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## FISCAL IMPACT REPORT

SPONSOR Cook ORIGINAL DATE 1/29/19  
LAST UPDATED \_\_\_\_\_ HB 191

SHORT TITLE Uniform Commercial Code Secured Transactions SB \_\_\_\_\_

ANALYST Glenn

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

|              | FY19 | FY20 | FY21 | 3 Year<br>Total Cost | Recurring or<br>Nonrecurring | Fund<br>Affected |
|--------------|------|------|------|----------------------|------------------------------|------------------|
| <b>Total</b> | NFI  | NFI  | NFI  |                      |                              |                  |

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Attorney General (NMAG)

### SUMMARY

#### Synopsis of Bill

House Bill 191 amends the New Mexico Uniform Commercial Code (“UCC”), primarily to conform its provisions to the official text of the uniform law drafted by the Uniform Law Commission. The more significant amendments are as follows:

Section 1 amends the UCC’s provisions governing negotiable instruments to provide that the recipient of a negotiable instrument need prove only that the transferor of the instrument was entitled to enforce it.

Sections 2 & 3 add a definition of “public finance transaction” and exclude public finance transactions from the UCC’s provisions governing secured transactions.

Sections 4 & 5 amend the UCC’s provisions governing secured transactions to permit restrictions on the rights of a party with a security interest in an ownership interest in a general or limited partnership or a limited liability company.

Section 7 repeals a provision stating that amendments made to the UCC in 1985 are declaratory of the meaning of the UCC as it existed before the amendments.

**SIGNIFICANT ISSUES**

NMAG states that HB 191's amendments excluding public finance transactions from the UCC's requirements relating to secured transactions do not conform to the official text of the uniform law. According to proponents of HB 191, existing language in New Mexico's UCC already excludes public finance transactions. The amendments are intended to make that clear, using the definition of "public finance transaction" in the official text.

BG/gb