

HOUSE BILL REPORT

HCR 4408

As Reported by House Committee On:
Agriculture & Ecology

Brief Description: Creating a Joint Select Committee to review the need for the central filing of farm product liens.

Sponsors: Representatives G. Chandler and Linville.

Brief History:

Committee Activity:

Agriculture & Ecology: 2/27/01 [DPS].

Brief Summary of Substitute Bill

- Establishes a joint select committee to study the creation of a state central filing system for the filing of farm product liens.

HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives G. Chandler, Republican Co-Chair; Linville, Democratic Co-Chair; Cooper, Democratic Vice Chair; Mielke, Republican Vice Chair; B. Chandler, Delvin, Dunshee, Grant, Hunt, Kirby, Quall, Roach, Schoesler and Sump.

Staff: Caroleen Dineen (786-7156).

Background:

Certain statutory liens exist related to crops. For example, a landlord has a lien upon crops grown on the leased land for payments up to one year's rent. In addition, a supplier has a lien upon crops for which supplies are used or applied for payment of the purchase price of the supplies or services. Further, a handler preparing an orchard crop for market has a lien on all orchard crops for payment of customary handling charges. The crop lien statutes include provisions related to priority, attachment, perfection and foreclosure of these various crop liens.

The federal Food Security Act of 1985 established procedures for determining liens related to farm products. The federal law provides for state central filing systems for filing farm product liens and for providing notice of such liens. The United States Department of Agriculture (USDA) may certify a state's central filing system as satisfying federal requirements for filing, notice, and effect of liens. The USDA has certified central filing systems for 19 states.

Summary of Substitute Bill:

A joint select committee on central filing of liens for farm products is established. The joint select committee is to examine the advisability of creating and maintaining a state central filing system for farm products. If the joint select committee finds a central filing system is advisable, the joint select committee is also to determine the products that should be governed by and the entity that should operate the central filing system.

The joint select committee includes a total of 21 members. Four members of the joint select committee are legislative members, with one member representing each major political party in the House and the Senate appointed by the Co-Speakers of the House of Representatives and the President of the Senate respectively. Two agency members are appointed by the agency directors, one from the Department of Agriculture and one from the Department of Licensing. Three members representing the banking industry are to be appointed by the President of the Senate and the Co-Speakers of the House of Representatives. The remaining 12 members are representatives of agricultural interests, with one each appointed by the President of the Senate and the Co-Speakers of the House of Representatives as follows: fruit growers, fruit warehouse operators, food processors, dairy farmers, vegetable growers, grain warehouse operators, wheat growers, agricultural cooperatives, cattle ranchers, agricultural families, farm supply companies, and agricultural equipment dealers.

The joint select committee is to be co-chaired by two legislative members from different political parties elected by the joint select committee. The joint select committee is to be staffed by Senate Committee Services and the Office of Program Research, and legislative members are to be compensated for expenses are provided by the House of Representatives and the Senate.

The first meeting of the joint select committee is to be convened by directive of the President of the Senate and the Co-Speakers of the House of Representatives. The joint select committee is required to report its recommendations to the Legislature by November 30, 2001, and is scheduled to expire on December 1, 2001.

Substitute Bill Compared to Original Bill:

The substitute adds two members, representatives of cattle ranchers and agricultural

families, to the joint select committee.

Appropriation: None.

Fiscal Note: Not Requested.

Testimony For: (In favor, original bill) Agriculture is facing great challenges now, and a healthy lending environment is central to addressing those challenges. Interested parties agreed after discussions last year to create a formal study group for this issue. A central filing system will provide an easy and efficient way to know about liens and will create better availability of capital for agriculture. The Washington State Farm Bureau, Washington Cattlemen's Association, and the Washington State Grange should be included on the joint select committee.

Testimony Against: The banks want to put the risk on the buyer. Dairy and cattle farmers buy a lot from other farmers and would bear the risk. There is a difference between creating a central place for filed liens and the central filing system favored by the banks.

Testified: (In favor, original bill) Representative Gary Chandler, prime sponsor; Denny Eliason, Washington Bankers Association; and Linda Johnson, Washington State Farm Bureau.

(Opposed, original bill) Chris Cheney, Washington State Dairy Federation.