

House Study Bill 704

Bill Text

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1 1 DIVISION I
1 2 AGRICULTURAL SUPPLY DEALER'S LIEN
1 3 Section 1. Section [570A.1](#), subsection 3, Code 2001, is
1 4 amended to read as follows:
1 5 3. "Agricultural supply dealer" or "dealer" means a person
1 6 engaged in the retail sale of agricultural chemicals, seed,
1 7 feed, or petroleum products used for an agricultural purpose.
1 8 Sec. 2. Section [570A.1](#), Code 2001, is amended by adding
1 9 the following new subsection.
1 10 NEW SUBSECTION. 3A. "Agricultural supply dealer lien" or
1 11 "lien" means the agricultural supply dealer lien created in
1 12 section 570A.3.
1 13 Sec. 3. Section [570A.3](#), Code 2001, is amended to read as
1 14 follows:
1 15 570A.3 LIEN CREATED.
1 16

~~1.~~
- An agricultural supply dealer lien is created. The
1 17 lien is an agricultural lien as provided in section 554.9302.
1 18 An agricultural supply dealer

~~furnishing~~
- who provides an
1 19 agricultural chemical, seed, feed, or a petroleum product to a
1 20 farmer

~~has~~
- shall have a lien as provided in this chapter. The
1 21 agricultural supply dealer is a secured party and the farmer
1 22 is a debtor for purposes of chapter 554, article 9. The
1 23 amount of the lien shall be the amount owed to the
1 24 agricultural supply dealer for the retail cost of the
1 25 agricultural chemical, seed, feed, or petroleum product,
1 26 including any labor

~~furnished~~
- provided. The lien attaches to
1 27 all

~~crops~~
- of the following:
1 28 1. Crops which are produced upon the land to which the
1 29 agricultural chemical was applied, or produced from seed
1 30 furnished, or produced using the petroleum product furnished,
1 31 for a period of sixteen months following the date of
1 32 perfection of the lien pursuant to section 570A.4. However,
1 33 the lien

~~does~~
- shall not attach to that portion of the crops of
1 34 a farmer who has paid all amounts due from the farmer for the
1 35 retail cost, including labor, of the agricultural chemical,
2 1 seed, or petroleum product provided.
2 2 2.

~~An agricultural supply dealer furnishing feed to a~~

2 3

~~farmer has a lien for the unpaid amount of the retail cost of~~

2 4

~~the feed, including labor. The lien attaches to all livestock~~

2 5 Livestock consuming the feed. However, the lien does not

2 6 attach to that portion of the livestock of a farmer who has

2 7 paid all amounts due from the farmer for the retail cost,

2 8 including labor, of the feed.

2 9 Sec. 4. Section [570A.4](#), Code Supplement 2001, is amended

2 10 by striking the subsection and inserting in lieu thereof the

2 11 following:

2 12 570A.4 PERFECTING THE LIEN FILING REQUIREMENTS.

2 13 An agricultural supply dealer's lien becomes effective and

2 14 may be perfected and terminated as follows:

2 15 1. The lien becomes effective at the time that the

2 16 agricultural chemical, seed, feed, or petroleum product is

2 17 purchased or delivered to the farmer.

2 18 2. In order to perfect the lien, the agricultural supply

2 19 dealer must file a financing statement in the office of the

2 20 secretary of state as provided in section 554.9308 within

2 21 thirty-one days after the first date on which payment is due

2 22 under the terms of payment agreed to by the dealer and the

2 23 farmer. The financing statement shall meet the requirements

2 24 of section 554.9502, subsection 1, and include all applicable

2 25 information described in section 554.9516. Section 554.9515

2 26 shall not apply to a financing statement perfecting the lien.

2 27 Filing a financing statement as provided in this subsection

2 28 satisfies all requirements for perfection of an agricultural

2 29 lien as provided in chapter 554, article 9.

2 30 3. The lien may be terminated by the agricultural supply

2 31 dealer by filing a termination statement as provided in

2 32 chapter 554, article 9.

2 33 Sec. 5. Section [570A.5](#), Code 2001, is amended to read as

2 34 follows:

2 35 570A.5 PRIORITY OF LIEN.

3 1 Except as provided in this section, an agricultural supply

3 2 dealer's lien that is effective or perfected as provided in

3 3 section 570A.4 shall be subject to the rules of priority as

3 4 provided in section 554.9322. For an agricultural supply

3 5 dealer's lien that is perfected under section 570A.4, all of

3 6 the following shall apply:

3 7 1.

~~A~~

~~The lien~~

~~perfected under this chapter~~

~~is superior to~~

3 8 a lien or security interest which attaches subsequent to the

3 9 time the

~~lien statement is filed with the secretary of state,~~

3 10

~~except liens which arise under this chapter or~~

~~agricultural~~

3 11 supply dealer's lien is perfected. However, an agricultural

3 12 supply dealer's lien shall not be superior to a landlord's

3 13 lien created under

~~— chapters~~

~~— chapter 570~~

~~— and~~

~~— or a thresher's~~

~~3 14 and cornsheller's lien created under chapter 571 that is~~

~~3 15 perfected as provided in those chapters.~~

~~3 16 2.~~

~~— A~~

~~— The lien~~

~~— perfected under this chapter~~

~~— is equal to a~~

~~3 17 lien or security interest which is~~

~~— of record or which is~~

~~— 3 18 perfected prior to the time that the~~

~~— lien statement is filed~~

~~— 3 19~~

~~— with the secretary of state except as provided in section~~

~~— 3 20~~

~~— 570A.2, subsection 3~~

~~— agricultural supply dealer's lien is~~

~~3 21 perfected.~~

~~3 22 3. A lien~~

~~— perfected under this chapter for the purposes of~~

~~— 3 23 applying to livestock feed~~

~~— will continue~~

~~— continues to be~~

~~3 24 perfected in the livestock and~~

~~— takes~~

~~— has priority over an~~

~~3 25 earlier perfected lien or security interest to the extent of~~

~~3 26 the difference between the acquisition price of the livestock~~

~~3 27 and the fair market value of the livestock at the time the~~

~~3 28 lien attaches or the sale price of the livestock, whichever is~~

~~3 29 greater.~~

~~3 30 Sec. 6. Section 570A.6, Code Supplement 2001, is amended~~

~~3 31 to read as follows:~~

~~3 32 570A.6 ENFORCEMENT OF LIEN.~~

~~3 33~~

~~— The holder of a~~

~~— An agricultural supply dealer may enforce~~

~~3 34 an agricultural supply dealer's lien~~

~~— perfected under this~~

~~— 3 35~~

~~— chapter may enforce the lien~~

~~— in the manner provided for~~

~~4 1 agricultural liens pursuant to chapter 554, article 9, part 6~~

~~—~~

~~—~~

4 2

~~for the enforcement of security interests~~

~~For purposes of~~

4 3

~~enforcement of the lien, the lienholder is deemed to be the~~

4 4

~~secured party, and the farmer for whom the agricultural~~

4 5

~~chemical, seed, feed, or petroleum product was furnished is~~

4 6

~~deemed to be the debtor, and each has the respective rights~~

4 7

~~and duties of a secured party and a debtor as provided in~~

4 8

~~chapter 554, article 9, part 6. Where a right or duty under~~

4 9

~~chapter 554, article 9, part 6, is contingent upon the~~

4 10

~~existence of express language in a security agreement, or may~~

4 11

~~be waived by express language in a security agreement, the~~

4 12

~~requisite language is deemed not to exist for purposes of~~

4 13

~~enforcement of the lien created by this chapter.~~

4 14 Sec. 7. Sections 570A.7 through 570A.11, Code 2001, are
4 15 repealed.

4 16

DIVISION II

4 17

THRESHER'S AND CORNSHELLER'S LIEN

4 18

Sec. 8. Section [571.1](#), Code 2001, is amended to read as

4 19 follows:

4 20

571.1

~~NATURE OF~~

~~LIEN CREATED.~~

4 21

~~Any person, firm, corporation, or association engaged in~~

4 22

~~operating a machine for the~~
- A thresher's and cornsheller's
4 23 lien is created. The lien is an agricultural lien as provided
4 24 in section 554.9302. The amount of the lien shall be for the
4 25 reasonable value of services for threshing, baling, or
4 26 combining of any kind of grain or seed;

~~or for the~~
- baling

~~of~~
- a
4 27 farm product, including but not limited to hay

~~,~~
- or straw,

~~or~~
-
4 28

~~any other farm product~~
- regardless of whether

~~done~~
- by
4 29 stationary or movable baler;

~~or for the mechanical~~
- husking or
4 30 shelling of corn by mechanical means; or

~~for doing~~
- performing
4 31 custom threshing, combining, mechanical husking, baling, or
4 32 corn shelling for hire

~~, shall have a first~~
- The lien

~~on~~
-
4 33 attaches to the grain

~~and~~
- or seed threshed,

~~or any~~
- the farm
4 34 product baled, or

~~on~~
- the corn shelled or husked

~~, for the~~
-
4 35

~~reasonable value of such services~~

- The thresher or
5 1 cornsheller is a secured party and the person for whom the
5 2 thresher or cornsheller renders such services is a debtor for
5 3 purposes of chapter 554, article 9.
5 4 Sec. 9. NEW SECTION. 571.1A DEFINITIONS.
5 5 As used in this chapter, unless the context otherwise
5 6 requires:
5 7 1. "Thresher or cornsheller" means a person who performs a

5 8 service as provided in section 571.1.

5 9 2. "Thresher's and cornsheller's lien" or "lien" means the
5 10 thresher's and cornsheller's lien created in section 571.1.

5 11 Sec. 10. Section [571.3](#), Code 2001, is amended by striking
5 12 the section and inserting in lieu thereof the following:

5 13 571.3 PERFECTING THE LIEN FILING REQUIREMENTS.

5 14 A thresher's and cornsheller's lien becomes effective and
5 15 may be perfected and terminated as follows:

5 16 1. The lien becomes effective at the time that the
5 17 services provided under section 571.1 are rendered.

5 18 2. In order to perfect the lien, the thresher or
5 19 cornsheller must file a financing statement in the office of
5 20 the secretary of state as provided in section 554.9308 within
5 21 ten days after the last date that the services were rendered.
5 22 The financing statement shall meet the requirements of section
5 23 554.9502, subsection 1, and include all applicable information
5 24 described in section 554.9516. Section 554.9515 shall not
5 25 apply to a financing statement perfecting the lien. Filing a
5 26 financing statement as provided in this subsection satisfies
5 27 all requirements for perfection of an agricultural lien as
5 28 provided in chapter 554, article 9.

5 29 3. The lien may be terminated by the thresher or
5 30 cornsheller by filing a termination statement as provided in
5 31 chapter 554, article 9.

5 32 Sec. 11. NEW SECTION. 571.3A PRIORITY OF LIEN.

5 33 Except as provided in this section, section 554.9322 shall
5 34 govern the priority of a thresher's and cornsheller's lien
5 35 that is effective or perfected as provided in section 571.3.

6 1 Otherwise, the perfected thresher's and cornsheller's lien is
6 2 superior to and shall have priority over a conflicting
6 3 security interest or landlord's lien created in chapter 570
6 4 regardless of when the landlord's lien was perfected.

6 5 Sec. 12. Section [571.5](#), Code Supplement 2001, is amended
6 6 to read as follows:

6 7 571.5 ENFORCEMENT OF LIEN.

6 8 A thresher or cornsheller may enforce a thresher's and
6 9 cornsheller's lien

~~as provided in this chapter may be enforced~~

6 10 in the manner provided for agricultural liens pursuant to the
6 11 uniform commercial code, chapter 554, article 9, part 6.

6 12 Sec. 13. Sections 571.2, 571.4, and 571.6, Code 2001, are
6 13 repealed.

6 14 DIVISION III
6 15 VETERINARIAN'S LIEN

6 16 Sec. 14. Section [581.1](#), Code 2001, is amended to read as
6 17 follows:

6 18 581.1

~~NATURE OF~~

~~LIEN CREATED.~~

6 19

~~Every veterinarian, licensed and registered in accordance~~

6 20

~~with chapter 169, shall have a~~

~~A veterinarian's lien is~~

6 21 created. The lien is an agricultural lien as provided in
6 22 section 554.9302. The amount of the lien shall be for the
6 23 actual and reasonable value of treating livestock, including
6 24 the cost of any product used and

~~for~~

~~the actual and reasonable~~

6 25 value of any professional service rendered by the veterinarian
6 26

~~in connection with livestock, providing claim for said lien is~~

6 27

~~filed as hereinafter provided~~

~~The lien attaches to the~~

6 28 livestock treated by the veterinarian. The veterinarian is a
6 29 secured party and the owner of the livestock is a debtor for
6 30 purposes of chapter 554, article 9.

6 31 Sec. 15. NEW SECTION. 581.1A DEFINITIONS.

6 32 As used in this chapter, unless the context otherwise
6 33 requires:

6 34 1. "Veterinarian" means a person who practices veterinary
6 35 medicine under a currently valid license or temporary permit
7 1 as provided in chapter 169.

7 2 2. "Veterinarian's lien" or "lien" means a veterinarian's
7 3 lien created under section 581.1.

7 4 Sec. 16. Section 581.3, Code 2001, is amended by striking
7 5 the section and inserting in lieu thereof the following:

7 6 581.3 PERFECTING THE LIEN FILING REQUIREMENTS.

7 7 A veterinarian's lien becomes effective and may be
7 8 perfected and terminated as follows:

7 9 1. The lien becomes effective at the time that the
7 10 veterinarian treats livestock.

7 11 2. In order to perfect the lien, the veterinarian must
7 12 file a financing statement in the office of the secretary of
7 13 state as provided in section 554.9308 within sixty days after
7 14 the last day that the veterinarian treats the livestock. The
7 15 financing statement shall meet the requirements of section
7 16 554.9502, subsection 1, and include all applicable information
7 17 described in section 554.9516. Section 554.9515 shall not
7 18 apply to a financing statement perfecting the lien. Filing a
7 19 financing statement as provided in this subsection satisfies
7 20 all requirements for perfection of an agricultural lien as
7 21 provided in chapter 554, article 9.

7 22 3. The lien may be terminated by the veterinarian by
7 23 filing a termination statement as provided in chapter 554,
7 24 article 9.

7 25 Sec. 17. NEW SECTION. 581.3A PRIORITY.

7 26 Except as provided in this section, section 554.9322 shall
7 27 govern the priority of a veterinarian's lien that is effective
7 28 or perfected as provided in section 581.3. A veterinarian's
7 29 lien is perfected under section 581.3 and is superior to and
7 30 shall have priority over a conflicting lien or security
7 31 interest in livestock, including a lien or security interest
7 32 that was perfected prior to the perfection of the
7 33 veterinarian's lien.

7 34 Sec. 18. Section 581.4, Code 2001, is amended to read as
7 35 follows:

8 1 581.4 ENFORCEMENT.

8 2

~~The lienholder~~

~~A veterinarian may enforce the~~

8 3 veterinarian's lien

~~by a suit~~

~~in~~

~~equity~~

~~the manner provided~~

8 4 for agricultural liens pursuant to the uniform commercial
8 5 code, chapter 554, article 9, part 6.

8 6 Sec. 19. Section 581.2, Code 2001, is repealed.

DIVISION IV

CONFORMING CHANGES

8 7
8 8
8 9 Sec. 20. Section [554.9322](#), subsection 1, Code Supplement
8 10 2001, is amended by adding the following new paragraph:
8 11 NEW PARAGRAPH. d. A provision relating to an agricultural
8 12 lien, including an agricultural lien as created in chapters
8 13 570, 570A, 571, 579A, 579B, and 581, that provides for the
8 14 priority of the lien shall supersede a provision providing for
8 15 the priority of an agricultural lien under this subsection.

8 16 Sec. 21. Section [554.9515](#), Code Supplement 2001, is
8 17 amended by adding the following new subsection:

8 18 NEW SUBSECTION. 8. This section does not apply to an
8 19 agricultural lien created under chapter 570, 570A, 571, 579A,
8 20 579B, or 581.

EXPLANATION

8 21
8 22 In 2000, the general assembly enacted House File 2513 (2000
8 23 Iowa Acts, chapter 1149) adopting revised Article 9 of the
8 24 uniform commercial code (Code chapter 554) as proposed by the
8 25 American law institute and the national conference of
8 26 commissioners on uniform state laws, and conforming amendments
8 27 to a number of articles within the Code chapter as well as
8 28 other Code chapters providing for security interests and
8 29 liens.

8 30 With limited exceptions, new Article 9 governs the
8 31 creation, priority, and enforcement of creditor's consensual
8 32 liens, which are defined as security interests in personal
8 33 property and fixtures. Revised Article 9, like its
8 34 predecessor, provides generally for the effectiveness of
8 35 security agreements and the rights and duties of creditors
9 1 (i.e., secured parties), including parties having possession
9 2 and control of collateral. Much of revised Article 9 provides
9 3 for perfecting a security interest, usually accomplished by
9 4 filing a financing statement. The article provides for the
9 5 contents of financing statements and the location where such
9 6 financing statements must be filed (e.g., with the secretary
9 7 of state). In perfecting a security interest, a debtor is
9 8 generally assured rights in the collateral superior to a
9 9 security interest perfected later in time. Prior to the
9 10 revision of Article 9, liens created in statutes outside Code
9 11 chapter 554 were not affected by the provisions of Code
9 12 chapter 554. These liens include types of agricultural liens
9 13 such as those created for landlords (Code chapter 570),
9 14 agricultural supply dealers (Code chapter 570A), threshers and
9 15 cornshellers (Code chapter 571), custom cattle feedlots (Code
9 16 chapter 579A), contract producers of commodities (Code chapter
9 17 579B), and veterinarians (Code chapter 581). These Code
9 18 chapters provide that persons filing these liens enjoy super
9 19 priority. Revised Article 9 provides filing requirements for
9 20 perfecting agricultural liens, and therefore may control
9 21 issues relating to priority of conflicting security interests
9 22 and liens.

9 23 The bill amends Code chapters 570A, 571, and 581 by
9 24 eliminating requirements for filing that are inconsistent with
9 25 the requirements contained in revised Article 9. The bill
9 26 expressly states that the liens are agricultural liens,
9 27 replaces references to lien statements with financing
9 28 statements, and maintains their priority status over other
9 29 security interests and liens to the extent that these liens
9 30 also have been perfected as agricultural liens under revised
9 31 Article 9.

9 32 LSB 6720HC 79

9 33 da/sh/8