

SENATE BILL REPORT

ESSB 6703

As Passed Senate, February 14, 2002

Title: An act relating to agricultural liens.

Brief Description: Changing timing provisions relating to agricultural liens.

Sponsors: Senate Committee on Agriculture & International Trade (originally sponsored by Senators Rasmussen, Hochstatter, Shin, Sheahan, Swecker, Hewitt, Honeyford and Hale).

Brief History:

Committee Activity: Agriculture & International Trade: 2/6/02, 2/8/02 [DPS].
Passed Senate: 2/14/02, 47-0.

SENATE COMMITTEE ON AGRICULTURE & INTERNATIONAL TRADE

Majority Report: That Substitute Senate Bill No. 6703 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rasmussen, Chair; Shin, Vice Chair; Parlette and Swecker.

Staff: Bob Lee (786-7404)

Background: The processor lien statutes provide a mechanism for protecting producers of agricultural products who deliver crops to processors that are failing financially. An automatic statutory lien is in place from the date of delivery until 20 days after payment is due and remains unpaid. The current law requires the producer to file a statement of lien within 20 days after payment is due and remains unpaid if the priority status of the lien is to be retained. In those cases that the date of payment is not stated in the contract, the statutes provide for the purpose of filing a processor lien, that payment is assumed to be due 30 days after delivery. The result is that to preserve a priority lien, a lien statement must be filed within 50 days of delivery if the contract does not specify a payment date.

To file a processor lien, a true statement containing the amount demanded after deducting all credits and offsets must be submitted to the Department of Licensing. Concern has been expressed by farmers that reports from processors showing cleaning rates and cleaning charges are not frequently available within the 50-day period.

If a lien statement is filed, the processor lien terminates six months after the later of the date of attachment or filing, unless a suit to foreclose the lien has been filed.

Summary of Bill: Clarification is provided that vegetable seeds are included in the agricultural products for the purposes of the chapter.

A producer may file a lien with either a true statement or a reasonable estimate of the amount due.

The period of time that a processor lien terminates without having to file a suit is extended from six months to 12 months.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The purpose of the bill is to lengthen the period during which a farmer can file a lien, and to lengthen the period for which a lien is valid before a lawsuit must be filed. Seed producers often do not get clean out reports back from processors and germination tests back from the Department of Agriculture in time to file a lien under current law. Current time periods for filing liens place producers at risk if the processors go bankrupt. A recent bankruptcy of a seed processor resulted in significant losses to vegetable seed and alfalfa seed producers.

Testimony Against: There is concern that the original bill would delay the date that payment is due where the contract does not specify the payment date.

Testified: Jon Warling, WA Farm Bureau (pro/concerns); Ken Goodnoch, Columbia Basin Alfalfa Seed Assn. (pro).