May 17, 2006

H 2152. REVISE ARTICLES 1 AND 7 OF THE UCC. Filed 5/17/06. *TO ENACT REVISED ARTICLE 1 OF THE UNIFORM COMMERCIAL CODE CONTAINING GENERAL PROVISIONS APPLICABLE TO THE ENTIRE CODE, TO MAKE CONFORMING AMENDMENTS TO OTHER ARTICLES OF THE UNIFORM COMMERCIAL CODE AND OTHER SECTIONS OF THE GENERAL STATUTES, TO ENACT REVISED ARTICLE 7 OF THE UNIFORM COMMERCIAL CODE RELATING TO WAREHOUSE RECEIPTS AND BILLS OF LADING, TO MAKE CONFORMING AMENDMENTS TO OTHER ARTICLES OF THE UNIFORM COMMERCIAL CODE AND OTHER SECTIONS OF THE GENERAL STATUTES, AND TO REPEAL OBSOLETE CRIMINAL PROVISIONS OF THE FORMER UNIFORM WAREHOUSE RECEIPTS ACT, AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION.)* To be digested in tomorrow's *Daily Bulletin.*

Intro. by Ross. GS 25, 66, 106

May 18, 2006

H 2152. REVISE ARTICLES 1 AND 7 OF THE UCC. Filed 5/17/06. *TO ENACT REVISED ARTICLE 1 OF THE UNIFORM COMMERCIAL CODE CONTAINING GENERAL PROVISIONS APPLICABLE TO THE ENTIRE CODE, TO MAKE CONFORMING AMENDMENTS TO OTHER ARTICLES OF THE UNIFORM COMMERCIAL CODE AND OTHER SECTIONS OF THE GENERAL STATUTES, TO ENACT REVISED ARTICLE 7 OF THE UNIFORM COMMERCIAL CODE RELATING TO WAREHOUSE RECEIPTS AND BILLS OF LADING, TO MAKE CONFORMING AMENDMENTS TO OTHER ARTICLES OF THE UNIFORM COMMERCIAL CODE AND OTHER SECTIONS OF THE GENERAL STATUTES, AND TO REPEAL OBSOLETE CRIMINAL PROVISIONS OF THE FORMER UNIFORM WAREHOUSE RECEIPTS ACT, AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION*. Rewrites Article 1 of GS Chapter 25 to update provisions so that they are consistent with other Uniform Commercial Code articles and to clarify some provisions, to reorganize and renumber sections, and incorporate gender neutral terminology. In addition, makes substantive amendments to the following sections of Article 1. GS 25-1-102, to clarify that Article 1 applies to only those transactions governed by GS Chapter 25 and delete the statute of frauds requirement applicable to transactions that are not covered by GS Chapter 25. GS 25-1-103, to express the underlying purpose and policies of GS Chapter 25. GS 25-1-201(b)(20), to revise the definition of "good faith" to mean "honesty in fact and the observance of reasonable commercial standards of fair dealing." Enacts new GS 25-1-303(d) to provide that evidence of "course of performance" may also be used to interpret a contract along with course of dealing and usage of trade.

Rewrites Article 7 of GS Chapter 25 to reorganize and renumber sections, make changes to grammar and style, conform the language of Article 7 to account for electronic forms of documents (i.e., "tangible" versus "electronic" documents), and to make substantive amendments to the following provisions. 25-7-102, to add definitions for "carrier," "person entitled under the document," "sign" (to recognize electronic means of adopting a record), and "shipper." 25-7-103, to clarify that Article 7 does not modify or repeal laws concerning the form or content of a document of title or regulating a bailee's business. Also amends section to provide that Article 7 supersedes the federal Electronic Signatures in Global and National Commerce Act (except Section 101(c)) and that Article 7 does not authorize electronic delivery of notices described in Section 103(b) of that Act. 25-7-104, to add new provision stating that a document of title is nonnegotiable if the document includes a conspicuous legend that is nonnegotiable when the document is issued. Adopts new 25-7-105, to authorize the reissuance of a document of title initially issued in electronic form in tangible form, and a tangible document in electronic form, and to provide that the original document becomes void upon its reissuance in another form.

Warehouse Receipts. 25-7-202 and other sections of Article to replace references to "receipt numbers" with "identification codes." 25-7-209, to include a reference to liens established by storage agreements and to more specifically describe those circumstances under which a lien or security interest would be ineffective against a person with a legal or perfected security interest in the goods. Also deletes provision outlining a holder's right to possession upon the institution of legal proceedings.

Bills of Lading. 25-7-309 to replace reference to "tariff" with "transportation agreement" and to also provide that a carrier's damages may be limited by a term in the transportation agreement. Adds new 25-7-501(b) to set forth rules applicable to negotiable electronic documents of title.

Makes conforming changes to various provisions of the UCC and other sections of the General Statutes to reflect the changes to Articles 1 and 7. Deletes provisions in GS 106-451.9 that specify the content of receipts issued for cotton stored in a warehouse and instead requires that those receipts include information required under the federal Warehouse Act. Repeals Article 5 of GS Chapter 27, listing criminal provisions of the former Uniform Warehouse Receipts Act. Effective October 1, 2006.

Intro. by Ross. GS 25, 27, 66, 106