SENATE FINANCE & CLAIMS
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Bill No. HB 10

OFFICE OF THE SECRETARY OF STATE
PO BOX 202801
HELENA MT 59620-2801
www.sos.mt.gov
(406) 444-2896
(406) 444-3976 (FAX)
(406) 444-9068 (TTY)

Linda McCulloch
Secretary of State

Possible Effects of a Computer System Failure in SOS

Business Services

If the current Business Services computer systems were to fail:

- Businesses would **NOT** be able to register in the state or file required documents.
- Lending organizations would **NOT** be able to submit UCC filings or verify collateral to complete loans.
- Grain elevators and livestock yards would **NOT** receive a listing of current EFS liens needed to complete livestock and agriculture sales.

If the Corporations' Mainframe computer shut down:

- The Secretary of State's office would **NOT** be able to process the filing needs and requests of any registered business operating in Montana.
- The Secretary of State's office would **NOT** be able to notify businesses of any unfiled forms that are required to be on record with the State of Montana.
    - Businesses that do not file with the Secretary of State could accidently be involuntarily dissolved if the business was unaware that they had not met their filing requirements.
- The public would **NOT** to be able access accurate public information about a registered business operating in Montana.
- Banks would **NOT** be able to verify the existence or standing of a business when considering loan options for that business.

If the UCC (Uniform Commercial Code) system shut down:

- Banks would not be able to verify if loan collateral was already subject to a security interest. As a result, financial institutions might be hesitant to provide loans. Or if inaccurate information is inevitably provided due to faulty & antiquated state technology, a financial institution may unknowingly make risky loans assuming that the collateral has been properly verified.

If the Farm Bill/EFS (Effective Finances Statement) system shut down:

- Grain elevators and livestock yards across Montana would **NOT** receive a farm bill master list to verify whether a lien from a financial institution exists against the livestock or agricultural product being sold.
    - The result could be that grain elevators and livestock yards would be less willing to pay producers for their products.