

BILL ANALYSIS

Senate Research Center
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S.B. 1740
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Business & Commerce
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DIGEST AND PURPOSE

Currently, many products deposited in public warehouses are handled by electronic exchange so that, in many cases, there are no signatures. This procedure has been an accepted practice by the parties and the transaction is treated as if the documents were actually endorsed. However, bankruptcy courts have held that a warehouseman's lien can only be secured through the use of a properly endorsed paper receipt. As proposed, S.B. 1740 amends state law to allow that electronically transmitted warehouse receipts ensure a warehouseman's lien.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 7.209(a) and (b), Business and Commerce Code, to provide that a warehouseman has a lien against the bailor on the goods deposited, rather than covered by a warehouse receipt, or on the proceeds thereof in his possession for charges for storage or transportation or certain other expenses incurred in their sale pursuant to law. Deletes text regarding certain information stated in the receipt. Deletes text regarding the warehouseman reserving security interest for a maximum amount specified on the receipt. Provides that if a warehouse receipt is issued for the goods, the security interest is not valid against a third person without notice to whom the receipt is duly negotiated unless the maximum amount of the security interest is conspicuously specified on the receipt.

SECTION 2. Effective date: September 1, 2001.
Makes application of this Act prospective.