

**Assembly Bill 459** relating to: Inclusion of social security numbers and employer identification numbers in Uniform Commercial code financing statements

**BILL SPONSORS**

Introduced by Representative **Ladwig**.  
Cosponsored by Senators **Darling**, Lassa, **Roessler** and **Schultz**.

**BILL HISTORY**

Assembly Bill 459 was introduced on 8/07/03 and referred to the Assembly Committee on Financial Institutions. A public hearing was held on 8/21/03, and Executive Action was taken on 10/09/03.

The **Assembly Committee** recommended passage on a vote, **13-0**.  
On 10/21/03 AB 459 was read for the third time and passed by the Assembly on a voice vote, AB 459 was messaged.

On 10/22/03 AB 459 was received from the Assembly and referred to Agriculture, Financial Institutions and Insurance.

A public hearing an executive session was held on 12/02/03, the committee recommended passage on a vote, **5-0**

**LRB ANALYSIS**

**Current Law:** Currently, to perfect certain types of security interests under the Uniform Commercial Code (UCC), a secured party must file a financing statement with the appropriate filing office. These financing statements are made available to the public, generally for the purpose of facilitating commercial transactions. In addition, the Department of Financial Institutions (DFI), in cooperation with the registers of deeds in this state, maintains a statewide lien system, which, among other things, allows public access to these financing statements through the Internet. Current law generally provides for the use of a standard, national form for these financing statements. This standard form contains a box where an individual debtor's social security number or organizational debtor's employer identification number may be recorded. However, because a social security number is not required under Wisconsin law, the standard form generally in use in this state also includes a notice that an individual's social security number is not required in Wisconsin.

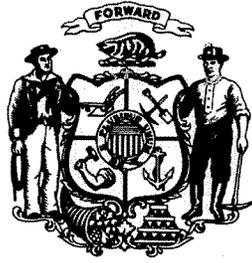
**Proposed Changes:** This bill amends the standard form generally in use in this state so as to include, in the box where a social security number or employer identification number may be recorded, a statement that these numbers are not required in Wisconsin. In addition, the bill requires DFI to include a notice in the instructions for these financing statements indicating that these numbers are not required in Wisconsin.

**Major Impact:** Protects Personal Privacy/Identity Theft.

**FISCAL EFFECT**

According to DFI the fiscal impact associated with these minor changes is minimal.

<p><b>SUPPORT</b></p>	<p><b>The following person/people appeared in favor of this bill: (1) Rep. Ladwig.</b></p> <p><b>The following person/people registered in favor of this bill: (1) Sen. Darling, (2) Rep. Kerkman, (3) Kathryn Carlson, WI Dept. of Financial Institutions. (4) Jason Westphal, WI State Bar Assn. (5) Jane Licht, WI Register of Deeds Assn. (6) Mellissa Duffy, WI Federation of Cooperatives. (7) Georgia Maxwell, WI Credit Union League. (8) Jodi Bloch, WI Bankers Assn.</b></p> <p>No one registered support for the bill with the State Ethics Board, who did not testify or register at the public hearing.</p> <p>The Wisconsin Civil Liberties Union and Wisconsin Manufactures &amp; Commerce registered their intention to lobby on AB 459 but did not take a position on the bill.</p>
<p><b>OPPOSITION</b></p>	<p><b>No one testified in opposition to this bill.</b></p> <p><b>No one registered in opposition to this bill.</b></p> <p>No one registered their opposition for the bill with the State Ethics Board</p>
<p><b>CONTACT</b></p>	<p><b>John O'Brien, Committee Clerk, 26 6-0703</b></p>
<p><b>DATE</b></p>	<p><b>December 4, 2003</b></p>



**Senate Committee on Agriculture, Financial Institutions  
and Insurance**

Room 18 South State Capitol, PO Box 7882, Madison WI 53707-7882  
(608) 266-0703

**Senator Dale W. Schultz, Chairman**  
Committee Clerk. John O'Brien

Assembly Bill 459

VOTE ON CONCURANCE

	AYE	NAY	ABSENT
SENATOR SCHULTZ	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SENATOR BROWN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SENATOR KEDZIE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SENATOR HANSEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SENATOR LASSA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*HS* 12-02-03

State Representative  
**Bonnie L. Ladwig**  
63rd Assembly District



October 23, 2003

The Honorable Dale Schultz  
State Senator  
Chairman, Senate Committee on Agriculture, Financial Institutions and Insurance  
18 South, State Capitol  
Madison, WI 53707

Dear Senator Schultz:

I am writing to request a public hearing on Assembly Bill 459 relating to the elimination of social security numbers and employer identification numbers in Uniform Commercial Code (UCC) Financing statements. This bill unanimously passed the state Assembly on October 21<sup>st</sup> and was referred to your committee.

This legislation is the product of a constituent inquiry who brought to my attention that social security numbers were being broadcast over the Internet on UCC forms via the Department of Financial Institutions website. This legislation would remove the requirement that social security numbers be used on UCC forms, thus hopefully preventing the fraudulent use of a person's social security number.

Assembly Bill 459 has the support of the Department of Financial Institutions, the State Bar of Wisconsin, the Wisconsin Credit Union League and the Wisconsin Bankers Association.

I urge your utmost consideration. Please feel free to contact me if you have any questions or concerns.

Sincerely,

A handwritten signature in cursive script that reads "Bonnie".

Bonnie Ladwig  
State Representative  
63<sup>rd</sup> Assembly District

BLL:jlh

CC: Representative Steve Foti, Assembly Majority Leader

AB459

ASSEMBLY BILL 459

An Act to repeal and recreate 409.521 of the statutes; relating to: inclusion of social security numbers and employer identification numbers in Uniform Commercial Code financing statements. (FE)

2003

08-07-03. A. Introduced by Representatives Ladwig, Kerkman, Albers, Gronemus, Grothman, Gundrum, Hines, Huber, Hundertmark, F. Lasee, McCormick, Montgomery, Nischke, Owens, Seratti, Staskunas, Towns, Vukmir and Van Roy; cosponsored by Senators Darling, Lassa, Roessler and Schultz.

08-07-03. A. Read first time and referred to committee on Financial Institutions 318

08-12-03. A. Fiscal estimate received.

08-21-03. A. Public hearing held.

09-04-03. A. Executive action taken.

10-09-03. A. Report passage recommended by committee on Financial Institutions, Ayes 13, Noes 0 424

10-09-03. A. Referred to committee on Rules 424

10-16-03. A. Placed on calendar 10-21-2003 by committee on Rules.

10-21-03. A. Read a second time 443

10-21-03. A. Ordered to a third reading 443

10-21-03. A. Rules suspended 443

10-21-03. A. Read a third time and passed 443

10-21-03. A. Ordered immediately messaged 443

10-22-03. S. Received from Assembly 427

10-22-03. S. Read first time and referred to committee on Agriculture, Financial Institutions and Insurance 428

12-02-03. S. Public hearing held.



# Bonnie L. Ladwig

State Representative ♦ 63<sup>rd</sup> Assembly District

## *Testimony of Representative Bonnie Ladwig Assembly Bill 459*

### *Senate Committee on Agriculture, Financial Institutions, and Insurance December 2, 2003*

I would like to thank Chairman Schultz, and members of the committee, for the opportunity to speak before you today regarding Assembly Bill 459. Assembly Bill 459 relates to the inclusion of social security numbers and employer identification numbers in Uniform Commercial Code (UCC) Financing statements.

According to the U.S. Department of Justice as many as 700,000 Americans a year are victimized by identify theft. The purpose of Assembly Bill 459 is to ensure that government is part of the solution, and not part of the problem.

In April of this year, a constituent contacted me when she realized that social security numbers were readily available on the Internet. If that wasn't alarming enough, it wasn't just the Internet; it was on the State of Wisconsin, Department of Financial Institutions homepage! I didn't believe it was true, but after performing a quick search on the UCC page, I determined that in fact, the state site was displaying social security numbers. I immediately contacted DFI and determined that there was little they could do. DFI does not have the legal authority to remove the social security number from the form before it is scanned into the website. DFI knew it was a problem, but unfortunately, had no option to fix the problem.

Under Assembly Bill 459 the UCC form will include the words "SSN OR EIN NOT REQUIRED IN WISCONSIN" in the blank for Social Security Numbers. Previously consumers would have to follow an asterisk where it tells them the number is not required. I believe that Assembly Bill 459 will better inform residents of their right to not include this personal information.

Assembly Bill 459 is the product of many meetings and telephone calls with affected parties, including the Department of Financial Institutions, State Bar of Wisconsin, Wisconsin Credit Union League and Wisconsin Bankers Association. During the past few months a number of alternatives were thought of to address this problem. The legislature could provide DFI the ability to retract the Social Security Number from the form, we could remove the Social Security Number blank on the form, or alert consumers that providing the Social Security Number is not necessary. I found that there would be a tremendous cost associated with retracting the numbers. DFI would have had to search each form for the number and this would be a labor-intensive and costly project. Second, removing the blank was not a preferred option since this is a national form. Thus, it appeared slightly altering the form, like we have done in Assembly Bill 459, was the best option.

I believe that this is a very workable fix that will ensure that Social Security Numbers are not readily available. According to a study by Star Systems, a company that facilitates the majority of U.S. ATM transactions, they suggest that 12 million Americans in all, or about 1 in 19 adults, have been hit by such fraud. There will always be criminals who are looking for an easy victim; however, the last thing we want is for the State of Wisconsin to become an accomplice.

At this time I would be more than happy to answer any questions the committee may have.



**Senate Agriculture, Financial Institutions & Insurance Committee  
Hearing 12/02/03  
Testimony by  
Jodi Bloch  
Director-Government Relations  
Wisconsin Bankers Association**

**In Support of AB 459**

Honorable committee members thank you for the opportunity to come before you today to testify in support of AB 459. My name is Jodi Bloch and I am the Director of Government Relations for the Wisconsin Bankers Association (WBA). WBA represents over 320 financial institutions throughout Wisconsin from the large regional holding company bank to the smallest community bank. I am here today to testify in support of Rep. Bonnie Ladwig's bill – AB 459.

Currently under the Uniform Commercial Code Article 9 (UCC 9), when a consumer takes out a loan that is secured by personal property, a UCC financing statement is filed with the Department of Financial Institutions. This financing statement provides creditors with the necessary information about other potential outstanding loans and whether or not other creditors have a security interest in the borrower's collateral. This UCC 9 system was established as part of a nationwide effort to make it easier to conduct interstate commerce and business transactions by streamlining the process through using a uniform method for filing security interests.

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A uniform UCC financing statement is used to accomplish the perfection of the security interest. The form is filed electronically with the Department of Financial Institutions (DFI) or with a paper copy. Rep. Ladwig contacted WBA and other interested parties about a problem one of her constituents saw with the posting of information from the paper copies on DFI's website. Specifically, one of the boxes on the form allows individuals the opportunity to provide his/her social security number. There is an asterisk that says that this information is optional and is not required. The old forms included a box for the social security number without optional language. However, even though the forms were changed explaining that providing the social security number was optional, many people still provided the information. The problem is that this information is accessible through DFI's website and posting a person's name and address along with his/her social security number is obviously very problematic in this age of identity theft.

Rep. Ladwig contacted all interested parties and brought us together to see if we couldn't come up with a workable solution that protects an individual's privacy, while at the same time allows for the continuity of the distribution of credit through a uniform system.

Rather than removing the box, which would make the form non-uniform and therefore could be cause for rejection of the forms which could put a creditor's security interest at risk, Rep. Ladwig decided to fill-in the box with language that

tells the consumer that this information is not required. The consumer will now be more apt not to provide the information because there is no space in the box to do so.

WBA applauds Rep. Ladwig for developing a reasonable solution to this problem that protects people's identities without curtailing the systems in place that help distribute credit efficiently and effectively across interstate lines. Thank you for the opportunity to testify before this committee in support of this legislation.

**O'Brien, John**

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**From:** Jodi M. Helgeson [jhelgeson@co.adams.wi.us]  
**Sent:** Monday, December 01, 2003 3:37 PM  
**To:** sen.schultz@legis.state.wi.us; sen.brown@legis.state.wi.us; sen.kedzie@legis.state.wi.us;  
sen.hansen@legis.state.wi.us; sen.lassa@legis.state.wi.us  
**Subject:** AB459

Good Afternoon!

Tomorrow AB459 (social security number on UCC documents) will come before your committee. I ask that you please vote in favor of this bill as it is very much needed in light of privacy issues. UCC's (Uniform Commercial Code) documents are now available on the internet and it is unnecessary to add the social security number on the document that will be viewed anywhere anytime. The Wisconsin Register of Deeds Association had attempted to have the number removed when Article 9 was adopted by the State of Wisconsin back in 2001 but unfortunately we were not successful at that time due to time constraints of getting the new code implemented. If you have any questions, please feel free to contact me as I am unable to make the hearing on Tuesday. Thanking you all in advance!

Jodi Helgeson - Legislative Chair  
Wisconsin Register of Deeds Association  
Adams County Register of Deeds  
PO Box 219 Friendship WI 53934  
608-339-4206



**State of Wisconsin**  
*Department of Financial Institutions*

Jim Doyle, Governor

Lorrie Keating Heinemann, Secretary

December 2, 2003

Senator Dale Schultz  
Chair, Senate Committee on Agriculture,  
Financial Institutions and Insurance  
Room 18 S  
State Capitol  
P.O. Box 8953  
Madison, WI 53708

Dear Senator Schultz,

On behalf of the Department of Financial Institutions ("DFI"), I am writing in support of AB 459. DFI is concerned about recent trends in identity theft and endorses this bill as a step in protecting consumers' personal identifying information. We would especially like to thank Representative Ladwig for her work in putting together this piece of legislation.

DFI maintains a statewide electronic lien filing system where UCC financing statements are recorded and displayed. This electronic filing and search system facilitates commercial transactions in this state. Although Wisconsin law does not require identifying information (ex: SSN or EIN) on UCC financing statements, the standard form used nationally does provide a space for those identifiers.

AB 459 is a needed step towards ending the unnecessary use of personal identifying information in financial transactions. DFI believes that the wording prescribed in AB 459, to be included on the UCC form, stating that a social security or employer identification number is "not required in Wisconsin" will detract parties from including that information without substantially changing the nationally recognized form.

AB 459 takes into account consumer protection concerns as well as the administrative constraints of DFI and various industry participants. We will continue to work with Representative Ladwig, the Legislature, and industry and consumer groups to identify other means for protecting consumers' personal identifying information while still facilitating the course of business transactions.

Thank you,

Lorrie Keating Heinemann  
Secretary

*Office of the Secretary*

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