

SENATE BILL REPORT

SB 5537

AS OF FEBRUARY 13, 1991

Brief Description: Modifying provisions for agricultural liens.

SPONSORS: Senators Barr and Hansen.

SENATE COMMITTEE ON AGRICULTURE & WATER RESOURCES

Staff: Steve Nelsen (786-7535)

Hearing Dates: February 15, 1991

BACKGROUND:

In the regular course of current agricultural business practices, value is often added to crops by activities such as handling and selling which fall outside of the protection afforded by existing statutory liens. The Washington Supreme Court held in a recent decision that the interest of marketers and handlers was subordinate to prior perfected secured creditors. This decision leaves crop marketers and handlers without an assured source of repayment for their services in the event the grower of those crops later becomes insolvent.

SUMMARY:

A "handler" is defined as a person who receives, stores, packs, markets, sells, or delivers crops but does not include a person who solely transports crops from a grower to a handler. "Crop" is defined to include without limitation horticultural, viticultural, and berry products.

The existing provisions for crop liens are expanded to provide protection for handlers to the extent of: all customary charges for ordinary and necessary handling, reasonable cooperative per unit retainages, governmental assessments, and advances to the lien debtor of the anticipated proceeds from the sale of the crops. The handler's lien attaches upon delivery of the crops without the necessity of filing. The handler's lien is preferred to other liens and security interests with the exception of the labor lien. The handler's lien will expire in 36 months unless a judicial foreclosure or summary procedure action is brought. The person with a handler's lien is not required to file a lien termination statement.

Appropriation: none

Revenue: none

Fiscal Note: none requested

