

# FINAL BILL REPORT

## 2SHB 1182

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C 77 L 96  
Synopsis as Enacted

**Brief Description:** Modifying the uniform commercial code.

**Sponsors:** House Committee on Law & Justice (originally sponsored by Representatives Hickel and Appelwick).

**House Committee on Law & Justice**  
**Senate Committee on Law & Justice**

**Background:** The Uniform Commercial Code (UCC) governs commercial transactions. The UCC is divided into 11 articles. Several provisions in various articles contain cross-references to other provisions in other articles. In 1993, the Legislature substantially revised Articles 3 and 4 in accordance with recommendations of the National Conference of Commissioners on Uniform State Laws. The 1993 act did not amend some provisions of the UCC that contain cross-references to sections that were amended or repealed by the 1993 act.

Two conflicting provisions of law govern imposition and calculation of interest on commercial instruments. The long-standing rule in Washington is that a loan bears interest at 12 percent per annum unless the parties agree in writing to another rate. However, a provision in the UCC that governs negotiable instruments provides that, unless otherwise provided in the instrument, an instrument is not payable with interest. The provision further provides that if the instrument allows for interest but does not specify the rate, the rate will be set at the judgment rate in effect at the place of payment and at the time interest first accrues.

**Summary:** Technical changes to the Uniform Commercial Code are made to update cross-references, delete references to repealed sections, and reflect name changes.

The two conflicting provisions of law governing imposition and calculation of interest are reconciled by including a reference in the UCC provision governing interest on instruments to the Washington rule regarding imposition and calculation of interest on loans.

**Votes on Final Passage:**

House	96 0
Senate	46 0

**Effective:** June 6, 1996