

Fifty-sixth  
Legislative Assembly  
of North Dakota

## ENGROSSED HOUSE BILL NO. 1180

Introduced by

Agriculture Committee

(At the request of the Secretary of State)

1 A BILL for an Act to amend and reenact subsection 1 of section 35-13-02, section 35-20-16,  
2 subsection 2 of section 35-34-04, subsection 2 of section 35-34-06, subsections 3, 5, and 6 of  
3 section 41-09-46, sections 57-38-49, 57-38-50, subsections 3, 4, and 6 of section 57-39.2-13,  
4 subsections 3, 4, and 6 of section 57-40.2-16, subsections 2, 3, and 4 of section 57-40.3-07.1,  
5 subsections 3, 4, and 6 of section 57-43.1-17.4, subsections 3, 4, and 6 of section  
6 57-43.2-16.3, and subsections 2 and 3 of section 57-51-11 of the North Dakota Century Code,  
7 relating to the filings indexed in the central indexing system.

8 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

9 **SECTION 1. AMENDMENT.** Subsection 1 of section 35-13-02 of the 1997  
10 Supplement to the North Dakota Century Code is amended and reenacted as follows:

11 1. The secretary of state shall prescribe one form that ~~must~~ can be used to obtain a  
12 lien under this section and ~~gain protection under~~ also be entered in the central  
13 ~~notice~~ indexing system. A person entitled to a lien under this chapter who retains  
14 possession of the property made, altered, or repaired is not required to file any  
15 statement to perfect the lien. If the possession of the property so made, altered, or  
16 repaired is relinquished, the person shall file, within ninety days, or if the property  
17 is used for agricultural purposes within one hundred twenty days, or in the  
18 exploration for or the production of oil or gas within six months, after the materials  
19 are furnished or the labor is completed, in the office of the register of deeds of the  
20 county in which the owner or legal possessor of the property resides, a verified  
21 written statement showing:

- 22 a. The labor performed.  
23 b. The materials furnished.

- 1 c. The price agreed upon for the labor performed or materials furnished, or, if no
- 2 price was agreed upon, the reasonable value thereof.
- 3 d. The name of the person for whom the labor was performed or to whom the
- 4 materials were furnished.
- 5 e. The social security number, if available, or, in the case of a debtor doing
- 6 business other than as an individual, the internal revenue service taxpayer
- 7 identification number, if available, of the person for whom the labor was
- 8 performed or to whom the materials were furnished.
- 9 f. The name and address of the person claiming the lien.
- 10 g. A description of the property upon which the lien is claimed.

11 **SECTION 2. AMENDMENT.** Section 35-20-16 of the 1997 Supplement to the North  
12 Dakota Century Code is amended and reenacted as follows:

13 **35-20-16. Procedure to obtain unpaid earned property or casualty insurance**

14 **premium lien - Filing.** The secretary of state shall prescribe a form that can be used to obtain  
15 a lien under this section and also be entered in the central ~~notice~~ indexing system. Any person  
16 entitled to an unpaid earned property or casualty insurance premium lien, within ninety days  
17 after termination of coverage, shall file in the office of the register of deeds of the county or  
18 counties in which the property covered by the policy is located and with any loss payee named  
19 in the policy, a verified statement in writing stating all of the following:

- 20 1. The name and address of the policyholder.
- 21 2. The name and address of the lienholder.
- 22 3. The social security number of the debtor, or in the case of a debtor doing business
- 23 other than as an individual, the internal revenue service taxpayer identification
- 24 number of that person.
- 25 4. The nature and quantity of insurance coverage provided.
- 26 5. The amount of unpaid earned premium.
- 27 6. A description of the property covered by the insurance and subject to the lien.
- 28 7. That a lien is claimed upon the property described.

29 **SECTION 3. AMENDMENT.** Subsection 2 of section 35-34-04 of the 1997  
30 Supplement to the North Dakota Century Code is amended and reenacted as follows:

1           2.    Upon filing of the notice of lien in accordance with this section, the notice of lien  
2                    must be indexed by the secretary of state in the central ~~notice~~ indexing system and  
3                    may be enforced and foreclosed in the same manner as a security agreement  
4                    under the provisions of title 41.

5           **SECTION 4. AMENDMENT.** Subsection 2 of section 35-34-06 of the 1997  
6 Supplement to the North Dakota Century Code is amended and reenacted as follows:

7           2.    The information filed with a register of deeds or with the secretary of state under  
8                    this section must be included in the computerized central ~~notice~~ indexing system  
9                    maintained by the secretary of state under section 41-09-46 and must be  
10                   accessible to the public on the same terms and conditions that apply to access  
11                   other statutory lien information maintained in the computerized central ~~notice~~  
12                   indexing system.

13           **SECTION 5. AMENDMENT.** Subsections 3, 5, and 6 of section 41-09-46 of the 1997  
14 Supplement to the North Dakota Century Code are amended and reenacted as follows:

15           3.    The secretary of state shall develop and implement a computerized central ~~notice~~  
16                   indexing system which must contain the information filed with the office of the  
17                   secretary of state or with any of the offices of the registers of deeds in this state  
18                   pursuant to sections 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, and  
19                   41-09-40. The system must connect each register of deeds' office to the secretary  
20                   of state's office through the information services division. The system must allow  
21                   access to financing statement information by equipment that conforms to  
22                   requirements determined by the information services division. The system must  
23                   have safeguards to allow access to information that is in the system relating to  
24                   security interests or liens and to prevent unauthorized alteration or deletion of that  
25                   information and to allow access to other information in the system as prescribed by  
26                   the secretary of state. Within one working day of receipt of a financing statement,  
27                   continuation statement, amendment, or termination statement filed pursuant to this  
28                   chapter or a statement filed pursuant to section 35-13-02, 35-17-04, 35-20-16,  
29                   35-30-02, or 35-31-02, the register of deeds or secretary of state shall record the  
30                   information contained in the statement in the computerized central ~~notice~~ indexing  
31                   system. A computer printout of information from the system is prima facie

1 evidence of the existence or nonexistence of the filing of a financing statement or  
2 lien. From the computerized central ~~notice~~ indexing system, the secretary of state  
3 or a designee shall produce each month one list for crops and one list for livestock  
4 which contain the information as filed on the forms pursuant to section 41-09-40.  
5 The secretary of state shall also include the information filed for crops and  
6 livestock pursuant to sections 35-17-04, 35-30-02, and 35-31-02. The list must be  
7 in alphabetical order according to the last name of, or in numerical order according  
8 to the social security number of, the person engaged in farming operations. The  
9 lists may be prepared in categories according to county, regions as designated by  
10 the secretary of state, or on a statewide basis. If requested, the lists must be in  
11 printed form and on microfiche. Each list must conspicuously note its effective  
12 date.

13 5. Upon a verbal request of any person, the secretary of state or a designee or a  
14 register of deeds shall verbally provide information contained on the list generated  
15 through the computerized central ~~notice~~ indexing system when the collateral is  
16 crops or livestock. The requesting party may request a certificate from the  
17 secretary of state or the register of deeds and the secretary of state or the register  
18 of deeds shall confirm the information given. Direct computer access is equivalent  
19 to oral confirmation and a computer printout constitutes the written confirmation of  
20 the secretary of state, if use of this method of confirmation does not cause the  
21 central ~~notice~~ indexing system to lose its federal certification. The fee for a verbal  
22 request and such a certificate must be as provided by section 41-09-42.

23 6. A computer printout from the computerized central ~~notice~~ indexing system  
24 constitutes the certificate of the secretary of state or the register of deeds as to  
25 whether there is on file, on the date and hour stated on the computer printout, a  
26 financing statement.

27 **SECTION 6. AMENDMENT.** Section 57-38-49 of the 1997 Supplement to the North  
28 Dakota Century Code is amended and reenacted as follows:

29 **57-38-49. Preservation of lien.** Any mortgagee, purchaser, judgment creditor, or lien  
30 claimant acquiring any interest in, or lien on, any property situated in the state, prior to the  
31 commissioner filing in the central ~~notice~~ indexing system maintained by the secretary of state a

1 notice of the lien provided for in section 57-38-48, takes free of, or has priority over, the lien.

2 The commissioner shall index in the central ~~notice~~ indexing system the following data:

- 3 1. The name of the taxpayer.
- 4 2. The tax identification number or social security number of the taxpayer.
- 5 3. The name "State of North Dakota" as claimant.
- 6 4. The date and time the notice of lien was indexed.
- 7 5. The amount of the lien.

8 The notice of lien is effective as of eight a.m. next following the indexing of the notice. Any  
9 notice of lien filed by the commissioner with a register of deeds may be indexed in the central  
10 ~~notice~~ indexing system without changing its original priority as to property in the county where  
11 the lien was filed. The commissioner shall index any notice of lien with no payment of fees or  
12 costs to the secretary of state.

13 **SECTION 7. AMENDMENT.** Section 57-38-50 of the 1997 Supplement to the North  
14 Dakota Century Code is amended and reenacted as follows:

15 **57-38-50. Satisfaction of lien.** Upon payment of the tax, together with any accrued  
16 penalties and interest, as to which the commissioner has filed a notice of lien, the  
17 commissioner shall index a satisfaction of the lien in the central ~~notice~~ indexing system without  
18 fees or costs.

19 **SECTION 8. AMENDMENT.** Subsections 3, 4, and 6 of section 57-39.2-13 of the 1997  
20 Supplement to the North Dakota Century Code are amended and reenacted as follows:

- 21 3. Any mortgagee, purchaser, judgment creditor, or lien claimant acquiring any  
22 interest in, or lien on, any property situated in the state, prior to the commissioner  
23 filing in the central ~~notice~~ indexing system maintained by the secretary of state, a  
24 notice of the lien provided for in section 57-39.2-12, takes free of, or has priority  
25 over, the lien.
- 26 4. The commissioner shall index in the central ~~notice~~ indexing system the following  
27 data:
  - 28 a. The name of the taxpayer.
  - 29 b. The tax identification number or social security number of the taxpayer.
  - 30 c. The name "State of North Dakota" as claimant.
  - 31 d. The date and time the notice of lien was indexed.

- 1 e. The amount of the lien.  
2 The notice of lien is effective as of eight a.m. next following the indexing of the  
3 notice. Any notice of lien filed by the commissioner with a register of deeds may  
4 be indexed in the central ~~notice~~ indexing system without changing its original  
5 priority as to property in the county where the lien was filed.  
6 6. Upon payment of the tax as to which the commissioner has indexed notice in the  
7 central ~~notice~~ indexing system, the commissioner shall index a satisfaction of the  
8 lien in the central ~~notice~~ indexing system.

9 **SECTION 9. AMENDMENT.** Subsections 3, 4, and 6 of section 57-40.2-16 of the 1997  
10 Supplement to the North Dakota Century Code are amended and reenacted as follows:

- 11 3. Any mortgagee, purchaser, judgment creditor, or lien claimant acquiring any  
12 interest in, or lien on, any property situated in the state, prior to the commissioner  
13 filing in the central ~~notice~~ indexing system maintained by the secretary of state, a  
14 notice of the lien provided for in this section, takes free of, or has priority over, the  
15 lien.  
16 4. The commissioner shall index in the central ~~notice~~ indexing system the following  
17 data:  
18 a. The name of the taxpayer.  
19 b. The tax identification number or social security number of the taxpayer.  
20 c. The name "State of North Dakota" as claimant.  
21 d. The date and time the notice of lien was indexed.  
22 e. The amount of the lien.

- 23 The notice of lien is effective as of eight a.m. next following the indexing of the  
24 notice. Any notice of lien filed by the commissioner with a register of deeds may  
25 be indexed in the central ~~notice~~ indexing system without changing its original  
26 priority as to property in the county where the lien was filed.  
27 6. Upon payment of the tax as to which the commissioner has indexed notice in the  
28 central ~~notice~~ indexing system, the commissioner shall index a satisfaction of the  
29 lien in the central ~~notice~~ indexing system.

30 **SECTION 10. AMENDMENT.** Subsections 2, 3, and 4 of section 57-40.3-07.1 of the  
31 1997 Supplement to the North Dakota Century Code are amended and reenacted as follows:

1           2. Any mortgagee, purchaser, judgment creditor, or lien claimant acquiring any  
2           interest in, or lien on, any property situated in the state, prior to the commissioner  
3           filing in the central ~~notice~~ indexing system maintained by the secretary of state, a  
4           notice of the lien provided for in this section, takes free of, or has priority over, the  
5           lien.

6           3. The commissioner shall index in the central ~~notice~~ indexing system the following  
7           data:

- 8           a. The name of the taxpayer.
- 9           b. The tax identification number or social security number of the taxpayer.
- 10          c. The name "State of North Dakota" as claimant.
- 11          d. The date and time the notice of lien was indexed.
- 12          e. The amount of the lien.

13           The notice of lien is effective as of eight a.m. next following the indexing of the  
14           notice. Any notice of lien filed by the commissioner with a register of deeds may  
15           be indexed in the central ~~notice~~ indexing system without changing its original  
16           priority as to property in the county where the lien was filed. The commissioner is  
17           exempt from the payment of fees otherwise provided by law for the indexing or the  
18           satisfaction of the lien.

19          4. Upon payment of the tax relative to which the commissioner has indexed notice in  
20          the central ~~notice~~ indexing system, the commissioner shall index a satisfaction of  
21          the lien in the central ~~notice~~ indexing system.

22           **SECTION 11. AMENDMENT.** Subsections 3, 4, and 6 of section 57-43.1-17.4 of the  
23   1997 Supplement to the North Dakota Century Code are amended and reenacted as follows:

24          3. Any mortgagee, purchaser, judgment creditor, or lien claimant acquiring any  
25          interest in, or lien on, any property situated in the state, prior to the commissioner  
26          filing in the central ~~notice~~ indexing system maintained by the secretary of state, a  
27          notice of the lien provided for in this section, takes free of, or has priority over, the  
28          lien.

29          4. The commissioner shall index in the central ~~notice~~ indexing system the following  
30          data:

- 31          a. The name of the taxpayer.

- 1           b. The tax identification number or social security number of the taxpayer.
- 2           c. The name "State of North Dakota" as claimant.
- 3           d. The date and time the notice of lien was indexed.
- 4           e. The amount of the lien.

5           The notice of lien is effective as of eight a.m. next following the indexing of the  
6           notice. Any notice of lien filed by the commissioner with a register of deeds may  
7           be indexed in the central ~~notice~~ indexing system without changing its original  
8           priority as to property in the county where the lien was filed.

- 9           6. Upon payment of the tax as to which the commissioner has indexed notice in the  
10           central ~~notice~~ indexing system, the commissioner shall index a satisfaction of the  
11           lien in the central ~~notice~~ indexing system.

12           **SECTION 12. AMENDMENT.** Subsections 3, 4, and 6 of section 57-43.2-16.3 of the  
13           1997 Supplement to the North Dakota Century Code are amended and reenacted as follows:

- 14           3. Any mortgagee, purchaser, judgment creditor, or lien claimant acquiring any  
15           interest in, or lien on, any property situated in the state, prior to the commissioner  
16           filing in the central ~~notice~~ indexing system maintained by the secretary of state a  
17           notice of the lien provided for in this section, takes free of, or has priority over, the  
18           lien.

- 19           4. The commissioner shall index in the central ~~notice~~ indexing system the following  
20           data:

- 21           a. The name of the taxpayer.
- 22           b. The tax identification number or social security number of the taxpayer.
- 23           c. The name "State of North Dakota" as claimant.
- 24           d. The date and time the notice of lien was indexed.
- 25           e. The amount of the lien.

26           The notice of lien is effective as of eight a.m. next following the indexing of the  
27           notice. Any notice of lien filed by the commissioner with a register of deeds may  
28           be indexed in the central ~~notice~~ indexing system without changing its original  
29           priority as to property in the county where the lien was filed.



1           6.    Upon payment of the tax as to which the commissioner has indexed notice in the  
2                    central ~~notice~~ indexing system, the commissioner shall index a satisfaction of the  
3                    lien in the central ~~notice~~ indexing system.

4           **SECTION 13. AMENDMENT.** Subsections 2 and 3 of section 57-51-11 of the 1997  
5 Supplement to the North Dakota Century Code are amended and reenacted as follows:

6           2.    Any judgment creditor, or lien claimant acquiring any interest in, or lien on, any  
7                    property situated in this state, prior to the commissioner filing in the central ~~notice~~  
8                    indexing system maintained by the secretary of state, a notice of the lien provided  
9                    for in this section, takes free of, or has priority over, the lien. The commissioner  
10                  shall index in the central ~~notice~~ indexing system the following data:

- 11           a.    The name of the taxpayer.  
12           b.    The tax identification number or social security number of the taxpayer.  
13           c.    The name "State of North Dakota" as claimant.  
14           d.    The date and time the notice of lien was indexed.  
15           e.    The amount of the lien.

16           The notice of lien is effective as of eight a.m. of the first day following the indexing  
17           of the notice. A notice of lien filed by the commissioner with a register of deeds  
18           before August 1, 1997, may be indexed in the central ~~notice~~ indexing system  
19           without changing its original priority as to property in the county where the lien was  
20           filed.

21           3.    Upon the payment of tax, penalty, and interest, if applicable, or a penalty assessed  
22                    under section 57-51-06, as to which the commissioner has indexed a notice in the  
23                    central ~~notice~~ indexing system, the commissioner shall index a satisfaction of the  
24                    lien in the central ~~notice~~ indexing system.