

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

State of Arkansas

84th General Assembly

Regular Session, 2003

A Bill

HOUSE BILL 1002

By: Representatives Boyd, Dangeau, Scroggin, Milligan, Thomas, Weaver, Bolin, Cleveland, Gipson, Hickinbotham, Nichols, Prater, Rankin, Seawel, King, House, Childers, Gillespie, Hathorn, Ormond, Stovall, Jacobs, Petrus

By: Senators Wooldridge, J. Jeffress, Whitaker, Glover, G. Jeffress, B. Johnson

For An Act To Be Entitled

AN ACT TO RESTORE THIS STATE'S TRADITIONAL SYSTEM FOR ESTABLISHING LANDLORDS' LIENS ON CROPS AND TO EXEMPT LANDLORDS' LIENS ON CROPS FROM THE UNIFORM COMMERCIAL CODE-SECURED TRANSACTIONS; AND FOR OTHER PURPOSES.

Subtitle

AN ACT TO RESTORE THIS STATE'S TRADITIONAL SYSTEM FOR ESTABLISHING LANDLORDS' LIENS ON CROPS AND TO EXEMPT LANDLORDS' LIENS ON CROPS FROM THE UNIFORM COMMERCIAL CODE-SECURED TRANSACTIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. The General Assembly has determined that by the enactment of Act 1439 of 2001 it inadvertently changed the law regarding landlords' liens on crops. It is the intent of this act to correct that inadvertent change, remove landlords' liens on crops from the application of the Uniform Commercial Code, reestablish Arkansas Code 18-41-101 and 18-41-103 as the law applicable to landlords' liens on crops, and thereby make landlords' liens under Arkansas Code 18-41-101 and 18-41-103 superior to all other liens on the same collateral.



11152002MGF0910.VJF062

SECTION 2. Arkansas Code § 4-9-102(a)(5), concerning the definition of agricultural lien for the Uniform Commercial Code-Secured Transactions, is amended to read as follows:

(5) "Agricultural lien" means an interest, other than a security interest or a landlord's lien under §18-41-101 or §18-41-103, in farm products:

(A) which secures payment or performance of an obligation for:

(i) goods or services furnished in connection with a debtor's farming operation; or

(ii) rent on real property leased by a debtor in connection with its farming operation;

(B) which is created by statute in favor of a person that:

(i) in the ordinary course of its business furnished goods or services to a debtor in connection with a debtor's farming operation; or

(ii) leased real property to a debtor in connection with the debtor's farming operation; and

(C) whose effectiveness does not depend on the person's possession of the personal property.

SECTION 3. Arkansas Code § 18-41-101 is amended to read as follows:

18-41-101. Lien on crop - Period effective.

Every landlord shall have a lien upon the crop grown upon the demised premises in any year for rent that shall accrue for the year, and the lien is perfected and shall have priority over a conflicting security interest in or agricultural lien on the crop regardless of when the conflicting security interest or agricultural lien is perfected. The lien shall continue for six (6) months after the rent shall become due and payable, and no longer.

SECTION 4. Arkansas Code § 18-41-103(a) is amended to read as follows:

(a) In addition to the lien given by law to landlords, if any landlord, to enable his tenant or employee to make and gather the crop, shall advance the tenant or employee any necessary supplies, either of money, provisions, clothing, stock, or other necessary articles, the landlord shall have a lien upon the crop raised upon the premises for the value of the advances, and the lien is perfected and shall have priority over a conflicting security interest in or agricultural lien on the crop regardless

1 of when the conflicting security interest or agricultural lien is perfected.

2
3 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the
4 General Assembly that inadvertent changes to the Uniform Commercial Code-
5 Secured Transactions by the Eighty-Third General Assembly substantially
6 altered the traditional method for establishing landlords' liens on crops
7 which has been operating in this state for over one hundred years. The
8 inadvertent changes have resulted in widespread confusion which threatens to
9 seriously disrupt the traditional process of crop loans and farm land tenancy
10 in this state's largest industry. This confusion and unintended result will
11 continue until this act becomes effective. Therefore, an emergency is
12 declared to exist and this act being immediately necessary for the
13 preservation of the public peace, health and safety shall become effective
14 on:

15 (1) The date of its approval by the Governor;

16 (2) If the bill is neither approved nor vetoed by the Governor, the
17 expiration of the period of time during which the Governor may veto the bill;

18 (3) If the bill is vetoed by the Governor and the veto is overridden,
19 the date the last house overrides the veto.