

AGRICULTURE: Boswell, Chair; Rensink and Vande Hoef

Dr. Bass 5/19/87 (p. 700)

FILED MAR 03 1987

SENATE FILE 303

BY BOSWELL

Sub for H. 3 417

Passed Senate, Date 3-23-87 (p. 861) Passed House, Date 4-10-87 (p. 1246)

Vote: Ayes 47 Nays 0 Vote: Ayes 21 Nays 19

Approved March 17, 1987 (p. 1405)

A BILL FOR

1 An Act relating to the merger and consolidation of cooperative
2 associations, by defining the fair market value of assets held
3 by an association and providing for determining the fair value
4 of an equity interest held by a dissenting member.

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

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SF 303

1 Section 1. Section 499.66, subsection 1, paragraph e, Code
2 1987, is amended to read as follows:

3 e. "Fair market value" means the lesser-of-the cash price
4 that would be paid by a willing buyer to a willing seller,
5 neither being under any compulsion to buy or sell-or-the
6 issue-price-of-the-dissenting-member's-membership-or-common
7 stock-deferred-patronage-dividends-and-preferred-stock.

8 Sec. 2. Section 499.66, subsection 2, unnumbered paragraph
9 3, Code 1987, is amended to read as follows:

10 The fair value of a dissenting member's interest in the old
11 association shall be determined as of the day preceding the
12 merger or consolidation by taking the lesser of either the
13 issue price of the dissenting member's membership, common
14 stock, deferred patronage dividends, and preferred stock, or
15 the amount determined by subtracting the old association's
16 debts from the fair market value of the old association's
17 assets, and dividing the remainder by the total issue price of
18 all memberships, common stock, preferred stock, and revolving
19 funds--the, and then multiplying the quotient from this
20 division shall-be-multiplied by the total issue price of a
21 dissenting member's membership, common stock, preferred stock,
22 and revolving fund interest ~~to-determine-the-fair-value-of~~
23 ~~that-dissenting-member's-interest-in-the-old-association.~~

24 EXPLANATION

25 This bill eliminates from the definition of "fair market
26 value" in chapter 499, a provision that ties the valuation of
27 an asset held by a cooperative association participating in a
28 merger or consolidation with the issue price of a dissenting
29 member's equity interest. It also provides that determining
30 the fair value of a dissenting member's interest in an
31 association after its merger or consolidation may be
32 determined based on the issue price of the equity interest
33 held by the member.

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~~and revolving fund interest to determine the fair value of
that dissenting member's interest in the old association.~~

SENATE FILE 303

AN ACT

RELATING TO THE MERGER AND CONSOLIDATION OF COOPERATIVE ASSO-
CIATIONS, BY DEFINING THE FAIR MARKET VALUE OF ASSETS HELD
BY AN ASSOCIATION AND PROVIDING FOR DETERMINING THE FAIR
VALUE OF AN EQUITY INTEREST HELD BY A DISSENTING MEMBER.

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

Section 1. Section 499.66, subsection 1, paragraph e, Code
1987, is amended to read as follows:

e. "Fair market value" means the lesser of the cash price
that would be paid by a willing buyer to a willing seller,
neither being under any compulsion to buy or sell, or the
~~issue price of the dissenting member's membership or common
stock, deferred patronage dividends, and preferred stock.~~

Sec. 2. Section 499.66, subsection 2, unnumbered paragraph
3, Code 1987, is amended to read as follows:

The fair value of a dissenting member's interest in the old
association shall be determined as of the day preceding the
merger or consolidation by taking the lesser of either the
issue price of the dissenting member's membership, common
stock, deferred patronage dividends, and preferred stock, or
the amount determined by subtracting the old association's
debts from the fair market value of the old association's
assets, and dividing the remainder by the total issue price of
all memberships, common stock, preferred stock, and revolving
funds. The, and then multiplying the quotient from this
division shall be multiplied by the total issue price of a
dissenting member's membership, common stock, preferred stock,

JO ANN ZIMMERMAN
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and
is known as Senate File 303, Seventy-second General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved March 17, 1987

TERRY E. BRANSTAD
Governor