

Substituted for HF 2349
4-8-96 (P.1408)

FILED FEB 22 1996

SENATE FILE **2283**
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 2202)

Passed Senate, ^(P.607) Date 3/5/96 Passed House, ^(P.1408) Date 4/8/96
Vote: Ayes 49 Nays 0 Vote: Ayes 97 Nays 0
Approved April 16, 1996

A BILL FOR

1 An Act relating to voting, the distribution of earnings, and the
2 bylaws of a cooperative association.

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

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S.F. 2283

1 Section 1. Section 499.29, Code 1995, is amended to read
2 as follows:

3 499.29 MANNER OF VOTING.

4 Votes shall be cast in person, and not by proxy. The vote
5 of a member-association shall be cast only by its
6 representative duly authorized in writing. If the articles or
7 bylaws permit, ~~an-absent~~ a member may cast that member's
8 ~~signed-written~~ vote, in advance of the meeting, upon any
9 proposition of which the member has been previously notified
10 in writing, ~~and-of-which-a-copy-accompanies-the-member's-vote.~~

11 Sec. 2. Section 499.30, subsection 2, paragraph b, Code
12 Supplement 1995, is amended to read as follows:

13 b. To the extent that the cooperative association is not
14 operating on a pooling basis as provided in this subsection,
15 at least ten percent of the remaining earnings must be added
16 to surplus until surplus equals either thirty percent of the
17 total of all capital paid in for stock or memberships, plus
18 all unpaid patronage dividends, plus certificates of
19 indebtedness payable upon liquidation, earnings from nonmember
20 business, and earnings arising from the earnings of other
21 cooperative organizations of which the association is a
22 member, or one thousand dollars, whichever is greater. No
23 additions shall be made to surplus when it exceeds either
24 fifty percent of the total, or one thousand dollars, whichever
25 is greater, without the approval of the membership by a
26 majority of votes cast.

27 Sec. 3. Section 499.46, Code 1995, is amended to read as
28 follows:

29 499.46 BYLAWS.

30 The directors, by a vote of seventy-five percent of the
31 directors, may adopt, alter, amend, or repeal bylaws for the
32 association, which shall remain in force until altered,
33 amended, or repealed by a vote of seventy-five percent of the
34 members present or represented having voting privileges, at
35 any annual meeting or special meeting of the membership, ~~or-as~~

1 ~~otherwise-provided-in-the-articles-of-incorporation-or-bylaws~~
2 provided that at least ten days' prior written notice of the
3 impending membership vote has been mailed to all members of
4 the association with a copy or summary of the proposed
5 adoption, alteration, amendment, or repeal of the bylaws.
6 Proposals by members to adopt, alter, amend, or repeal bylaws
7 by vote of the membership shall be presented to the
8 association's registered office for mailing to the membership
9 by the association at least twenty days prior to the meeting
10 at which the proposed change is to be considered. Bylaws
11 shall be kept by the secretary subject to inspection by any
12 member at any time. Bylaws may deal with the fiscal or
13 internal affairs of the association or any subject of this
14 chapter in any manner not inconsistent with this chapter or
15 the articles.

16 EXPLANATION

17 This bill relates to voting, the distribution of earnings,
18 and the bylaws of a cooperative association. The bill
19 eliminates the provisions requiring a member's vote made in
20 writing in advance of the meeting to be signed by the member
21 and accompanied by a copy of the notice of the proposition
22 being voted on. These changes have the effect of allowing a
23 member to cast a secret absentee vote on issues that come
24 before a membership meeting of a cooperative association and
25 then attend the membership meeting without invalidating the
26 absentee ballot.

27 The bill amends the provision prohibiting additional
28 earnings from being added to the surplus of a cooperative
29 association when the surplus exceeds either 50 percent of the
30 total of all capital paid in for stock or membership, or
31 \$1,000, whichever is greater, by authorizing the membership,
32 by a majority of votes cast, to approve such an addition.

33 The bill provides that the members of a cooperative asso-
34 ciation may adopt, alter, amend, or repeal the bylaws of the
35 cooperative association provided that 10 days' prior written

1 notice of the impending membership vote is mailed to all
2 members of the association with a copy or summary of the
3 proposed change. The bill provides that proposals by members
4 to change the bylaws of the cooperative association by vote of
5 the membership must be presented to the cooperative
6 association's registered office for mailing to the membership
7 by the association at least 20 days prior to the meeting at
8 which the proposed change is to be considered.

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Friede
Husak
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SSB-2202
Commerce
Succeeded By
SF/HF 2283

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

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

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31 directors, may adopt, alter, amend, or repeal bylaws for the
32 association, which shall remain in force until altered,
33 amended, or repealed by a vote of seventy-five percent of the
34 members present or represented having voting privileges, at
35 any annual meeting or special meeting of the membership, ~~or-as~~

1 otherwise-provided-in-the-articles-of-incorporation-or-bylaws
2 provided that at least ten days' prior written notice of the
3 impending members' vote has been mailed to all members with a
4 copy or summary of the directors' adoption, alteration,
5 amendment, or repeal of the bylaws. Proposals by members to
6 adopt, alter, amend, or repeal bylaws by vote of the members
7 shall be presented to the association's registered office for
8 mailing to the membership by the association at least twenty
9 days prior to the meeting at which the proposed change is to
10 be considered. Bylaws shall be kept by the secretary subject
11 to inspection by any member at any time. Bylaws may deal with
12 the fiscal or internal affairs of the association or any
13 subject of this chapter in any manner not inconsistent with
14 this chapter or the articles.

15

EXPLANATION

16 This bill relates to voting, the distribution of earnings,
17 and the bylaws of a cooperative association. The bill
18 eliminates the provisions requiring a member's vote made in
19 writing in advance of the meeting to be signed by the member
20 and accompanied by a copy of the notice of the proposition
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24 then attend the membership meeting without invalidating the
25 absentee ballot.

26 The bill amends the provision prohibiting additional
27 earnings from being added to the surplus of a cooperative
28 association when the surplus exceeds either 50 percent of the
29 total of all capital paid in for stock or membership, or
30 \$1,000, whichever is greater, by authorizing the membership,
31 by a majority of votes cast, to approve such an addition.

32 The bill provides that the members of a cooperative asso-
33 ciation, in response to the directors of the cooperative
34 association's change of the bylaws, may adopt, alter, amend,
35 or repeal the bylaws of the cooperative association provided

1 that 10 days' prior written notice of the impending members'
2 vote is mailed to all members with a copy or summary of the
3 directors' change. The bill provides that proposals by
4 members to change the bylaws of the cooperative association by
5 vote of the members must be presented to the cooperative
6 association's registered office for mailing to the membership
7 by the association at least 20 days prior to the meeting at
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SENATE FILE 2283

AN ACT

RELATING TO VOTING, THE DISTRIBUTION OF EARNINGS, AND THE
BYLAWS OF A COOPERATIVE ASSOCIATION.

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

Section 1. Section 499.29, Code 1995, is amended to read
as follows:

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of a member-association shall be cast only by its
representative duly authorized in writing. If the articles or
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proposition of which the member has been previously notified
in writing, ~~and of which a copy accompanies the member's vote.~~

Sec. 2. Section 499.30, subsection 2, paragraph b, Code
Supplement 1995, is amended to read as follows:

b. To the extent that the cooperative association is not
operating on a pooling basis as provided in this subsection,
at least ten percent of the remaining earnings must be added
to surplus until surplus equals either thirty percent of the
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shall be kept by the secretary subject to inspection by any
member at any time. Bylaws may deal with the fiscal or

internal affairs of the association or any subject of this chapter in any manner not inconsistent with this chapter or the articles.

LEONARD L. BOSWELL
President of the Senate

RON J. CORBETT
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2283, Seventy-sixth General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved April 16, 1996

TERRY E. BRANSTAD
Governor