

services to the public or would in any other way impede the agency in accomplishing its mission.

(4) Any employee wishing to use a flexible-time work schedule prepared under subsection (3) of this section must first obtain the permission of the agency head or the agency head's designee. However, if there is an employee organization certified as an exclusive bargaining representative for a bargaining unit affected by the flexible-time work schedule, the agency shall first negotiate with the certified employee organization.

(5) Nothing in this section affects official hours during which state offices are required to be open for the transaction of business, as prescribed in RCW 42.04.060.

Passed the House March 13, 1985.

Passed the Senate April 19, 1985.

Approved by the Governor May 20, 1985.

Filed in Office of Secretary of State May 20, 1985.

CHAPTER 412

[Substitute House Bill No. 890]

AGRICULTURAL PRODUCTS—LIENS

AN ACT Relating to agricultural liens; amending RCW 20.01.010, 60.22.010, 62A.9-203, 62A.9-307, 62A.9-310, and 62A.9-104; adding a new chapter to Title 16 RCW; adding a new chapter to Title 60 RCW; repealing RCW 20.01.620, 20.01.630, 20.01.640, 20.01.650, 20.01.660, and 20.01.670; prescribing penalties; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. As used in this chapter, the terms defined in this section have the meanings indicated unless the context clearly requires otherwise.

(1) "Agricultural product," "conditioner," "consignor," "person," "processor," and "producer" have the meanings defined in RCW 20.01.010.

(2) "Preparer" means a person engaged in the business of feeding livestock or preparing livestock products for market.

NEW SECTION. Sec. 2. Starting on the date a producer delivers any agricultural product to a processor or conditioner, the producer has a first priority statutory lien, referred to as a "processor lien." This processor lien shall continue until twenty days after payment for the product is due and remains unpaid, without filing any notice of lien, for the contract price, if any, or the fair market value of the products delivered. The processor lien attaches to the agricultural products delivered, to the processor's or conditioner's inventory, and to the processor's or conditioner's accounts receivable. However, no processor lien may attach to agricultural products delivered by a producer, or on the producer's behalf, to a processor which is organized and operated on a cooperative basis and of which the producer is

a member, nor may such lien attach to such processor's inventory or accounts receivable.

NEW SECTION. Sec. 3. Starting on the date a producer delivers grain, hay, or straw to a preparer, the producer has a first priority statutory lien, referred to as a "preparer lien." This preparer lien shall continue twenty days after payment for the product is due and remains unpaid, without filing any notice of lien, for the contract price, if any, or the fair market value of the products delivered. The preparer lien attaches to the agricultural products delivered by the producer to the preparer, and to the preparer's accounts receivable.

NEW SECTION. Sec. 4. (1) A producer claiming a processor or preparer lien may file a statement evidencing the lien with the department of licensing after payment from the processor, conditioner, or preparer to the producer is due and remains unpaid. For purposes of this subsection and section 5 of this act, payment is due on the date specified in the contract, or if not specified, then within thirty days from time of delivery.

(2) The statement shall be in writing, verified by the producer, and shall contain in substance the following information:

(a) A true statement of the amount demanded after deducting all credits and offsets;

(b) The name of the processor, conditioner, or preparer who received the agricultural product to be charged with the lien;

(c) A description sufficient to identify the agricultural product to be charged with the lien;

(d) A statement that the amount claimed is a true and bona fide existing debt as of the date of the filing of the notice evidencing the lien; and

(e) The date on which payment was due for the agricultural product to be charged with the lien.

NEW SECTION. Sec. 5. (1) (a) If a statement is filed pursuant to section 4 of this act within twenty days of the date upon which payment from the processor, conditioner, or preparer to the producer is due and remains unpaid, the processor or preparer lien evidenced by the statement continues its priority over all other liens or security interests upon agricultural products, inventory, and accounts receivable, except as provided in (b) of this subsection. Such priority is without regard to whether the other liens or security interests attached before or after the date on which the processor or preparer lien attached.

(b) The processor or preparer lien shall be subordinate to liens for taxes or labor perfected before filing of the processor or preparer lien.

(2) If the statement provided for in section 4 of this act is not filed within twenty days of the date payment is due and remains unpaid, the processor or preparer lien shall thereupon become subordinate to:

(a) A lien that has attached to the agricultural product, inventory, or accounts receivable before the date on which the processor or preparer lien attaches; and

(b) A perfected security interest in the agricultural product, inventory, or accounts receivable.

NEW SECTION. Sec. 6. (1) The processor lien shall terminate six months after, and the preparer lien shall terminate fifty days after, the later of the date of attachment or filing, unless a suit to foreclose the lien has been filed before that time as provided in section 7 of this act.

(2) If a statement has been filed as provided in section 4 of this act and the producer has received payment for the obligation secured by the lien, the producer shall promptly file with the department of licensing a statement declaring that full payment has been received and that the lien is discharged. If, after payment, the producer fails to file such statement of discharge within ten days following a request to do so, the producer shall be liable to the processor, conditioner, or preparer in the sum of one hundred dollars plus actual damages caused by the failure.

NEW SECTION. Sec. 7. (1) The processor or preparer liens may be foreclosed and enforced by civil action in superior court.

(2) In all suits to enforce processor or preparer liens, the court shall, upon entering judgment, allow to the prevailing party as a part of the costs, all moneys paid for the filing and recording of the lien and reasonable attorney fees.

Sec. 8. Section 1, chapter 139, Laws of 1959 as last amended by section 1, chapter 305, Laws of 1983 and RCW 20.01.010 are each amended to read as follows:

As used in this title the terms defined in this section have the meanings indicated unless the context clearly requires otherwise.

(1) "Director" means the director of agriculture or his duly authorized representative.

(2) "Person" means any natural person, firm, partnership, exchange, association, trustee, receiver, corporation, and any member, officer, or employee thereof or assignee for the benefit of creditors.

(3) "Agricultural product" means any unprocessed horticultural, vermicultural and its byproducts, viticultural, berry, poultry, poultry product, grain, bee, or other agricultural products, and includes mint or mint oil processed by or for the producer thereof and hay and straw baled or prepared for market in any manner or form and livestock. When used in ~~((this chapter under the provisions of RCW 20.01.620))~~ section 2 of this 1985 act, "agricultural product" means horticultural, viticultural, and berry products, hay and straw, and turf and forage seed and applies only when such products are delivered to a processor or conditioner in an unprocessed form.

(4) "Producer" means any person engaged in the business of growing or producing any agricultural product, whether as the owner of the products, or producing the products for others holding the title thereof.

(5) "Consignor" means any producer, person, or his agent who sells, ships, or delivers to any commission merchant, dealer, cash buyer, or agent, any agricultural product for processing, handling, sale, or resale.

(6) "Commission merchant" means any person who receives on consignment for sale or processing and sale from the consignor thereof any agricultural product for sale on commission on behalf of the consignor, or who accepts any farm product in trust from the consignor thereof for the purpose of resale, or who sells or offers for sale on commission any agricultural product, or who in any way handles for the account of or as an agent of the consignor thereof, any agricultural product.

(7) "Dealer" means any person other than a cash buyer, as defined in subsection (10) of this section, who solicits, contracts for, or obtains from the consignor thereof for reselling or processing, title, possession, or control of any agricultural product, or who buys or agrees to buy any agricultural product from the consignor thereof for sale or processing and includes any person, other than one who acts solely as a producer, who retains title in an agricultural product and delivers it to a producer for further production or increase. For the purposes of this chapter, the term dealer includes any person who purchases livestock on behalf of and for the account of another, or who purchases cattle in another state or country and imports these cattle into this state for resale.

(8) "Limited dealer" means any person operating under the alternative bonding provision in RCW 20.01.211.

(9) "Broker" means any person other than a commission merchant, dealer, or cash buyer who negotiates the purchase or sale of any agricultural product, but no broker may handle the agricultural products involved or proceeds of the sale.

(10) "Cash buyer" means any person other than a commission merchant, dealer, or broker, who obtains from the consignor thereof for the purpose of resale or processing, title, possession, or control of any agricultural product or who contracts for the title, possession, or control of any agricultural product, or who buys or agrees to buy any agricultural product by paying to the consignor at the time of obtaining possession or control of any agricultural product the full agreed price of the agricultural product, in coin or currency, lawful money of the United States. However, a cashier's check, certified check, or bankdraft may be used for the payment.

(11) "Agent" means any person who, on behalf of any commission merchant, dealer, broker, or cash buyer, acts as liaison between a consignor and a principal, or receives, contracts for, or solicits any agricultural product from the consignor thereof or who negotiates the consignment or

purchase of any agricultural product on behalf of any commission merchant, dealer, broker, or cash buyer and who transacts all or a portion of that business at any location other than at the principal place of business of his employer. With the exception of an agent for a commission merchant or dealer handling horticultural products, an agent may operate only in the name of one principal and only to the account of that principal.

(12) "Retail merchant" means any person operating from a bona fide or established place of business selling agricultural products twelve months of each year. Any retailer may occasionally wholesale any agricultural product which he has in surplus; however, such wholesaling shall not be in excess of two percent of the retailer's gross business.

(13) "Fixed or established place of business" for the purpose of this chapter means any permanent warehouse, building, or structure, at which necessary and appropriate equipment and fixtures are maintained for properly handling those agricultural products generally dealt in, and at which supplies of the agricultural products being usually transported are stored, offered for sale, sold, delivered, and generally dealt in in quantities reasonably adequate for and usually carried for the requirements of such a business, and that is recognized as a permanent business at such place, and carried on as such in good faith and not for the purpose of evading this chapter, and where specifically designated personnel are available to handle transactions concerning those agricultural products generally dealt in, which personnel are available during designated and appropriate hours to that business, and shall not mean a residence, barn, garage, tent, temporary stand or other temporary quarters, any railway car, or permanent quarters occupied pursuant to any temporary arrangement.

(14) "Processor" means any person, firm, company, or other organization that purchases agricultural crops from a consignor and that cans, freezes, dries, dehydrates, cooks, presses, powders, or otherwise processes those crops in any manner whatsoever for eventual resale.

(15) "Pooling contract" means any written agreement whereby a consignor delivers a horticultural product to a commission merchant under terms whereby the commission merchant may commingle the consignor's horticultural products for sale with others similarly agreeing, which must include all of the following:

(a) A delivery receipt for the consignor that indicates the variety of horticultural product delivered, the number of containers, or the weight and tare thereof;

(b) Horticultural products received for handling and sale in the fresh market shall be accounted for to the consignor with individual pack-out records that shall include variety, grade, size, and date of delivery. Individual daily packing summaries shall be available within forty-eight hours after packing occurs. However, platform inspection shall be acceptable by mutual

contract agreement on small deliveries to determine variety, grade, size, and date of delivery;

(c) Terms under which the commission merchant may use his judgment in regard to the sale of the pooled horticultural product;

(d) The charges to be paid by the consignor as filed with the state of Washington;

(e) A provision that the consignor shall be paid for his pool contribution when the pool is in the process of being marketed in direct proportion, not less than eighty percent of his interest less expenses directly incurred, prior liens, and other advances on the grower's crop unless otherwise mutually agreed upon between grower and commission merchant.

(16) "Date of sale" means the date agricultural products are delivered to the person buying the products.

(17) "Boom loader" means a person who owns or operates, or both, a mechanical device mounted on a vehicle and used to load hay or straw for compensation.

(18) "Conditioner" means any person, firm, company, or other organization that receives turf, forage, or vegetable seeds from a consignor for drying or cleaning.

(19) "Seed bailment contract" means any contract meeting the requirements of chapter 15.48 RCW.

(20) "Proprietary seed" means any seed that is protected under the Federal Plant Variety Protection Act.

Sec. 9. Section 1, chapter 264, Laws of 1961 and RCW 60.22.010 are each amended to read as follows:

(1) Any person who furnishes commercial fertilizer, and/or pesticide, and/or weed killer to another for use on the lands owned, contracted to be purchased, used or rented by him, may have a lien upon all the crops on which the fertilizer, and/or pesticide, and/or weed killer are used to secure the payment of the purchase price thereof: PROVIDED, That if the commercial fertilizer, and/or pesticide, and/or weed killer is furnished to any tenant farmer, the lien shall apply only to the tenant farmer's interest in the crops unless written consent of the owner of the premises is obtained(~~PROVIDED FURTHER, That such lien shall be subordinate to any crop lien or crop mortgage which has been filed for record prior to the furnishing of such materials or products~~). This lien shall take first priority over any other security interest in crops for which no new value was provided if such materials or services were given to enable the debtor to produce crops during the production season.

(2) If the crop, or any part thereof, is sold subsequent to the filing of the lien, or possession delivered to an agent, broker, cooperative agency or other person to be sold or otherwise disposed of and its identity lost, or the crop commingled with other property so that it cannot be segregated, and if the purchaser, agent, broker, cooperative agency or other person is notified

of the filing of the lien by being served with a certified copy thereof, the lien shall attach to the proceeds of the sale of the crop or part thereof remaining in the possession of the purchaser, agent, broker, cooperative agency or other person at the time of the notice and to any proceeds of such sale that may thereafter come into the possession of any of such persons and the lien shall be as effective against such proceeds as against the crop itself.

Sec. 10. Section 9-310, chapter 157, Laws of 1965 ex. sess. as amended by section 76, chapter 305, Laws of 1983 and RCW 62A.9-310 are each amended to read as follows:

(1) When a person in the ordinary course of his business furnishes services or materials with respect to goods subject to a security interest, a lien upon goods in the possession of such person given by statute or rule of law for such materials or services takes priority over a perfected security interest only if the lien is statutory and the statute expressly provides for such priority.

(2) A preparer lien or processor lien created pursuant to chapter ~~((20-04))~~ 60.— RCW (sections 1 through 7 of this 1985 act) or a depositor's lien created pursuant to chapter 22.09 RCW takes priority over any perfected or unperfected security interest.

(3) A commercial fertilizer, pesticide, or weed killer lien takes priority over any perfected or unperfected security interest for which no new value was provided if materials or services were given to enable the debtor to produce the crops during the production season.

Sec. 11. Section 9-104, chapter 157, Laws of 1965 ex. sess. as last amended by section 75, chapter 305, Laws of 1983 and RCW 62A.9-104 are each amended to read as follows:

This Article does not apply

(a) to a security interest subject to any statute of the United States to the extent that such statute governs the rights of parties to and third parties affected by transactions in particular types of property; or

(b) to a landlord's lien; or

(c) to a lien given by statute or other rule of law for services or materials or to a lien created under chapter ~~((20-04))~~ 60.— (sections 1 through 7 of this 1985 act) or 22.09 RCW except as provided in RCW 62A.9-310 on priority of such liens; or

(d) to a transfer of a claim for wages, salary or other compensation of an employee; or

(e) to a transfer by a government or governmental subdivision or agency; or

(f) to a sale of accounts or chattel paper as part of a sale of the business out of which they arose, or an assignment of accounts or chattel paper

which is for the purpose of collection only, or a transfer of a right to payment under a contract to an assignee who is also to do the performance under the contract or a transfer of a single account to an assignee in whole or partial satisfaction of a preexisting indebtedness; or

(g) to a transfer of an interest or claim in or under any policy of insurance, except as provided with respect to proceeds (RCW 62A.9-306) and priorities in proceeds (RCW 62A.9-312); or

(h) to a right represented by a judgment (other than a judgment taken on a right to payment which was collateral); or

(i) to any right of set-off; or

(j) except to the extent that provision is made for fixtures in RCW 62A.9-313, to the creation or transfer of an interest in or lien on real estate, including a lease or rents thereunder; or

(k) to a transfer in whole or in part of any claim arising out of tort; or

(l) to a transfer of an interest in any deposit account (subsection (1) of RCW 62A.9-105), except as provided with respect to proceeds (RCW 62A.9-306) and priorities in proceeds (RCW 62A.9-312).

Sec. 12. Section 9-203, chapter 157, Laws of 1965 ex. sess. as last amended by section 1, chapter 186, Laws of 1982 and RCW 62A.9-203 are each amended to read as follows:

(1) Subject to the provisions of RCW 62A.4-208 on the security interest of a collecting bank and RCW 62A.9-113 on a security interest arising under the Article on Sales, a security interest is not enforceable against the debtor or third parties with respect to the collateral and does not attach unless

(a) the collateral is in the possession of the secured party pursuant to agreement, or the debtor has signed a security agreement which contains a description of the collateral and in addition, when the security interest covers crops growing or to be grown or timber to be cut, a description of the land concerned; and

(b) value has been given; and

(c) the debtor has rights in the collateral.

(2) A security interest attaches when it becomes enforceable against the debtor with respect to the collateral. Attachment occurs as soon as all of the events specified in subsection (1) have taken place unless explicit agreement postpones the time of attaching.

(3) Unless otherwise agreed a security agreement gives the secured party the rights to proceeds provided by RCW 62A.9-306.

(4) A transaction, although subject to this Article, is also subject to chapters 31.04, 31.08, 31.12, 31.16, 31.20, and 31.24 RCW, and in the case of conflict between the provisions of this Article and any such statute, the provisions of such statute control. Failure to comply with any applicable statute has only the effect which is specified therein.

Sec. 13. Section 9-307, chapter 157, Laws of 1965 ex. sess. as amended by section 20, chapter 41, Laws of 1981 and RCW 62A.9-307 are each amended to read as follows:

(1) A buyer in ordinary course of business (subsection (9) of RCW 62A.1-201) other than a person buying farm products from a person engaged in farming operations takes free of a security interest created by his seller even though the security interest is perfected and even though the buyer knows of its existence.

(2) In the case of consumer goods, a buyer takes free of a security interest even though perfected if he buys without knowledge of the security interest, for value and for his own personal, family or household purposes unless prior to the purchase the secured party has filed a financing statement covering such goods.

(3) A buyer other than a buyer in ordinary course of business (subsection (1) of this section) takes free of a security interest to the extent that it secures future advances made after the secured party acquires knowledge of the purchase, unless made pursuant to a commitment entered into without knowledge of the purchase.

(4) Notwithstanding subsection (1) of this section, any person registered under the Federal Packers and Stockyard Act, 7 U.S.C. 181, who sells livestock for another for a fee or commission or who purchases livestock or livestock byproducts with the intent to resell takes free of a security interest created by the seller, even though the security interest is perfected, when such person is without knowledge of the security interest. For the purposes of this subsection, a person has "knowledge" if:

(a) Notice is furnished by the seller as provided in RCW 16.57.240; or

(b) A statement of the security interest is filed pursuant to chapter 16.— RCW (sections 14 through 20 of this 1985 act).

NEW SECTION. Sec. 14. For the purposes of this chapter:

(1) "Department" means the department of agriculture of the state of Washington.

(2) "Director" means the director of the department or a duly authorized representative.

(3) "Secured party" means a lender, seller or other person in whose favor there is a security interest, including a person to whom accounts or chattel paper have been sold. When the holders of obligations issued under an indenture of trust, equipment trust agreement or the like are represented by a trustee or other person, the representative is the secured party.

NEW SECTION. Sec. 15. Any secured party who obtains or maintains a security interest in livestock situated in this state may file copies of an effective financing statement with the department. The provisions of chapter 62A.9 RCW apply to the filing of statements under this section as that chapter relates to the form, content, duration, and times for filing of the statements.

NEW SECTION. Sec. 16. A secured party who has filed a statement of security interest in livestock with the department shall, upon the termination of the security interest, promptly file a notice of termination with the department. If, after termination of the security interest, the secured party fails to file a statement of discharge within ten days following a request to do so, the secured party shall be liable to the debtor in the sum of one hundred dollars plus actual damages caused by the failure.

NEW SECTION. Sec. 17. A statement filed under section 15 of this act shall be accompanied by a filing fee from the secured party in an amount established by the director in accordance with chapter 34.04 RCW. The fee may differ by the type of statement and an additional fee may be required for each separate name or trade name under which the statement is filed or indexed.

NEW SECTION. Sec. 18. Upon receiving a statement and filing fee, the department shall index the statement according to the name and trade name, if any, of the debtor. The department shall regularly publish a listing of the filings of effective financing statements and statements of assignment. The department shall furnish the listings on a subscription basis.

NEW SECTION. Sec. 19. Neither the director nor any employee of the department is personally liable to any secured party, debtor, public livestock market operator, livestock dealer, or any other person for the administration of this chapter.

NEW SECTION. Sec. 20. The livestock security interest fund is hereby established in the custody of the state treasurer. The department shall deposit in the fund all moneys received from livestock security interest filing fees. Moneys in the fund shall be spent only for carrying out the purpose and provisions of this chapter. The fund is subject to the allotment procedure provided under chapter 43.88 RCW and an appropriation is required for disbursements.

NEW SECTION. Sec. 21. The following acts or parts of acts are each repealed:

- (1) Section 9, chapter 305, Laws of 1983 and RCW 20.01.620;
- (2) Section 10, chapter 305, Laws of 1983 and RCW 20.01.630;
- (3) Section 11, chapter 305, Laws of 1983 and RCW 20.01.640;
- (4) Section 12, chapter 305, Laws of 1983 and RCW 20.01.650;
- (5) Section 13, chapter 305, Laws of 1983 and RCW 20.01.660; and
- (6) Section 14, chapter 305, Laws of 1983 and RCW 20.01.670.

NEW SECTION. Sec. 22. Sections 1 through 7 of this act shall constitute a new chapter in Title 60 RCW.

NEW SECTION. Sec. 23. Sections 14 through 20 of this act shall constitute a new chapter in Title 16 RCW.

NEW SECTION. Sec. 24. Sections 13 through 20 of this act shall take effect on October 1, 1985, and shall apply to any then existing or future security interests.

Passed the House April 26, 1985.

Passed the Senate April 23, 1985.

Approved by the Governor May 20, 1985.

Filed in Office of Secretary of State May 20, 1985.

CHAPTER 413

[Substitute House Bill No. 1060]

FOOD FISH, SHELLFISH AND GAME FISH—ENHANCED FOOD FISH— TAXATION

AN ACT Relating to the taxation of food fish and shellfish; amending RCW 82.27.020, 82.27.030, and 82.27.040; reenacting and amending RCW 82.27.010; and repealing RCW 82.27.080.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 1, chapter 98, Laws of 1980 as amended by section 5, chapter 284, Laws of 1983 and by section 180, chapter 46, Laws of 1983 1st ex. sess. and RCW 82.27.010 are each reenacted and amended to read as follows:

As used in this chapter, the following terms have the meanings indicated unless the context clearly requires otherwise.

(1) (~~"Food fish and shellfish" has the meaning ascribed to it by RCW 75.08.011 and includes byproducts and also parts of food fish and shellfish, whether fresh, frozen, canned, or otherwise:)~~ "Enhanced food fish" includes all species of food fish, shellfish, and anadromous game fish, including byproducts and parts thereof, originating within the territorial and adjacent waters of Washington and salmon originating from within the territorial and adjacent waters of Oregon, Washington, and British Columbia, and all troll-caught Chinook salmon originating from within the territorial and adjacent waters of southeast Alaska. As used in this subsection, "adjacent" waters of Oregon, Washington, and Alaska are those comprising the United States fish conservation zone; "adjacent" waters of British Columbia are those comprising the Canadian two hundred mile exclusive economic zone; and "southeast Alaska" means that portion of Alaska south and east of Cape Suckling to the Canadian border. For purposes of this chapter, point of origination is established by a document which identifies the product and state or province in which it originates, including, but not limited to fish tickets, bills of lading, invoices, or other documentation required to be kept by governmental agencies.

(2) "Commercial" means related to or connected with buying, selling, bartering, or processing.