

BILL ANALYSIS

S.B. 1339
By: Perry
Agriculture & Livestock
Committee Report (Unamended)

BACKGROUND AND PURPOSE

There is concern that the law does not adequately address the priority of certain agricultural liens on crops grown by Texas farmers. Those concerned have reported the risk that a farmer will deliver crops to a warehouse or facility that, unknown to the farmer, is facing financial difficulty and in the event the warehouse or facility declares bankruptcy, the farmer will have lower payment priority than the warehouse's or facility's lending bank. S.B. 1339 seeks to ensure that Texas farmers receive payment for their hard work and investment.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 1339 amends the Property Code to establish that an agricultural lien is perfected at the time the lien attaches and continues to be perfected if a financing statement covering the agricultural crop is filed on or before the 90th day after the date the physical possession of the crop is delivered or transferred by the agricultural producer to the contract purchaser or the purchaser's agent if there is only one delivery under the contract or if the financing statement is filed on or before the 90th day after the date of the last delivery of the crop to the contract purchaser or the purchaser's agent if there is a series of deliveries under the contract. The bill establishes that an agricultural lien for which a financing statement covering the agricultural crop is not filed within the applicable time is considered unperfected on the date the lien attached until the date the financing statement is filed or the lien is perfected under the Uniform Commercial Code--Secured Transactions. The bill grants a lien created and perfected under Property Code provisions governing agricultural liens priority over a conflicting security interest in or lien on the agricultural crop or the proceeds from the sale of the crop created by the contract purchaser in favor of a third party, other than a cotton ginner's lien, regardless of the date the security interest or lien created by the contract purchaser attached. The bill specifies that such granting of priority does not affect a security interest or lien created and perfected to secure a loan directly to the agricultural producer.

S.B. 1339 removes the specifications in the definition of "contract purchaser" applicable to agricultural liens that such a person agreeing under a contract to purchase an agricultural crop has agreed before the planting of the crop and that such a contract be a written contract. The bill establishes that an agricultural lien exists on the proceeds of the sale of a crop if the contract purchaser sells all or part of the crop. The bill changes from the date of the last delivery of an

agricultural crop to the contract purchaser or purchaser's agent to the date of the first such delivery the date on which an agricultural lien attaches if there is a series of deliveries to the contract purchaser or purchaser's agent.

EFFECTIVE DATE

September 1, 2015.