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HOUSE JOINT RESOLUTION NO. 38

Offered January 15, 1998

Establishing a joint subcommittee to draft legislation for the 1999 Virginia General Assembly Session which considers and implements Uniform Commercial Code Revised Article 2B, passed by the National Conference of Commissioners on Uniform State Laws and the American Law Institute.

Patrons—Diamonstein, Almand, Bennett, May, Plum and Scott; Senators: Howell, Newman, Schrock and Ticer

Referred to Committee on Rules

WHEREAS, beginning in 1995, the National Conference of Commissioners on Uniform State Laws (NCCUSL) and the American Law Institute (ALI) began a project to draft Uniform Commercial Code Revised Article 2B, which involves licensing information and purchasing of computer-related products; and

WHEREAS, a 15-member drafting committee, chaired by a National Uniform Law Commissioner from Virginia, includes representatives from large and small companies; and

WHEREAS, in addition to the drafting committee, an average of 80 other people attend the drafting committee meetings and participate as "observers" in the drafting process; and

WHEREAS, on December 1, 1997, the most recent draft of Revised Article 2B, which encompasses material contained in four previous iterations, was released; and

WHEREAS, the most recent draft includes 209 pages of model state law and commentary and remains open for public comment; and

WHEREAS, the ALI plans to meet in May 1998 to vote its approval of the final draft of Revised Article 2B; and

WHEREAS, the NCCUSL plans to meet in July 1998 to vote its approval of the final draft of Revised Article 2B, and promptly thereafter, to make Revised Article 2B available to the 50 states for immediate consideration and enactment; and

WHEREAS, one of the two principal objectives of Revised Article 2B is to facilitate "electronic commerce," which is broadly defined as intrastate, interstate, and international commerce through electronic means, such as the global information system known as the "Internet," in a secure legal, technical, accounting, and audit environment; and

WHEREAS, the second objective of Revised Article 2B is to provide a reliable set of rules by which agreements can be authenticated and relationships secured between licensees and licensors; and

WHEREAS, Revised Article 2B must achieve these formidable goals in the context of such complex and complicated issues as shrink-wrapped software licensing, mass market software transactions, and on-line electronic commerce; and

WHEREAS, although several important issues must still be resolved by the drafting committee, support for Revised Article 2B continues to grow nationwide; and

WHEREAS, supporters of Revised Article 2B indicate that prompt passage by each of the 50 states is essential to blunt a drive for federal preemption in this area, influence ongoing efforts to draft international law, and provide licensors and licensees with much-needed certainty and stability; and

WHEREAS, since estimates indicate that by the year 2000, \$180 billion in electronic transactions will occur worldwide, adoption of uniform standards which fit new types of business transactions and provide a reliable set of rules to govern electronic commerce is essential; and

WHEREAS, the Commonwealth is in a unique and exciting position to set an example for other states to follow by promptly considering and enacting Revised Article 2B, thereby establishing herself as a global leader in electronic commerce; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to draft legislation for the 1999 Virginia General Assembly Session which considers and implements Uniform Commercial Code Revised Article 2B passed by the National Conference of Commissioners on Uniform State Laws and the American Law Institute.

The joint subcommittee shall be composed of eleven members as follows: three members of the House Committee on Corporations, Insurance, and Banking, to be appointed by the Speaker of the House of Delegates; two members of the Senate Committee on Commerce and Labor, to be appointed by the Senate Committee on Privileges and Elections; two members of the Joint Commission on Technology and Science, to be appointed by the Chairman of the Joint Commission on Technology and Science; and four citizens with considerable knowledge of and experience in commercial law or electronic commerce to fairly and broadly represent the interests of licensors and licensees, two of

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60 whom shall be appointed by the Speaker of the House of Delegates and two of whom shall be appointed
61 by the Senate Committee on Privileges and Elections. One of the four citizens may be a National
62 Uniform Law Commissioner with considerable knowledge of Uniform Commercial Code Revised Article
63 2B.

64 The direct costs of this study shall not exceed \$ 15,000.

65 The Division of Legislative Services shall provide staff for the study. All agencies and institutions of
66 the Commonwealth shall provide assistance to the joint subcommittee, upon request.

67 The joint subcommittee shall complete its work in time to submit its report and accompanying
68 legislative recommendations to the Governor and the 1999 Session of the General Assembly as provided
69 in the procedures of the Division of Legislative Automated Systems for the processing of legislative
70 documents.

71 Implementation of this resolution is subject to subsequent approval and certification by the Joint
72 Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the
73 study.