

FILED MAR 14 2005

SENATE FILE 358
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO SSB 1252)
(COMPANION TO LSB 3041HV BY
COMMITTEE ON JUDICIARY)

Passed Senate, Date _____ Passed House, 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:

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SF 358

TLSB 3041SV 81
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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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SENATE FILE 358

S-3056

1 Amend Senate File 358 as follows:

2 1. Page 1, by inserting before line 1 the
3 following:

4 "Section 1. Section 570.1, Code 2005, is amended
5 by adding the following new subsection:

6 NEW SUBSECTION. 1A. A lien in farm products as
7 provided in this section becomes effective when a
8 tenant signs a lease or becomes bound by a lease of
9 the leased premises.

10 Sec. 2. Section 570.1, subsections 3 and 4, Code
11 2005, are amended to read as follows:

12 3. A financing statement filed to perfect a lien
13 in the farm products under this section must include a
14 statement that it is filed for the purpose of
15 perfecting a landlord's lien. ~~Notwithstanding section~~
16 ~~554.9515, such financing statement shall continue to~~
17 ~~be effective until a termination statement is filed.~~

18 4. a. If the parties to a lease remain the same,
19 and subject to the provisions of article 9 of chapter
20 554, including but not limited to section 554.9515, a
21 financing statement filed for the purpose of
22 perfecting a landlord's lien shall continue to be
23 effective. The effectiveness of the financing
24 statement shall not be affected by an extension or
25 renewal of the lease, or an amendment to the lease, so
26 long as the extension, renewal, or amendment does not
27 materially alter the extent of the lien.

28 b. Within twenty days after a landlord who has
29 filed a financing statement for the purpose of
30 perfecting a landlord's lien receives a written
31 demand, authenticated as provided in article 9 of
32 chapter 554, from a tenant, the landlord shall file a
33 termination statement, if the lien in the farm
34 products has expired or if the tenant is no longer in
35 possession of the leased premises and has performed
36 all obligations under the lease."

37 2. Title page, line 2, by inserting before the
38 word "termination" the following: "effectiveness,
39 perfection, and".

40 3. By renumbering as necessary.

By BRAD ZAUN
KEITH A. KREIMAN

S-3056 FILED MARCH 23, 2005

ADOPTED

Schoenjahn co-chair

SSB# 1252

Zawn co-chair

Succeeded By
SF HF 358

Judiciary

Warnstadt

Ward

SENATE FILE _____

BY (PROPOSED COMMITTEE ON

JUDICIARY BILL BY

CO-CHAIRPERSONS KREIMAN

AND MILLER)

Passed Senate, Date _____

Passed House, Date _____

Vote: Ayes _____ Nays _____

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