



**Hundredth Legislature - First Session - 2007**  
**Committee Statement**  
**LB 346**

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**Hearing Date:** February 5, 2007

**Committee On:** Banking, Commerce and Insurance

**Introducer(s):** (Pahls, 31)

**Title:** Change provisions relating to farm product security interests

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**Roll Call Vote – Final Committee Action:**

- Advanced to General File
  - X Advanced to General File with Amendments
  - Indefinitely Postponed
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**Vote Results:**

8	Yes	Senators Pahls, Langemeier, Carlson, Christensen, Gay, Hansen, Pankonin, Pirsch
	No	
	Present, not voting	
	Absent	

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**Proponents:**

Senator Rich Pahls  
Ron Moravec  
Robert J Hallstrom  
Bob Andersen  
Pat Ptacek

**Representing:**

Introducer  
Secretary of State's Office  
NE Bankers Association  
NE Cooperative Council  
NE Grain & Feed Association

**Opponents:**

**Representing:**

**Neutral:**

**Representing:**

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**Summary of purpose and/or changes:**

LB 346 (Pahls) would amend sections 52-1301, 52-1302, 52-1307, 52-1308, 52-1312, 52-1313, 52-1314, 52-1315, 52-1317, 52-1318 of the effective financing statement statutes and would enact a new section within those statutes; would amend section 52-1602 of the mater lien list statutes; and would amend sections 9-315, 9-320, 9-529, and 9-531 of the Uniform Commercial Code to allow for use of approved unique identifies in place of social security numbers and IRS taxpayer identification numbers and to allow for filings to be authorized or otherwise authenticated as an alternative to being signed.

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The bill would provide, section by section, as follows:

Section 1 would amend section 52-1301 of the effective financing statement statutes to provide that it is the purpose of the central filing system is to provide notice of security interests in farm products produced “or located” in Nebraska rather than “used or” produced in Nebraska.

Section 2 would amend section 52-1302 of the effective financing statement statutes to provide that new section 3 shall be assigned within those statutes.

Section 3 would enact a new section within the effective financing statement statutes to provide for a new defined term: “approved unique identifier” – a number, combination of numbers and letters, or other identifier selected by the Secretary of State using a system or method approved by the USDA.

Section 4 would amend section 52-1307 of the effective financing statement statutes to amend the definition of “effective financing statement” to eliminate the requirement that an effective financing statement is to be signed by the secured party, to provide for an effective financing statement to be “authorized or otherwise authenticated” as an alternative to the requirement of being signed by the debtor, to provide for an effective financing statement to contain an “approved unique identifier” of the debtor as an alternative to the requirement of the social security number or IRS taxpayer identification number of the debtor, to provide for an effective financing statement to contain each county where the farm product is produced or “located” rather than “used or” produced or “to be used or produced”, and to provide that if an effective financing statement is filed electronically, the signature of the debtor shall not be required”.

Section 5 would amend section 52-1308 of the effective financing statement statutes to expand the definition of “farm products” to include “embryos or genetic products”.

Section 6 would amend section 52-1312 of the effective financing statement statutes to provide that (1) the Secretary of State shall compile and publish the master list, among other things, arranged according to the debtor’s social security number or IRS taxpayer identification number or other approved unique identifier, and (2) the Secretary of State shall apply to the USDA for approval of the system or method of selecting an approved unique identifier.

Section 7 would amend section 52-1313 of the effective financing statement statutes to harmonize an internal reference.

Section 8 would amend section 52-1314 of the effective financing statement statutes to provide that a continuation statement shall be signed or “authorized or otherwise authenticated” by the secured party.

Section 9 would amend section 52-1315 of the effective financing statement statutes to provide that a notice of lapse need only be signed or “authorized or otherwise authenticated” by the secured party.

Section 10 would amend section 52-1317 of the effective financing statement statutes to provide that a buyer, commission merchant, or selling agent may request a seller to disclose the seller's social security number or IRS taxpayer identification number or "approved unique identifier".

Section 11 would amend section 52-1318 of the effective financing statement statutes to update an internal reference to federal rules and regulations and to harmonize internal references.

Section 12 to 16 would amend section 52-1602 of the master lien list statutes and sections 9-315, 9-320, 9-529, and 9-531 of the Uniform Commercial Code to harmonize internal references.

Section 17 would provide for repealers of amendatory sections.

**Explanation of amendments, if any:**

The committee amendments (AM227) would, in section 5, further amend the definition of "farm product" in section 52-1308 to include "bees, buffalo, bull semen, emu, millet, ostrich, and safflower" and to delete "fur-bearing animals".

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**Senator Rich Pahls, Chairperson**