



January 22, 1999

SENATE BILL No. 4

DIGEST OF SB0004 (Updated January 19, 1999 11:57 am - DI 75)

Citations Affected: IC 26-1.

Synopsis: Consumer goods consignment transactions. Requires a consignee that receives goods that have a value over \$500 under a consignment from a consignor who is not a merchant to: (1) notify the consignor of the filing requirements for protection of consignments; (2) provide the form required by the Uniform Commercial Code for filing; and (3) obtain the signature of the consignor on the consignment contract acknowledging the consignee's notification of the consignor of the filing requirements and the provision of the form to the consignor.

Effective: July 1, 1999.

Lawson, Long, Lanane

January 6, 1999, read first time and referred to Committee on Commerce and Consumer Affairs.
January 21, 1999, reported favorably — Do Pass.

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SB 4—LS 6165/DI 94+



January 22, 1999

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

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SENATE BILL No. 4



A BILL FOR AN ACT to amend the Indiana Code concerning commercial law.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 26-1-9-114 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 114. (1) A person who
3 delivers goods under a consignment which is not a security interest and
4 who would be required to file under IC 26-1-9 by IC 26-1-2-326(3)(c)
5 has priority over a secured party who is or becomes a creditor of the
6 consignee and who would have a perfected security interest in the
7 goods if they were the property of the consignee, and also has priority
8 with respect to identifiable cash proceeds received on or before
9 delivery of the goods to a buyer, if:
10 (a) the consignor complies with the filing provision of IC 26-1-2
11 with respect to consignments (IC 26-1-2-326(3)(c)) before the
12 consignee receives possession of the goods; and
13 (b) the consignor gives notification in writing to the holder of the
14 security interest if the holder has filed a financing statement
15 covering the same types of goods before the date of the filing
16 made by the consignor; and
17 (c) the holder of the security interest receives the notification

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1 within five (5) years before the consignee receives possession of
2 the goods; and
3 (d) the notification states that the consignor expects to deliver
4 goods on consignment to the consignee, describing the goods by
5 item or type.
6 (2) In the case of a consignment which is not a security interest and
7 in which the requirements of subsection (1) have not been met, a
8 person who delivers goods to another is subordinate to a person who
9 would have a perfected security interest in the goods if they were the
10 property of the debtor.
11 **(3) In the case of a consignment of goods that have a value over**
12 **five hundred dollars (\$500), if the consignor is not a merchant (as**
13 **defined in IC 26-1-2-104), the consignee shall:**
14 **(a) notify the consignor of the filing requirements of this**
15 **chapter;**
16 **(b) provide the consignor with the form required by this**
17 **chapter that serves as notice to third parties of the consignor's**
18 **interest in the goods; and**
19 **(c) obtain the consignor's signature on the consignment**
20 **contract on a separate signatory line from the contract**
21 **signatory line acknowledging that the consignor has:**
22 **(i) received notification of the filing requirements of this**
23 **chapter; and**
24 **(ii) received the necessary form from the consignee to**
25 **perfect the filing under this chapter.**

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SENATE MOTION

Mr. President: I move that Senator Long be added as second author and Senator Lanane be added as coauthor of Senate Bill 4.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Commerce and Consumer Affairs, to which was referred Senate Bill No. 4, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 4 as introduced.)

MILLS, Chairperson

Committee Vote: Yeas 9, Nays 0.

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