

FIRST REGULAR SESSION

# SENATE BILL NO. 510

90TH GENERAL ASSEMBLY

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INTRODUCED BY SENATOR GRAVES.

Read 1st time March 1, 1999, and 1,000 copies ordered printed.

TERRY L. SPIELER, Secretary.

S2050.011

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## AN ACT

To amend chapter 430, RSMo, by adding thereto ten new sections relating to agricultural production liens.

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*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Chapter 430, RSMo, is amended by adding thereto ten new sections, to be known as sections 430.450, 430.453, 430.456, 430.459, 430.462, 430.465, 430.468, 430.471, 430.474 and 430.477, to read as follows:

**430.450. As used in section 430.450 to 430.477, unless the context otherwise requires, the following terms shall mean:**

**(1) "Agricultural chemical", a fertilizer or agricultural chemical which is applied to crops or land which is used for the raising of crops;**

**(2) "Agricultural production input", any agricultural chemical, feed, seed, petroleum product, electricity, or labor used in preparing the land for planting, cultivating, growing, producing, harvesting, drying, and storing crops or crop products or for feeding, producing, or delivering livestock;**

**(3) "Electricity", electrical energy which is used in the production of crops and livestock;**

**(4) "Feed", a commercial feed, a feed ingredient, a mineral feed, a drug, an animal health product, or customer-formula feed which is used for the feeding of livestock;**

**(5) "Labor", labor performed in the application, delivery or preparation of a product defined in this section;**

**(6) "Lender", a person in the business of lending money identified in a lien-notification statement;**

**(7) "Letter of commitment", a binding, irrevocable and unconditional agreement by a lender to honor drafts or other demands for payment upon the supplier presenting**

**invoices signed by the purchaser or other proof of delivery;**

**(8) "Person", an individual, partnership, corporation, company, cooperative, society or association;**

**(9) "Petroleum product", motor fuel, oil, grease, propane and special fuel which is used in the production of crops and livestock;**

**(10) "Seed", agricultural seed which is used in the production of crops.**

**430.453. 1. A person supplying an agricultural production input may notify a lender of an agricultural production input lien by providing a lien notification statement to the lender in an envelope marked "IMPORTANT - LEGAL NOTICE" and sent by certified mail or another verifiable method.**

**2. The lien notification statement shall be in the form approved by the secretary of state and shall disclose the following:**

**(1) The name and business address of any lender;**

**(2) The name, address and signature of the supplier claiming the lien;**

**(3) A description and the date or anticipated date or dates of the transaction or transactions and the retail cost or anticipated costs of the agricultural production input;**

**(4) The name, residential address, and signature of the person to whom the agricultural production input was furnished or is to be furnished;**

**(5) The name and residential address of the owner and a description of the real estate sufficient to identify the same where the crops to which the lien attaches are growing or are to be grown or, if livestock, the name and residential address of the owner of the livestock, the location where the livestock will be raised, and a description of the livestock;**

**(6) A statement that the products and proceeds of the crops or livestock are covered by the agricultural input lien;**

**(7) The social security number or federal tax identification number of the person to whom the agricultural production input was furnished, if known; and**

**(8) The social security number or federal tax identification number of the supplier claiming the lien.**

**430.456. Within fifteen calendar days after receiving a lien notification statement, the lender shall respond to the supplier with either:**

**(1) A letter of commitment for part or all of the amount in the lien notification statement and, if the letter of commitment is for only part of the amount in the lien notification statement, then a copy of the partial commitment shall be sent to the person to whom the agricultural production input was furnished or is to be furnished; or**

**(2) A written refusal to issue a letter of commitment, and a copy of such refusal**

shall be sent to the person to whom the agricultural production input was furnished or is to be furnished.

**430.459.** If the lender responds with a letter of commitment, the supplier may not obtain a lien for the amount stated in the letter of commitment. If the lender responds with a written refusal to issue a letter of commitment, the rights of the lender and the supplier are not affected by sections 430.450 to 430.477, and any prior perfected lien of the lender under the Uniform Commercial Code shall retain its established priority.

**430.462.** If a lender does not respond to the supplier within fifteen calendar days after receiving the lien notification statement:

(1) If the agricultural production input is feed for livestock, a supplier who furnishes the feed has an agricultural production input lien which has priority over any security interest of the lender for the unpaid retail cost of such feed. Such lien may not exceed the amount, if any, that the sales price of the livestock exceeds the greater of the fair market value of the livestock at the time the lien attaches or the acquisition price of the livestock; or

(2) For all other agricultural production input, a supplier who furnishes such agricultural production input has an agricultural production input lien which has priority any security interest of the lender in the specified crops or their proceeds for the lessor of:

(a) The amount stated in the lien notification statement; or

(b) The unpaid retail cost of the agricultural production input identified in the lien notification statement.

**430.465. 1.** The agricultural production input lien attaches to:

(1) The existing crops upon the land where a furnished agricultural chemical was applied or, if crops are not planted, the next production crop where a furnished agricultural chemical was applied within sixteen months following the last date on which the agricultural chemical was applied;

(2) The crops produced from furnished seed;

(3) The crops produced, harvested, or processed using a furnished petroleum product or furnished electricity. If the crops are grown on leased land and the lease provides for payment in crops, the lien does not attach to the lessor's portion of the crops. The lien continues in crop products and proceeds, except the lien does not continue in grain after a cash sale; or

(4) All livestock consuming the feed and continues in livestock products and proceeds.

**2.** An agricultural production input lien attaches when the agricultural production input is furnished by the supplier to the purchaser.

**430.468. 1.** To perfect an agricultural production input lien, the lien shall attach

and the supplier entitled to the lien shall file a lien notification statement containing the information required in subsection 2 of section 430.453 with the appropriate filing office for the filing of security interests in farm products within three months after the last date that the agricultural production input was furnished. The failure to include the social security number or federal tax identification number shall not render any filing unperfected. Perfection occurs as of the date such lien notification statement is filed.

2. An agricultural production input lien that is not perfected has the priority of an unperfected security interest pursuant to section 9-312, Uniform Commercial Code.

3. The filing officer shall enter the time of day and date of filing on the lien notification statement and shall otherwise file it in the manner provided by section 9-403, Uniform Commercial Code, for a financing statement.

4. The holder of an agricultural production input lien may enforce the lien in the manner provided in sections 9-501 to 9-507, Uniform Commercial Code. For purposes of enforcement of the lien, the lienholder is the secured party and the person for whom the agricultural production input was furnished is the debtor, and each has the respective rights and duties of a secured party and a debtor under sections 9-501 to 9-507, Uniform Commercial Code.

430.471. An action to enforce an agricultural production input lien may be brought in the circuit court in a county where some part of the crop or livestock was located after the lien is perfected. A lien notification statement may be amended, except for the amount demanded, by leave of the court in the furtherance of justice. An agricultural production input lien is extinguished if an action to enforce the lien is not brought within eighteen months after the date the lien notification statement is filed.

430.474. When an agricultural production input lien is satisfied, the lienholder shall file in the office where the lien is filed a termination statement to the effect that he or she no longer claims an interest under the lien, which shall be identified by file number. A termination statement signed by a person other than the lienholder of record shall be accompanied by a separate written statement of assignment signed by the lienholder of record complying with subsection 2 of section 9-405, Uniform Commercial Code, including payment of the required fee. If the affected lienholder fails to file such a termination statement within thirty days after such lienholder no longer claims an interest, he or she shall be liable to the person to whom the agricultural production input was furnished for any losses caused to such person by such failure and for reasonable attorney's fees and court costs. On presentation to the filing officer of such a termination statement, he or she shall note it in the index. If the filing officer has received the termination statement in duplicate, he or she shall return one copy of the termination statement to the lienholder stamped to show the time of receipt.

**430.477. The filing of a petition for relief under any bankruptcy law of the United States shall render any unperformed letter of commitment under sections 430.450 to 430.477 null and void.**

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