

TESTIMONY OF REP. LAWRENCE R. KLEMIN
HOUSE BILL NO. 1082
HOUSE JUDICIARY COMMITTEE
FEBRUARY 7, 2023

Members of the House Judiciary Committee. I am Lawrence R. Klemin, Representative from District 47 in Bismarck. I am also the Chairman of the North Dakota Commission on Uniform State Laws, which is provided for in Chapter 54-55 of the North Dakota Century Code. In addition, I am a Commissioner on the National Uniform Law Commission (ULC) representing the North Dakota House of Representatives. I have been a Commissioner on the National ULC since 1999 and have been elected as a Life Member of the organization. I am here to testify in support of House Bill No. 1082, relating to the 2022 amendments to the Uniform Commercial Code (UCC).

The ULC was formed in 1892 and was originally known as the National Conference of Commissioners on Uniform State Laws. North Dakota has been a member since 1893. The mission of the ULC is to promulgate uniform Acts that the States can enact as a part of their own statutory laws and to provide uniformity among the States. North Dakota has enacted over 100 uniform Acts and revisions.

The Uniform Commercial Code was developed during the 1940s and 1950s and has been enacted in all of the States. The UCC comprises an entire volume of the North Dakota Century Code in Title 41. The UCC provides commercial law rules for broad categories of transactions, including the sale or lease of goods, negotiable instruments, bank deposits and collections, fund transfers, letters of credit, documents of title, investment property, and secured transactions in personal property.

The UCC has been amended from time to time over the years to update commercial with changing times and ways of doing business, and most recently to reflect the economy's shift toward services, software, and information-based transactions. The latest updates are in the 2022 amendments contained in HB 1082. The UCC is comprised of chapters, called Articles, which cover numerous separate subjects. The States can adopt the amendments to facilitate modern commercial transactions involving new and emerging technologies.

I have attached to my testimony a summary of the 2022 amendments to the UCC. The amendments span most of the Articles of the UCC and add a new Article on certain digital assets. I have placed an overview of the amendments to the UCC relating to emerging technologies online for inclusion in the record of this hearing. Further details on the 2022 amendments are contained in the Final Act and the official comments to the UCC Amendments (2022), which I have also placed online for inclusion in the record of the hearing.

HB 1082 is a long bill. 107 pages. The 2022 amendments to the UCC are very complicated but are necessary to update the current law in North Dakota so that we can remain current with the other States in commercial transactions.

I have invited Professor Candace Zierdt, who is an expert on the UCC, to explain the bill. Professor Zierdt formerly taught at the UND School of Law before accepting a position at the Stetson University School of Law. While at UND, she was appointed to serve on the ULC from North Dakota. She is a Life Member of the ULC having served on the ULC for more than 20 years. She served as the Advisor for the American Bar Association on the drafting committee that prepared the 2022 amendments to the UCC contained in HB 1082.

Members of the Committee, I urge a “do pass” recommendation for HB 1082.

Rep. Lawrence R. Klemin