

1 State of Arkansas  
2 87th General Assembly  
3 Regular Session, 2009

As Engrossed: H3/20/09

HR 1028

4  
5 By: Representative Carter  
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## 8 HOUSE RESOLUTION

9 TO ENCOURAGE CONGRESS TO AMEND THE UNITED STATES  
10 BANKRUPTCY CODE TO PROVIDE CREDITOR PROTECTION TO  
11 COTTON FARMERS EQUAL TO THE PROTECTION GIVEN TO  
12 FARMERS AND PRODUCERS OF GRAIN.  
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### 14 Subtitle

15 TO ENCOURAGE CONGRESS TO AMEND THE  
16 UNITED STATES BANKRUPTCY CODE TO PROVIDE  
17 CREDITOR PROTECTION TO COTTON FARMERS  
18 EQUAL TO THE PROTECTION GIVEN TO FARMERS  
19 AND PRODUCERS OF GRAIN.  
20  
21

22 *WHEREAS, cotton farming is a significant industry in the State of*  
23 *Arkansas with a long tradition of providing benefits to the citizens and*  
24 *economy of the state; and*  
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26 *WHEREAS, during the 2008 crop year, cotton prices increased to near*  
27 *record levels; and*  
28

29 *WHEREAS, also during 2008, the price of crude oil elevated to record*  
30 *highs, resulting in extremely high producer input costs, including seed,*  
31 *diesel, and fertilizer; and*  
32

33 *WHEREAS, cotton producers, acting prudently, hedged their positions by*  
34 *entering into forward contracts fixing the price of cotton for delivery; and*  
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36 *WHEREAS, during 2008, a well-known cotton buyer filed for protection*



1 under Chapter 11 of the United States Bankruptcy Code and ultimately rejected  
2 the forward contracts, forcing cotton producers to sell their cotton at  
3 prices significantly lower than originally booked, which resulted in losses  
4 approaching one hundred million dollars (\$100,000,000); and

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

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

12  
13 WHEREAS, 11 U.S.C. section 507(a) currently grants priority status to  
14 certain classes of unsecured creditors, including persons engaged in the  
15 production or raising of grain; and

16  
17 WHEREAS, the losses suffered by Arkansas cotton farmers would have been  
18 mitigated if the United States Bankruptcy Code had extended priority status  
19 to producers of cotton,

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21 NOW THEREFORE,

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

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

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

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34 /s/ Carter  
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