

HB 847 -- Agricultural Cooperative Corporations

Sponsor: Guernsey

This bill exempts any security issued by an agricultural cooperative corporation operated as an agricultural cooperative association from state security registration requirements if the Commissioner of Securities for the Secretary of State is notified in writing 30 days, or a shorter period of time as specified by a rule or order of the commissioner, before any security is sold or offered for sale. The notification must contain the form of prospectus or other sales literature intended to be used in connection with the offering of the security together with financial statements.

An agricultural cooperative corporation is any cooperative corporation in which farmers act together in processing, preparing for market, handling, or marketing the farm products or any cooperative corporation in which farmers act together in purchasing, testing, grading, processing, distributing, or furnishing farm supplies or farm business services. The cooperative corporation must be operated for the mutual benefit of the members and must conform to one or both of the following requirements:

- (1) No member of the cooperative corporation is allowed more than one vote regardless of the amount of stock or membership capital he or she may own; or
- (2) The association may not pay more than 8% per year in dividends on stock or membership capital or, in the case of a cooperative corporation that does not deal in farm products, supplies, or business services with or for nonmembers, in an amount greater than the total amount of the business transacted by it with or for members. All business transacted by the cooperative association for or on behalf of the United States or any of its agencies must be disregarded in determining the volume of member and nonmember business transacted by the cooperative corporation.