The bill would remove the definition of “consumer account.” It also would remove the reference to “demand draft” and repeal sec. 3.104(k), defining “demand draft.” SB 1541 also would amend sec. 3.605 to designate numerical subsections.

The bill would take effect September 1, 2007.

SUPPORTERS SAY: SB 1541 would enact minor modifications crafted to update portions of the Business and Commerce Code to conform with the recommendations of the National Conference of Commissioners on Uniform State Laws,

committees of Texas practitioners and experts, and with changes enacted by SB 1563 from 2005. The bill would further the purpose of the UCC, which is to facilitate commerce and simplify commercial paper transactions.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

The companion bill, HB 3219 by Elkins, passed the House on the Local, Consent, and Resolutions Calendar on April 27 and has been referred to the Senate Business and Commerce Committee.