

## HOUSE BILL No. 2088

By Special Committee on Agriculture

1-19

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AN ACT concerning agriculture; relating to receipt holder's liens; amending section 2 of Chapter 142 of the 2000 Session Laws of Kansas and section 11 of Chapter 142 of the 2000 Session Laws of Kansas and repealing the existing sections.

*Be it enacted by the Legislature of the State of Kansas:*

New Section 1. (a) Grain contained in a public warehouse, including grain owned by the public warehouseman, is subject to a first priority lien in favor of outstanding receipt holders. The lien created pursuant to this section shall be preferred to any lien or security interest in favor of any creditor of the public warehouseman regardless of the time when the creditor's lien or security interest attached to the grain. Notice of the lien created under this section need not be filed in order to perfect the lien. The lien created by this section is discharged as to grain sold by the public warehouseman to a buyer in the ordinary course of business. Such sale does not discharge the lien in favor of an individual receipt holder in the remaining grain in the public warehouse.

(b) As used in this section:

(1) "Agricultural chemical," "agricultural production input," "crop production input," "feed," "livestock production input," "petroleum product" and "seed" shall have the meanings ascribed thereto in K.S.A. 58-241, and amendments thereto.

(2) "Person" means any individual, association, firm, partnership, profit or nonprofit corporation, trust, organization or any other business entity.

(3) "Public warehouse" and "public warehouseman" shall have the meanings ascribed thereto in K.S.A. 34-223, and amendments thereto, and shall include state and federally licensed public warehousemen.

(4) "Receipt holder" means a person who:

(A) Is storing or depositing grain in the public warehouse;

(B) has sold grain to the public warehouseman and has not received the check or the check has been received but returned for insufficient funds; or

(C) has prepaid the public warehouseman for an agricultural production input and has not received such input.

1 Sec. 2. Section 2 of Chapter 142 of the 2000 Session Laws of Kansas  
2 is hereby amended to read as follows: Sec. 2. (UCC 9-102.) **Definitions.**  
3 In this article:

4 (1) "Accession" means goods that are physically united with other  
5 goods in such a manner that the identity of the original goods is not lost.

6 (2) "Account," except as used in "account for," means a right to pay-  
7 ment of a monetary obligation, whether or not earned by performance,  
8 (A) for property that has been or is to be sold, leased, licensed, assigned,  
9 or otherwise disposed of, (B) for services rendered or to be rendered, (C)  
10 for a policy of insurance issued or to be issued, (D) for a secondary ob-  
11 ligation incurred or to be incurred, (E) for energy provided or to be  
12 provided, (F) for the use or hire of a vessel under a charter or other  
13 contract, (G) arising out of the use of a credit or charge card or infor-  
14 mation contained on or for use with the card, or (H) as winnings in a  
15 lottery or other game of chance operated or sponsored by a state, gov-  
16 ernmental unit of a state, or person licensed or authorized to operate the  
17 game by a state or governmental unit of a state. The term includes health-  
18 care-insurance receivables. The term does not include: (A) rights to pay-  
19 ment evidenced by chattel paper or an instrument, (B) commercial tort  
20 claims, (C) deposit accounts, (D) investment property, (E) letter-of-credit  
21 rights or letters of credit, or (F) rights to payment for money or funds  
22 advanced or sold, other than rights arising out of the use of a credit or  
23 charge card or information contained on or for use with the card.

24 (3) "Account debtor" means a person obligated on an account, chattel  
25 paper, or general intangible. The term does not include persons obligated  
26 to pay a negotiable instrument, even if the instrument constitutes part of  
27 chattel paper.

28 (4) "Accounting," except as used in "accounting for," means a record:

29 (A) Authenticated by a secured party;

30 (B) indicating the aggregate unpaid secured obligations as of a date  
31 not more than 35 days earlier or 35 days later than the date of the record;  
32 and

33 (C) identifying the components of the obligations in reasonable  
34 detail.

35 (5) "Agricultural lien" means an interest, other than a security inter-  
36 est, in farm products: (A) Which secures payment or performance of an  
37 obligation for:

38 (i) Goods or services furnished in connection with a debtor's farming  
39 operation; or

40 (ii) rent on real property leased by a debtor in connection with its  
41 farming operation;

42 (B) which is created by statute in favor of a person that:

43 (i) In the ordinary course of its business furnished goods or services

- 1 to a debtor in connection with a debtor's farming operation; or  
2 (ii) leased real property to a debtor in connection with the debtor's  
3 farming operation; and  
4 (C) whose effectiveness does not depend on the person's possession  
5 of the personal property. Agricultural lien shall not include statutory liens.
- 6 (6) "As-extracted collateral" means: (A) Oil, gas, or other minerals  
7 that are subject to a security interest that:  
8 (i) Is created by a debtor having an interest in the minerals before  
9 extraction; and  
10 (ii) attaches to the minerals as extracted; or  
11 (B) accounts arising out of the sale at the wellhead or minehead of  
12 oil, gas, or other minerals in which the debtor had an interest before  
13 extraction.
- 14 (7) "Authenticate" means:  
15 (A) To sign; or  
16 (B) to execute or otherwise adopt a symbol, or encrypt or similarly  
17 process a record in whole or in part, with the present intent of the au-  
18 thenticating person to identify the person and adopt or accept a record.
- 19 (8) "Bank" means an organization that is engaged in the business of  
20 banking. The term includes savings banks, savings and loan associations,  
21 credit unions, and trust companies.
- 22 (9) "Cash proceeds" means proceeds that are money, checks, deposit  
23 accounts, or the like.
- 24 (10) "Certificate of title" means a certificate of title with respect to  
25 which a statute provides for the security interest in question to be indi-  
26 cated on the certificate as a condition or result of the security interest's  
27 obtaining priority over the rights of a lien creditor with respect to the  
28 collateral.
- 29 (11) "Chattel paper" means a record or records that evidence both a  
30 monetary obligation and a security interest in specific goods, a security  
31 interest in specific goods and software used in the goods, a security in-  
32 terest in specific goods and license of software used in the goods, a lease  
33 of specific goods, or a lease of specific goods and license of software used  
34 in the goods. In this subsection, "monetary obligation" means a monetary  
35 obligation secured by the goods or owed under a lease of the goods and  
36 includes a monetary obligation with respect to software used in the goods.  
37 The term does not include charters or other contracts involving the use  
38 or hire of a vessel. If a transaction is evidenced by records that include  
39 an instrument or series of instruments, the group of records taken to-  
40 gether constitutes chattel paper.
- 41 (12) "Collateral" means the property subject to a security interest or  
42 agricultural lien. The term includes:  
43 (A) Proceeds to which a security interest attaches;

1 (B) accounts, chattel paper, payment intangibles, and promissory  
2 notes that have been sold; and

3 (C) goods that are the subject of a consignment.

4 (13) "Commercial tort claim" means a claim arising in tort with re-  
5 spect to which:

6 (A) The claimant is an organization; or

7 (B) the claimant is an individual and the claim:

8 (i) arose in the course of the claimant's business or profession; and

9 (ii) does not include damages arising out of personal injury to or the  
10 death of an individual.

11 (14) "Commodity account" means an account maintained by a com-  
12 modity intermediary in which a commodity contract is carried for a com-  
13 modity customer.

14 (15) "Commodity contract" means a commodity futures contract, an  
15 option on a commodity futures contract, a commodity option, or another  
16 contract if the contract or option is:

17 (A) Traded on or subject to the rules of a board of trade that has  
18 been designated as a contract market for such a contract pursuant to  
19 federal commodities laws; or

20 (B) traded on a foreign commodity board of trade, exchange, or mar-  
21 ket, and is carried on the books of a commodity intermediary for a com-  
22 modity customer.

23 (16) "Commodity customer" means a person for which a commodity  
24 intermediary carries a commodity contract on its books.

25 (17) "Commodity intermediary" means a person that:

26 (A) Is registered as a futures commission merchant under federal  
27 commodities law; or

28 (B) in the ordinary course of its business provides clearance or set-  
29 tlement services for a board of trade that has been designated as a contract  
30 market pursuant to federal commodities law.

31 (18) "Communicate" means:

32 (A) To send a written or other tangible record;

33 (B) to transmit a record by any means agreed upon by the persons  
34 sending and receiving the record; or

35 (C) in the case of transmission of a record to or by a filing office, to  
36 transmit a record by any means prescribed by filing-office rule.

37 (19) "Consignee" means a merchant to which goods are delivered in  
38 a consignment.

39 (20) "Consignment" means a transaction, regardless of its form, in  
40 which a person delivers goods to a merchant for the purpose of sale and:

41 (A) The merchant:

42 (i) Deals in goods of that kind under a name other than the name of  
43 the person making delivery;

- 1 (ii) is not an auctioneer; and  
2 (iii) is not generally known by its creditors to be substantially engaged  
3 in selling the goods of others;  
4 (B) with respect to each delivery, the aggregate value of the goods is  
5 \$1,000 or more at the time of delivery;  
6 (C) the goods are not consumer goods immediately before delivery;  
7 and  
8 (D) the transaction does not create a security interest that secures an  
9 obligation.
- 10 (21) "Consignor" means a person that delivers goods to a consignee  
11 in a consignment.
- 12 (22) "Consumer debtor" means a debtor in a consumer transaction.
- 13 (23) "Consumer goods" means goods that are used or bought for use  
14 primarily for personal, family, or household purposes.
- 15 (24) "Consumer-goods transaction" means a consumer transaction in  
16 which:
- 17 (A) An individual incurs an obligation primarily for personal, family,  
18 or household purposes; and  
19 (B) a security interest in consumer goods secures the obligation.
- 20 (25) "Consumer obligor" means an obligor who is an individual and  
21 who incurred the obligation as part of a transaction entered into primarily  
22 for personal, family, or household purposes.
- 23 (26) "Consumer transaction" means a transaction in which (i) an in-  
24 dividual incurs an obligation primarily for personal, family, or household  
25 purposes, (ii) a security interest secures the obligation, and (iii) the col-  
26 lateral is held or acquired primarily for personal, family, or household  
27 purposes. The term includes consumer-goods transactions.
- 28 (27) "Continuation statement" means an amendment of a financing  
29 statement which:
- 30 (A) Identifies, by its file number, the initial financing statement to  
31 which it relates; and  
32 (B) indicates that it is a continuation statement for, or that it is filed  
33 to continue the effectiveness of, the identified financing statement.
- 34 (28) "Debtor" means:
- 35 (A) A person having an interest, other than a security interest or other  
36 lien, in the collateral, whether or not the person is an obligor;  
37 (B) a seller of accounts, chattel paper, payment intangibles, or prom-  
38 issory notes; or  
39 (C) a consignee.
- 40 (29) "Deposit account" means a demand, time, savings, passbook, or  
41 similar account maintained with a bank. The term does not include in-  
42 vestment property or accounts evidenced by an instrument.
- 43 (30) "Document" means a document of title or a receipt of the type

1 described in section (2).

2 (31) "Electronic chattel paper" means chattel paper evidenced by a  
3 record or records consisting of information stored in an electronic  
4 medium.

5 (32) "Encumbrance" means a right, other than an ownership interest,  
6 in real property. The term includes mortgages and other liens on real  
7 property.

8 (33) "Equipment" means goods other than inventory, farm products,  
9 or consumer goods.

10 (34) "Farm products" means goods, other than standing timber, with  
11 respect to which the debtor is engaged in a farming operation and which  
12 are: (A) Crops grown, growing, or to be grown, including:

13 (i) Crops produced on trees, vines, and bushes; and

14 (ii) aquatic goods produced in aquacultural operations;

15 (B) livestock, born or unborn, including aquatic goods produced in  
16 aquacultural operations;

17 (C) supplies used or produced in a farming operation; or

18 (D) products of crops or livestock in their unmanufactured states.

19 (35) "Farming operation" means raising, cultivating, propagating, fat-  
20 tening, grazing, or any other farming, livestock, or aquacultural operation.

21 (36) "File number" means the number assigned to an initial financing  
22 statement pursuant to section 90(a) and amendments thereto.

23 (37) "Filing office" means an office designated in section 72 and  
24 amendments thereto as the place to file a financing statement.

25 (38) "Filing-office rule" means a rule adopted pursuant to section 97  
26 and amendments thereto.

27 (39) "Financing statement" means a record or records composed of  
28 an initial financing statement and any filed record relating to the initial  
29 financing statement.

30 (40) "Fixture filing" means the filing of a financing statement cov-  
31 ering goods that are or are to become fixtures and satisfying section 73(a)  
32 and (b) and amendments thereto. The term includes the filing of a fi-  
33 nancing statement covering goods of a transmitting utility which are or  
34 are to become fixtures.

35 (41) "Fixtures" means goods that have become so related to partic-  
36 ular real property that an interest in them arises under real property law.

37 (42) "General intangible" means any personal property, including  
38 things in action, other than accounts, chattel paper, commercial tort  
39 claims, deposit accounts, documents, goods, instruments, investment  
40 property, letter-of-credit rights, letters of credit, money, and oil, gas, or  
41 other minerals before extraction. The term includes payment intangibles  
42 and software.

43 (43) "Good faith" means honesty in fact and the observance of rea-

1 sonable commercial standards of fair dealing.

2 (44) “Goods” means all things that are movable when a security in-  
3 terest attaches. The term includes (A) fixtures, (B) standing timber that  
4 is to be cut and removed under a conveyance or contract for sale, (C) the  
5 unborn young of animals, (D) crops grown, growing, or to be grown, even  
6 if the crops are produced on trees, vines, or bushes, and (E) manufactured  
7 homes. The term also includes a computer program embedded in goods  
8 and any supporting information provided in connection with a transaction  
9 relating to the program if (A) the program is associated with the goods in  
10 such a manner that it customarily is considered part of the goods, or (B)  
11 by becoming the owner of the goods, a person acquires a right to use the  
12 program in connection with the goods. The term does not include a com-  
13 puter program embedded in goods that consist solely of the medium in  
14 which the program is embedded. The term also does not include ac-  
15 counts, chattel paper, commercial tort claims, deposit accounts, docu-  
16 ments, general intangibles, instruments, investment property, letter-of-  
17 credit rights, letters of credit, money, or oil, gas, or other minerals before  
18 extraction.

19 (45) “Governmental unit” means a subdivision, agency, department,  
20 county, parish, municipality, or other unit of the government of the  
21 United States, a state, or a foreign country. The term includes an organ-  
22 ization having a separate corporate existence if the organization is eligible  
23 to issue debt on which interest is exempt from income taxation under the  
24 laws of the United States.

25 (46) “Health-care-insurance receivable” means an interest in or claim  
26 under a policy of insurance which is a right to payment of a monetary  
27 obligation for health-care goods or services provided.

28 (47) “Instrument” means a negotiable instrument, a writing that  
29 would otherwise qualify as a certificate of deposit (defined in subsection  
30 (j) of K.S.A. 84-3-104, and amendments thereto) but for the fact that the  
31 writing contains a limitation on transfer, or any other writing that evi-  
32 dences a right to the payment of a monetary obligation, is not itself a  
33 security agreement or lease, and is of a type that in ordinary course of  
34 business is transferred by delivery with any necessary indorsement or  
35 assignment. The term does not include (i) investment property, (ii) letters  
36 of credit, or (iii) writings that evidence a right to payment arising out of  
37 the use of a credit or charge card or information contained on or for use  
38 with the card.

39 (48) “Inventory” means goods, other than farm products, which:

40 (A) Are leased by a person as lessor;

41 (B) are held by a person for sale or lease or to be furnished under a  
42 contract of service;

43 (C) are furnished by a person under a contract of service; or

1 (D) consist of raw materials, work in process, or materials used or  
2 consumed in a business.

3 (49) "Investment property" means a security, whether certificated or  
4 uncertificated, security entitlement, securities account, commodity con-  
5 tract, or commodity account.

6 (50) "Jurisdiction of organization," with respect to a registered or-  
7 ganization, means the jurisdiction under whose law the organization is  
8 organized.

9 (51) "Letter-of-credit right" means a right to payment or perform-  
10 ance under a letter of credit, whether or not the beneficiary has de-  
11 manded or is at the time entitled to demand payment or performance.  
12 The term does not include the right of a beneficiary to demand payment  
13 or performance under a letter of credit.

14 (52) "Lien creditor" means:

15 (A) A creditor that has acquired a lien on the property involved by  
16 attachment, levy, or the like;

17 (B) an assignee for benefit of creditors from the time of assignment;

18 (C) a trustee in bankruptcy from the date of the filing of the petition;  
19 or

20 (D) a receiver in equity from the time of appointment.

21 (53) "Manufactured home" means a structure, transportable in one  
22 or more sections, which, in the traveling mode, is eight body feet or more  
23 in width or 40 body feet or more in length, or, when erected on site, is  
24 320 or more square feet, and which is built on a permanent chassis and  
25 designed to be used as a dwelling with or without a permanent foundation  
26 when connected to the required utilities, and includes the plumbing,  
27 heating, air conditioning, and electrical systems contained therein. The  
28 term includes any structure that meets all of the requirements of this  
29 paragraph except the size requirements and with respect to which the  
30 manufacturer voluntarily files a certification required by the United States  
31 Secretary of Housing and Urban Development and complies with the  
32 standards established under Title 42 of the United States Code.

33 (54) "Manufactured-home transaction" means a secured transaction:

34 (A) That creates a purchase-money security interest in a manufac-  
35 tured home, other than a manufactured home held as inventory; or

36 (B) in which a manufactured home, other than a manufactured home  
37 held as inventory, is the primary collateral.

38 (55) "Mortgage" means a consensual interest in real property, in-  
39 cluding fixtures, which secures payment or performance of an obligation.

40 (56) "New debtor" means a person that becomes bound as a debtor  
41 under section 13(d) and amendments thereto by a security agreement  
42 previously entered into by another person.

43 (57) "New value" means (A) money, (B) money's worth in property,



1 services, or new credit, or (C) release by a transferee of an interest in  
2 property previously transferred to the transferee. The term does not in-  
3 clude an obligation substituted for another obligation.

4 (58) "Noncash proceeds" means proceeds other than cash proceeds.

5 (59) "Obligor" means a person that, with respect to an obligation  
6 secured by a security interest in or an agricultural lien on the collateral,  
7 (A) owes payment or other performance of the obligation, (B) has pro-  
8 vided property other than the collateral to secure payment or other per-  
9 formance of the obligation, or (C) is otherwise accountable in whole or  
10 in part for payment or other performance of the obligation. The term  
11 does not include issuers or nominated persons under a letter of credit.

12 (60) "Original debtor" means a person that, as debtor, entered into  
13 a security agreement to which a new debtor has become bound under  
14 section 13(d) and amendments thereto.

15 (61) "Payment intangible" means a general intangible under which  
16 the account debtor's principal obligation is a monetary obligation.

17 (62) "Person related to," with respect to an individual, means:

18 (A) The spouse of the individual;

19 (B) a brother, brother-in-law, sister, or sister-in-law of the individual;

20 (C) an ancestor or lineal descendant of the individual or the individ-  
21 ual's spouse; or

22 (D) any other relative, by blood or marriage, of the individual or the  
23 individual's spouse who shares the same home with the individual.

24 (63) "Person related to," with respect to an organization, means:

25 (A) A person directly or indirectly controlling, controlled by, or under  
26 common control with the organization;

27 (B) an officer or director of, or a person performing similar functions  
28 with respect to, the organization;

29 (C) an officer or director of, or a person performing similar functions  
30 with respect to, a person described in subparagraph (A);

31 (D) the spouse of an individual described in subparagraph (A), (B),  
32 or (C); or

33 (E) an individual who is related by blood or marriage to an individual  
34 described in subparagraph (A), (B), (C), or (D) and shares the same home  
35 with the individual.

36 (64) "Proceeds" means the following property:

37 (A) Whatever is acquired upon the sale, lease, license, exchange, or  
38 other disposition of collateral;

39 (B) whatever is collected on, or distributed on account of, collateral;

40 (C) rights arising out of collateral;

41 (D) to the extent of the value of collateral, claims arising out of the  
42 loss, nonconformity, or interference with the use of, defects or infringe-  
43 ment of rights in, or damage to, the collateral; or

1 (E) to the extent of the value of collateral and to the extent payable  
2 to the debtor or the secured party, insurance payable by reason of the  
3 loss or nonconformity of, defects or infringement of rights in, or damage  
4 to, the collateral.

5 (65) "Promissory note" means an instrument that evidences a prom-  
6 ise to pay a monetary obligation, does not evidence an order to pay, and  
7 does not contain an acknowledgment by a bank that the bank has received  
8 for deposit a sum of money or funds.

9 (66) "Proposal" means a record authenticated by a secured party  
10 which includes the terms on which the secured party is willing to accept  
11 collateral in full or partial satisfaction of the obligation it secures pursuant  
12 to sections 118, 119 and 120 and amendments thereto.

13 (67) "Public-finance transaction" means a secured transaction in con-  
14 nection with which:

15 (A) Debt securities are issued;

16 (B) all or a portion of the securities issued have an initial stated ma-  
17 turity of at least 20 years; and

18 (C) the debtor, obligor, secured party, account debtor or other person  
19 obligated on collateral, assignor or assignee of a secured obligation, or  
20 assignor or assignee of a security interest is a state or a governmental unit  
21 of a state.

22 (68) "Pursuant to commitment," with respect to an advance made or  
23 other value given by a secured party, means pursuant to the secured  
24 party's obligation, whether or not a subsequent event of default or other  
25 event not within the secured party's control has relieved or may relieve  
26 the secured party from its obligation.

27 (69) "Record," except as used in "for record," "of record," "record  
28 or legal title," and "record owner," means information that is inscribed  
29 on a tangible medium or which is stored in an electronic or other medium  
30 and is retrievable in perceivable form.

31 (70) "Registered organization" means an organization organized  
32 solely under the law of a single state or the United States and as to which  
33 the state or the United States must maintain a public record showing the  
34 organization to have been organized.

35 (71) "Secondary obligor" means an obligor to the extent that:

36 (A) The obligor's obligation is secondary; or

37 (B) The obligor has a right of recourse with respect to an obligation  
38 secured by collateral against the debtor, another obligor, or property of  
39 either.

40 (72) "Secured party" means:

41 (A) A person in whose favor a security interest is created or provided  
42 for under a security agreement, whether or not any obligation to be se-  
43 cured is outstanding;

- 1 (B) a person that holds an agricultural lien;
- 2 (C) a consignor;
- 3 (D) a person to which accounts, chattel paper, payment intangibles,  
4 or promissory notes have been sold;
- 5 (E) a trustee, indenture trustee, agent, collateral agent, or other rep-  
6 resentative in whose favor a security interest or agricultural lien is created  
7 or provided for; or
- 8 (F) a person that holds a security interest arising under K.S.A. 84-2-  
9 401, 84-2-505, 84-2-711(3), 84-2a-508(5), 84-4-210 and 84-5-118 and  
10 amendments thereto.
- 11 (73) "Security agreement" means an agreement that creates or pro-  
12 vides for a security interest.
- 13 (74) "Send," in connection with a record or notification, means:
- 14 (A) To deposit in the mail, deliver for transmission, or transmit by  
15 any other usual means of communication, with postage or cost of trans-  
16 mission provided for, addressed to any address reasonable under the cir-  
17 cumstances; or
- 18 (B) to cause the record or notification to be received within the time  
19 that it would have been received if properly sent under subparagraph (A).
- 20 (75) "Software" means a computer program and any supporting in-  
21 formation provided in connection with a transaction relating to the pro-  
22 gram. The term does not include a computer program that is included in  
23 the definition of goods.
- 24 (76) "State" means a state of the United States, the District of Co-  
25 lumbia, Puerto Rico, the United States Virgin Islands, or any territory or  
26 insular possession subject to the jurisdiction of the United States.
- 27 (77) "Statutory lien" means liens created by *section 1*, K.S.A. 2-1319,  
28 2-2608, 2-3007, 34-239, 47-836, 58-201, 58-203, 58-204, 58-207, 58-218,  
29 58-220, 58-221, 58-241, 58-242, 58-2524, 58-2525, 58-2526, 58-2527, 58-  
30 2528 and 84-7-209, and amendments thereto.
- 31 (78) "Supporting obligation" means a letter-of-credit right or second-  
32 ary obligation that supports the payment or performance of an account,  
33 chattel paper, a document, a general intangible, an instrument, or in-  
34 vestment property.
- 35 (79) "Tangible chattel paper" means chattel paper evidenced by a  
36 record or records consisting of information that is inscribed on a tangible  
37 medium.
- 38 (80) "Termination statement" means an amendment of a financing  
39 statement which:
- 40 (A) Identifies, by its file number, the initial financing statement to  
41 which it relates; and
- 42 (B) indicates either that it is a termination statement or that the iden-  
43 tified financing statement is no longer effective.

1 (81) "Transmitting utility" means a person primarily engaged in the  
2 business of:

- 3 (A) Operating a railroad, subway, street railway, or trolley bus;  
4 (B) transmitting communications electrically, electromagnetically, or  
5 by light;  
6 (C) transmitting goods by pipeline or sewer; or  
7 (D) transmitting or producing and transmitting electricity, steam, gas,  
8 or water.

9 (b) **Definitions in other articles.** The following definitions in other  
10 articles apply to this article:

11 "Applicant"	K.S.A. 84-5-102
12 "Beneficiary"	K.S.A. 84-5-102
13 "Broker"	K.S.A. 84-8-102
14 "Certificated security"	K.S.A. 84-8-102
15 "Check"	K.S.A. 84-3-104
16 "Clearing corporation"	K.S.A. 84-8-102
17 "Contract for sale"	K.S.A. 84-2-106
18 "Customer"	K.S.A. 84-4-104
19 "Entitlement holder"	K.S.A. 84-8-102
20 "Financial asset"	K.S.A. 84-8-102
21 "Holder in due course"	K.S.A. 84-3-302
22 "Issuer" (with respect to a letter of credit 23 or letter-of-credit right)	K.S.A. 84-5-102
24 "Issuer" (with respect to a security)	K.S.A. 84-8-102
25 "Lease"	K.S.A. 84-2a-103
26 "Lease agreement"	K.S.A. 84-2a-103
27 "Lease contract"	K.S.A. 84-2a-103
28 "Leasehold interest"	K.S.A. 84-2a-103
29 "Lessee"	K.S.A. 84-2a-103
30 "Lessee in ordinary course of business"	K.S.A. 84-2a-103
31 "Lessor"	K.S.A. 84-2a-103
32 "Lessor's residual interest"	K.S.A. 84-2a-103
33 "Letter of credit"	K.S.A. 84-5-102
34 "Merchant"	K.S.A. 84-2-104
35 "Negotiable instrument"	K.S.A. 84-3-104
36 "Nominated person"	K.S.A. 84-5-102
37 "Note"	K.S.A. 84-3-104
38 "Proceeds of a letter of credit"	K.S.A. 84-5-114
39 "Prove"	K.S.A. 84-3-103
40 "Sale"	K.S.A. 84-2-106
41 "Securities account"	K.S.A. 84-8-501
42 "Securities intermediary"	K.S.A. 84-8-102
43 "Security"	K.S.A. 84-8-102

- 1 “Security certificate” K.S.A. 84-8-102
- 2 “Security entitlement” K.S.A. 84-8-102
- 3 “Uncertificated security” K.S.A. 84-8-102

4 (c) **Article 1 definitions and principles.** Article 1 contains general  
 5 definitions and principles of construction and interpretation applicable  
 6 throughout this article.

7 Sec. 3. Section 11 of Chapter 142 of the 2000 Session Laws of Kansas  
 8 is hereby amended to read as follows: Sec. 11. (UCC 9-201.) (a) **General**  
 9 **effectiveness.** Except as otherwise provided in the uniform commercial  
 10 code, a security agreement is effective according to its terms between the  
 11 parties, against purchasers of the collateral, and against creditors.

12 (b) **Applicable consumer laws and other law.** A transaction sub-  
 13 ject to this article is subject to any applicable rule of law which establishes  
 14 a different rule for consumers, to any other statute or rule and regulation  
 15 of this state that regulates the rates, charges, agreements, and practices  
 16 for loans, credit sales, or other extensions of credit, and to any consumer  
 17 protection statute or rule and regulation of this state and, including, but  
 18 not limited to, *section 1*, K.S.A. 2-1319, 2-2608, 2-3007, 34-239, 47-836,  
 19 58-201, 58-203, 58-204, 58-207, 58-218, 58-220, 58-221, 58-241, 58-242,  
 20 58-2524, 58-2525, 58-2526, 58-2527, 58-2528 and 84-7-209, *and amend-*  
 21 *ments thereto.*

22 (c) **Other applicable law controls.** In case of conflict between this  
 23 article and a rule of law, statute, or regulation described in subsection  
 24 (b), the rule of law, statute, or regulation controls. Failure to comply with  
 25 a statute or regulation described in subsection (b) has only the effect the  
 26 statute or regulation specifies.

27 (d) **Further deference to other applicable law.** This article does  
 28 not:

29 (1) Validate any rate, charge, agreement, or practice that violates a  
 30 rule of law, statute, or regulation described in subsection (b); or

31 (2) extend the application of the rule of law, statute, or regulation to  
 32 a transaction not otherwise subject to it.

33 Sec. 4. Section 2 of Chapter 142 of the 2000 Session Laws of Kansas  
 34 and section 11 of Chapter 142 of the 2000 Session Laws of Kansas are  
 35 hereby repealed.

36 Sec. 5. This act shall take effect and be in force from and after its  
 37 publication in the statute book.

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