

S. 7. 458 sub for H. 7513-4/1

February 26, 1959.  
Agriculture 1.

House File 513  
By JOHNS, PAUL and McARTHUR.

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

*Withdrawn*  
4/1

# A BILL FOR

An Act to entitle patrons of an Iowa co-operative association to share in allocations.

*Be It Enacted by the General Assembly of the State of Iowa:*

1 Section 1. Section four hundred ninety-nine point two (499.2),  
2 Code 1958, is hereby amended by inserting in line six (6) thereof  
3 after the word "members" the words, "or members and patrons".

1 Sec. 2. Section four hundred ninety-nine point thirty  
2 (499.30), Code 1958, is hereby amended by inserting after the  
3 figures "499.16" in the last paragraph thereof the following:  
4 " , or credited to the account of each patron whether member or  
5 nonmember, if so provided in the articles of incorporation of the  
6 association,".

1 Sec. 3. Section four hundred ninety-nine point thirty-three  
2 (499.33), Code 1958, is hereby amended by inserting in line six  
3 (6) thereof, before the word "shall", the words "or members and  
4 patrons".

1 Sec. 4. Section four hundred ninety-nine point forty (499.40),  
2 Code 1958, is hereby amended as follows:

3 1. By inserting in subsection six (6), line four (4) thereof,  
4 after the word "members," the words, "or members and patrons,".

5 2. By adding to said section the following subsection:

6 If earnings are to be distributed to both members and patrons,  
7 the articles of incorporation shall specifically require such

8 distribution and shall require that said distribution be ratable  
9 among all patrons, except that the United States and any of its  
10 agencies may be excluded.

1 Sec. 5. Section four hundred ninety-nine point forty-seven  
2 (499.47), Code 1958, is hereby amended by inserting in subsection  
3 three (3), line twelve (12) thereof, after the word "members" the  
4 words, "or members and patrons,".

1 Sec. 6. Section four hundred ninety-nine point forty-eight  
2 (499.48), Code 1958, is hereby amended by striking the period at  
3 the end of subsection four (4) and inserting in lieu thereof the  
4 following: ", but if there are no deferred patronage dividends,  
5 then distribution shall be made ratably to members, or to patrons  
6 whether member or nonmember if the articles of incorporation so  
7 provide, in proportion to the total business done by each during  
8 the last three (3) years."

#### EXPLANATION OF HOUSE FILE 513

This amendment will permit cooperative associations to distribute patronage to patrons regardless of their membership, and will enable Iowa cooperatives to comply more easily with regulations of the Internal Revenue Service.