

# FINAL BILL REPORT

## SHB 1142

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C 174 L 91

*Synopsis As Enacted*

**Brief Description:** Redefining the agricultural products for which processor liens may be established.

By House Committee on Agriculture & Rural Development  
(originally sponsored by Representatives Rasmussen, Bowman, Chandler, Kremen, Spanel, Roland, Tate, Sprenkle, McLean, Dorn, Rayburn, Haugen, Riley, R. Johnson, Grant, Jones, Phillips, Orr, Brumsickle, Ferguson, Ballard, P. Johnson, Sheldon, Hochstatter, Paris, Fuhrman, Morton, Padden, Edmondson, Lisk, Betrozoff, Wynne, Nealey and Moyer).

House Committee on Agriculture & Rural Development  
Senate Committee on Agriculture & Water Resources

**Background:** In a bankruptcy proceeding, secured claims of creditors have priority over unsecured claims. That is, creditors with secured claims properly filed with the bankruptcy court are paid first, reducing the amount of the debtor's assets available for satisfying the claims of creditors with unsecured interests. A secured interest may be derived from: (1) a judicial lien obtained by judgment or other equitable process; (2) a lien created by statute; or (3) a lien created by a contractual agreement with the debtor.

In 1983, the Legislature enacted law authority processor liens. Under the processor lien statute, a producer who delivers certain agricultural products to a processor or conditioner has a first priority lien for the price or value of the product. The lien applies to certain agricultural products delivered to a processor or conditioner in an unprocessed form.

**Summary:** The categories of agricultural products delivered to a processor or conditioner and for which a producer is entitled to a processor lien under state law are altered to expressly include milk, milk products, and aquaculture products.

The circumstances constituting "delivery" under the processor lien law are specified.

**Votes on Final Passage:**

House	97	0	
Senate	47	0	(Senate amended)
House	94	0	(House concurred)

***Effective:*** July 28, 1991