

State of Arkansas
91st General Assembly
Regular Session, 2017

As Engrossed: H3/16/17
A Bill

HOUSE BILL 2087

By: Representatives Sabin, Leding, *M.J. Gray*

For An Act To Be Entitled

AN ACT TO AMEND THE LAWS CONCERNING COOPERATIVE CORPORATIONS AND ASSOCIATIONS; TO PROVIDE FOR CERTAIN POWERS OF COOPERATIVE CORPORATIONS AND ASSOCIATIONS; TO ALLOW COOPERATIVE CORPORATIONS AND ASSOCIATIONS TO CONTINUE PERPETUALLY; TO OPEN ADDITIONAL BUSINESS OPPORTUNITIES TO COOPERATIVE CORPORATIONS AND ASSOCIATIONS; TO PROMOTE THE PURSUIT OF CAPITALISM IN STRUGGLING COMMUNITIES IN ARKANSAS; AND FOR OTHER PURPOSES.

Subtitle

TO OPEN ADDITIONAL BUSINESS OPPORTUNITIES TO COOPERATIVE CORPORATIONS AND ASSOCIATIONS; AND TO PROMOTE THE PURSUIT OF CAPITALISM IN STRUGGLING COMMUNITIES IN ARKANSAS.

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

SECTION 1. DO NOT CODIFY. Legislative findings.

The General Assembly finds that:

(1) Many rural and small communities in Arkansas are losing residents and are struggling to preserve their unique local identity;

(2) Many former residents of the state maintain an emotional attachment to their hometowns after they have moved and are interested in investing financially in their hometowns;

(3) Local communities around this state often need capital



injection; however, most struggle to attract capital investors to fund hometown and small town ventures;

(4) It is the public policy of this state to:

(A) Promote capitalism and democracy; and

(B) Enable and encourage residents and citizens to:

(i) Become entrepreneurs;

(ii) Be more commercially productive;

(iii) Create more jobs; and

(iv) Create organic growth of business; and

(5) Deregulation of cooperatives will open the door to investment of capital in Arkansas's most vulnerable places.

SECTION 2. Arkansas Code § 4-30-107 is amended to read as follows:

4-30-107. Membership – Purposes – Powers.

(a) Any number of persons, corporations, or entities may associate themselves together as a cooperative corporation for the purpose of conducting any one (1) or more of the following purposes under the cooperative plan of the cooperative corporation:

(1) Conducting an agricultural, dairy, mercantile, ~~banking,~~ mining, manufacturing, ~~or~~ mechanical, marketing, warehousing, transportation, construction, building, or property management business on the cooperative plan;

(2) Conducting the business of the cooperative corporation; or

(3) Accomplishing a purpose of the cooperative corporation.

(b) A cooperative corporation may:

(1) Buy, sell, or deal in products:

(A) Produced or owned by the following:

(i) The cooperative corporation;

(ii) The individual members or patrons of the cooperative corporation;

(iii) Another cooperative corporation;

(iv) The individual members or patrons of another cooperative corporation; and

(B) Available in the open market;

(2) Negotiate the price at which the products of the cooperative corporation may be sold;

(3) Enter into a contract between the cooperative corporation and the individual members and patrons of the cooperative corporation or on behalf of the cooperative corporation or the individual members and patrons of the cooperative corporation;

(4) Purchase, hold, lease, mortgage, encumber, sell, exchange, and convey real and personal property;

(5) Erect buildings, structures, and other facilities on:

(A) Property owned or leased by the cooperative corporation; and

(B) A right-of-way legally acquired by the cooperative corporation;

(6) Issue bonds and other evidence of indebtedness and borrow money to finance the business of the cooperative corporation;

(7) Make an advance to the individual members and patrons of the cooperative corporation on products delivered by the individual members and patrons to the cooperative corporation;

(8) Loan money to an individual member of the cooperative corporation or a corporation or association from which the cooperative corporation is constituted, with security that the cooperative corporation considers sufficient;

(9) Purchase, acquire, hold, or dispose of stock of another association or corporation and assume all rights, interests, privileges, responsibilities, and obligations arising out of the ownership of the stock;

(10) Purchase, own, and hold shares of capital stock, memberships, interests in nonstock capital, and evidences of indebtedness of a corporation if the purchase, ownership, or holding of the shares of capital stock, memberships, interests in nonstock capital, and evidences of indebtedness of the corporation is necessary or incidental to accomplishing a purpose stated in the articles of incorporation of the cooperative corporation;

(11) Exercise fiduciary powers in relation to the members, cooperatives, or associations from which the cooperative corporation is constituted;

(12) Take, receive, and hold real and personal property, including without limitation the principal and interest of money or other funds and rights in a contract, in trust for any purpose not inconsistent

with the purposes of the cooperative corporation as determined by the articles of incorporation of the cooperative corporation; and

(13) Exercise fiduciary powers in relation to taking, receiving, and holding real and personal property.

SECTION 3. Arkansas Code § 4-30-108(a) and (b), concerning the requirements for the articles of incorporation for a cooperative association, are amended to read as follows:

(a) The members shall sign and acknowledge written articles of incorporation which shall contain:

- (1) The name of the cooperative corporation;
- (2) The name and residences of the persons forming the cooperative corporation;
- (3) The purpose of the organization;
- (4) The principal place of business;
- (5) The amount of capital stock;
- (6) The number of shares and the par value of each share;
- (7) The number of directors and the names of those selected for the first term; and
- (8) The time for which the cooperative corporation is to continue, ~~not to exceed fifty (50) years~~ if the cooperative corporation is not of perpetual duration.

(b) The original articles of incorporation or a certified copy of them shall be filed with the Secretary of State, who shall return to the cooperative corporation a certified copy of them, with the date of filing and attested with the seal of his or her office.

/s/Sabin

APPROVED: 03/29/2017