

Senate Study Bill 1267

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON FRAISE)

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

A BILL FOR

1 An Act relating to cooperative associations, by providing for
2 documentation, including certificates and statements.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 2264SC 82
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1 1 Section 1. Section 499.15, Code 2007, is amended to read
1 2 as follows:

1 3 499.15 CONTENTS OF CERTIFICATES.

1 4 The association ~~shall~~ may issue certificates of membership
1 5 or stock, each of which states the fixed dividend, if any, and
1 6 the restrictions or limitations upon its ownership, voting,
1 7 transfer, redemption, or cancellation.

1 8 Sec. 2. Section 499.16, Code 2007, is amended to read as
1 9 follows:

1 10 499.16 SUBSCRIPTIONS == ISSUING CERTIFICATES.

1 11 If permitted by the association's articles of
1 12 incorporation, any eligible subscriber for common stock or
1 13 membership may vote and be treated as a member after making
1 14 part payment of the amount, if any, required to be paid for
1 15 the common stock or membership in cash, giving the
1 16 subscriber's note for the balance, and satisfying any other
1 17 requirement for the subscription as set forth in the articles.

1 18 A subscription may be forfeited as provided in section 499.32.

1 19 Stock or a membership ~~certificate~~ shall not be issued until
1 20 payment of the amount, if any, required to be paid for the
1 21 stock or membership ~~certificate~~ is fully made. A subscriber

1 22 shall not hold office until the ~~subscriber's certificate~~
1 23 association has been issued the subscriber stock or
1 24 membership.

1 25 Sec. 3. Section 499.17, Code 2007, is amended to read as
1 26 follows:

1 27 499.17 TRANSFER OF STOCK OR MEMBERSHIP.

1 28 No common stock shall be transferable, unless the articles
1 29 expressly provide for transfer to others eligible for
1 30 membership. Such provision may require that the transfer be
1 31 preceded by an offer to the association, or be otherwise
1 32 restricted. No nonstock membership shall be transferable, and
1 33 ~~all if the association issues certificates thereof of~~

1 34 membership or stock to a member, the certificates shall be
1 35 surrendered to the association on the member's voluntary
2 1 withdrawal.

2 2 Sec. 4. Section 499.44, subsection 3, Code 2007, is
2 3 amended to read as follows:

2 4 3. Articles of incorporation, amendments to articles, or
2 5 renewal of articles must be filed with the secretary of state,
2 6 ~~and recorded in the county where the association has its~~
2 7 ~~principal place of business, as required by the general~~
2 8 ~~corporation laws.~~ The association's corporate existence shall
2 9 begin upon approval by the secretary of state of the articles
2 10 and issuance of the certificate of incorporation.

2 11 Sec. 5. Section 499.47, subsection 3, Code 2007, is
2 12 amended to read as follows:

2 13 3. Upon the expiration or voluntary dissolution of an
2 14 association, the members shall designate three of their number
2 15 as trustees to replace the officers and directors and wind up
2 16 its affairs. The trustees shall have all the powers of the
2 17 board, including the power to sell and convey real or personal
2 18 property and execute conveyances. Within the time fixed in

2 19 their designation, or any extension of that time, the trustees
2 20 shall liquidate the association's assets, pay its debts and
2 21 expenses, and distribute remaining funds among the members.
2 22 Upon distribution of remaining assets the association shall
2 23 stand dissolved and cease to exist. The trustees shall make
2 24 and sign a duplicate report of the dissolution. One copy of
2 25 the report shall be filed with the secretary of state ~~and one~~
~~2 26 copy of the report shall be filed with the recorder of the~~
~~2 27 county where the articles were recorded.~~

2 28 Sec. 6. NEW SECTION. 499.73A CHANGE OF PRINCIPAL OFFICE.

2 29 An association may change its principal office by
2 30 delivering to the secretary of state for filing a statement of
2 31 change that sets forth all of the following:

- 2 32 1. The name of the association.
- 2 33 2. The street address of its current principal office.
- 2 34 3. The street address of its new principal office.

2 35 EXPLANATION

3 1 This bill amends provisions relating to cooperative
3 2 associations organized under Code chapter 499. Code section
3 3 499.15 requires that an association issue certificates of
3 4 membership or stock. The bill permits an association to issue
3 5 a certificate, but eliminates the requirement. It retains
3 6 related requirements that prevents a cooperative from issuing
3 7 stock or a membership until payment for the interest is made,
3 8 and prevent a subscriber from holding office until the
3 9 association issues the stock or membership, but eliminates
3 10 references to certificates.

3 11 Code section 499.44 currently requires that articles of
3 12 incorporation, amendments to articles, or the renewal of
3 13 articles must be filed with the secretary of state and in the
3 14 county where the association has its principal place of
3 15 business. The bill eliminates the requirement that articles
3 16 of incorporation be filed with a county recorder. Code
3 17 section 499.47 provides a related requirement that trustees
3 18 winding up the affairs of an association during dissolution
3 19 file a report with the secretary of state and the county
3 20 recorder. The bill eliminates the requirement for filing the
3 21 report with the county recorder.

3 22 Code section 499.40 provides that a cooperative's articles
3 23 of incorporation must provide the address of its principal
3 24 office. The bill provides that a cooperative that changes its
3 25 principal office must notify the secretary of state of the
3 26 change, instead of presumably amending its articles of
3 27 incorporation, and filing the amendment with the secretary of
3 28 state. The process would be similar to a cooperative changing
3 29 the name of its registered office or agent under Code section
3 30 499.73.

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