

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO ANIMALS AND ANIMAL HUSBANDRY -- ANIMAL CARE -- UNIFORM
COMMERCIAL CODE -- LEASES

Introduced By: Senators Crowley, and Seveney

Date Introduced: January 16, 2019

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 6A-2.1-103 and 6A-2.1-217 of the General Laws in Chapter 6A-
2 2.1 entitled "Leases" are hereby amended to read as follows:

3 **6A-2.1-103. Definitions and index of definitions.**

4 (1) In this chapter unless the context otherwise requires:

5 (a) "Buyer in ordinary course of business" means a person who in good faith and without
6 knowledge that the sale to him or her is in violation of the ownership rights or security interest or
7 leasehold interest of a third party in the goods buys in ordinary course from a person in the
8 business of selling goods of that kind but does not include a pawnbroker. "Buying" may be for
9 cash or by exchange of other property or on secured or unsecured credit and includes acquiring
10 goods or documents of title under a preexisting contract for sale but does not include a transfer in
11 bulk or as security for or in total or partial satisfaction of a money debt.

12 (b) "Cancellation" occurs when either party puts an end to the lease contract for default
13 by the other party.

14 (c) "Commercial unit" means such a unit of goods as by commercial usage is a single
15 whole for purposes of lease and division of which materially impairs its character or value on the
16 market or in use. A commercial unit may be a single chapter, as a machine, or a set of chapters, as
17 a suite of furniture or a line of machinery, or a quantity, as a gross or carload, or any other unit
18 treated in use or in the relevant market as a single whole.

1 (d) "Conforming" goods or performance under a lease contract means goods or
2 performance that are in accordance with the obligations under the lease contract.

3 (e) "Consumer lease" means a lease that a lessor regularly engaged in the business of
4 leasing or selling makes to a lessee who is an individual and who takes under the lease primarily
5 for a personal, family, or household purpose.

6 (f) "Fault" means wrongful act, omission, breach, or default.

7 (g) "Finance lease" means a lease with respect to which:

8 (i) The lessor does not select, manufacture, or supply the goods;

9 (ii) The lessor acquires the goods or the right to possession and use of the goods in
10 connection with the lease; and

11 (iii) One of the following occurs:

12 (A) The lessee receives a copy of the contract by which the lessor acquired the goods or
13 the right to possession and use of the goods before signing the lease contract;

14 (B) The lessee's approval of the contract by which the lessor acquired the goods or the
15 right to possession and use of the goods is a condition to effectiveness of the lease contract;

16 (C) The lessee, before signing the lease contract, receives an accurate and complete
17 statement designating the promises and warranties, and any disclaimers of warranties, limitations
18 or modifications of remedies, or liquidated damages, including those of a third party, such as the
19 manufacturer of the goods, provided to the lessor by the person supplying the goods in connection
20 with or as part of the contract by which the lessor acquired the goods or the right to possession
21 and use of the goods; or

22 (D) If the lease is not a consumer lease, the lessor, before the lessee signs the lease
23 contract, informs the lessee in writing (a) of the identity of the person supplying the goods to the
24 lessor, unless the lessee has selected that person and directed the lessor to acquire the goods or the
25 right to possession and use of the goods from that person, (b) that the lessee is entitled under this
26 chapter to the promises and warranties, including those of any third party, provided to the lessor
27 by the person supplying the goods in connection with or as part of the contract by which the
28 lessor acquired the goods or the right to possession and use of the goods, and (c) that the lessee
29 may communicate with the person supplying the goods to the lessor and receive an accurate and
30 complete statement of those promises and warranties, including any disclaimers and limitations of
31 them or of remedies.

32 (h) "Goods" means all things that are movable at the time of identification to the lease
33 contract, or are fixtures (§ 6A-2.1-309), but the term does not include money, documents,
34 instruments, accounts, chattel paper, general intangibles, or minerals or the like, including oil and

1 gas, before extraction. The term also includes the unborn young of animals [with the exception of](#)
2 [unborn dogs and cats pursuant to § 4-19-23.](#)

3 (i) "Installment lease contract" means a lease contract that authorizes or requires the
4 delivery of goods in separate lots to be separately accepted, even though the lease contract
5 contains a clause "each delivery is a separate lease" or its equivalent.

6 (j) "Lease" means a transfer of the right to possession and use of goods for a term in
7 return for consideration, but a sale, including a sale on approval or a sale or return, or retention or
8 creation of a security interest is not a lease. Unless the context clearly indicates otherwise, the
9 term includes a sublease.

10 (k) "Lease agreement" means the bargain, with respect to the lease, of the lessor and the
11 lessee in fact as found in their language or by implication from other circumstances including
12 course of dealing or usage of trade or course of performance as provided in this chapter. Unless
13 the context clearly indicates otherwise, the term includes a sublease agreement.

14 (l) "Lease contract" means the total legal obligation that results from the lease agreement
15 as affected by this chapter and any other applicable rules of law. Unless the context clearly
16 indicates otherwise, the term includes a sublease contract.

17 (m) "Leasehold interest" means the interest of the lessor or the lessee under a lease
18 contract.

19 (n) "Lessee" means a person who acquires the right to possession and use of goods under
20 a lease. Unless the context clearly indicates otherwise, the term includes a sublessee.

21 (o) "Lessee in ordinary course of business" means a person who in good faith and without
22 knowledge that the lease to him or her is in violation of the ownership rights or security interest
23 or leasehold interest of a third party in the goods leases in ordinary course from a person in the
24 business of selling or leasing goods of that kind but does not include a pawnbroker. "Leasing"
25 may be for cash or by exchange of other property or on secured or unsecured credit and includes
26 acquiring goods or documents of title under a preexisting lease contract but does not include a
27 transfer in bulk or as security for or in total or partial satisfaction of a money debt.

28 (p) "Lessor" means a person who transfers the right to possession and use of goods under
29 a lease. Unless the context clearly indicates otherwise, the term includes a sublessor.

30 (q) "Lessor's residual interest" means the lessor's interest in the goods after expiration,
31 termination, or cancellation of the lease contract.

32 (r) "Lien" means a charge against or interest in goods to secure payment of a debt or
33 performance of an obligation, but the term does not include a security interest.

34 (s) "Lot" means a parcel or a single chapter that is the subject matter of a separate lease or

1 delivery, whether or not it is sufficient to perform the lease contract.

2 (t) "Merchant lessee" means a lessee that is a merchant with respect to goods of the kind
3 subject to the lease.

4 (u) "Present value" means the amount as of a date certain of one or more sums payable in
5 the future, discounted to the date certain. The discount is determined by the interest rate specified
6 by the parties if the rate was not manifestly unreasonable at the time the transaction was entered
7 into; otherwise, the discount is determined by a commercially reasonable rate that takes into
8 account the facts and circumstances of each case at the time the transaction was entered into.

9 (v) "Purchase" includes taking by sale, lease, mortgage, security interest, pledge, gift, or
10 any other voluntary transaction creating an interest in goods.

11 (w) "Sublease" means a lease of goods the right to possession and use of which was
12 acquired by the lessor as a lessee under an existing lease.

13 (x) "Supplier" means a person from whom a lessor buys or leases goods to be leased
14 under a finance lease.

15 (y) "Supply contract" means a contract under which a lessor buys or leases goods to be
16 leased.

17 (z) "Termination" occurs when either party pursuant to a power created by agreement or
18 law puts an end to the lease contract otherwise than for default.

19 (2) Other definitions applying to this chapter and the sections in which they appear are:

20 "Accessions". § 6A-2.1-310(1).

21 "Construction mortgage". § 6A-2.1-309(1)(d).

22 "Encumbrance". § 6A-2.1-309(1)(e).

23 "Fixtures". § 6A-2.1-309(1)(a).

24 "Fixture filing". § 6A-2.1-309(1)(b).

25 "Purchase money lease". § 6A-2.1-309(1)(c).

26 (3) The following definitions in other chapters apply to this Chapter:

27 "Account". § 6A-9-102(a)(2).

28 "Between merchants". § 6A-2-104(3).

29 "Buyer". § 6A-2-103(1)(a).

30 "Chattel paper". § 6A-9-102(a)(11).

31 "Consumer goods". § 6A-9-102(a)(23).

32 "Document". § 6A-9-102(a)(30).

33 "Entrusting". § 6A-2-403(3).

34 "General intangibles". § 6A-9-102(a)(42).

1 "Good faith". § 6A-2-103(1)(b).

2 "Instrument". § 6A-9-102(a)(47).

3 "Merchant". § 6A-2-104(1).

4 "Mortgage". § 6A-9-102(a)(55).

5 "Pursuant to commitment". § 6A-9-102(a)(69).

6 "Receipt". § 6A-2-103(1)(c).

7 "Sale". § 6A-2-106(1).

8 "Sale on approval". § 6A-2-326.

9 "Sale or return". § 6A-2-326.

10 "Seller". § 6A-2-103(1)(d).

11 (4) In addition, chapter 1 of this title contains general definitions and principles of
12 construction and interpretation applicable throughout this chapter.

13 **6A-2.1-217. Identification.**

14 Identification of goods as goods to which a lease contract refers may be made at any time
15 and in any manner explicitly agreed to by the parties. In the absence of explicit agreement,
16 identification occurs:

17 (a) When the lease contract is made if the lease contract is for a lease of goods that are
18 existing and identified;

19 (b) When the goods are shipped, marked, or otherwise designated by the lessor as goods
20 to which the lease contract refers, if the lease contract is for a lease of goods that are not existing
21 and identified; or

22 (c) When the young are conceived, if the lease contract is for a lease of unborn young of
23 animals [with the exception of unborn dogs and cats pursuant to § 4-19-23.](#)

24 SECTION 2. Chapter 4-19 of the General Laws entitled "Animal Care" is hereby
25 amended by adding thereto the following section:

26 **4-19-23. Prohibited contracts for the purchase of dogs or cats.**

27 [\(a\) No contract for the purchase of a dog or a cat or the financing of such purchase shall](#)
28 [include any provisions which authorize the use of a dog or a cat as security where such dog or cat](#)
29 [may be repossessed by the seller or lender contingent on the purchaser making payments under](#)
30 [such contract. Provided, however, nothing in this section shall prohibit the purchase of a dog or](#)
31 [cat through an unsecured loan.](#)

32 [\(b\) The protections and rights established by this section shall not apply to such](#)
33 [agricultural activities, uses or operations set forth in chapter 23 of title 2, nor those portions of the](#)
34 [rules and regulations promulgated by the secretary of the United States Department of](#)

1 [Agriculture and adopted by the director, pursuant to the provisions of the Animal Welfare Act, 7](#)

2 [U.S.C. § 2131 et seq.](#)

3 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO ANIMALS AND ANIMAL HUSBANDRY -- ANIMAL CARE -- UNIFORM
COMMERCIAL CODE -- LEASES

- 1 This act would prohibit the use of a dog or cat as security for its purchase where the seller
- 2 or lender can repossess the dog or cat for failure to make payments. This act would also provide
- 3 exceptions for certain agricultural activities.
- 4 This act would take effect upon passage.

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