

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H. F. 285  
**Version:** First Engrossment  
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**Subject:** Agricultural Lien Law  
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**DATE:** March 7, 2001

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### Overview

Current Minnesota law concerning liens on the crops and livestock of farmer debtors is confusing and contradictory. Liens against crops and livestock can be of several types; the most important of which are liens to ferriers, livestock breeders, threshers, veterinarians, agricultural production inputs, landlords, and planting crop owners. One obvious problem with existing agricultural lien law is that a number of these different types of liens each make the claim of having a higher priority than all other liens. House File 285 represents the recommendations of the Agricultural Lien Task Force of the Business Law Section of the Minnesota State Bar Association. The bill repeals a large chunk of agricultural lien law and proposes coding for new language removing ambiguities and providing more uniform procedures for the recording of liens. Priorities for perfected liens against both crops and livestock are carefully tiered so that there is no ambiguity about where each claim falls.

### Section

- 1 **Right of detainer.** Amends the general rules relating to a lien and right of detainer by excluding agricultural livestock and crops.
- 2 **Crop lien definitions.** Defines a number of terms used in establishing agricultural lien procedures and priorities, including "crop production input," "lender," and "supplier."
- 3 **Agricultural lien on crops.** Explains the intent, procedure for perfection, and priority of various agricultural liens against crops.
  - Subd. 1. Landlord's lien.** A landlord's lien is created for the unpaid rent on land where crops are produced.
  - Subd. 2. Harvester's lien.** The person providing harvesting services has a lien upon the value of the crop harvested.
  - Subd. 3. Crop production input lien.** A supplier in the business of providing crop production inputs has a lien upon crops produced by the inputs. Establishing and perfecting this lien

requires a prescribed set of timely communications between the supplier and the farmer's general lender.

**Subd. 4. Scope.** Liens created under subdivisions 1 to 3 attach to the value of crops produced.

**Subd. 5. Perfection.** Establishes timelines for the perfection of each type of agricultural crop lien:

Thirty days after a crop becomes a growing crop for a landlord's lien;lien;

Fifteen days after harvesting for a harvester's lien;lien;

Six months after "inputs are furnished" for a crop production input lien.lien.

(note) These are the same timelines for perfection for each type of lien as found in current Minnesota law.

**Subd. 6. Governing law.** Clarifies that provisions of the Uniform Commercial Code, Secured Transactions sections, apply to agricultural crop liens except to the extent those provisions are modified by this law.

**Subd. 7. Priority.** Specifies the priority for the special liens established in this law:

A landlord's lien has highest priority;priority;

A lien by one or more harvesters has second highest priority;priority;

A lien by one or more suppliers of crop production inputs has third highest priority,priority, and priority over competing agricultural liens;

A perfected lien by one or more suppliers of crop production inputs has prioritypriority over other security instruments (e.g., a line of credit) before the secured party has provided value to the debtor.

**Subd. 8. Default.** A default occurs at the point in time when an obligation is not met.

**Subd. 9. Enforcement.** Agricultural liens are to be enforced as provided in the Uniform Commercial Code, Secured Transactions sections.

4 **Livestock lien definitions.** Defines a number of terms used in establishing agricultural lien procedures and priorities, including "emergency veterinary services," "feed," "livestock production input," and "supplier."

5 **Agricultural lien on livestock.** Explains the intent, procedure for perfection, and priority of various agricultural liens against livestock.

**Subd. 1. Veterinarian's lien.** A veterinarian's lien is created when a licensed veterinarian provides emergency veterinary services at the request of an animal owner or possessor.

**Subd. 2. Breeder's lien.** A breeder's lien is created when reproductive services are provided by a person in the business of providing such services. The lien attaches to the livestock bred and any resulting offspring.

**Subd. 3. Livestock production input lien.** A supplier in the business of providing livestock production inputs has a lien upon livestock produced by the inputs. Establishing and perfecting this lien requires a prescribed set of timely communications between the supplier and the farmer's general lender.

**Subd. 4. Feeder's lien.** A feeder's lien is created when a person provides care and feeding for livestock owned by another.

**Subd. 5. Scope.** A lien created as provided in subdivisions 1 to 4 is for the cost or value of the services provided.

**Subd. 6. Perfection.** Establishes timelines for the perfection of each type of livestock lien:

One-hundred-eighty days after the service is provided for a veterinarian's lien;lien;

Six months after breeding services are provided for a breeder's lien;lien;

Six months after the last date that livestock production inputs are furnished for aa livestock production input lien;

Sixty days after the last day that feeding services are furnished for a feeder's lien.lien.

**Subd. 7. Governing law.** Clarifies that provisions of the Uniform Commercial Code, Secured Transactions sections, apply to agricultural livestock liens except to the extent those provisions are modified by this law.

**Subd. 8. Priority.** Specifies the priority for the livestock liens established in this law:

A lien by one or more veterinarians has highest priority;priority;

A lien by one or more feeders has second priority;priority;

A breeder's lien has third priority;priority;

A lien by one or more livestock production input suppliers has fourth priority;priority;

A perfected livestock production input lien has priority over other securitysecurity instruments in the the livestock (e.g., a line of credit) before the secured party has provided value to the debtor.

**Subd. 9. Default.** A default occurs at the point in time when an obligation is not met.

**Subd. 10. Enforcement.** Livestock liens are to be enforced as provided in the Uniform Commercial Code, Secured Transactions sections.

6 **Transition rule for livestock and crop statutes.** Liens in agricultural crops and livestock created before July 1, 2001, will continue to be based for the duration of their terms on statutes in effect prior to July 1, 2001 (but repealed by this bill).

7 **Repealer.** Lists the several sections of statute and Minnesota rule that are repealed.

8 **Effective date.** Sections 1 to 7 are effective July 1, 2001.