

**FINAL BILL REPORT**

**SSB 5628**

**C 286 L 91**

**SYNOPSIS AS ENACTED**

**Brief Description:** Modifying provisions for crop liens for handlers.

**SPONSORS:** Senate Committee on Agriculture & Water Resources (originally sponsored by Senators Barr and Hansen).

**SENATE COMMITTEE ON AGRICULTURE & WATER RESOURCES**

**HOUSE COMMITTEE ON AGRICULTURE & RURAL DEVELOPMENT**

**BACKGROUND:**

In the regular course of current agricultural business practices, value is often added to crops by activities such as handling and selling which fall outside of the protection afforded by existing statutory liens. The Washington Supreme Court held in a recent decision that the interest of marketers and handlers was subordinate to prior perfected secured creditors. This decision leaves crop marketers and handlers without an assured source of repayment for their services in the event the grower of those crops later becomes insolvent.

**SUMMARY:**

A "handler" is defined as a person who receives, stores, packs, markets, sells, or delivers orchard crops but does not include a person who solely transports orchard crops from a grower to a handler. "Orchard crop" means cherries, peaches, nectarines, plums or prunes, pears, apricots, and apples.

The existing provisions for crop liens are expanded to provide protection for handlers to the extent of: all customary charges for ordinary and necessary handling; reasonable cooperative per unit retainages; and governmental assessments. The handler's lien attaches upon delivery of the crops without the necessity of filing. The handler's lien is preferred to other liens and security interests with the exception of the labor lien. The handler's lien will expire in 24 months unless a judicial foreclosure or summary procedure action is brought. The person with a handler's lien is not required to file a lien termination statement. The handler's lien only applies to orchard crops.

**VOTES ON FINAL PASSAGE:**

Senate	49	0	
House	93	0	(House amended)
Senate	46	0	(Senate concurred)

**EFFECTIVE:** July 28, 1991