

Hall of the House of Representatives
87th General Assembly - Regular Session, 2009
Amendment Form

Subtitle of House Resolution No. 1028

"TO ENCOURAGE CONGRESS TO AMEND THE UNITED STATES BANKRUPTCY CODE
TO PROVIDE CREDITOR PROTECTION TO COTTON FARMERS EQUAL TO THE
PROTECTION GIVEN TO FARMERS AND PRODUCERS OF GRAIN."

Amendment No. 1 to House Resolution No. 1028.

Amend House Resolution No. 1028 as originally introduced:

Delete everything after the enacting clause and substitute the following:

“WHEREAS, cotton farming is a significant industry in the State of Arkansas with a long tradition of providing benefits to the citizens and economy of the state; and

WHEREAS, during the 2008 crop year, cotton prices increased to near record levels; and

WHEREAS, also during 2008, the price of crude oil elevated to record highs, resulting in extremely high producer input costs, including seed, diesel, and fertilizer; and

WHEREAS, cotton producers, acting prudently, hedged their positions by entering into forward contracts fixing the price of cotton for delivery; and

WHEREAS, during 2008, a well-known cotton buyer filed for protection under Chapter 11 of the United States Bankruptcy Code and ultimately rejected the forward contracts, forcing cotton producers to sell their cotton at prices significantly lower than originally booked, which resulted in losses approaching one hundred million dollars (\$100,000,000); and

WHEREAS, as a result of the rejection of the forward contracts, cotton producers became “unsecured creditors” under the bankruptcy code; and

WHEREAS, the priority given to certain creditors in bankruptcy under 11 U.S.C. § 507(a)(6) for the allowed unsecured claims of persons engaged in the production or raising of grain does not extend to cotton farmers; and

WHEREAS, 11 U.S.C. section 507(a) currently grants priority status to certain classes of unsecured creditors, including persons engaged in the



production or raising of grain; and

WHEREAS, the losses suffered by Arkansas cotton farmers would have been mitigated if the United States Bankruptcy Code had extended priority status to producers of cotton,

NOW THEREFORE,

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE EIGHTY-SEVENTH GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

That the House of Representatives encourages the United States Congress to provide the same protection to cotton farmers as to persons engaged in the production or raising of grain under the United States Bankruptcy Code.

BE IT FURTHER RESOLVED that upon adoption of this resolution, the Chief Clerk of the House of Representatives mail a copy of this resolution to each member of the Arkansas congressional delegation.”

The Amendment was read _____

By: Representative Carter

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Chief Clerk