

Reprinted

and [unclear]

SENATE FILE 2244  
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SSB 2249)

*Approved (p. 552)*

Passed Senate, Date 3/18/92 (p. 847) Passed House, Date 4/23/92  
Vote: Ayes 43 Nays 6 Vote: Ayes 92 Nays 4  
Approved April 29, 1992

A BILL FOR

1 An Act relating to the care and feeding of swine by cooperative  
2 associations.

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

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SF 2244

1 Section 1. Section 172C.2, unnumbered paragraph 1, Code  
2 1991, is amended to read as follows:

3 In order to preserve free and private enterprise, prevent  
4 monopoly, and protect consumers, it is unlawful for any  
5 processor of beef or pork or limited partnership in which a  
6 processor holds partnership shares as a general partner or  
7 partnership shares as a limited partner, to own, control or  
8 operate a feedlot in Iowa in which hogs or cattle are fed for  
9 slaughter. In addition, a processor shall not directly or  
10 indirectly control the manufacturing, processing, or  
11 preparation for sale of pork products derived from swine if  
12 the processor contracted for the care and feeding of the swine  
13 in this state.

14 PARAGRAPH DIVIDED. ~~However,--this~~ This section does not  
15 apply to a cooperative association organized under chapter  
16 497, 498, or 499, if the cooperative association contracts for  
17 the care and feeding of swine with a member of the cooperative  
18 association who is actively engaged in farming. This section  
19 does not apply to an association organized as a cooperative in  
20 which another cooperative association organized under chapter  
21 497, 498, or 499 is a member, if the association contracts  
22 with a member which is a cooperative association organized  
23 under chapter 497, 498, or 499, which contracts for the care  
24 and feeding of swine with a member of the cooperative who is  
25 actively engaged in farming. However, in either case, the  
26 local (nonfederated) members of the cooperative association at  
27 a regular or special meeting must approve the contracting for  
28 the care and feeding of swine. At the regular or special  
29 meeting a ballot of the members who are entitled to vote shall  
30 be taken on the proposal to approve a contract for the care  
31 and feeding of swine. The proposal shall be approved if  
32 seventy-five percent of the members of the local cooperative  
33 association vote affirmatively on a ballot in which a majority  
34 of all voting members participate. Voting may be accomplished  
35 by mail ballot, notwithstanding provisions in the articles of

1 incorporation or bylaws of the cooperative association.  
2 Notwithstanding the vote, a contract in effect at the time of  
3 balloting by the members shall continue in effect for that  
4 part of the contract's unexpired term, but shall continue in  
5 effect for not more than five years from the date of the  
6 regular or special meeting.

7 PARAGRAPH DIVIDED. This section shall not preclude a  
8 processor or limited partnership from contracting for the  
9 purchase of hogs or cattle, provided that where the contract  
10 sets a date for delivery which is more than twenty days after  
11 the making of the contract it shall:

12 EXPLANATION

13 This bill amends section 172C.2 prohibiting pork processors  
14 from controlling the production of pork, if the processor  
15 contracted for the care and feeding of the swine in this  
16 state. However, the prohibition does not apply to certain  
17 cooperative associations. This bill provides that before a  
18 cooperative association can enter into a contract for swine  
19 production, the contract must be approved by the members of  
20 the cooperative association. Contracts in effect may continue  
21 for their unexpired term, but for not more than five years  
22 from the date of the meeting.

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## SENATE FILE 2244

S-5221

1 Amend Senate File 2244 as follows:

2 1. By striking everything after the enacting  
3 clause and inserting the following:

4 "Section 1. Section 172C.1, Code Supplement 1991,  
5 is amended by adding the following new subsections:

6 NEW SUBSECTION. 11A. "Federated cooperative  
7 association" means an association organized on a  
8 cooperative basis whose membership is restricted to  
9 cooperative associations.

10 NEW SUBSECTION. 14A. "Local cooperative  
11 association" means any one of the following:

12 a. An association of persons organized pursuant to  
13 chapter 497 for purposes of conducting an agricultural  
14 or dairy business on a cooperative plan, as described  
15 in section 497.1.

16 b. A cooperative association organized pursuant to  
17 chapter 498 for purposes of conducting an  
18 agricultural, livestock, horticultural, or dairy  
19 business on a cooperative plan and acting as a  
20 cooperative selling agency, as described in section  
21 498.2.

22 c. A cooperative association as defined in section  
23 499.2, and organized pursuant to chapter 499.

24 Sec. 2. Section 172C.2, unnumbered paragraph 1,  
25 Code 1991, is amended to read as follows:

26 In order to preserve free and private enterprise,  
27 prevent monopoly, and protect consumers, it is  
28 unlawful for any processor of beef or pork or limited  
29 partnership in which a processor holds partnership  
30 shares as a general partner or partnership shares as a  
31 limited partner, to own, control or operate a feedlot  
32 in Iowa in which hogs or cattle are fed for slaughter.  
33 In addition, a processor shall not directly or  
34 indirectly control the manufacturing, processing, or  
35 preparation for sale of pork products derived from  
36 swine if the processor contracted for the care and  
37 feeding of the swine in this state. However, this  
38 ~~section does not apply to a cooperative association~~  
39 ~~organized under chapter 497, 498, or 499 if the~~  
40 ~~cooperative association contracts for the care and~~  
41 ~~feeding of swine with a member of the cooperative~~  
42 ~~association who is actively engaged in farming. This~~  
43 ~~section does not apply to an association organized as~~  
44 ~~a cooperative in which another cooperative association~~  
45 ~~organized under chapter 497, 498, or 499 is a member,~~  
46 ~~if the association contracts with a member which is a~~  
47 ~~cooperative association organized under chapter 497,~~  
48 ~~498, or 499, which contracts for the care and feeding~~  
49 ~~of swine with a member of the cooperative who is~~  
50 ~~actively engaged in farming.~~

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1 Notwithstanding this section, a local cooperative  
2 association may contract for the care and feeding of  
3 swine. The local cooperative association shall only  
4 contract with a member of the local cooperative  
5 association, including a stockholder or shareholder.  
6 The member of the local cooperative association who is  
7 a party to the contract shall be actively engaged in  
8 farming as provided in section 172C.1, subsection 1,  
9 paragraphs "a" through "c".

10 A federated cooperative association may contract  
11 for the care and feeding of swine to the extent that  
12 the federated cooperative association contracts with a  
13 member which is a local cooperative association. The  
14 local cooperative association shall only contract with  
15 a member of the local cooperative association,  
16 including a shareholder or stockholder. The member of  
17 the local cooperative association who is a party to  
18 the contract shall be actively engaged in farming as  
19 provided in section 172C.1, subsection 1, paragraphs  
20 "a" through "c". The procedures for entering into and  
21 the terms of the contract shall be consistent with  
22 section 497.36, 498.38, or 499.80.

23 PARAGRAPH DIVIDED. This section shall not preclude  
24 a processor or limited partnership from contracting  
25 for the purchase of hogs or cattle, provided that  
26 where the contract sets a date for delivery which is  
27 more than twenty days after the making of the contract  
28 it shall:

29 Sec. 3. NEW SECTION. 497.36 CONTRACTS FOR THE  
30 CARE AND FEEDING OF SWINE.

31 1. As used in this section, unless the context  
32 otherwise requires:

33 a. "Federated cooperative association" means an  
34 association organized on a cooperative basis whose  
35 membership is restricted to cooperative associations  
36 organized pursuant to this chapter or chapter 498 or  
37 499.

38 b. "Local cooperative association" means an  
39 association of persons organized pursuant to this  
40 chapter for purposes of conducting an agricultural or  
41 dairy business on a cooperative plan, as described in  
42 section 497.1.

43 2. A local cooperative association may enter into  
44 a contract with a federated cooperative association  
45 for the care and feeding of swine as provided in  
46 section 172C.2. However, the voting members of the  
47 local cooperative association are required to approve  
48 the contract at a regular or special meeting,  
49 following a hearing, according to the following  
50 procedures, regardless of articles of incorporation or

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1 bylaws of the local cooperative association:

2 a. The board shall mail notice of the proposed  
3 contract to all stockholders of the local cooperative  
4 association not more than ninety days and not less  
5 than sixty days prior to the hearing. The board shall  
6 publish notice of the proposal in one or more  
7 newspapers of general circulation in the area where  
8 the stockholders reside not more than thirty days and not  
9 less than twenty days prior to the hearing. The  
10 notice shall specify the place and time of the hearing  
11 and the meeting. The local cooperative association  
12 shall conduct the meeting on the proposal within ten  
13 days after the hearing.

14 b. At the meeting a ballot of the stockholders who  
15 are entitled to vote shall be taken on approval of the  
16 contract. In order to approve the contract, at least  
17 sixty percent of the stockholders of the local  
18 cooperative association are required to vote  
19 affirmatively on the ballot in which a majority of all  
20 voting members participate. Voting may be  
21 accomplished by a mail ballot pursuant to section  
22 497.16.

23 c. Notwithstanding a vote taken under this  
24 section, a contract in effect on March 1, 1992, shall  
25 continue in effect for that part of the contract's  
26 unexpired term, but shall not continue in effect later  
27 than March 1, 2002.

28 3. The local cooperative association shall only  
29 contract with a stockholder of the local cooperative  
30 association for the care and feeding of the swine.  
31 The local stockholder is required to be actively  
32 engaged in farming as provided in section 172C.1,  
33 subsection 1, paragraphs "a" through "c". The terms  
34 of the contract between the local cooperative  
35 association and its local stockholder shall provide  
36 that in any action or claim for damages based on the  
37 contract and brought by the local cooperative  
38 association, the local stockholder may set off the  
39 amount for which the local stockholder is liable by  
40 the fair value of the stockholder's interest in the  
41 local cooperative association as determined on the day  
42 that the contract was executed between the parties.  
43 The fair value shall be calculated in the same manner  
44 as provided in section 499.66.

45 Sec. 4. NEW SECTION. 498.38 CONTRACTS FOR THE  
46 CARE AND FEEDING OF SWINE.

47 1. As used in this section, unless the context  
48 otherwise requires:

49 a. "Federated cooperative association" means an  
50 association organized on a cooperative basis whose

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1 membership is restricted to cooperative associations  
2 organized pursuant to this chapter or chapter 497 or  
3 499.

4 b. "Local cooperative association" means a  
5 cooperative association organized pursuant to this  
6 chapter for purposes of conducting an agricultural,  
7 livestock, horticultural, or dairy business on a  
8 cooperative plan and acting as a cooperative selling  
9 agency, as described in section 498.2.

10 2. A local cooperative association may enter into  
11 a contract with a federated cooperative association  
12 for the care and feeding of swine as provided in  
13 section 172C.2. However, the voting members of the  
14 local cooperative association are required to approve  
15 the contract at a regular or special meeting,  
16 following a hearing, according to the following  
17 procedures, regardless of articles of incorporation or  
18 bylaws of the local cooperative association:

19 a. The board shall mail notice of the proposed  
20 contract to all members of the local cooperative  
21 association not more than ninety days and not less  
22 than sixty days prior to the hearing. The board shall  
23 publish the notice of the proposal in one or more  
24 newspapers of general circulation in the area where  
25 the members reside not more than thirty days and not less  
26 than twenty days prior to the hearing. The notice  
27 shall specify the place and time of the hearing and  
28 the meeting. The local cooperative association shall  
29 conduct the meeting on the proposal within ten days  
30 after the hearing.

31 b. At the meeting a ballot of the members who are  
32 entitled to vote shall be taken on approval of the  
33 contract. In order to approve the contract, at least  
34 sixty percent of the members of the local cooperative  
35 association are required to vote affirmatively on the  
36 ballot in which a majority of all voting members  
37 participate. Voting may be accomplished by a mail  
38 ballot pursuant to section 498.18.

39 c. Notwithstanding a vote taken under this  
40 section, a contract in effect on March 1, 1992, shall  
41 continue in effect for that part of the contract's  
42 unexpired term, but shall not continue in effect later  
43 than March 1, 2002.

44 3. The local cooperative association shall only  
45 contract with a member of the local cooperative  
46 association for the care and feeding of the swine.  
47 The local member is required to be actively engaged in  
48 farming as provided in section 172C.1, subsection 1,  
49 paragraphs "a" through "c". The terms of the contract  
50 between the local cooperative association and its

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1 local member shall provide that in any action or claim  
2 for damages based on the contract and brought by the  
3 local cooperative association, the local member may  
4 set off the amount for which the local member is  
5 liable by the fair value of the member's interest in  
6 the local cooperative association as determined on the  
7 day that the contract was executed between the  
8 parties. The fair value shall be calculated in the  
9 same manner as provided in section 499.66.

10 Sec. 5. NEW SECTION. 499.80 CONTRACTS FOR THE  
11 CARE AND FEEDING OF SWINE.

12 1. As used in this section, unless the context  
13 otherwise requires:

14 a. "Federated cooperative association" means an  
15 association organized on a cooperative basis whose  
16 membership is restricted to cooperative associations  
17 organized pursuant to this chapter or chapter 497 or  
18 498.

19 b. "Local cooperative association" means a  
20 cooperative association as defined in section 499.2  
21 and organized pursuant to this chapter.

22 2. A local cooperative association may enter into  
23 a contract with a federated cooperative association  
24 for the care and feeding of swine as provided in  
25 section 172C.2. However, the voting members of the  
26 local cooperative association are required to approve  
27 the contract at a regular or special meeting,  
28 following a hearing, according to the following  
29 procedures, regardless of articles of incorporation or  
30 bylaws of the local cooperative association:

31 a. The board shall mail a notice of the proposed  
32 contract to all members of the local cooperative  
33 association not more than ninety days and not less  
34 than sixty days prior to the hearing. The board shall  
35 publish notice of the proposal in one or more  
36 newspapers of general circulation in the area where  
37 the members reside not more thirty days and not less  
38 than twenty days prior to the hearing. The notice  
39 shall specify the place and time of the hearing and  
40 the meeting. The local cooperative association shall  
41 conduct the meeting on the proposal within ten days  
42 after the hearing.

43 b. At the meeting a ballot of the members who are  
44 entitled to vote shall be taken on approval of the  
45 contract. In order to approve the contract, at least  
46 sixty percent of the members of the local cooperative  
47 association are required to vote affirmatively on the  
48 ballot in which a majority of all voting members  
49 participate. Voting may be accomplished by a mail  
50 ballot pursuant to section 499.29.

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1 c. Notwithstanding a vote taken under this  
2 section, a contract in effect on March 1, 1992, shall  
3 continue in effect for that part of the contract's  
4 unexpired term, but shall not continue in effect later  
5 than March 1, 2002.

6 3. The local cooperative association shall only  
7 contract with a member of the local cooperative  
8 association for the care and feeding of the swine.  
9 The local member is required to be actively engaged in  
10 farming as provided in section 172C.1, subsection 1,  
11 paragraphs "a" through "c". The terms of the contract  
12 between the local cooperative association and its  
13 local member shall provide that in any action or claim  
14 for damages based on the contract and brought by the  
15 local cooperative association, the local member may  
16 set off the amount for which the local member is  
17 liable by the fair value of the member's interest in  
18 the local cooperative association as determined on the  
19 day that the contract was executed between the  
20 parties. The fair value shall be calculated in the  
21 same manner as provided in section 499.66.

22 Sec. 6. CODE EDITOR. The Code editor is directed  
23 to reorganize and renumber section 172C.2 to enhance  
24 its readability.

25 Sec. 7. EFFECTIVE DATE. This Act, being deemed of  
26 immediate importance, takes effect upon enactment."

27 2. Title page, line 2, by inserting after the  
28 word "associations" the following: "and providing an  
29 effective date".

By BERL E. PRIEBE  
GEORGE R. KINLEY  
EMIL J. HUSAK  
WILLIAM D. PALMER  
JOHN A. PETERSON  
EUGENE S. FRAISE  
DONALD V. DOYLE  
ALVIN V. MILLER  
JOHN E. SOORHOLTZ

DERRYL MCLAREN  
JAMES B. KERSTEN  
JIM LIND  
H. KAY HEDGE  
JACK W. HESTER  
DALE L. TIEDEN  
ALLEN BORLAUG  
SHELDON RITTMER  
MARK R. HAGERLA

S-5221 FILED MARCH 12, 1992

*(Adopted 4/5/92 by 80-0)*

SENATE FILE 2244

S-5169

1 Amend Senate File 2244 as follows:

2 1. Page 1, line 32, by striking the word  
3 "seventy-five" and inserting the following: "at least  
4 fifty-one"

5 2. Page 2, line 5, by striking the word "five"  
6 and inserting the following: "ten".

By JOHN P. KIBBIE

S-5169 FILED MARCH 10, 1992

*March 10 1992*

## SENATE FILE 2244

S-5258

1 Amend amendment, S-5221, to Senate File 2244 as  
2 follows:

3 1. By striking page 1, line 4 through page 6,  
4 line 29 and inserting the following:

5 "Section 1. Section 172C.2, unnumbered paragraph  
6 1, Code 1991, is amended to read as follows:

7 In order to preserve free and private enterprise,  
8 prevent monopoly, and protect consumers, it is  
9 unlawful for any processor of beef or pork or limited  
10 partnership in which a processor holds partnership  
11 shares as a general partner or partnership shares as a  
12 limited partner, to own, control or operate a feedlot  
13 in Iowa in which hogs or cattle are fed for slaughter.  
14 In addition, a processor shall not directly or  
15 indirectly control the manufacturing, processing, or  
16 preparation for sale of pork products derived from  
17 swine if the processor contracted for the care and  
18 feeding of the swine in this state. However, this  
19 section does not apply to a cooperative association  
20 organized under chapter 497, 498, or 499, if the  
21 cooperative association contracts for the care and  
22 feeding of swine with a member of the cooperative  
23 association who is actively engaged in farming. This  
24 section does not apply to an association organized as  
25 a cooperative in which another cooperative association  
26 organized under chapter 497, 498, or 499 is a member,  
27 if the association contracts with a member which is a  
28 cooperative association organized under chapter 497,  
29 498, or 499, which contracts for the care and feeding  
30 of swine with a member of the cooperative who is  
31 actively engaged in farming. In the latter case, the  
32 cooperative association organized under chapter 497,  
33 498, or 499 shall give notice to its members in the  
34 manner provided under section 499.27 and shall provide  
35 for member hearings to be held at least ninety days  
36 before entering into a contract for the care and  
37 feeding of swine with a cooperative association of  
38 which the cooperative association organized under  
39 chapter 497, 498, or 499 is a member.

40 PARAGRAPH DIVIDED. This section shall not preclude  
41 a processor or limited partnership from contracting  
42 for the purchase of hogs or cattle, provided that  
43 where the contract sets a date for delivery which is  
44 more than twenty days after the making of the contract  
45 it shall:"

By JOHN KIBBIE

S-5258 FILED MARCH 16, 1992

2/18/92 (7845)

SENATE FILE 2244

S-5281

1 Amend amendment, S-5221, to Senate File 2244 as  
 2 follows:  
 3 1. By striking page 1, line 4 through page 6,  
 4 line 29 and inserting the following:  
 5 ""Section 1. Section 172C.2, unnumbered paragraph  
 6 1, Code 1991, is amended to read as follows:  
 7 In order to preserve free and private enterprise,  
 8 prevent monopoly, and protect consumers, it is  
 9 unlawful for any processor of beef or pork or limited  
 10 partnership in which a processor holds partnership  
 11 shares as a general partner or partnership shares as a  
 12 limited partner, to own, control or operate a feedlot  
 13 in Iowa in which hogs or cattle are fed for slaughter.  
 14 In addition, a processor shall not directly or  
 15 indirectly control the manufacturing, processing, or  
 16 preparation for sale of pork products derived from  
 17 swine if the processor contracted for the care and  
 18 feeding of the swine in this state. However, this  
 19 section does not apply to a cooperative association  
 20 organized under chapter 497, 498, or 499, if the  
 21 cooperative association contracts for the care and  
 22 feeding of swine with a member of the cooperative  
 23 association who is actively engaged in farming as  
 24 provided in section 172C.1, subsection 1, paragraphs  
 25 "a" through "c". This section does not apply to an  
 26 association organized as a cooperative in which  
 27 another cooperative association organized under  
 28 chapter 497, 498, or 499 is a member, if the  
 29 association contracts with a member which is a  
 30 cooperative association organized under chapter 497,  
 31 498, or 499, which contracts for the care and feeding  
 32 of swine with a member of the cooperative who is  
 33 actively engaged in farming as provided in section  
 34 172C.1, subsection 1, paragraphs "a" through "c". In  
 35 the latter case, the cooperative association organized  
 36 under chapter 497, 498, or 499 shall give notice to  
 37 its members in the manner provided under section  
 38 499.27 and shall provide for a member hearing to be  
 39 held at least ninety days before entering into a  
 40 contract for the care and feeding of swine with a  
 41 cooperative association of which the cooperative  
 42 association organized under chapter 497, 498, or 499  
 43 is a member. The board of directors of the member  
 44 cooperative shall poll the association's voting  
 45 members present at the hearing to provide an  
 46 indication of the membership's support for the  
 47 contract. The poll shall be conducted by vote which  
 48 shall be used to guide the board. The cooperative  
 49 association shall keep minutes of the hearing which  
 50 shall reflect the vote of the members present.

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1 PARAGRAPH DIVIDED. This section shall not preclude  
 2 a processor or limited partnership from contracting  
 3 for the purchase of hogs or cattle, provided that  
 4 where the contract sets a date for delivery which is  
 5 more than twenty days after the making of the contract  
 6 it shall:""

By JOHN KIBBIE  
 WILMER RENSINK

RICHARD VANDE HOEF  
 LEONARD L. BOSWELL

SENATE FILE 2244  
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SSB 2249)

(AS AMENDED AND PASSED BY THE SENATE MARCH 18, 1992)

ALL New Language by the Senate

Re Passed Senate, Date 4/8/92 (p. 1299) Passed House, Date Jan. Below  
Vote: Ayes 44 Nays 4 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved April 29, 1992 (p. 1724)

A BILL FOR

1 An Act relating to the care and feeding of swine by cooperative  
2 associations and providing an effective date.

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

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Conference Committee Appointed  
Senators Briels (chair), Miller, Hodge, Barkholtz, Borden 4/6 (p. 1461)  
Rep. Mertz (chair), Fogarty, Kaenige, Petersen, Johnson 4/7 (p. 1027)

Passed per Conference Committee Report  
Senate 4/23/92 (p. 1581) House 4/23/92 (p. 1766)  
ayes 49 Nays 0 ayes 92 Nays 4

S.F. 2244

1 Section 1. Section 172C.1, Code Supplement 1991, is  
2 amended by adding the following new subsections:

3 NEW SUBSECTION. 11A. "Federated cooperative association"  
4 means an association organized on a cooperative basis whose  
5 membership is restricted to cooperative associations.

6 NEW SUBSECTION. 14A. "Local cooperative association"  
7 means any one of the following:

8 a. An association of persons organized pursuant to chapter  
9 497 for purposes of conducting an agricultural or dairy  
10 business on a cooperative plan, as described in section 497.1.

11 b. A cooperative association organized pursuant to chapter  
12 498 for purposes of conducting an agricultural, livestock,  
13 horticultural, or dairy business on a cooperative plan and  
14 acting as a cooperative selling agency, as described in  
15 section 498.2.

16 c. A cooperative association as defined in section 499.2,  
17 and organized pursuant to chapter 499.

18 Sec. 2. Section 172C.2, unnumbered paragraph 1, Code 1991,  
19 is amended to read as follows:

20 In order to preserve free and private enterprise, prevent  
21 monopoly, and protect consumers, it is unlawful for any  
22 processor of beef or pork or limited partnership in which a  
23 processor holds partnership shares as a general partner or  
24 partnership shares as a limited partner, to own, control or  
25 operate a feedlot in Iowa in which hogs or cattle are fed for  
26 slaughter. In addition, a processor shall not directly or  
27 indirectly control the manufacturing, processing, or  
28 preparation for sale of pork products derived from swine if  
29 the processor contracted for the care and feeding of the swine  
30 in this state. ~~However, this section does not apply to a~~  
31 ~~cooperative association organized under chapter 497, 498, or~~  
32 ~~499, if the cooperative association contracts for the care and~~  
33 ~~feeding of swine with a member of the cooperative association~~  
34 ~~who is actively engaged in farming. This section does not~~  
35 ~~apply to an association organized as a cooperative in which~~

1 another-cooperative-association-organized-under-chapter-4977  
2 4987-or-499-is-a-member,-if-the-association-contracts-with-a  
3 member-which-is-a-cooperative-association-organized-under  
4 chapter-4977-4987-or-4997-which-contracts-for-the-care-and  
5 feeding-of-swine-with-a-member-of-the-cooperative-who-is  
6 actively-engaged-in-farming-

7 Notwithstanding this section, a local cooperative  
8 association may contract for the care and feeding of swine.  
9 The local cooperative association shall only contract with a  
10 member of the local cooperative association, including a  
11 stockholder or shareholder. The member of the local  
12 cooperative association who is a party to the contract shall  
13 be actively engaged in farming as provided in section 172C.1,  
14 subsection 1, paragraphs "a" through "c".

15 A federated cooperative association may contract for the  
16 care and feeding of swine to the extent that the federated  
17 cooperative association contracts with a member which is a  
18 local cooperative association. The local cooperative  
19 association shall only contract with a member of the local  
20 cooperative association, including a shareholder or  
21 stockholder. The member of the local cooperative association  
22 who is a party to the contract shall be actively engaged in  
23 farming as provided in section 172C.1, subsection 1,  
24 paragraphs "a" through "c". The procedures for entering into  
25 and the terms of the contract shall be consistent with section  
26 497.35, 498.38, or 499.80.

27 PARAGRAPH DIVIDED. This section shall not preclude a  
28 processor or limited partnership from contracting for the  
29 purchase of hogs or cattle, provided that where the contract  
30 sets a date for delivery which is more than twenty days after  
31 the making of the contract it shall:

32 Sec. 3. NEW SECTION. 497.36 CONTRACTS FOR THE CARE AND  
33 FEEDING OF SWINE.

34 1. As used in this section, unless the context otherwise  
35 requires:

1 a. "Federated cooperative association" means an  
2 association organized on a cooperative basis whose membership  
3 is restricted to cooperative associations organized pursuant  
4 to this chapter or chapter 498 or 499.

5 b. "Local cooperative association" means an association of  
6 persons organized pursuant to this chapter for purposes of  
7 conducting an agricultural or dairy business on a cooperative  
8 plan, as described in section 497.1.

9 2. A local cooperative association may enter into a  
10 contract with a federated cooperative association for the care  
11 and feeding of swine as provided in section 172C.2. However,  
12 the voting members of the local cooperative association are  
13 required to approve the contract at a regular or special  
14 meeting, following a hearing, according to the following  
15 procedures, regardless of articles of incorporation or bylaws  
16 of the local cooperative association:

17 a. The board shall mail notice of the proposed contract to  
18 all stockholders of the local cooperative association not more  
19 than ninety days and not less than sixty days prior to the  
20 hearing. The board shall publish notice of the proposal in  
21 one or more newspapers of general circulation in the area  
22 where the stockholders reside not more thirty days and not  
23 less than twenty days prior to the hearing. The notice shall  
24 specify the place and time of the hearing and the meeting.  
25 The local cooperative association shall conduct the meeting on  
26 the proposal within ten days after the hearing.

27 b. At the meeting a ballot of the stockholders who are  
28 entitled to vote shall be taken on approval of the contract.  
29 In order to approve the contract, at least sixty percent of  
30 the stockholders of the local cooperative association are  
31 required to vote affirmatively on the ballot in which a  
32 majority of all voting members participate. Voting may be  
33 accomplished by a mail ballot pursuant to section 497.16.

34 c. Notwithstanding a vote taken under this section, a  
35 contract in effect on March 1, 1992, shall continue in effect

1 for that part of the contract's unexpired term, but shall not  
2 continue in effect later than March 1, 2002.

3 3. The local cooperative association shall only contract  
4 with a stockholder of the local cooperative association for  
5 the care and feeding of the swine. The local stockholder is  
6 required to be actively engaged in farming as provided in  
7 section 172C.1, subsection 1, paragraphs "a" through "c". The  
8 terms of the contract between the local cooperative  
9 association and its local stockholder shall provide that in  
10 any action or claim for damages based on the contract and  
11 brought by the local cooperative association, the local  
12 stockholder may set off the amount for which the local  
13 stockholder is liable by the fair value of the stockholder's  
14 interest in the local cooperative association as determined on  
15 the day that the contract was executed between the parties.  
16 The fair value shall be calculated in the same manner as  
17 provided in section 499.66.

18 Sec. 4. NEW SECTION. 498.38 CONTRACTS FOR THE CARE AND  
19 FEEDING OF SWINE.

20 1. As used in this section, unless the context otherwise  
21 requires:

22 a. "Federated cooperative association" means an  
23 association organized on a cooperative basis whose membership  
24 is restricted to cooperative associations organized pursuant  
25 to this chapter or chapter 497 or 499.

26 b. "Local cooperative association" means a cooperative  
27 association organized pursuant to this chapter for purposes of  
28 conducting an agricultural, livestock, horticultural, or dairy  
29 business on a cooperative plan and acting as a cooperative  
30 selling agency, as described in section 498.2.

31 2. A local cooperative association may enter into a  
32 contract with a federated cooperative association for the care  
33 and feeding of swine as provided in section 172C.2. However,  
34 the voting members of the local cooperative association are  
35 required to approve the contract at a regular or special

1 meeting, following a hearing, according to the following  
2 procedures, regardless of articles of incorporation or bylaws  
3 of the local cooperative association:

4 a. The board shall mail notice of the proposed contract to  
5 all members of the local cooperative association not more than  
6 ninety days and not less than sixty days prior to the hearing.  
7 The board shall publish the notice of the proposal in one or  
8 more newspapers of general circulation in the area where the  
9 members reside not more thirty days and not less than twenty  
10 days prior to the hearing. The notice shall specify the place  
11 and time of the hearing and the meeting. The local  
12 cooperative association shall conduct the meeting on the  
13 proposal within ten days after the hearing.

14 b. At the meeting a ballot of the members who are entitled  
15 to vote shall be taken on approval of the contract. In order  
16 to approve the contract, at least sixty percent of the members  
17 of the local cooperative association are required to vote  
18 affirmatively on the ballot in which a majority of all voting  
19 members participate. Voting may be accomplished by a mail  
20 ballot pursuant to section 498.18.

21 c. Notwithstanding a vote taken under this section, a  
22 contract in effect on March 1, 1992, shall continue in effect  
23 for that part of the contract's unexpired term, but shall not  
24 continue in effect later than March 1, 2002.

25 3. The local cooperative association shall only contract  
26 with a member of the local cooperative association for the  
27 care and feeding of the swine. The local member is required  
28 to be actively engaged in farming as provided in section  
29 172C.1, subsection 1, paragraphs "a" through "c". The terms  
30 of the contract between the local cooperative association and  
31 its local member shall provide that in any action or claim for  
32 damages based on the contract and brought by the local  
33 cooperative association, the local member may set off the  
34 amount for which the local member is liable by the fair value  
35 of the member's interest in the local cooperative association

1 as determined on the day that the contract was executed  
2 between the parties. The fair value shall be calculated in  
3 the same manner as provided in section 499.66.

4 Sec. 5. NEW SECTION. 499.80 CONTRACTS FOR THE CARE AND  
5 FEEDING OF SWINE.

6 1. As used in this section, unless the context otherwise  
7 requires:

8 a. "Federated cooperative association" means an  
9 association organized on a cooperative basis whose membership  
10 is restricted to cooperative associations organized pursuant  
11 to this chapter or chapter 497 or 498.

12 b. "Local cooperative association" means a cooperative  
13 association as defined in section 499.2 and organized pursuant  
14 to this chapter.

15 2. A local cooperative association may enter into a  
16 contract with a federated cooperative association for the care  
17 and feeding of swine as provided in section 172C.2. However,  
18 the voting members of the local cooperative association are  
19 required to approve the contract at a regular or special  
20 meeting, following a hearing, according to the following  
21 procedures, regardless of articles of incorporation or bylaws  
22 of the local cooperative association:

23 a. The board shall mail a notice of the proposed contract  
24 to all members of the local cooperative association not more  
25 than ninety days and not less than sixty days prior to the  
26 hearing. The board shall publish notice of the proposal in  
27 one or more newspapers of general circulation in the area  
28 where the members reside not more thirty days and not less  
29 than twenty days prior to the hearing. The notice shall  
30 specify the place and time of the hearing and the meeting.  
31 The local cooperative association shall conduct the meeting on  
32 the proposal within ten days after the hearing.

33 b. At the meeting a ballot of the members who are entitled  
34 to vote shall be taken on approval of the contract. In order  
35 to approve the contract, at least sixty percent of the members

1 of the local cooperative association are required to vote  
2 affirmatively on the ballot in which a majority of all voting  
3 members participate. Voting may be accomplished by a mail  
4 ballot pursuant to section 499.29.

5 c. Notwithstanding a vote taken under this section, a  
6 contract in effect on March 1, 1992, shall continue in effect  
7 for that part of the contract's unexpired term, but shall not  
8 continue in effect later than March 1, 2002.

9 3. The local cooperative association shall only contract  
10 with a member of the local cooperative association for the  
11 care and feeding of the swine. The local member is required  
12 to be actively engaged in farming as provided in section  
13 172C.1, subsection 1, paragraphs "a" through "c". The terms  
14 of the contract between the local cooperative association and  
15 its local member shall provide that in any action or claim for  
16 damages based on the contract and brought by the local  
17 cooperative association, the local member may set off the  
18 amount for which the local member is liable by the fair value  
19 of the member's interest in the local cooperative association  
20 as determined on the day that the contract was executed  
21 between the parties. The fair value shall be calculated in  
22 the same manner as provided in section 499.66.

23 Sec. 6. CODE EDITOR. The Code editor is directed to  
24 reorganize and renumber section 172C.2 to enhance its  
25 readability.

26 Sec. 7. EFFECTIVE DATE. This Act, being deemed of  
27 immediate importance, takes effect upon enactment.

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## SENATE FILE 2244

H-5528

1 Amend Senate File 2244 as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. By striking everything after the enacting  
4 clause and inserting the following:

5 "Section 1. LEGISLATIVE STUDY -- CONTRACTS FOR THE  
6 CARE AND FEEDING OF SWINE.

7 1. The legislative council is requested to  
8 establish an interim committee to study restrictions,  
9 practices, and procedures, relating to contracts for  
10 the care and feeding of swine, including the care and  
11 feeding of swine by cooperative associations.

12 2. The legislative council is requested to appoint  
13 members to the interim committee which may include two  
14 members of the senate, two members of the house of  
15 representatives, and one member representing each of  
16 the following: the attorney general's office, the  
17 Iowa institute of cooperatives, the Iowa pork  
18 producers association, and the Iowa animal agriculture  
19 council of the Iowa business council.

20 Sec. 2. This Act, being deemed of immediate  
21 importance, takes effect upon enactment."

22 2. Title page, line 2, by inserting after the  
23 word "associations" the following: "by providing for  
24 a study,".

By COMMITTEE ON AGRICULTURE  
FOGARTY of Palo Alto, Chairperson

H-5528 FILED MARCH 25, 1992

*Adopted 4/1/92 (p. 1021)*

SENATE AMENDMENT TO HOUSE AMENDMENT TO SENATE FILE 2244  
H-5856

1 Amend the amendment, S-5528, to Senate File 2244,  
2 as amended, passed, and reprinted by the Senate, as  
3 follows:

4 1. Page 1, line 18, by striking the words "the  
5 Iowa animal agriculture" and inserting the following:  
6 "a swine producer from the Iowa animal agricultural  
7 development".

8 2. Page 1, by inserting after line 19 the  
9 following:

10 "Sec. \_\_\_\_ . MORATORIUM. Notwithstanding section  
11 172C.2, a cooperative association organized in this or  
12 any other state, which is a processor as defined in  
13 section 172C.1 controlling the manufacturing,  
14 processing, or preparation of pork products derived  
15 from swine, shall not, on or after the effective date  
16 of this Act and until March 15, 1993, directly or  
17 indirectly contract with a person to provide for the  
18 care and feeding of swine in this state."

19 3. Page 1, line 24, by inserting after the word  
20 "study" the following: "and a moratorium".

21 4. By renumbering, relettering, or redesignating  
22 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-5856 FILED APRIL 10, 1992

*H. Referred to committee 4/14 (p. 1336)*  
*Motion to reconsider lost (p. 1469)*  
*Senate enacted 4/16 (p. 1455)*

## SENATE FILE 2244

S-5597

1 Amend the amendment, S-5528, to Senate File 2244,  
2 as amended, passed, and reprinted by the Senate, as  
3 follows:

4 1. Page 1, by inserting after line 19 the  
5 following:

6 "Sec. \_\_\_\_ . MORATORIUM. Notwithstanding section  
7 172C.2, a cooperative association organized in this or  
8 any other state, which is a processor as defined in  
9 section 172C.1 controlling the manufacturing,  
10 processing, or preparation of pork products derived  
11 from swine, shall not, on or after the effective date  
12 of this Act and until March 15, 1993, directly or  
13 indirectly contract with a person to provide for the  
14 care and feeding of swine in this state."

15 2. Page 1, line 24, by inserting after the word  
16 "study" the following: "and a moratorium".

By JOHN E. SOORHOLTZ  
DERRYL MCLAREN

EMIL J. HUSAK  
BERL E. PRIEBE

S-5597 FILED APRIL 8, 1992  
ADOPTED (p. 1298)

## SENATE FILE 2244

S-5608

1 Amend the House amendment, S-5528, to Senate File  
2 2244, as amended, passed, and reprinted by the Senate  
3 as follows:

4 1. Page 1, by striking lines 20 and 21.

By BERL E. PRIEBE

S-5608 FILED APRIL 8, 1992  
WITHDRAWN (p. 1298)

## SENATE FILE 2244

S-5596

1 Amend the amendment, S-5528, to Senate File 2244,  
2 as amended, passed, and reprinted by the Senate, as  
3 follows:

4 1. Page 1, line 18, by striking the words "the  
5 Iowa animal agriculture" and inserting the following:  
6 "a swine producer from the Iowa animal agricultural  
7 development".

By JOHN E. SOORHOLTZ  
DERRYL MCLAREN

BERL E. PRIEBE  
EMIL J. HUSAK

S-5596 FILED APRIL 8, 1992  
ADOPTED (p. 1298)

HOUSE AMENDMENT TO  
SENATE FILE 2244

S-5528

1 Amend Senate File 2244 as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. By striking everything after the enacting  
4 clause and inserting the following:

5 "Section 1. LEGISLATIVE STUDY -- CONTRACTS FOR THE  
6 CARE AND FEEDING OF SWINE.

7 1. The legislative council is requested to  
8 establish an interim committee to study restrictions,  
9 practices, and procedures, relating to contracts for  
10 the care and feeding of swine, including the care and  
11 feeding of swine by cooperative associations.

12 2. The legislative council is requested to appoint  
13 members to the interim committee which may include two  
14 members of the senate, two members of the house of  
15 representatives, and one member representing each of  
16 the following: the attorney general's office, the  
17 Iowa institute of cooperatives, the Iowa pork  
18 producers association, and the Iowa animal agriculture  
19 council of the Iowa business council.

20 Sec. 2. This Act, being deemed of immediate  
21 importance, takes effect upon enactment."

22 2. Title page, line 2, by inserting after the  
23 word "associations" the following: "by providing for  
24 a study,".

RECEIVED FROM THE HOUSE

S-5528 FILED APRIL 2, 1992

*Senate amended (S 596, S 597) &  
concurred 4/8/92 (p 1249)*

REPORT OF THE CONFERENCE COMMITTEE  
ON SENATE FILE 2244

To the President of the Senate and the Speaker of the House of Representatives:

We, the undersigned members of the conference committee appointed to resolve the differences between the Senate and the House of Representatives on Senate File 2244, a bill for an Act relating to the care and feeding of swine by cooperative associations and providing an effective date, respectfully make the following report:

1. That the Senate recedes from its amendment, H-5856.
2. That the House amendment, S-5528, to Senate File 2244, as amended, passed, and reprinted by the Senate, is amended as follows:

1. Page 1, by striking lines 18 and 19 and inserting the

CCS-2244

Page 2

following: "producers association, and the Iowa business council's Iowa animal agriculture council whose representative shall be actively engaged in the production of swine."

## ON THE PART OF THE SENATE:

BERL E. PRIEBE, Chairperson  
H. KAY HEDGE  
ALVIN V. MILLER  
JIM RIORDAN  
JOHN E. SOORHOLTZ

## ON THE PART OF THE HOUSE:

DOLORES MERTZ, Chairperson  
DANIEL FOGARTY  
ROBERT JOHNSON  
DEO KOENIGS  
DAN PETERSEN

CCS-2244 FILED APRIL 23, 1992

*Senate Adopted 4/23 (p. 1581)**House Adopted 4/23 (p. 1766)*

PRIEBE, CH  
HUSAR  
SOORDOLTZ

SSB 2249  
AGRICULTURE Now

SENATE FILE 2244  
BY (PROPOSED COMMITTEE ON  
AGRICULTURE BILL BY  
CHAIRPERSON PRIEBE)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

### A BILL FOR

1 An Act relating to the care and feeding of swine by cooperative  
2 associations.

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

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1 Section 1. Section 172C.2, unnumbered paragraph 1, Code  
2 1991, is amended to read as follows:

3 In order to preserve free and private enterprise, prevent  
4 monopoly, and protect consumers, it is unlawful for any  
5 processor of beef or pork or limited partnership in which a  
6 processor holds partnership shares as a general partner or  
7 partnership shares as a limited partner, to own, control or  
8 operate a feedlot in Iowa in which hogs or cattle are fed for  
9 slaughter. In addition, a processor shall not directly or  
10 indirectly control the manufacturing, processing, or  
11 preparation for sale of pork products derived from swine if  
12 the processor contracted for the care and feeding of the swine  
13 in this state.

14 PARAGRAPH DIVIDED. ~~However, this~~ This section does not  
15 apply to a cooperative association organized under chapter  
16 497, 498, or 499, if the cooperative association contracts for  
17 the care and feeding of swine with a member of the cooperative  
18 association who is actively engaged in farming. This section  
19 does not apply to an association organized as a cooperative in  
20 which another cooperative association organized under chapter  
21 497, 498, or 499 is a member, if the association contracts  
22 with a member which is a cooperative association organized  
23 under chapter 497, 498, or 499, which contracts for the care  
24 and feeding of swine with a member of the cooperative who is  
25 actively engaged in farming. However, in either case, the  
26 local (nonfederated) members of the cooperative association at  
27 a regular or special meeting must approve the contracting for  
28 the care and feeding of swine. At the regular or special  
29 meeting a ballot of the members who are entitled to vote shall  
30 be taken on the proposal to approve a contract for the care  
31 and feeding of swine. The proposal shall be approved if  
32 seventy-five percent of the members of the local cooperative  
33 association vote affirmatively on a ballot in which a majority  
34 of all voting members participate. Voting may be accomplished  
35 by mail ballot, notwithstanding provisions in the articles of

1 incorporation or bylaws of the cooperative association.  
 2 Notwithstanding the vote, a contract in effect at the time of  
 3 balloting by the members shall continue in effect for that  
 4 part of the contract's unexpired term, but shall continue in  
 5 effect for not more than five years from the date of the  
 6 regular or special meeting.

7 PARAGRAPH DIVIDED. This section shall not preclude a  
 8 processor or limited partnership from contracting for the  
 9 purchase of hogs or cattle, provided that where the contract  
 10 sets a date for delivery which is more than twenty days after  
 11 the making of the contract it shall:

EXPLANATION

12  
 13 This bill amends section 172C.2 prohibiting pork processors  
 14 from controlling the production of pork, if the processor  
 15 contracted for the care and feeding of the swine in this  
 16 state. However, the prohibition does not apply to certain  
 17 cooperative associations. This bill provides that before a  
 18 cooperative association can enter into a contract for swine  
 19 production, the contract must be approved by the members of  
 20 the cooperative association. Contracts in effect may continue  
 21 for their unexpired term, but for not more than five years  
 22 from the date of the meeting.

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Sec. 2. This Act, being deemed of immediate importance, takes effect upon enactment.

SENATE FILE 2244

AN ACT

RELATING TO THE CARE AND FEEDING OF SWINE BY COOPERATIVE ASSOCIATIONS BY PROVIDING FOR A STUDY, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. LEGISLATIVE STUDY -- CONTRACTS FOR THE CARE AND FEEDING OF SWINE.

1. The legislative council is requested to establish an interim committee to study restrictions, practices, and procedures, relating to contracts for the care and feeding of swine, including the care and feeding of swine by cooperative associations.

2. The legislative council is requested to appoint members to the interim committee which may include two members of the senate, two members of the house of representatives, and one member representing each of the following: the attorney general's office, the Iowa institute of cooperatives, the Iowa pork producers association, and the Iowa business council's Iowa animal agriculture council whose representative shall be actively engaged in the production of swine.

-----  
MICHAEL E. GRONSTAL  
President of the Senate

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ROBERT C. ARNOULD  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2244, Seventy-fourth General Assembly.

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JOHN F. DWYER  
Secretary of the Senate

Approved April 29, 1992

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TERRY E. BRANSTAD  
Governor