

**499.30 Distribution of earnings.**

The directors shall annually dispose of the earnings of the association in excess of its operating expenses as follows:

1. To provide a reasonable reserve for depreciation, obsolescence, bad debts, or contingent losses or expenses.

2. *a.* (1) To the extent that the cooperative association is operating on a pooling basis, the board of directors of the cooperative association shall determine the portion of the remaining earnings derived from the pool that will be added to the surplus. The cooperative association is operating on a pooling basis, if the association markets, sells, or handles an agricultural product and all of the following apply:

(a) The product is a pool composed by commingling units of the same kind of product which are contributed to the cooperative association by its members.

(b) The earnings of the association are computed without deducting a charge for products delivered by members of the association who are contributing units to be commingled in the product pool.

(2) The board of directors may provide an advance payment to the members of the association contributing units of the product to be commingled in the product pool during the contribution period.

*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 total of all capital paid in for stock or memberships, plus all unpaid patronage dividends, plus certificates of indebtedness payable upon liquidation, earnings from nonmember business, and earnings arising from the earnings of other cooperative organizations of which the association is a member, or one thousand dollars, whichever is greater. No additions shall be made to surplus when it exceeds either fifty percent of the total, or one thousand dollars, whichever is greater, without the approval of the membership by a majority of votes cast.

3. Not less than one percent nor more than five percent of earnings in excess of reserves may be placed in an educational fund, to be used as the directors deem suitable for teaching or promoting cooperation.

4. After disposing of earnings as provided in [subsections 1 and 2](#), the cooperative association shall pay any fixed dividends on stock or memberships.

5. Notwithstanding an association's articles of incorporation, for each taxable year of the association, the association shall allocate all remaining net earnings to the account of each member, including subscribers described in [section 499.16](#), ratably in proportion to the business the member did with the association during that year. The directors shall determine, or the articles of incorporation or bylaws of the association may specify, the percentage or the amount of the allocation to be currently paid in cash. However, for a cooperative association other than a public utility as defined in [section 476.1](#), the amount to be currently payable in cash shall not exceed twenty percent of the allocation during any period when unpaid local deferred patronage dividends of deceased members for prior years are outstanding. Notwithstanding the twenty percent allocation limitation, the directors of a cooperative association or the articles of incorporation or bylaws of the association may specify any percentage or amount to be currently paid in cash to the estates of deceased natural persons who were members. All the remaining allocation not paid in cash shall be transferred to a revolving fund as provided in [section 499.33](#) and credited to the members and subscribers. The credits in the revolving fund are referred to in [this chapter](#) as deferred patronage dividends.

[C35, §8512-g30; C39, §8512.30; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §499.30]

[86 Acts, ch 1196, §2, 3](#); [94 Acts, ch 1058, §1](#); [95 Acts, ch 106, §1](#); [96 Acts, ch 1115, §2](#); [2012 Acts, ch 1023, §157](#)

Referred to in [§499.2](#), [499.30A](#), [499.31](#)