

HOUSE BILL REPORT

HB 1185

*As Passed House
March 11, 1991*

Title: An act relating to the recording of federal liens.

Brief Description: Requiring certain federal liens to be filed with the department of licensing.

Sponsor(s): Representatives Appelwick, Paris and Wineberry.

Brief History:

Reported by House Committee on:
Judiciary, February 6, 1991, DP;
Passed House, March 11, 1991, 94-0.

**HOUSE COMMITTEE ON
JUDICIARY**

Majority Report: *Do pass.* Signed by 18 members:
Representatives Appelwick, Chair; Ludwig, Vice Chair;
Padden, Ranking Minority Member; Paris, Assistant Ranking
Minority Member; Broback; Forner; Hargrove; Inslee; Locke;
R. Meyers; Mielke; H. Myers; Riley; Scott; D. Sommers; Tate;
Vance; and Wineberry.

Staff: Bill Perry (786-7123).

Background: Generally, security interests on personal property are centrally filed with the Department of Licensing rather than being recorded with county auditors as is the case with real property. However, a different rule applies to some federal liens on personal property. Some federal liens on personal property must be recorded with the county auditor.

In 1988, the Legislature enacted the Uniform Federal Lien Registration Act. Notices affecting federal tax liens or other federal liens are covered by this act. Notices of federal liens upon real property must be recorded in the county where the property is located.

Notices of federal liens upon personal property, however, must be recorded as follows: (1) liens against corporations or partnerships whose principle executive offices are in the state must be filed with the Department of Licensing; (2) in

all other cases, liens must be filed in the county of residence of the person against whom the lien applies.

The Department of Licensing is authorized to charge fees to cover the costs of filings.

In 1989, the Legislature amended the Uniform Federal Lien Registration Act to provide that all federal liens on personal property are to be filed with the Department of Licensing. However, the governor vetoed this legislation (HB 1096 from 1989). Even though the bill provided for fees to cover the costs of filings, the governor's veto message indicated that the fiscal impact on the department was unacceptable.

Summary of Bill: The same legislation relating to filing federal liens that was vetoed in 1989 is enacted.

All notices of federal liens on personal property are to be filed with the Department of Licensing. The department is to enter federal lien filings in the uniform commercial code filing system. Fees may be charged to cover the costs of filings.

Fiscal Note: Requested January 28, 1991.

Effective Date: The bill takes effect July 1, 1991.

Testimony For: None.

Testimony Against: None.

Witnesses: None.