

**Fifty-eighth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2003**

HOUSE BILL NO. 1070
(Agriculture Committee)
(At the request of the Commission on Uniform State Laws)

AN ACT to create and enact a new subsection to section 41-09-29 of the North Dakota Century Code, relating to perfection of security interests; and to amend and reenact subdivision e of subsection 1 of section 41-09-02, subdivision vv of subsection 1 of section 41-09-02, subdivision a of subsection 2 of section 41-09-24, and subsection 1 of section 41-09-31 of the North Dakota Century Code, relating to definitions, the jurisdiction of banks, and perfection of security interests in certain property.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subdivision e of subsection 1 of section 41-09-02 of the North Dakota Century Code is amended and reenacted as follows:

- e. "Agricultural lien" means an interest, ~~other than a security interest~~, in farm products:
- (1) That secures payment or performance of an obligation for:
 - (a) Goods or services furnished in connection with a debtor's farming operation or in connection with processing, production, or entrustment of the farm products; or
 - (b) Rent on real property leased by a debtor in connection with the debtor's farming operation;
 - (2) That is created by statute in favor of a person that:
 - (a) Finished goods or services in connection with processing, production, or entrustment of the farm product or in the ordinary course of that person's business furnished goods or services to a debtor in connection with a debtor's farming operation; or
 - (b) Leased real property to a debtor in connection with the debtor's farming operation; and
 - (3) Of which the effectiveness does not depend on the person's possession of the personal property.

SECTION 2. AMENDMENT. Subdivision vv of subsection 1 of section 41-09-02 of the North Dakota Century Code is amended and reenacted as follows:

- vv. "Health care insurance receivable" means an interest in or claim under a policy of insurance which is a right to payment of a monetary obligation for health care goods or services provided or to be provided.

SECTION 3. AMENDMENT. Subdivision a of subsection 2 of section 41-09-24 of the North Dakota Century Code is amended and reenacted as follows:

- a. If an agreement between the bank and ~~the debtor~~ its customer governing the deposit account or certificate of deposit expressly provides that a particular jurisdiction is the bank's jurisdiction for purposes of this part, this chapter, or this title, that jurisdiction is the bank's jurisdiction.

SECTION 4. A new subsection to section 41-09-29 of the North Dakota Century Code is created and enacted as follows:

A sale by an individual of an account that is a right to payment of winnings in a lottery or other game of chance.

SECTION 5. AMENDMENT. Subsection 1 of section 41-09-31 of the North Dakota Century Code is amended and reenacted as follows:

1. Except as otherwise provided in subsection 4, the filing of a financing statement is not necessary or effective to perfect a security interest in property subject to:
 - a. A statute, regulation, or treaty of the United States whose requirements for a security interest's obtaining priority over the rights of a lien creditor with respect to the property preempt subsection 1 of section 41-09-30;
 - b. Section 35-01-05.1; or
 - c. A certificate-of-title statute of another jurisdiction which provides for a security interest to be indicated on the certificate as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the property; ~~or~~
 - d. ~~Section 35-01-05.~~

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Fifty-eighth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1070.

House Vote: Yeas 92 Nays 0 Absent 2

Senate Vote: Yeas 45 Nays 0 Absent 2

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2003.

Approved at _____ M. on _____, 2003.

Governor

Filed in this office this _____ day of _____, 2003,
at _____ o'clock _____ M.

Secretary of State