

Bartz
Venstra
Shearer

SSB - 1126

Agriculture
Succeeded By

SENATE FILE SF/HF 443
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON GASKILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to liens arising out of contracts involving the
2 care and feeding of livestock, and providing an effective
3 date.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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~~181-1000003~~

1 Section 1, ~~173~~ Section 579A.1, Code 1999, is amended to read
2 as follows:

3 579A.1 DEFINITIONS.

4 As used in this chapter, unless the context otherwise
5 requires:

6 ~~1. "Cattle" means an animal classified as bovine,~~
7 ~~regardless of the age or sex of the animal.~~

8 2. 1. "Custom-cattle-feedlot" "Contract feeding facility"
9 means a feedlot an animal feeding operation as defined in
10 section 455B.161, including a confinement feeding operation or
11 open feedlot, where cattle livestock owned by a person are is
12 subject to care and feeding performed by another person.

13 3. 2. "Custom-cattle-feedlot-operator" "Contract feeding
14 facility operator" means the owner of a custom-cattle-feedlot
15 or a person managing the custom-cattle-feedlot, if the person
16 is authorized by the owner to file and enforce a lien under
17 this chapter contract feeding facility or the owner's personal
18 representative.

19 3. "Livestock" means an animal classified as cattle,
20 swine, or poultry, regardless of the age or sex of the animal.

21 4. ~~"Feedlot" means the same as defined in section 172B.1.~~
22 "Personal representative" means a person who is authorized by
23 the owner of the contract feeding facility to act on behalf of
24 the owner, including by executing production contracts or
25 filing and enforcing liens under this chapter.

26 5. "Processor" means the same as defined in section 9H.1.

27 6. "Production contract" means an agreement which provides
28 that a contract feeding facility operator is required to
29 receive payment for feed or services relating to the care and
30 feeding of livestock owned by another person during the period
31 when the livestock is kept at the contract feeding facility.

32 Sec. 2. Section 579A.2, Code 1999, is amended to read as
33 follows:

34 579A.2 ESTABLISHMENT OF LIEN -- PRIORITY.

35 1. A custom-cattle-feedlot contract feeding facility

1 operator who is a party to a production contract shall have a
 2 lien upon the cattle livestock and the identifiable cash
 3 proceeds from the sale of the cattle livestock for the amount
 4 ~~of-the~~ owed to the contract feeding facility operator pursuant
 5 to the terms of the production contract price-for-the-feed-and
 6 care-of-the-livestock-at-the-custom-cattle-feedlot-agreed-upon
 7 by-the-custom-cattle-feedlot-operator-and-the-person-who-owns
 8 the-cattle, which may be enforced as provided in section
 9 579A.3.

10 2. The lien is created at the time the cattle-arrive
 11 livestock arrives at the custom-cattle-feedlot contract
 12 feeding facility and continues for one year after the cattle
 13 have-left the custom-cattle-feedlot livestock leaves the
 14 contract feeding facility. In order to preserve the lien, the
 15 custom-cattle-feedlot contract feeding facility operator must,
 16 within twenty days after the cattle-arrive livestock arrives
 17 at the custom-cattle-feedlot contract feeding facility, file
 18 in the office of the secretary of state, a lien statement on a
 19 form prescribed by the secretary of state. The secretary of
 20 state shall charge a fee of not more than ten dollars for
 21 filing the statement. The secretary of state may adopt rules
 22 pursuant to chapter 17A for the electronic filing of the
 23 statements. The statement must include all of the following:

24 a. An estimate of the amount of-feed-and-care-provided-to
 25 the-cattle owed pursuant to the production contract.

26 b. The estimated duration of the period when the cattle
 27 livestock located at the contract feeding facility are subject
 28 to feed-and-care-at-the-custom-cattle-feedlot the production
 29 contract.

30 c. The name of the party to the production contract whose
 31 cattle-are-subject-to-feed-and-care-at-the-custom-cattle
 32 feedlot livestock is located at the contract feeding facility
 33 pursuant to the production contract.

34 d. The description of the location of the custom-cattle
 35 feedlot contract feeding facility, by county and township.

1 e. The printed name and signature of the person filing the
2 form.

3 3. Except as provided in chapter 581, a lien created under
4 this section until preserved and a lien preserved under this
5 section is superior to and shall have priority over a
6 conflicting lien or security interest in the cattle livestock,
7 including a lien or security interest that was perfected prior
8 to the creation of the lien provided under this section.

9 Sec. 3. Section 579A.3, Code 1999, is amended to read as
10 follows:

11 579A.3 ENFORCEMENT.

12 While the ~~cattle-are~~ livestock is located at the ~~custom~~
13 ~~cattle-feedlot~~ contract feeding facility, the ~~custom-cattle~~
14 ~~feedlot~~ contract feeding facility operator may foreclose a
15 lien created in section 579A.2 in the manner provided for the
16 foreclosure of secured transactions as provided in sections
17 554.9504, 554.9506, and 554.9507. After the ~~cattle-have-left~~
18 livestock leaves the ~~custom-cattle-feedlot,-the-custom-cattle~~
19 ~~feedlot-operator~~ contract feeding facility, the contract
20 feeding facility operator may enforce the lien by commencing
21 an action at law for the amount of the lien against either of
22 the following:

23 1. The holder of the identifiable cash proceeds from the
24 sale of the cattle livestock.

25 2. The processor who has purchased the cattle livestock
26 within three days after the ~~cattle-have-left~~ livestock leaves
27 the ~~custom-cattle-feedlot~~ contract feeding facility.

28 Sec. 4. NEW SECTION. 579A.4 WAIVERS UNENFORCEABLE.

29 A waiver of a right created by this chapter, including but
30 not limited to a waiver of the right to file a lien pursuant
31 to this chapter, is void and unenforceable.

32 Sec. 5. EFFECTIVE DATE. This Act, being deemed of
33 immediate importance, takes effect upon enactment.

34 EXPLANATION

35 This bill amends Code chapter 579 which provides that a

1 custom cattle feedlot operator has a lien upon bovine and
 2 identifiable cash proceeds from the sale of the bovine for the
 3 amount owed under the terms of the contract. The bill changes
 4 the names of terms referred to in the chapter. The term
 5 "custom cattle feedlot" is changed to "contract feeding
 6 facility" and the term "custom cattle feedlot operator" is
 7 changed to "contract feeding facility operator". The bill
 8 provides that the lien applies to contracts involving the care
 9 and feeding of cattle, swine, and poultry. The procedures for
 10 filing and enforcing the lien remain substantially the same.
 11 The bill does provide that a waiver of a right created under
 12 the chapter's provisions is void and unenforceable.

13 The bill takes effect upon enactment.

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Substituted by HF 322

FILED MAR 15 1999

3/25/99 (P. 810)

SENATE FILE

443

BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SSB 1126)

WITHDRAWN
4/22/99

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to liens arising out of contracts involving the
2 care and feeding of livestock, and providing an effective
3 date.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SSB 443

1 Section 1. Section 579A.1, Code 1999, is amended to read
2 as follows:

3 579A.1 DEFINITIONS.

4 As used in this chapter, unless the context otherwise
5 requires:

6 ~~1. "Cattle" means an animal classified as bovine,~~
7 ~~regardless of the age or sex of the animal.~~

8 2. 1. "Custom-cattle-feedlot" "Contract feeding facility"
9 means a feedlot an animal feeding operation as defined in
10 section 455B.161, including a confinement feeding operation or
11 open feedlot, where cattle livestock owned by a person are is
12 subject to care and feeding performed by another person.

13 3. 2. "Custom-cattle-feedlot-operator" "Contract feeding
14 facility operator" means the owner of a custom-cattle-feedlot
15 or a person managing the custom-cattle-feedlot, if the person
16 is authorized by the owner to file and enforce a lien under
17 this chapter contract feeding facility or the owner's personal
18 representative.

19 3. "Livestock" means an animal classified as cattle,
20 swine, or poultry, regardless of the age or sex of the animal.

21 4. ~~"Feedlot" means the same as defined in section 172B.1.~~
22 "Personal representative" means a person who is authorized by
23 the owner of the contract feeding facility to act on behalf of
24 the owner, including by executing production contracts or
25 filing and enforcing liens under this chapter.

26 5. "Processor" means the same as defined in section 9H.1.

27 6. "Production contract" means an agreement which provides
28 that a contract feeding facility operator is required to
29 receive payment for feed or services relating to the care and
30 feeding of livestock owned by another person during the period
31 when the livestock is kept at the contract feeding facility.

32 Sec. 2. Section 579A.2, Code 1999, is amended to read as
33 follows:

34 579A.2 ESTABLISHMENT OF LIEN -- PRIORITY.

35 1. A custom-cattle-feedlot contract feeding facility

1 operator who is a party to a production contract shall have a
2 lien upon the cattle livestock and the identifiable cash
3 proceeds from the sale of the cattle livestock for the amount
4 of-the owed to the contract feeding facility operator pursuant
5 to the terms of the production contract price-for-the-feed-and
6 care-of-the-livestock-at-the-custom-cattle-feedlot-agreed-upon
7 by-the-custom-cattle-feedlot-operator-and-the-person-who-owns
8 the-cattle, which may be enforced as provided in section
9 579A.3.

10 2. The lien is created at the time the cattle-arrive
11 livestock arrives at the custom-cattle-feedlot contract
12 feeding facility and continues for one year after the cattle
13 have-left the custom-cattle-feedlot livestock leaves the
14 contract feeding facility. In order to preserve the lien, the
15 custom-cattle-feedlot contract feeding facility operator must,
16 within twenty days after the cattle-arrive livestock arrives
17 at the custom-cattle-feedlot contract feeding facility, file
18 in the office of the secretary of state, a lien statement on a
19 form prescribed by the secretary of state. The secretary of
20 state shall charge a fee of not more than ten dollars for
21 filing the statement. The secretary of state may adopt rules
22 pursuant to chapter 17A for the electronic filing of the
23 statements. The statement must include all of the following:

24 a. An estimate of the amount of-feed-and-care-provided-to
25 the-cattle owed pursuant to the production contract.

26 b. The estimated duration of the period when the cattle
27 livestock located at the contract feeding facility are subject
28 to feed-and-care-at-the-custom-cattle-feedlot the production
29 contract.

30 c. The name of the party to the production contract whose
31 cattle-are-subject-to-feed-and-care-at-the-custom-cattle
32 feedlot livestock is located at the contract feeding facility
33 pursuant to the production contract.

34 d. The description of the location of the custom-cattle
35 feedlot contract feeding facility, by county and township.

1 e. The printed name and signature of the person filing the
2 form.

3 3. Except as provided in chapter 581, a lien created under
4 this section until preserved and a lien preserved under this
5 section is superior to and shall have priority over a
6 conflicting lien or security interest in the ~~cattle~~ livestock,
7 including a lien or security interest that was perfected prior
8 to the creation of the lien provided under this section.

9 Sec. 3. Section 579A.3, Code 1999, is amended to read as
10 follows:

11 579A.3 ENFORCEMENT.

12 While the ~~cattle-are~~ livestock is located at the ~~custom~~
13 ~~cattle-feedlot~~ contract feeding facility, the ~~custom-cattle~~
14 ~~feedlot~~ contract feeding facility operator may foreclose a
15 lien created in section 579A.2 in the manner provided for the
16 foreclosure of secured transactions as provided in sections
17 554.9504, 554.9506, and 554.9507. After the ~~cattle-have-left~~
18 livestock leaves the ~~custom-cattle-feedlot,-the-custom-cattle~~
19 ~~feedlot-operator~~ contract feeding facility, the contract
20 feeding facility operator may enforce the lien by commencing
21 an action at law for the amount of the lien against either of
22 the following:

23 1. The holder of the identifiable cash proceeds from the
24 sale of the ~~cattle~~ livestock.

25 2. The processor who has purchased the ~~cattle~~ livestock
26 within three days after the ~~cattle-have-left~~ livestock leaves
27 the ~~custom-cattle-feedlot~~ contract feeding facility.

28 Sec. 4. NEW SECTION. 579A.4 WAIVERS UNENFORCEABLE.

29 A waiver of a right created by this chapter, including but
30 not limited to a waiver of the right to file a lien pursuant
31 to this chapter, is void and unenforceable.

32 Sec. 5. EFFECTIVE DATE. This Act, being deemed of
33 immediate importance, takes effect upon enactment.

34 EXPLANATION

35 This bill amends Code chapter 579 which provides that a

1 custom cattle feedlot operator has a lien upon bovine and
2 identifiable cash proceeds from the sale of the bovine for the
3 amount owed under the terms of the contract. The bill changes
4 the names of terms referred to in the chapter. The term
5 "custom cattle feedlot" is changed to "contract feeding
6 facility" and the term "custom cattle feedlot operator" is
7 changed to "contract feeding facility operator". The bill
8 provides that the lien applies to contracts involving the care
9 and feeding of cattle, swine, and poultry. The procedures for
10 filing and enforcing the lien remain substantially the same.
11 The bill does provide that a waiver of a right created under
12 the chapter's provisions is void and unenforceable.

13 The bill takes effect upon enactment.

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SENATE FILE 443

S-3166

1 Amend Senate File 443 as follows:

2 1. By striking everything after the enacting
3 clause, and inserting the following:

4 "Section 1. NEW SECTION. 172C.1 DEFINITIONS.

5 As used in this chapter, unless the context
6 otherwise requires:

7 1. "Contract livestock facility" means an animal
8 feeding operation as defined in section 455B.161,
9 where livestock owned by a contractor is produced by a
10 contract producer who owns the animal feeding
11 operation. "Contract livestock facility" includes a
12 confinement feeding operation as defined in section
13 455B.161. However, a contract livestock facility does
14 not include a custom cattle feedlot as defined in
15 section 579A.1.

16 2. "Contract producer" means the owner of a
17 contract livestock facility who is paid by a
18 contractor for producing livestock owned by the
19 contractor at the contract livestock facility.

20 3. "Contractor" means a person who owns livestock
21 and pays a contract producer for producing the
22 livestock at a contract livestock facility owned by
23 the contract producer.

24 4. "Livestock" means beef cattle, dairy cattle,
25 sheep, or swine.

26 5. "Processor" means a person engaged in the
27 business of manufacturing goods from livestock,
28 including a person who is required to be licensed as a
29 dealer or broker as provided in chapter 172A.

30 6. "Produce" means to provide feed or services
31 relating to the care and feeding of livestock. If the
32 livestock is dairy cattle, "produce" includes milking
33 the dairy cattle.

34 7. "Production contract" means an oral or written
35 agreement executed by a contract producer and a
36 contractor who provides that a contract producer is to
37 receive payment for producing livestock owned by the
38 contractor at the contract producer's contract
39 livestock facility.

40 Sec. 2. NEW SECTION. 172C.2 PRODUCTION CONTRACTS
41 -- CONFIDENTIALITY PROHIBITED.

42 A provision which is part of a production contract
43 is void, if the provision states that information
44 contained in the production contract is confidential.
45 The provision is void regardless of whether the
46 confidentiality provision is express or implied; oral
47 or written; required or conditional; contained in the
48 production contract, another production contract, or
49 in a related document, policy, or agreement. This
50 section does not affect other provisions of a

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1 production contract or a related document, policy, or
2 agreement which can be given effect without the voided
3 provision. This section does not require either party
4 to a production contract to divulge the information in
5 the production contract to another person.

6 Sec. 3. NEW SECTION. 172C.3 PRODUCTION CONTRACTS
7 REQUIRED TO BE FILED.

8 1. As used in this section, all of the following
9 apply:

10 a. A production contract is advertised if it is
11 presented or delivered to a contract producer,
12 regardless of whether it is part of an offer. A
13 production contract is executed if it is signed by the
14 contractor and contract producer or authorized
15 representatives and is still in force.

16 b. A production contract is advertised or executed
17 regardless of whether it is a new production contract
18 or the renewal or extension of a previous production
19 contract.

20 2. On or before March 31 of each year, a
21 contractor shall file with the secretary of state
22 types of production contracts that are advertised or
23 executed by the contractor. The production contracts
24 filed with the secretary of state shall not include
25 the printed name or signature of a contract producer.
26 A contractor shall not advertise or execute a
27 production contract, unless the contractor files that
28 type of production contract with the secretary of
29 state.

30 3. The secretary of state in consultation with the
31 attorney general shall adopt rules which provide for
32 all of the following:

33 a. Criteria for distinguishing types of production
34 contracts. The rules shall categorize the types of
35 production contracts that must be submitted to the
36 secretary of state under this section.

37 b. The manner in which a contractor must file
38 types of production contracts. The secretary of state
39 may require that the types of production contracts be
40 filed in an electronic format.

41 c. Exceptions to the filing requirement as
42 provided in this section. The secretary of state may
43 create an exception because of any of the following:

44 (1) The consideration owed by the contractor under
45 all production contracts executed by the contractor
46 and a contract producer is minimal.

47 (2) There is a family relationship between the
48 contractor and the contract producer.

49 (3) The contractor and the contract producer are
50 part of the same family farm entity or networking

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1 farmers entity as defined in section 10.1.

2 (4) The livestock is purchased for a purpose other
3 than for use by a processor.

4 4. The attorney general may provide an analysis of
5 filed production contracts in order to assist contract
6 producers in negotiating production contracts.

7 However, the secretary of state, in consultation with
8 the attorney general, may designate some information
9 contained in a production contract as confidential, if
10 such information is a confidential record under
11 section 22.7.

12 Sec. 4. NEW SECTION. 172C.4 ENFORCEMENT.

13 1. The attorney general's office is the primary
14 agency responsible for enforcing this chapter. The
15 secretary of state shall notify the attorney general's
16 office if the secretary of state has reason to believe
17 that a violation of section 172C.3 has occurred.

18 2. In enforcing the provisions of this chapter,
19 the attorney general may do all of the following:

20 a. Apply to the district court for an injunction
21 to do any of the following:

22 (1) Restrain a contractor from engaging in conduct
23 or practices in violation of this chapter.

24 (2) Require a contractor to comply with a
25 provision of this chapter.

26 b. Apply to district court for the issuance of a
27 subpoena to obtain a production contract for purposes
28 of enforcing this chapter.

29 c. Bring an action in district court to enforce
30 penalties provided in section 172C.5, including the
31 assessment and collection of civil penalties.

32 Sec. 5. NEW SECTION. 172C.5 PENALTIES.

33 1. A contractor who includes a confidentiality
34 provision in a production contract in violation of
35 section 172C.2 is guilty of a fraudulent practice as
36 provided in section 714.8.

37 2. A contractor who fails to file a timely or
38 complete production contract type as required in
39 section 172C.3 is subject to a civil penalty not to
40 exceed one thousand dollars. Each contract advertised
41 or executed in violation of section 172C.3 constitutes
42 a separate offense.

43 Sec. 6. Section 579A.1, subsections 2, 3, and 4,
44 Code 1999, are amended to read as follows:

45 2. "Custom cattle feedlot" means a feedlot where
46 cattle owned by a person are ~~subject-to-care-and~~
47 feeding-performed provided feed and care by another
48 person.

49 3. "Custom cattle feedlot operator" means the
50 owner of a custom cattle feedlot or ~~a-person-managing~~

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1 ~~the custom cattle feedlot, if the person is authorized~~
2 ~~by the owner to file and enforce a lien under this~~
3 ~~chapter the owner's personal representative.~~

4 4. "Feedlot" means ~~the same as defined in section~~
5 ~~172B-1 a lot, yard, corral, building, or other area in~~
6 ~~which cattle are confined and fed and maintained for~~
7 ~~forty-five days or more in any twelve-month period.~~

8 Sec. 7. Section 579A.1, Code 1999, is amended by
9 adding the following new subsection:

10 NEW SUBSECTION. 4A. "Personal representative"
11 means a person who is authorized by the owner of a
12 custom cattle feedlot to act on behalf of the owner,
13 including by executing an agreement, managing a custom
14 cattle feedlot, or filing and enforcing liens under
15 this chapter.

16 Sec. 8. Section 579A.2, subsection 1, Code 1999,
17 is amended to read as follows:

18 1. A custom cattle feedlot operator shall have a
19 lien upon the cattle and the identifiable cash
20 proceeds from the sale of the cattle for the amount of
21 the contract price for the feed and care of the
22 livestock cattle at the custom cattle feedlot ~~agreed~~
23 upon pursuant to a written or oral agreement by the
24 custom cattle feedlot operator and the person who owns
25 the cattle, which may be enforced as provided in
26 section 579A.3.

27 Sec. 9. Section 579A.2, subsection 2, paragraph e,
28 Code 1999, is amended to read as follows:

29 e. The printed name and signature of the person
30 filing the form.

31 Sec. 10. Section 579A.2, subsection 3, Code 1999,
32 is amended to read as follows:

33 3. Except as provided in chapter 581, a lien
34 created under this section until preserved and a lien
35 preserved under this section is superior to and shall
36 have priority over a conflicting lien or security
37 interest in the cattle, including a lien or security
38 interest that was perfected prior to the creation of
39 the lien provided under this section.

40 Sec. 11. NEW SECTION. 579A.4 WAIVERS
41 UNENFORCEABLE.

42 A waiver of a right created by this subchapter,
43 including but not limited to, a waiver of the right to
44 file a lien pursuant to this subchapter is void and
45 unenforceable.

46 Sec. 12. NEW SECTION. 579A.5 ALTERNATE LIEN
47 PROCEDURE.

48 A person who is a custom cattle feedlot operator
49 may file and enforce a lien as a contract producer
50 under this chapter or chapter 579B, but not both.

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1 Sec. 13. NEW SECTION. 579B.1 DEFINITIONS.
2 As used in this chapter, unless the context
3 otherwise requires:
4 1. "Commodity" means livestock or a crop.
5 2. "Contract crop field" means farmland where a
6 crop owned by a contractor is produced by a contract
7 producer.
8 3. "Contract livestock facility" means an animal
9 feeding operation as defined in section 455B.161,
10 where livestock owned by a contractor is produced by a
11 contract producer who owns the animal feeding
12 operation. "Contract livestock facility" includes a
13 confinement feeding operation as defined in section
14 455B.161 or a feedlot as defined in section 172D.1,
15 including a custom cattle feedlot.
16 4. "Contract operation" means a contract livestock
17 facility or contract crop field.
18 5. "Contract producer" means the owner of a
19 contract operation who is paid by a contractor for
20 producing a commodity owned by the contractor at the
21 contract operation. A contract producer includes a
22 contract producer's personal representative.
23 6. "Contractor" means a person who pays a contract
24 producer for producing a commodity at a contract
25 operation owned by the contract producer.
26 7. "Crop" means any variety of alfalfa, barley,
27 buckwheat, corn, flax, millet, oats, rye, sorghum,
28 soybeans, or wheat, forage, or silage.
29 8. "Farmland" means the same as defined in section
30 352.2.
31 9. "Livestock" means beef cattle, dairy cattle,
32 sheep, or swine.
33 10. "Personal representative" means a person who
34 is authorized by a contract producer to act on behalf
35 of the contract producer, including by executing an
36 agreement, managing a contract operation, or filing
37 and enforcing a lien as provided in this chapter.
38 11. "Processor" means a person engaged in the
39 business of manufacturing goods from commodities,
40 including a person who is required to be licensed as a
41 dealer or broker as provided in chapter 172A.
42 12. "Produce" means to do any of the following:
43 a. Provide feed or services relating to the care
44 and feeding of livestock. If the livestock is dairy
45 cattle, "produce" includes milking the dairy cattle.
46 b. Provide for planting, raising, harvesting, and
47 storing crop. "Produce" includes preparing the soil
48 for planting and nurturing the crop by the application
49 of fertilizers or soil conditioners as defined in
50 section 200.3 or pesticides as defined in section

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1 206.2.

2 13. "Production contract" means an oral or written
3 agreement executed by a contract producer and a
4 contractor who provides that a contract producer is to
5 receive payment for producing a commodity owned by the
6 contractor at the contract producer's contract
7 operation.

8 Sec. 14. NEW SECTION. 579B.2 ESTABLISHMENT OF
9 LIEN -- PRIORITY.

10 A contract producer who is a party to a production
11 contract shall have a lien as provided in this
12 section. The amount of the lien shall be the amount
13 owed to the contract producer pursuant to the terms of
14 the production contract, which may be enforced as
15 provided in section 579B.3.

16 1. a. If the production contract is for the
17 production of livestock, all of the following shall
18 apply:

19 (1) The lien shall be upon all of the following:

20 (a) Slaughter cattle, swine, or sheep and the
21 identifiable cash proceeds from the sale of the swine
22 or sheep.

23 (b) Dairy cattle and the identifiable cash
24 proceeds from the sale of milk produced by the dairy
25 cattle.

26 (2) The lien is created at the time the livestock
27 arrive at the contract livestock facility and
28 continues for one year after the livestock is no
29 longer under the authority of the contract producer.
30 For purposes of this section, livestock is no longer
31 under the authority of the contract producer when the
32 livestock leave the contract livestock facility.

33 b. If the production contract is for the
34 production of a crop, all of the following shall
35 apply:

36 (1) The lien shall be upon the crop and the
37 identifiable cash proceeds from the sale of the crop.

38 (2) The lien is created at the time the crop is
39 planted and continues for one year after the crop is
40 no longer under the authority of the contract
41 producer. For purposes of this section, a crop is no
42 longer under the authority of the contract producer
43 when the crop or a warehouse receipt issued by a
44 warehouse operator licensed under chapter 203C for
45 grain from the crop is no longer under the custody or
46 control of the contract producer.

47 2. In order to preserve the lien, the contract
48 producer must file in the office of the secretary of
49 state a lien statement on a form prescribed by the
50 secretary of state. If the lien arises out of

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1 producing livestock or milk, the contract producer
 2 must file the lien within twenty days after the
 3 livestock arrive at the contract livestock facility.
 4 If the lien arises out of producing a crop, the
 5 contract producer must file the lien within twenty
 6 days after the crop is planted. The secretary of
 7 state shall charge a fee of not more than ten dollars
 8 for filing the statement. The secretary of state may
 9 adopt rules pursuant to chapter 17A for the electronic
 10 filing of the statements. The statement must include
 11 all of the following:

- 12 a. An estimate of the amount owed pursuant to the
 13 production contract.
- 14 b. The date when the livestock arrive at the
 15 contract livestock facility or the date when the crop
 16 was planted.
- 17 c. The estimated duration of the period when the
 18 commodity will be under the authority of the contract
 19 producer.
- 20 d. The name of the party to the production
 21 contract whose commodity is produced pursuant to the
 22 production contract.
- 23 e. The description of the location of the contract
 24 operation, by county and township.
- 25 f. The printed name and signature of the person
 26 filing the form.

27 4. Except as provided in chapter 581, a lien
 28 created under this section until preserved and a lien
 29 preserved under this section is superior to and shall
 30 have priority over a conflicting lien or security
 31 interest in the commodity, including a lien or
 32 security interest that was perfected prior to the
 33 creation of the lien provided under this section.

34 Sec. 15. NEW SECTION. 579B.3 ENFORCEMENT.

35 Before a commodity leaves the authority of the
 36 contract producer as provided in section 579B.2, the
 37 contract producer may foreclose a lien created in that
 38 section in the manner provided for the foreclosure of
 39 secured transactions as provided in sections 554.9504,
 40 554.9506, and 554.9507. After the commodity is no
 41 longer under the authority of the contract producer,
 42 the contract producer may enforce the lien by
 43 commencing an action at law for the amount of the lien
 44 against either of the following:

- 45 1. The holder of the identifiable cash proceeds
 46 from the sale of the commodity.
- 47 2. The processor who has purchased the commodity
 48 within three days after the commodity is no longer
 49 under the authority of the contract producer.

50 Sec. 16. NEW SECTION. 579B.4 WAIVERS

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1 UNENFORCEABLE.

2 A waiver of a right created by this chapter,
3 including but not limited to a waiver of the right to
4 file a lien pursuant to this chapter, is void and
5 unenforceable.

6 Sec. 17. NEW SECTION. 579B.5 ALTERNATE LIEN
7 PROCEDURE.

8 A person who is a custom cattle feedlot operator as
9 defined in section 579A.1 may file and enforce a lien
10 as a contract producer under this chapter or chapter
11 579A, but not both.

12 Sec. 18. Section 714.8, Code 1999, is amended by
13 adding the following new subsection:

14 NEW SUBSECTION. 17. A contractor who includes a
15 confidentiality provision in a production contract in
16 violation of section 172C.2.

17 Sec. 19. EFFECTIVE DATE. This Act, being deemed
18 of immediate importance, takes effect upon enactment."

19 2. Title page, by striking lines 1 and 2 and
20 inserting the following: "An Act relating to
21 production contracts, providing penalties, and
22 providing an effective".

By MERLIN E. BARTZ

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ADOPTED

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