

HOUSE BILL NO. 1220

Introduced by

Representative Keiser

Senator Kreun

1 A BILL ~~for an Act to amend and reenact section 35-31-03 of the North Dakota Century Code,~~
2 ~~relating to priority of agricultural supplier liens; and to provide for application.~~ for an Act to
3 provide for a legislative management study of secured party notification.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 ~~— **SECTION 1. AMENDMENT.** Section 35-31-03 of the North Dakota Century Code is~~
6 ~~amended and reenacted as follows:~~

7 ~~— **35-31-03. Priority.**~~

8 ~~— An~~

9 ~~— 1. Except as provided under subsection 2, an agricultural supplier's lien obtained under~~
10 ~~the provisions of this chapter has priority, as to the crops or agricultural products~~
11 ~~covered thereby by the lien, over all other liens or encumbrances, except any~~
12 ~~agricultural processor's lien.~~

13 ~~— 2. An agricultural supplier's lien exceeding fifty thousand dollars has priority under~~
14 ~~subsection 1 if:~~

15 ~~— a. The agricultural supplier sends an authenticated notification to the holder of a~~
16 ~~conflicting security interest of record which states the agricultural supplier may~~
17 ~~acquire an agricultural supplier's lien in the crops, agricultural products, or the~~
18 ~~livestock of the debtor in an amount that exceeds fifty thousand dollars; and~~

19 ~~— b. The holder of the conflicting security interest receives the notification no later~~
20 ~~than twenty days after the date the agricultural supplies were furnished or~~
21 ~~services performed.~~

22 ~~— **SECTION 2. APPLICATION.** This Act applies to agricultural supplier's liens filed on and~~
23 ~~after the effective date of this Act.~~

1 | **SECTION 1. LEGISLATIVE MANAGEMENT STUDY.** During the 2019-20 interim, the
2 legislative management in coordination with the secretary of state shall consider studying how
3 the state's central indexing system can be used to provide notification to a secured lender when
4 a super priority lien is filed on the collateral of a secured lender. The legislative management
5 shall report its findings and recommendations, together with any legislation required to
6 implement the recommendations, to the sixty-seventh legislative assembly. If the secretary of
7 state determines there is a solution using the central indexing system, the secretary of state
8 may proceed with implementing the change prior to the sixty-seventh legislative assembly
9 convening.