

April 2, 1984

LB 1064

various cattle feeding interests.

SPEAKER NICHOL: Senator Beutler.

SENATOR BEUTLER: Mr. Speaker and members of the Legislature, especially those members from rural areas, I am going to try as best I can to describe what I think the policy question involved in Senator Lamb's amendment and in 1064 generally is and I think you should listen very carefully because the decision you make on this particular bill will basically decide who is going to have priority in terms of liens in certain situations and you are going to have one group of people or another a little bit unhappy whichever way you do it, I think. But I want to try to describe as fairly as I can what I think the policy decision is by use of two examples, one example I am fairly clear on, the other I would state in the form of a question and inquire as to a response from Senator Lamb. But the first example in quick rough form, I tried to draw out for you a little bit on the handout that has come around to you which probably looks a little confusing at first glance but if you will follow the handout as I describe it to you I think it will become clear to you what the policy question is. On the example on the handout you see you have the banker over to the left and to the right of that you have the rancher and I am assuming here that the rancher buys calves with the banker's money and feeds them for a period of time. Then after he has fed them for a period of time, he passes them on under contract to the feedlot owner or to the feeder who continues feeding the rancher's cattle and, of course, the feeder is supplying feed himself and care to the cattle. Okay, at the time that the rancher first bought the calves or shortly thereafter, of course, he got feed for the calves from the elevator. The elevator supplied the feed and at that point in time the elevator let's say got permission from the banker to put the LB 1064 lien on and he does so. Okay, he files his lien immediately. All right, subsequent to the filing of that lien then, we go back to the example and the rancher has given the feeder the cattle and the feeder now has put some investment into those cattle, and say two months down the line, let's say the rancher goes bankrupt. Okay, then the question becomes, and prior to his