

## **BILL ANALYSIS**

Senate Research Center

H.B. 2602  
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Agriculture  
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Engrossed

### **DIGEST**

Currently, Texas law provides a notice and sale procedure for statutory lien holders to obtain payment for services or supplies provided on property other than motor vehicles. In addition, the law requires that a person holding a lien for service or supplies provided on property must still have the property in possession and must wait 60 days after the charges accrue to request payment from the owner. If the owner does not pay within 11 days of the request, the lien holder may provide 20 days public notice, and then sell the property at public or private sale and apply the proceeds of the sale to the debt.

Cattle fed for slaughter must meet specific quality standards which are realized during an approximate 14-day time following a feeding period of 120 to 150 days. Cattle fed for too few or too many days will not meet the desired quality grade and may be subject to significant discounts and from penalties from buyers. Some say it is impractical for feedyards supplying feed and services to follow the provisions of Section 70.005, Property Code. The possessory requirements and 91-day waiting period prior to sale and debt collection required may result in cattle with excess fat, lower quality grades and significant price discounts. This may cause economic harm to all parties involved: the owner, lender, and feeder.

Section 9.504, Business & Commerce Code, authorizes a procedure for the timely sale of fed cattle by providing that the "sale or other disposition may be as a unit or in parcels and at any time and place and on any terms but every aspect of the disposition including the method, manner, time, place and terms must be commercially reasonable." Authorization to use Section 9.504 should allow a more realistic procedure for selling fed cattle and applying the proceeds to the debt by persons supplying feed and services to cattle fed in confinement for slaughter.

This bill would authorize a person providing feed services to owners of animals fed in confinement for slaughter to enforce the statutory lien under procedures authorized in Section 9.504, Business & Commerce Code.

### **PURPOSE**

As proposed, H.B. 2602 authorizes a person providing feed services to owners of animals fed in confinement for slaughter to enforce the statutory lien under procedures authorized in Section 9.504, Business & Commerce Code.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 70.005, Property Code, to require, except as provided by Subsection (c), a person holding a lien under this subchapter on property other than a motor vehicle subject to Chapter 501, Transportation Code, who retains possession of the property for 60 days after the day that the charges accrue, to request the owner to pay the unpaid charges due if the owner's residence is in this state and known. Authorizes a person holding a lien under Section 70.003(a) on an animal fed in confinement for slaughter to enforce that lien in any manner authorized by Section 9.504,

Business & Commerce Code. Makes conforming changes.

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Emergency clause.