

TESTIMONY OF REP. LAWRENCE R. KLEMIN
HOUSE BILL NO. 1082
SENATE JUDICIARY COMMITTEE
MARCH 6, 2023

Members of the Senate 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 law 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, including digital assets and electronic transactions.

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. 110 pages. The bill is lengthy due to the need to update almost all of the Uniform Commercial Code. The 2022 amendments to the UCC are

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, which are often both intrastate and interstate transactions.

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

I have invited Candace Zierdt, who is a Professor of Law and teaches courses on contracts and the UCC, to explain the bill. She has taught these legal subjects for 34 years. Professor Zierdt formerly taught at the UND School of Law before accepting a position at the Stetson University School of Law in Florida. While at UND, she was appointed to serve on the ULC from North Dakota. She remains a ULC Commissioner 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 (ABA) on the drafting committee that prepared the 2022 amendments to the UCC contained in HB 1082. Professor Zierdt is also a member of the American Law Institute (ALI) and a member of the ALI study committee on updating the UCC in light of emerging technologies. She has also been active as a member of the ABA UCC Committee and has served as Chair of that Committee.

Rep. Lawrence R. Klemin