

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 60

BY AGRICULTURAL AFFAIRS COMMITTEE

AN ACT

1 RELATING TO COOPERATIVE MARKETING ASSOCIATIONS; AMENDING SECTION 22-2614,  
2 IDAHO CODE, TO REMOVE A PROVISION REGARDING A VOTING LIMITATION, TO  
3 PROVIDE FOR BYLAW REQUIREMENTS, AND TO MAKE TECHNICAL CORRECTIONS; AND  
4 AMENDING SECTION 22-2617, IDAHO CODE, TO REVISE MARKETING CONTRACT PRO-  
5 VISIONS.  
6

7 Be It Enacted by the Legislature of the State of Idaho:

8 SECTION 1. That Section 22-2614, Idaho Code, be, and the same is hereby  
9 amended to read as follows:

10 22-2614. STOCK -- MEMBERSHIP CERTIFICATES -- WHEN ISSUED -- VOTING --  
11 LIABILITY -- LIMITATIONS ON TRANSFER AND OWNERSHIP. (1) When a member of an  
12 association established without capital stock, has paid his membership fee  
13 in full, he shall receive a certificate of membership.

14 (2) No association shall issue stock to a member until it has been fully  
15 paid for. The promissory notes of the members may be accepted by the associa-  
16 tion as full or partial payment. The association shall hold the stock as se-  
17 curity for the payment of the note, but such retention as security shall not  
18 affect the members' right to vote.

19 (3) Except for debts lawfully contracted between him and the associa-  
20 tion, no member shall be liable for the debts of the association to an amount  
21 exceeding the sum remaining unpaid on his membership fee or his subscription  
22 to the capital stock, including any unpaid balance on any promissory notes  
23 given in payment thereof.

24 (4) No stockholder of a cooperative association shall own more than  
25 one-twentieth (1/20) of the issued common stock of the association; and an  
26 association, in its ~~by-laws~~ bylaws, may limit the amount of common stock  
27 which one (1) member may own to any amount less than one-twentieth (1/20) of  
28 the issued common stock.

29 ~~No member or stockholder shall be entitled to more than one (1) vote.~~

30 (5) Any association organized with stock under this act may issue pre-  
31 ferred stock, with or without the right to vote. Such stock may be redeemable  
32 or retirable by the association on such terms and conditions as may be pro-  
33 vided for by the articles of incorporation and printed on the face of the cer-  
34 tificate.

35 (6) The ~~by-laws~~ bylaws shall prohibit the transfer of the common stock  
36 of the association to persons not engaged in the production of the agricul-  
37 tural products handled by the association, and such restrictions must be  
38 printed upon every certificate of stock subject thereto.

39 (7) The bylaws shall require that any association organized under this  
40 act satisfies the following requirements:

41 (a) Operate for the mutual benefit of the members thereof, as produc-  
42 ers;

1        (b) Not deal in the products of nonmembers to an amount greater in value  
 2        than such as are handled by it for members; and

3        (c) Conform to one (1) or both of the following:

4            (i) That no member of the association is allowed more than one (1)  
 5            vote because of the amount of stock or membership capital he may  
 6            own therein; or

7            (ii) That the association does not pay dividends on stock or mem-  
 8            bership capital in excess of eight percent (8%) per annum.

9        (8) The association may, at any time, except when the debts of the as-  
 10        sociation exceed fifty per cent (50%) of the assets thereof, buy in or pur-  
 11        chase its common stock at book value thereof as conclusively determined by  
 12        the board of directors and pay for it in cash within one (1) year thereafter.

13        SECTION 2. That Section 22-2617, Idaho Code, be, and the same is hereby  
 14        amended to read as follows:

15        22-2617.    MARKETING CONTRACT. The association and its members may make  
 16        and execute marketing contracts, requiring the members to sell, for any  
 17        period of time, not over ten (10) years, all or any specified part of their  
 18        agricultural products or specified commodities exclusively to or through  
 19        the association or any facilities to be created by the association. The con-  
 20        tract may provide that the association may sell or resell the products of its  
 21        members, with or without taking title thereto; and pay over to its members  
 22        the resale price, after deducting all necessary selling, overhead and other  
 23        costs and expenses, ~~including interest on preferred stock not exceeding~~  
 24        ~~eight percent (8%) per annum,~~ and reserves for retiring the stock, if any;  
 25        and other proper reserves; and interest ~~not exceeding eight percent (8%) per~~  
 26        ~~annum~~ upon common stock.

27        The ~~by-laws~~ bylaws and the marketing contract may fix, as liquidated  
 28        damages, specific sums to be paid by the member or stockholder to the asso-  
 29        ciation upon the breach by him of any provision of the marketing contract  
 30        regarding the sale or delivery or withholding of products; and may further  
 31        provide that the member will pay all costs, premiums for bonds, expenses  
 32        and fees in case any action is brought upon the contract by the association;  
 33        and any such provisions shall be valid and enforceable in the courts of this  
 34        state.

35        In the event of any such breach or threatened breach of such marketing  
 36        contract by a member, the association shall be entitled to an injunction to  
 37        prevent the further breach of the contract, and to a decree of specific per-  
 38        formance thereof. Pending the adjudication of such an action and upon filing  
 39        a verified complaint showing the breach or threatened breach, and upon fil-  
 40        ing a sufficient bond, the association shall be entitled to a temporary re-  
 41        straining order and preliminary injunction against the member.