

Jensen
Freeman
Hlynn

SSB-1055
Commerce
Succeeded By
SF/HF 103

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY CHAIRPERSON
JOHNSON)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act permitting cooperative associations to deal with
2 nonmembers, to use fictitious names, and to issue memberships
3 without charge; to permit electric cooperatives to have
4 multiple classes of members; and providing an effective date.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 499.3, Code 2001, is amended to read as
2 follows:

3 499.3 DEALING WITH NONMEMBERS.

4 A nonstock livestock shipping association shall not handle
5 livestock of any nonmembers.

6 Any association may restrict the amount of business done
7 with nonmembers and may limit its dealings or any class
8 thereof to members only.

9 ~~No-association-shall, during any year, deal or function~~
10 ~~with or for nonmembers to an extent exceeding one-half of the~~
11 ~~value of business done. This provision shall not apply to its~~
12 ~~sales or services to municipal or governmental bodies, nor to~~
13 ~~agricultural associations, purchases from or sales to~~
14 ~~corporate landowners who are not primarily engaged in the~~
15 ~~business of farming.~~

16 Sec. 2. Section 499.4, Code 2001, is amended by adding the
17 following new unnumbered paragraph:

18 NEW UNNUMBERED PARAGRAPH. This chapter does not control
19 the use of fictitious names; however, if a cooperative
20 association or a foreign cooperative association uses a
21 fictitious name in this state, it shall deliver to the
22 secretary of state for filing a copy of the resolution of its
23 board of directors, certified by its secretary, adopting the
24 fictitious name.

25 Sec. 3. Section 499.14, Code 2001, is amended to read as
26 follows:

27 499.14 MEMBERSHIP IN NONSTOCK ASSOCIATIONS.

28 Membership in associations without capital stock may be
29 acquired by eligible parties in the manner provided in the
30 articles, which shall specify the rights of members, the
31 issuing price of memberships, if any, and what, if any, fixed
32 dividends accrue thereon. If the articles so provide,
33 membership shall be of two classes, voting and nonvoting.
34 Voting members shall be agricultural producers, and all other
35 members shall be nonvoting members. Nonvoting members shall

1 have all the rights of membership except the right to vote.

2 Sec. 4. Section 499.14A, Code 2001, is amended to read as
3 follows:

4 499.14A ELECTRIC COOPERATIVE ASSOCIATION MEMBERSHIPS.

5 An electric generation-and-transmission cooperative
6 association may have one or more classes of members.

7 Qualifications, requirements, methods of acceptance, terms,
8 conditions, termination, and other incidents of membership
9 shall be set forth in the bylaws of the association. An
10 electric-utility-as-defined-in-section-476-22-and-a-person-who
11 generates-or-transmits-electric-power-for-sale-at-wholesale-to
12 an-electric-utility-may-become-a-member-in-accordance-with-the
13 bylaws-

14 Sec. 5. Section 499.16, Code 2001, is amended to read as
15 follows:

16 499.16 SUBSCRIPTIONS -- ISSUING CERTIFICATES.

17 If permitted by the association's articles of
18 incorporation, any eligible subscriber for common stock or
19 membership may vote and be treated as a member, after making
20 part payment of the amount, if any, required to be paid for
21 the common stock or membership in cash, giving the
22 subscriber's note for the balance, and satisfying any other
23 requirement for the subscription as set forth in the articles.
24 A subscription may be forfeited as provided in section 499.32.
25 Stock or a membership certificate shall not be issued until
26 payment of the amount, if any, required to be paid for the
27 stock or membership certificate is fully made. A subscriber
28 shall not hold office until the subscriber's certificate has
29 been issued.

30 Sec. 6. EFFECTIVE DATE. This Act, being deemed of
31 immediate importance, takes effect upon enactment.

32 EXPLANATION

33 This bill amends a number of provisions in Code chapter 499
34 providing for cooperative associations. The bill amends the
35 following sections:

1 Code section 499.3, which provides for dealing with
2 nonmembers. The bill eliminates a provision limiting the
3 amount of business that an association may do with a
4 nonmember, but provides that the association may elect to
5 limit its business dealings with nonmembers.

6 Code section 499.4, which provides for the use of the term
7 "cooperative". The bill provides that the chapter does not
8 control the use of fictitious names, but requires a
9 cooperative association to file a copy of the resolution
10 adopting the fictitious name with the secretary of state. The
11 language is based on similar provisions governing names for
12 partnerships (Code section 487.102), corporations (Code
13 section 490.401), limited liability companies (Code section
14 490A.401), and nonprofit corporations (Code section 504A.6).

15 Code section 499.14, which provides for membership in
16 nonstock associations. The bill provides that a cooperative
17 association is not required to charge an issuing price for
18 such memberships.

19 Code section 499.16, which provides for subscriptions for
20 common stock or membership in a cooperative association and
21 subscribers' rights. The bill provides that an association is
22 not required to charge for common stock or membership.

23 The bill takes effect upon enactment.

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Substituted for by HF 286
3-7-01
(p. 564)

1-31-01 Do Pass

FILED JAN 31 '01

WILLIAM J. WILSON
3-7-01

SENATE FILE 103
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1055)

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Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
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SF 103

SENATE FILE 103

S-3072

1 Amend Senate File 103 as follows:
2 1. Page 2, line 9, by striking the word "bylaws"
3 and inserting the following: "bylaws articles of
4 incorporation".

By JOHN W. JENSEN

S-3072 FILED FEBRUARY 20, 2001

Adapted
3/7/01
(p. 564)

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8 thereof to members only.

9 ~~No-association-shall,-during-any-year,-deal-or-function~~
10 ~~with-or-for-nonmembers-to-an-extent-exceeding-one-half-of-the~~
11 ~~value-of-business-done;---This-provision-shall-not-apply-to-its~~
12 ~~sales-or-services-to-municipal-or-governmental-bodies;-nor-to~~
13 ~~agricultural-associations'-purchases-from-or-sales-to~~
14 ~~corporate-landowners-who-are-not-primarily-engaged-in-the~~
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