

to be sold, and if the offer is equal to or exceeds in amount any other offer received, it shall be given preference by the agency in control of the land. Neglect or failure for any reason, to comply with the notice, ~~shall in no way~~ does not prevent the giving of a clear title to the purchaser of the tract, parcel, or piece of land. ~~A county shall dispose of unused right of way in the manner specified under section 331.361, subsections 2 and 3.~~

Sec. 2. Section 331.361, subsection 2, Code 1987, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. c. When unused highway right of way is not being sold or transferred to another governmental authority, the county shall comply with the requirements of section 306.23.

Approved April 23, 1987

CHAPTER 36

COUNTY COSTS FOR PATIENTS AT STATE HOSPITALS FOR THE MENTALLY ILL S.F. 90

AN ACT relating to the county responsible for payment of costs for commitment or admission to a state hospital for the mentally ill.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 230.10, Code 1987, is amended to read as follows:
230.10 PRELIMINARY PAYMENT OF COSTS.

All legal costs and expenses attending the taking into custody, care, investigation, and admission or commitment of a person to a state hospital for the mentally ill under a finding that such person has a legal settlement in another county of this state, shall, ~~in the first instance, be paid by the county of admission or commitment~~ be charged against the county of legal settlement. ~~The county of such legal settlement shall reimburse the county so paying for all such payments, with interest.~~

Approved April 23, 1987

CHAPTER 37

THIRD PARTY PAYOR REIMBURSEMENT FOR PATIENTS IN MENTAL HEALTH INSTITUTES S.F. 76

AN ACT relating to third party payor reimbursements for patient charges at a mental health institute.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 230.20, subsections 2 and 5, Code 1987, are amended to read as follows:

2. The superintendent shall certify to the director of revenue and finance the billings to each county for services provided to patients chargeable to the county during the preceding calendar quarter. The county billings shall be based on the average daily patient charge and other service charges computed pursuant to subsection 1, and the number of inpatient days and other service units chargeable to the county. However, a county billing shall be decreased by an amount equal to reimbursement by a third party payor or estimation of such reimbursement from a claim submitted by the superintendent to the third party payor for the preceding

calendar quarter. When the actual third party payor reimbursement is greater or less than estimated, the difference shall be reflected in the county billing in the calendar quarter the actual third party payor reimbursement is determined.

5. An individual statement shall be prepared for a patient on or before the fifteenth day of the month following the month in which the patient leaves the mental health institute, and a general statement shall be prepared at least quarterly for each county to which charges are made under this section. Except as otherwise required by sections 125.33 and 125.34 the general statement shall list the name of each patient chargeable to that county who was served by the mental health institute during the preceding month or calendar quarter, and the amount due on account of each patient, and the specific dates for which any third party payor reimbursement received by the state is applied to the statement and billing, and the county shall be billed for eighty percent of the stated charge for each patient specified in this subsection. The statement prepared for each county shall be certified by the department to the director of revenue and finance and a duplicate statement shall be mailed to the auditor of that county.

Approved April 23, 1987

CHAPTER 38

SECURITY INTERESTS IN FARM PRODUCTS

S.F. 13

AN ACT relating to the protection of buyers of farm products against the enforcement of liens by secured parties and providing dates for the effectiveness and applicability of the Act.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 554.9307, subsection 1, Code 1987, is amended by striking the subsection and inserting in lieu thereof the following:

Except as provided in subsection 4, a buyer in the ordinary course of business as defined in section 554.1201, subsection 9, takes free of a security interest created by that person's seller even though the security interest is perfected and even though the buyer knows of its existence. For purposes of this section, a buyer or buyer in the ordinary course of business includes any commission merchant, selling agent, or other person engaged in the business of receiving livestock as defined in section 189A.2 on commission for or on behalf of another.

Sec. 2. Section 554.9307, subsection 4, Code 1987, is amended by striking the subsection and inserting in lieu thereof the following:

4. a. A buyer in the ordinary course of business buying farm products from a debtor engaged in farming operations takes subject to a security interest created by the debtor, if within one year before the sale of the farm products the buyer receives prior written notice of the security interest which complies with this subsection and the buyer fails to perform the payment obligations specified in the notice.

b. A written notice complies with this subsection if the written notice is delivered to the buyer by the secured party or the debtor who sells the farm products and it complies with the following:

- (1) Is an original or reproduced copy of the written notice; and
- (2) Is signed by either the secured party or the debtor, who transmits the notice to the potential buyer.
- (3) Contains all of the following:
 - (a) The name and address of the secured party.
 - (b) The name and address of the person indebted to the secured party.