**1476-S AMS FIET S3322.2 - NOT FOR FLOOR USE**

**SHB 1476** - S COMM AMD

By Committee on Financial Institutions, Economic Development & Trade

**NOT CONSIDERED 12/23/2019**

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec.**  A new section is added to chapter 63.10 RCW to read as follows:

A contract entered into on or after the effective date of this section to transfer ownership of a live dog or cat in which ownership is contingent upon the making of payments over a period of time subsequent to the transfer of possession of the live dog or cat, or provides for or offers the option of transferring ownership of the dog or cat at the end of a lease term, is void and unenforceable.

NEW SECTION. **Sec.**  A new section is added to chapter 63.14 RCW to read as follows:

A retail installment contract entered into on or after the effective date of this section that includes a live dog or cat as a security interest for the contract is void and unenforceable.

NEW SECTION. **Sec.**  A new section is added to chapter 31.04 RCW to read as follows:

A contract entered into on or after the effective date of this section for the payment to repay a loan for the purchase of a live dog or cat, where a security interest is granted in the dog or cat, is void and unenforceable.

**Sec.**  RCW 62A.9A-109 and 2000 c 250 s 9A-109 are each amended to read as follows:

(a) **General scope of Article.** Except as otherwise provided in subsections (c) and (d) of this section, this Article applies to:

(1) A transaction, regardless of its form, that creates a security interest in personal property or fixtures by contract;

(2) An agricultural lien;

(3) A sale of accounts, chattel paper, payment intangibles, or promissory notes;

(4) A consignment;

(5) A security interest arising under RCW 62A.2‑401, 62A.2‑505, 62A.2‑711(3), or 62A.2A‑508(5), as provided in RCW 62A.9A‑110; and

(6) A security interest arising under RCW 62A.4‑210 or 62A.5‑118.

(b) **Security interest in secured obligation.** The application of this Article to a security interest in a secured obligation is not affected by the fact that the obligation is itself secured by a transaction or interest to which this Article does not apply.

(c) **Extent to which Article does not apply.** This Article does not apply to the extent that:

(1) A statute, regulation, or treaty of the United States preempts this Article;

(2) Another statute of this state expressly governs the creation, perfection, priority, or enforcement of a security interest created by this state or a governmental unit of this state;

(3) A statute of another state, a foreign country, or a governmental unit of another state or a foreign country, other than a statute generally applicable to security interests, expressly governs creation, perfection, priority, or enforcement of a security interest created by the state, country, or governmental unit; or

(4) The rights of a transferee beneficiary or nominated person under a letter of credit are independent and superior under RCW 62A.5‑114.

(d) **Inapplicability of Article.** This Article does not apply to:

(1) A landlord's lien, other than an agricultural lien;

(2) A lien, other than an agricultural lien, given by statute or other rule of law for services or materials, but RCW 62A.9A‑333 applies with respect to priority of the lien;

(3) An assignment of a claim for wages, salary, or other compensation of an employee;

(4) A sale of accounts, chattel paper, payment intangibles, or promissory notes as part of a sale of the business out of which they arose;

(5) An assignment of accounts, chattel paper, payment intangibles, or promissory notes which is for the purpose of collection only;

(6) An assignment of a right to payment under a contract to an assignee that is also obligated to perform under the contract;

(7) An assignment of a single account, payment intangible, or promissory note to an assignee in full or partial satisfaction of a preexisting indebtedness;

(8) A transfer of an interest in or an assignment of a claim under a policy of insurance, other than an assignment by or to a health-care provider of a health-care-insurance receivable and any subsequent assignment of the right to payment, but RCW 62A.9A‑315 and 62A.9A‑322 apply with respect to proceeds and priorities in proceeds;

(9) An assignment of a right represented by a judgment, other than a judgment taken on a right to payment that was collateral;

(10) A right of recoupment or set-off, but:

(A) RCW 62A.9A‑340 applies with respect to the effectiveness of rights of recoupment or set-off against deposit accounts; and

(B) RCW 62A.9A‑404 applies with respect to defenses or claims of an account debtor;

(11) The creation or transfer of an interest in or lien on real property, including a lease or rents thereunder, except to the extent that provision is made for:

(A) Liens on real property in RCW 62A.9A‑203 and 62A.9A‑308;

(B) Fixtures in RCW 62A.9A‑334;

(C) Fixture filings in RCW 62A.9A‑501, 62A.9A‑502, 62A.9A‑512, 62A.9A‑516, and 62A.9A‑519; and

(D) Security agreements covering personal and real property in RCW 62A.9A‑604;

(12) An assignment of a claim arising in tort, other than a commercial tort claim, but RCW 62A.9A‑315 and 62A.9A‑322 apply with respect to proceeds and priorities in proceeds;

(13) An assignment in a consumer transaction of a deposit account on which checks can be drawn, but RCW 62A.9A‑315 and 62A.9A‑322 apply with respect to proceeds and priorities in proceeds; ((~~or~~))

(14) A transfer by this state or a governmental unit of this state; or

(15) The creation or transfer of an interest in or lien on a live dog or cat.

NEW SECTION. **Sec.**  In addition to any other remedies provided by law, the consumer taking possession of a live dog or cat that is transferred under a contract declared to be void and unenforceable under section 1, 2, or 3 of this act is deemed the owner of the dog or cat and is also entitled to the return of all amounts the consumer paid under the contract.

NEW SECTION. **Sec.**  Nothing in this act may be construed to apply to contracts for payments to repay an unsecured loan for the purchase of a live dog or cat."

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On page 1, line 1 of the title, after "cats;" strike the remainder of the title and insert "amending RCW 62A.9A-109; adding a new section to chapter 63.10 RCW; adding a new section to chapter 63.14 RCW; adding a new section to chapter 31.04 RCW; and creating new sections."

EFFECT: Clarifies that the transfer of ownership, rather than the purchase, of a live dog or cat in which ownership of the animal is contingent on making payments over a period of time is prohibited. Adds a nonuniform exception concerning the creation or transfer of interest in or lien on a live dog or cat in the Uniform Commercial Code Section on applicability.