

HOUSE BILL No. 2631

By Committee on Utilities

1-15

AN ACT enacting the renewable energy electricity generation cooperative act; providing for the organization of cooperative corporations to generate electricity from renewable resources and technologies and to transmit and sell such electricity at wholesale.

Be it enacted by the Legislature of the State of Kansas:

Section 1. This act may be cited as the renewable energy electric generation cooperative act.

Sec. 2. As used in this act:

(a) "Cooperative" means any corporation organized under this act or which becomes subject to this act in the manner hereinafter provided.

(b) "Person" means any natural person, firm, association, corporation, limited liability company, business trust or partnership.

(c) "Renewable resources or technologies" means wind, solar, thermal, photovoltaic, biomass, hydropower, geothermal, waste incineration and landfill gas resources or technologies.

Sec. 3. Five or more persons may organize a cooperative, nonprofit, membership corporation under the provisions of this act for the purposes of conducting or promoting any lawful business under the general corporation laws of the state, generating electricity from renewable resources and technologies and transmitting and selling such electricity at wholesale.

Sec. 4. In addition to the powers conferred on all corporations under article 61 of chapter 17 of the Kansas Statutes Annotated, a cooperative organized under this act shall have power to:

(a) Sue and be sued in its corporate name;

(b) have perpetual existence;

(c) adopt a corporate seal and alter the same;

(d) generate, either as the cooperative or as individual members of the cooperative, electricity from renewable resources or technologies and transmit and sell such electricity at wholesale;

(e) construct, purchase, lease, equip, maintain and operate, and to sell, assign, convey, lease, mortgage, pledge or encumber electric transmission lines or systems, electric generating plants, and lands, buildings, structures, easements and rights-of-way and equipment, and any other

1 real or personal property, tangible or intangible, necessary to accomplish
2 the purpose for which the cooperative may be organized hereunder;

3 (f) purchase, lease as lessee or otherwise acquire, and use, and ex-
4 ercise and to sell, assign, convey, mortgage, pledge or otherwise dispose
5 of or encumber, franchises, rights, privileges, licenses and easements;

6 (g) borrow money and otherwise contract indebtedness, and to issue
7 notes, bonds and other evidences of indebtedness, and to secure the pay-
8 ment thereof by mortgage, pledge, or deed of trust of, or any other en-
9 cumbrance upon, any or all of its then-owned or after-acquired real or
10 personal property, assets, franchises, revenues or income;

11 (h) construct, maintain and operate electric transmission lines along,
12 upon, under and across publicly owned lands and public thoroughfares,
13 roads, highways, streets, alleys, bridges and causeways in conformity with
14 the laws of the state of Kansas;

15 (i) exercise the power of eminent domain in the manner provided by
16 the laws of this state for the exercise of such power by other corporations
17 constructing or operating electric transmission lines or systems;

18 (j) become an incorporator, promoter, manager, member, stock-
19 holder or owner of other corporations or cooperatives, and conduct its
20 business and exercise its powers within this state and to participate with
21 other persons in any corporation, limited liability company, cooperative,
22 partnership, limited partnership, joint venture or other association of any
23 kind, or in any transaction, undertaking or arrangement which the par-
24 ticipating person would have power to conduct by itself, whether or not
25 such participation involves sharing or delegation of control with or to
26 others;

27 (k) adopt, amend and repeal bylaws; and

28 (l) do and perform any other acts and things, and to have and exercise
29 any other powers which may be necessary, to accomplish the purpose for
30 which the cooperative is organized.

31 Sec. 5. The name of an electric generation cooperative organized
32 under this act shall include the words “renewable,” “generation” and
33 “cooperative” and the abbreviation “Inc.”. The name of an electric gen-
34 eration cooperative shall be distinct from the name of any other coop-
35 erative or corporation organized under the laws of, or authorized to do
36 business in, this state. Only a cooperative doing business in this state
37 pursuant to this act shall use both the words “renewable,” “generation”
38 and “cooperative” in its name.

39 Sec. 6. (a) The articles of incorporation of a cooperative organized
40 under this act shall recite that they are executed pursuant to this act and
41 shall state:

42 (1) The name of the cooperative;

43 (2) the address of its principal office;

- 1 (3) the names and addresses of the incorporators;
2 (4) the names and addresses of its directors; and
3 (5) the purposes for which it is organized.

4 (b) The articles of incorporation of a cooperative organized under this
5 act may contain any provisions, not inconsistent with this act, which are
6 deemed necessary or advisable for the conduct of the business of the
7 cooperative.

8 (c) The articles of incorporation shall be signed by each incorporator.

9 Sec. 7. The board of directors shall adopt the first bylaws of a co-
10 operative to be adopted following an incorporation, conversion, merger
11 or consolidation. Thereafter the members shall adopt, amend or repeal
12 the bylaws by the affirmative vote of a majority of those members voting
13 thereon at a meeting of the members. The bylaws shall set forth the rights
14 and duties of members and directors and may contain other provisions
15 for the regulation and management of the affairs of the cooperative not
16 inconsistent with this act or with the cooperative's articles of
17 incorporation.

18 Sec. 8. Each incorporator of a cooperative shall be a member
19 thereof. No other person shall become a member of the cooperative un-
20 less such other person agrees to generate electricity from renewable re-
21 sources and transmit and sell at wholesale through the cooperative any
22 such electricity in excess of that used by the person. Any member of a
23 cooperative who agrees to generate electricity from renewable resources
24 and transmit and sell such excess electricity at wholesale through the
25 cooperative shall cease to be a member of the cooperative if such member
26 does not generate electricity from renewable resources and transmit and
27 sell such excess electricity at wholesale through the cooperative within
28 two years after such person becomes a member, or such lesser period as
29 the bylaws of the cooperative may provide. A husband and wife may hold
30 a joint membership in a cooperative. Membership in a cooperative shall
31 not be transferable, except as provided in the bylaws. The bylaws may
32 prescribe additional qualifications and limitations in respect of
33 membership.

34 Sec. 9. (a) An annual meeting of the members of a cooperative shall
35 be held at such time and place as shall be provided in the bylaws of the
36 cooperative.

37 (b) Special meetings of the members may be called by the president,
38 by the board of directors, by any three directors or by not less than 10%
39 of the members.

40 (c) Except as otherwise provided in this act, written or printed notice
41 stating the time and place of each meeting of the members and, in the
42 case of a special meeting, the purpose or purposes for which the meeting
43 is called, shall be given to each member, either personally or by mail, not

1 less than 10 days nor more than 35 days before the date of the meeting.
2 If mailed, such notice shall be deemed to be given when deposited in the
3 United States mail, with postage prepaid, addressed to the member at
4 the member's address as it appears on the records of the cooperative.

5 (d) Unless the bylaws prescribe the presence of a greater percentage
6 or number of the members for a quorum, a quorum for the transaction
7 of business at all meetings of the members of a cooperative shall be 5%
8 of all members, who must be present in person. If less than a quorum is
9 present at any meeting, a majority of those present in person may adjourn
10 the meeting without further notice.

11 (e) Each member shall be entitled to one vote on each matter sub-
12 mitted to a vote at a meeting of the members. Voting shall be in person
13 but, if the bylaws so provide, may also be by proxy or by mail, or both. If
14 the bylaws provide for voting by proxy or by mail, they shall also prescribe
15 the conditions under which voting shall be permitted. No person shall
16 vote as proxy more than three members at any meeting of the members.

17 Sec. 10. Any person entitled to notice of a meeting may waive such
18 notice in writing either before or after such meeting. If any such person
19 shall attend such meeting, such attendance shall constitute a waiver of
20 notice of such meeting unless such person participates therein solely to
21 object to the transaction of any business because the meeting has not
22 been legally called or convened.

23 Sec. 11. (a) The business of a cooperative shall be managed by a
24 board of not less than five directors, each of whom shall be a member of
25 the cooperative. The bylaws shall prescribe the number of directors, their
26 qualifications, other than those prescribed in this act, the manner of hold-
27 ing meetings of the board of directors and of electing successors to di-
28 rectors who resign, die or are otherwise incapable of acting as a director.
29 The bylaws may also provide for the removal of directors from office and
30 for the election of their successors. Directors shall not receive any salary
31 for their services as directors and, except in emergencies, shall not be
32 employed by the cooperative in any capacity involving compensation with-
33 out the approval of the members. The bylaws may provide that a fixed
34 fee and expenses of attendance may be allowed to each director for at-
35 tendance at each meeting of the board of directors and for other functions
36 duly authorized for and on behalf of the cooperative.

37 (b) The directors of a cooperative named in any articles of incorpo-
38 ration, consolidation, merger or conversion shall hold office until the next
39 annual meeting of the members and until their successors are elected and
40 qualify. At each annual meeting or, in case of failure to hold the annual
41 meeting as specified in the bylaws, at a special meeting called for that
42 purpose, the members shall elect directors to hold office until the next
43 annual meeting of the members, except as otherwise provided in this act.

1 Each director shall hold office for the term for which elected and until a
2 successor is elected and qualifies.

3 (c) Instead of electing all the directors annually, the bylaws may pro-
4 vide for half of the directors, or a number as near thereto as possible, to
5 be elected to serve until the next annual meeting of the members and
6 that the remaining directors shall be elected to serve until the second
7 succeeding annual meeting. Thereafter, as directors' terms expire, the
8 members shall elect successor directors to serve until the second suc-
9 ceeding annual meeting after their election.

10 (d) Instead of electing the directors in the manner provided in sub-
11 section (b) or (c), the bylaws may provide that the members shall be
12 elected at such annual meetings to serve for terms of three years, except
13 that the terms of the first directors elected pursuant to this subsection
14 may be fixed in such bylaws for a number of years not exceeding three
15 and, upon the expiration thereof, all members thereafter to be elected
16 for terms of three years.

17 (e) A majority of the board of directors shall constitute a quorum.

18 (f) If a husband and wife hold a joint membership in a cooperative,
19 either one, but not both, may be elected a director.

20 Sec. 12. The officers of a cooperative shall consist of a president,
21 vice-president, secretary and treasurer. The offices shall be elected an-
22 nually by and from the board of directors. When a person holding any
23 such office ceases to be a director, the person shall cease to hold such
24 office. The office of secretary and the office of treasurer may be held by
25 the same person. The board of directors may also elect or appoint such
26 other officers, agents or employees as the board deems necessary or ad-
27 visable and the board shall prescribe the powers and duties of such offi-
28 cers, agents or employees. Any officer may be removed from office and
29 a successor elected in the manner prescribed in the bylaws.

30 Sec. 13. A cooperative may amend its articles of incorporation in any
31 manner not inconsistent with this act by complying with the following
32 requirements: The proposed amendment shall be presented to a meeting
33 of the members, the notice of which shall set forth or have attached the
34 proposed amendment. If the proposed amendment, with any changes, is
35 approved by the affirmative vote of not less than $\frac{2}{3}$ of those members
36 voting at such meeting, articles of amendment shall be executed on behalf
37 of the cooperative by its president or vice-president and attested by its
38 secretary. The articles of amendment shall recite that they are executed
39 pursuant to this act and shall state: (a) The name of the cooperative; (b)
40 the address of its principal office; and (c) the amendment to its articles
41 of incorporation. The president or vice-president executing such articles
42 of amendment shall make and annex thereto an affidavit stating that the
43 amendment was submitted and adopted in compliance with the provisions

1 of this section.

2 Sec. 14. A cooperative, upon authorization of its board of directors
3 or its members, may change the location of its principal office to any
4 place within the state of Kansas by filing, in the office of the secretary of
5 state, a certificate which recites such change of principal office and which
6 is executed by the cooperative's president or vice-president and attested
7 by the cooperative's secretary.

8 Sec. 15. (a) Any two or more cooperatives organized under this act
9 may consolidate into a new cooperative by complying with the following
10 requirements:

11 (1) The proposition for the consolidation of the consolidating coop-
12 eratives into the new cooperative and proposed articles of consolidation
13 shall be submitted to a meeting of the members of each consolidating
14 cooperative, the notice of which shall have attached a copy of the pro-
15 posed articles of consolidation; and

16 (2) if the proposed consolidation and the proposed articles of con-
17 solidation, with any amendments, are approved by the affirmative vote of
18 not less than $\frac{2}{3}$ of the members of each consolidating cooperative voting
19 at each such meeting, articles of consolidation in the form approved shall
20 be executed on behalf of each consolidating cooperative by its president
21 or vice-president and attested by its secretary.

22 (b) Voting on the proposed articles of consolidation shall be in ac-
23 cordance with subsection (e) of section 9, and amendments thereto.

24 (c) The articles of consolidation shall recite that they are executed
25 pursuant to this act and shall state:

26 (1) The name of each consolidating cooperative and the address of
27 its principal office;

28 (2) the name of the new cooperative and the address of its principal
29 office;

30 (3) a statement that each consolidating cooperative agrees to the
31 consolidation;

32 (4) the names and addresses of the directors of the new cooperative;
33 and

34 (5) the terms and conditions of the consolidation and the mode of
35 carrying the same into effect, including the manner in which the members
36 of the consolidating cooperatives may or shall become members of the
37 new cooperative.

38 Such articles may contain any provisions, not inconsistent with this act,
39 which are deemed necessary or advisable for the conduct of the business
40 of the new cooperative.

41 (d) The president or vice-president of each consolidating cooperative
42 executing the articles of consolidation shall make and annex thereto an
43 affidavit stating that such articles were submitted and approved in com-

1 pliance with the provisions of this section.

2 Sec. 16. (a) Any one or more cooperatives may merge into another
3 cooperative by complying with the following requirements:

4 (1) The proposition for the merger of the merging cooperative into
5 the surviving cooperative and proposed articles of merger shall be sub-
6 mitted to a meeting of the members of each merging cooperative, the
7 notice of which shall have attached a copy of the proposed articles of
8 merger; and

9 (2) if the proposed merger and the proposed articles of merger, with
10 any amendments, are approved by the affirmative vote of not less than
11 $\frac{2}{3}$ of the members of each cooperative voting at each such meeting, ar-
12 ticles of merger in the form approved shall be executed on behalf of each
13 such cooperative by its president or vice-president and attested by its
14 secretary.

15 (b) Voting on the proposed articles of merger shall be in accordance
16 with subsection (e) of section 9, and amendments thereto.

17 (c) The articles of merger shall recite that they are executed pursuant
18 to this act and shall state:

19 (1) The name of each merging cooperative and the address of its
20 principal office;

21 (2) the name of the surviving cooperative and the address of its prin-
22 cipal office;

23 (3) a statement that each merging cooperative and the surviving co-
24 operative agree to the merger;

25 (4) the names and addresses of the directors of the surviving coop-
26 erative; and

27 (5) the terms and conditions of the merger and the mode of carrying
28 the same into effect, including the manner in which members of the
29 merging cooperatives may or shall become members of the surviving
30 cooperative.

31 Such articles may contain any provisions, not inconsistent with this act,
32 which are deemed necessary or advisable for the conduct of the business
33 of the surviving cooperative.

34 (d) The president or vice-president of each cooperative executing the
35 articles of merger shall make and annex thereto an affidavit stating that
36 such articles were submitted and approved in compliance with the pro-
37 visions of this section.

38 Sec. 17. (a) In the case of a consolidation, the existence of the con-
39 solidating cooperatives shall cease and the articles of consolidation shall
40 be deemed to be the articles of incorporation of the new cooperative. In
41 case of a merger, the separate existence of the merging cooperatives shall
42 cease and the articles of incorporation of the surviving cooperatives shall
43 be amended to the extent, if any, that changes therein are necessary in

1 the articles of merger.

2 (b) All the rights, privileges, immunities and franchises and all prop-
3 erty, real and personal, including applications for membership, all debts
4 due on whatever account and all other choses in action, of each consoli-
5 dating or merging cooperative shall be deemed to be transferred to and
6 vested in the new or surviving cooperative without further act or deed.

7 (c) The new or surviving cooperative shall be responsible and liable
8 for all liabilities and obligations of each consolidating or merging coop-
9 erative and any claim existing or action or proceeding pending by or
10 against any of the consolidating or merging cooperatives may be prose-
11 cuted as if the consolidation or merger had not taken place, but the new
12 or surviving cooperative may be substituted in its place.

13 (d) Neither the rights of creditors nor any liens upon the property of
14 any such cooperative shall be impaired by such consolidation or merger.

15 Sec. 18. (a) A cooperative which has not commenced business may
16 be dissolved by delivering to the secretary of state articles of dissolution
17 which shall be executed on behalf of the cooperative by a majority of the
18 incorporators and which shall state:

- 19 (1) The name of the cooperative;
- 20 (2) the address of its principal office;
- 21 (3) that the cooperative has not commenced business;
- 22 (4) that any sums received by the cooperative, less any part thereof
23 disbursed for expenses of the cooperative, have been returned or paid to
24 those entitled thereto;
- 25 (5) that no debt of the cooperative is unpaid; and
- 26 (6) that a majority of the incorporators elect that the cooperative be
27 dissolved.

28 (b) A cooperative which has commenced business may be dissolved
29 in the following manner:

30 (1) The members at any meeting shall approve, by the affirmative
31 vote of not less than $\frac{2}{3}$ of those members voting on such proposal at such
32 meeting, a proposal that the cooperative be dissolved. Upon such ap-
33 proval, a certificate of election to dissolve shall be executed on behalf of
34 the cooperative by its president or vice-president and attested by its sec-
35 retary. Such certificate shall state: (A) The name of the cooperative; (B)
36 the address of its principal office; and (C) that the members of the co-
37 operative have duly voted that the cooperative be dissolved. Such certifi-
38 cate shall be submitted to the secretary of state for filing, together with
39 an affidavit, made by the cooperative's president or vice-president exe-
40 cuting the certificate, stating that the statements in the certificate are
41 true.

42 (2) Upon the filing of the certificate and affidavit by the secretary of
43 state, the cooperative shall cease to carry on its business except to the

1 extent necessary for the winding up thereof, but its corporate existence
2 shall continue until articles of dissolution have been filed by the secretary
3 of state. The board of directors shall immediately cause notice of the
4 dissolution proceedings to be mailed to each known creditor of and claim-
5 ant against the cooperative and to be published once a week for two
6 successive weeks in a newspaper of general circulation in the county
7 where the principal office of the cooperative is located. The board of
8 directors shall wind up and settle the affairs of the cooperative, collect
9 sums owing to it, liquidate its property and assets, pay and discharge its
10 debts, obligations and liabilities, and do all other things required to wind
11 up its business, and after paying or discharging or adequately providing
12 for the payment or discharge of all its debts, obligations and liabilities,
13 shall distribute any remaining sums among its members and former mem-
14 bers in proportion to the patronage of the respective members or former
15 members during the seven years next preceding the date of the filing of
16 the certificate by the secretary of state or, if the cooperative has not been
17 in existence for such period, then during the period of its existence prior
18 to such filing. The board of directors shall thereupon authorize the exe-
19 cution of articles of dissolution, which shall be executed on behalf of the
20 cooperative by its president or vice-president, and attested by its
21 secretary.

22 (3) The articles of dissolution shall recite that they are executed pur-
23 suant to this act and shall state:

24 (A) The name of the cooperative;

25 (B) the address of its principal office;

26 (C) the date on which the certificate of election to dissolve was filed
27 by the secretary of state;

28 (D) that there are no actions or suits pending against the cooperative;

29 (E) that all debts, obligations and liabilities of the cooperative have
30 been paid and discharged or that adequate provision has been made
31 therefor; and

32 (F) that the preceding provisions of this subsection have been duly
33 complied with.

34 The president or vice-president executing the articles of dissolution
35 shall make and annex thereto an affidavit stating that the statements made
36 therein are true.

37 Sec. 19. Articles of incorporation, amendment, consolidation,
38 merger, conversion or dissolution, when executed and accompanied by
39 such affidavits as required by applicable provisions of this act, shall be
40 presented to the secretary of state for filing in the records of the secre-
41 tary's office. If the secretary of state finds that the articles presented
42 conform to the requirements of this act, the secretary, upon the payment
43 of the fees provided by this act, shall file such articles in the records of

1 the secretary's office. Upon such filing the incorporation, amendment,
2 consolidation, merger, conversion or dissolution shall be in effect. The
3 provisions of this section shall also apply to certificates of election to
4 dissolve and affidavits executed in connection with such certificates of
5 election to dissolve pursuant to subsection (b) of section 18, and amend-
6 ments thereto.

7 Sec. 20. (a) Except as otherwise determined by a vote of the mem-
8 bers of the cooperative, revenues of a cooperative for any fiscal year in
9 excess of the following shall be distributed by the cooperative to its mem-
10 bers in accordance with the bylaws of the cooperative:

11 (1) Amounts necessary to defray the expenses of operation and main-
12 tenance of facilities of the cooperative during such fiscal year;

13 (2) amounts necessary to pay interest and principal obligations of the
14 cooperative coming due in such fiscal year;

15 (3) amounts necessary to finance, or to provide a reserve for the fi-
16 nancing of, the construction or acquisition by the cooperative of additional
17 facilities to the extent determined by the board of directors;

18 (4) amounts necessary to provide a reasonable reserve for working
19 capital;

20 (5) amounts necessary to provide a reserve for the payment of in-
21 debtedness of the cooperative in an amount not less than the total of the
22 interest and principal payments in respect thereof required to be made
23 during the next following fiscal year.

24 (b) Nothing herein contained shall be construed to prohibit the pay-
25 ment by a cooperative of all or any part of its indebtedness prior to the
26 date when the same shall become due.

27 Sec. 21. (a) The board of directors of a cooperative shall have full
28 power and authority, without authorization by the members thereof, to
29 authorize the execution and delivery of a mortgage or mortgages or a
30 deed or deeds of trust of, or the pledging or encumbering of, any or all
31 of the property, assets, rights, privileges, licenses, franchises and permits
32 of the cooperative, whether acquired or to be acquired, and wherever
33 situated, as well as the revenues and income therefrom, all upon such
34 terms and conditions as the board of directors shall determine, to secure
35 any indebtedness of the cooperative.

36 (b) A cooperative may not otherwise sell, mortgage, lease or other-
37 wise dispose of or encumber all or a substantial portion of its property
38 unless such sale, mortgage, lease or other disposition or encumbrance is
39 authorized by the affirmative vote of not less than a majority of all the
40 members of the cooperative.

41 Sec. 22. No member of a cooperative shall be liable or responsible
42 for any debts of the cooperative and the property of the members shall
43 not be subject to execution therefor.

1 Sec. 23. Any mortgage, deed or trust or other instrument executed
2 by a cooperative doing business in this state pursuant to this act, which
3 affects real and personal property and which is recorded in the real prop-
4 erty records in any county in which such property is located or is to be
5 located, shall have the same force and effect as if the mortgage, deed of
6 trust or other instrument were also recorded, filed or indexed as provided
7 by law in the proper office in such county as a mortgage of personal
8 property. All after-acquired property of such cooperative described or
9 referred to as being mortgaged or pledged in any such mortgage, deed
10 of trust or other instrument, shall become subject to the lien thereof
11 immediately upon the acquisition of such property by such cooperative,
12 whether or not such property was in existence at the time of the execution
13 of such mortgage, deed of trust or other instrument. Recordation of any
14 such mortgage, deed of trust or other instrument shall constitute notice
15 and otherwise have the same effect with respect to such after-acquired
16 property as it has under the laws relating to recordation, with respect to
17 property owned by such cooperative at the time of the execution of such
18 mortgage, deed of trust or other instrument and therein described or
19 referred to as being mortgaged or pledged thereby. The lien upon per-
20 sonal property of any such mortgage, deed of trust or other instrument,
21 after recordation thereof, shall continue in existence and of record for
22 the period of time specified therein without the refileing thereof or the
23 filing of any renewal certificate, affidavit or other supplemental infor-
24 mation required by the laws relating to the renewal, maintenance or ex-
25 tension of liens upon personal property.

26 Sec. 24. No action or suit may be brought against a cooperative doing
27 business in this state pursuant to this act, or against any agent, servant or
28 employee thereof, by reason of the maintenance of electric transmission
29 lines on any real property after the expiration of a period of two years of
30 continuous maintenance of such lines without the consent of the person
31 or persons legally entitled to object to such maintenance.

32 Sec. 25. No person who is authorized to take acknowledgments un-
33 der the laws of this state shall be disqualified from taking acknowledg-
34 ments of instruments executed in favor of a cooperative or to which it is
35 a party, by reason of being an officer, director or member of such
36 cooperative.

37 Sec. 26. (a) Cooperatives doing business in this state pursuant to this
38 act shall be subject to the jurisdiction and control of the state corporation
39 commission of this state in those provisions of chapter 66 of the Kansas
40 Statutes Annotated applicable to electric utilities.

41 (b) No merger or consolidation of any cooperative organized under
42 the provisions of this act shall become effective until approved by the
43 state corporation commission.

1 Sec. 27. The provisions of the Kansas securities act shall not apply
2 to any note, bond or other evidence of indebtedness issued by any co-
3 operative doing business in this state pursuant to this act to the United
4 States of America or any agency or instrumentality thereof, or to any
5 mortgage, deed of trust or other instrument executed to secure the same.
6 The provisions of such securities act shall not apply to the issuance of
7 membership certificates by any cooperative.

8 Sec. 28. (a) Every cooperative organized under this act shall make
9 an annual report in writing to the secretary of state, showing the financial
10 condition of the cooperative at the close of business on the last day of its
11 tax period next preceding the date of filing, but if any such cooperative's
12 tax period is other than the calendar year, it shall give notice thereof to
13 the secretary of state prior to December 31 of the year it commences
14 such tax period. The report shall be filed on or before the 15th day of
15 the fourth month following the close of the tax year of the electric co-
16 operative. An extension for filing the annual report may be granted upon
17 the filing of a written application with the secretary of state prior to the
18 due date of the report, except that no such extension may be granted for
19 a period of more than 90 days. The report shall be made on a form
20 provided by the secretary of state, containing the following information:

- 21 (1) The name of the cooperative;
- 22 (2) the location of the principal office of the cooperative;
- 23 (3) the names and addresses of the president, secretary, treasurer and
24 directors of the cooperative;
- 25 (4) the number of members of the cooperative;
- 26 (5) a balance sheet showing the financial condition of the cooperative
27 at the close of business on the last day of its tax period next preceding
28 the date of filing; and
- 29 (6) the change or changes, if any, in the particulars made since the
30 last annual report.

31 (b) The annual report shall be signed by the president, vice-president
32 or secretary of the cooperative, sworn to before an officer duly authorized
33 to administer oaths, and forwarded to the secretary of state. At the time
34 of filing such annual report, the cooperative shall pay an annual franchise
35 tax of \$20.

36 Sec. 29. If any provisions of this act or its application to any person
37 or circumstances is held invalid, the invalidity does not affect other pro-
38 visions or applications of the act that can be given effect without the
39 invalid provisions or application. To this end the provisions of this act are
40 severable.

41 Sec. 30. This act shall take effect and be in force from and after its
42 publication in the statute book.

43