

House File 303 - Introduced

HOUSE FILE _____
BY ALONS, MERTZ, and
S. OLSON

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

A BILL FOR

1 An Act relating to agricultural liens, by providing for secured
2 property and the financing statements covering secured
3 property.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1813HH 82
6 da/cf/24

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1 1 Section 1. Section 570.1, subsection 2, paragraph b, Code
1 2 2007, is amended to read as follows:
1 3 b. When the debtor takes possession of the leased premises
1 4 or within ~~twenty six~~ days after the debtor takes possession
1 5 of the leased premises.
1 6 Sec. 2. Section 570A.4, subsection 2, Code 2007, is
1 7 amended to read as follows:
1 8 2. In order to perfect the lien, the agricultural supply
1 9 dealer must file a financing statement in the office of the
1 10 secretary of state as provided in section 554.9308 within
1 11 ~~thirty-one six~~ days after the date that the farmer purchases
1 12 the agricultural supply. The financing statement shall meet
1 13 the requirements of section 554.9502, subsection 1, and
1 14 include all applicable information described in section
1 15 554.9516. Filing a financing statement as provided in this
1 16 subsection satisfies all requirements for perfection of an
1 17 agricultural lien as provided in chapter 554, article 9.
1 18 Sec. 3. Section 571.1A, subsection 3, Code 2007, is
1 19 amended to read as follows:
1 20 3. "Harvesting services" means baling, chopping,
1 21 combining, cutting, husking, picking, shelling, stacking,
1 22 threshing, or ~~winnowing~~ windrowing a crop, regardless of the
1 23 means or method employed.
1 24 Sec. 4. Section 571.3, subsection 2, Code 2007, is amended
1 25 to read as follows:
1 26 2. In order to perfect the lien, the harvester must file a
1 27 financing statement in the office of the secretary of state as
1 28 provided in section 554.9308 within ~~ten six~~ days after the
1 29 last date that the harvesting services were rendered. The
1 30 financing statement shall meet the requirements of section
1 31 554.9502, subsection 1, and include all applicable information
1 32 described in section 554.9516. Filing a financing statement
1 33 as provided in this subsection satisfies all requirements for
1 34 perfection of an agricultural lien as provided in chapter 554,
1 35 article 9.
2 1 Sec. 5. Section 579A.2, subsection 3, unnumbered paragraph
2 2 1, Code 2007, is amended to read as follows:
2 3 A custom cattle feedlot lien becomes effective at the time
2 4 the cattle arrive at the custom cattle feedlot. In order to
2 5 perfect the lien, the custom cattle feedlot operator must file
2 6 a financing statement in the office of the secretary of state
2 7 as provided in section 554.9308 within ~~twenty six~~ days after
2 8 the cattle arrive at the custom cattle feedlot.
2 9 Sec. 6. Section 579B.4, subsection 1, paragraphs a and b,
2 10 Code 2007, are amended to read as follows:
2 11 a. For a lien arising out of producing livestock or raw
2 12 milk, the lien becomes effective the day that the livestock
2 13 first arrives at the contract livestock facility. In order to
2 14 perfect the lien, the contract producer must file a financing
2 15 statement in the office of the secretary of state as provided
2 16 in section 554.9308. Unless the production contract provides
2 17 for continuous arrival, the contract producer must file the
2 18 financing statement for the livestock within ~~forty-five six~~

2 19 days after the livestock's arrival. If the production
2 20 contract provides for continuous arrival, the contract
2 21 producer must file the financing statement for the livestock
2 22 within one hundred eighty days after the livestock's arrival.
2 23 The lien terminates one year after the livestock is no longer
2 24 under the authority of the contract producer. For purposes of
2 25 this section, livestock is no longer under the authority of
2 26 the contract producer when the livestock leaves the contract
2 27 livestock facility. Section 554.9515 shall not apply to a
2 28 financing statement perfecting the lien. The lien may be
2 29 terminated by the contract producer who files a termination
2 30 statement as provided in chapter 554, article 9.

2 31 b. For a lien arising out of producing a crop, the lien
2 32 becomes effective the day that the crop is first planted. In
2 33 order to perfect the lien, the contract producer must file a
2 34 financing statement in the office of the secretary of state as
2 35 provided in section 554.9308. The contract producer must file
3 1 a financing statement for the crop within ~~forty-five~~ sixty
3 2 days after the crop is first planted. The lien terminates one
3 3 year after the crop is no longer under the authority of the
3 4 contract producer. For purposes of this section, a crop is no
3 5 longer under the authority of the contract producer when the
3 6 crop or a warehouse receipt issued by a warehouse operator
3 7 licensed under chapter 203C for grain from the crop is no
3 8 longer under the custody or control of the contract producer.
3 9 The lien may be terminated by the contract producer who files
3 10 a termination statement as provided in chapter 554, article 9.

3 11 EXPLANATION

3 12 BACKGROUND. In 2000, the general assembly enacted H.F.
3 13 2513 (2000 Iowa Acts, chapter 1149) adopting revised article 9
3 14 of the uniform commercial code (Code chapter 554). With
3 15 certain limited exceptions, new article 9 governs the
3 16 creation, priority, and enforcement of creditors' consensual
3 17 liens, which are defined as security interests in personal
3 18 property and fixtures. Revised article 9, like its
3 19 predecessor, provides generally for the effectiveness of
3 20 security agreements and the rights and duties of creditors.
3 21 Much of revised article 9 provides for perfecting a security
3 22 interest, usually accomplished by filing a financing
3 23 statement. The article provides for the contents of financing
3 24 statements and the location where such financing statements
3 25 must be filed (e.g., with the secretary of state). In
3 26 perfecting a security interest, a debtor is generally assured
3 27 rights in the collateral superior to a security interest
3 28 perfected later in time.

3 29 Prior to the revision of article 9, liens created in
3 30 statutes outside Code chapter 554 were not affected by the
3 31 provisions of Code chapter 554. These liens include types of
3 32 agricultural liens such as those for landlords (Code chapter
3 33 570), agricultural supply dealers (Code chapter 570A),
3 34 threshers and cornshellers now referred to as harvesters (Code
3 35 chapter 571), custom cattle feedlot operators (Code chapter
4 1 579A), contract producers (Code chapter 579B), and
4 2 veterinarians (Code chapter 581). These Code chapters provide
4 3 that persons perfecting these liens enjoy superior priority
4 4 over other creditors even if the other creditors perfected
4 5 their interests prior in time. However, revised article 9
4 6 provides filing requirements for perfecting agricultural
4 7 liens, and therefore may control issues relating to priority
4 8 of conflicting security interests and liens.

4 9 As part of the 2000 legislation, the general assembly
4 10 amended Code chapter 570 providing for landlord liens; in
4 11 2001, the general assembly enacted H.F. 549 (2001 Iowa Acts,
4 12 chapter 25) amending Code chapters 579A providing for custom
4 13 cattle feedlot operator liens and 579B providing for contract
4 14 producer liens; and in 2003 the general assembly enacted S.F.
4 15 379 (2003 Iowa Acts, chapter 82), amending Code chapters 570A,
4 16 571, and 581, providing for other agricultural liens. In all
4 17 these cases, the legislation eliminated requirements for
4 18 filing that were inconsistent with the requirements contained
4 19 in revised article 9, replaced references to lien statements
4 20 with financing statements, and maintained their priority
4 21 status over other security interests and liens to the extent
4 22 that these liens also have been perfected, including as
4 23 agricultural liens under revised article 9.

4 24 NUMBER OF DAYS TO FILE A FINANCING STATEMENT. Under each
4 25 Code chapter, there are different periods by when a secured
4 26 party must file a financing statement in order to perfect
4 27 their agricultural lien. For a landlord, it is 20 days after
4 28 the debtor takes possession of the leased premises; for an
4 29 agricultural supply dealer, it is 31 days after a farmer

4 30 purchases the agricultural supply; for a harvester, it is 10
4 31 days after the harvesting services were rendered; for a custom
4 32 cattle feedlot operator, it is 20 days after the cattle arrive
4 33 at the custom cattle feedlot; for a contract producer, it is
4 34 45 days after the livestock's arrival (unless there is
4 35 continuous arrival) or 45 days after a crop is first planted;
5 1 and for a veterinarian, it is 60 days after treating the
5 2 livestock. This bill amends all these Code chapters (with the
5 3 exception of Code chapter 581) to change the number of days to
5 4 60 days which is the same as the time period for
5 5 veterinarians.
5 6 HARVESTING SERVICES. Code section 571.1A provides a
5 7 definition of services covered under a harvester lien,
5 8 including winnowing a crop (removing the useless parts, or
5 9 "chaff" from grain). This bill replaces the term with
5 10 "windrowing" (creating a cut row of crops presumably to gather
5 11 them up in a swath).
5 12 LSB 1813HH 82
5 13 da:nh/cf/24