

MAR 14 2005  
Agriculture

HOUSE FILE 743  
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO HSB 249)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to liens associated with agricultural production,  
2 by providing for the termination of those liens.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HF-743

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1 Section 1. Section 579A.2, subsection 3, paragraph b, Code  
2 2005, is amended to read as follows:

3 b. The lien terminates one year after the cattle have left  
4 the custom cattle feedlot. ~~Section-554.9515-shall-not-apply~~  
5 ~~to-a-financing-statement-perfecting-the-lien.~~ The lien may be  
6 terminated by the custom cattle feedlot operator who files a  
7 termination statement as provided in chapter 554, article 9.

8 Sec. 2. Section 579B.4, subsection 1, paragraph b, Code  
9 2005, is amended to read as follows:

10 b. For a lien arising out of producing a crop, the lien  
11 becomes effective the day that the crop is first planted. In  
12 order to perfect the lien, the contract producer must file a  
13 financing statement in the office of the secretary of state as  
14 provided in section 554.9308. The contract producer must file  
15 a financing statement for the crop within forty-five days  
16 after the crop is first planted. The lien terminates one year  
17 after the crop is no longer under the authority of the  
18 contract producer. For purposes of this section, a crop is no  
19 longer under the authority of the contract producer when the  
20 crop or a warehouse receipt issued by a warehouse operator  
21 licensed under chapter 203C for grain from the crop is no  
22 longer under the custody or control of the contract producer.  
23 ~~Section-554.9515-shall-not-apply-to-a-financing-statement~~  
24 ~~perfecting-the-lien.~~ The lien may be terminated by the  
25 contract producer who files a termination statement as  
26 provided in chapter 554, article 9.

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EXPLANATION

28 In 2001, the general assembly enacted H.F. 549 (2001 Iowa  
29 Acts, ch. 25) which amended provisions in Code chapters 579A  
30 and 579B, two of the agricultural lien statutes, in part to  
31 better conform with provisions in revised Article 9 of the  
32 uniform commercial code (Code chapter 554), which was enacted  
33 during the previous session. With limited exceptions, new  
34 Article 9 governs the creation, priority, and enforcement of  
35 creditor's consensual liens, which are defined as security

1 interests in personal property and fixtures.

2 Code chapters 579A and 579B are similar and provide special  
3 creditor rights to a person who keeps livestock or grows a  
4 crop on the person's land on behalf of someone else who owns  
5 the livestock or crop. Code chapter 579A provides for cattle  
6 feeding operations and Code chapter 579B provides for  
7 production operations for both livestock (including beef and  
8 dairy cattle) and crops under contract. The two chapters  
9 afford protection to a person who owns land or facilities and  
10 keeps livestock or grows a crop at that location. Under Code  
11 chapter 579A, that person is known as a custom cattle feedlot  
12 operator, and under Code chapter 579B, the person is known as  
13 a contract producer. The custom cattle feedlot operator or  
14 contract producer is provided a right to file a lien on the  
15 commodities produced under contract (livestock, milk, or a  
16 crop) which may include cash from the sale of the commodity.  
17 The lien enjoys super priority status as long as it is  
18 perfected by filing a U.C.C. financing statement with the  
19 secretary of state. A lien under Code chapter 579A terminates  
20 one year after the cattle have left the custom cattle feedlot.  
21 A lien under Code chapter 579B terminates one year after the  
22 livestock or crop is no longer under the authority of the  
23 contract producer.

24 Both Code chapters provide that in order to perfect the  
25 lien, the contract producer must file a financing statement in  
26 the office of the secretary of state in the same manner as  
27 other secured parties under Code section 554.9308, which  
28 provides that a filed financing statement is effective for a  
29 period of five years after the date of filing. Both Code  
30 chapters also provide that Code section 554.9515 does not  
31 apply. That section provides that a financing statement is  
32 effective for a period of five years after the date of filing  
33 before it lapses, unless a continuation statement is filed for  
34 another five-year period. The chapters contemplate that the  
35 lien would terminate prior to the five-year period. The

1 effect of the bill is to allow the perfecting financing  
2 statement to expire in the same manner as other financing  
3 statements, even though the lien may have terminated prior to  
4 that date.

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Eichhorn, Ch.  
Alons  
R. Olson

Succeeded F  
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HSB249  
JUDICIARY

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
JUDICIARY BILL BY  
CHAIRPERSON PAULSEN)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
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