

Approved April 24, 1991  
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE

The meeting was called to order by Representative Lee Hamm at  
Chairperson

9:06 a.m. ~~pm~~ on Monday, April 1, 1991 in room 423-S of the Capitol.

All members were present ~~except~~

Committee staff present: Raney Gilliland, Legislative Research  
Jill Wolters, Revisor of Statutes Office  
Pat Brunton, Committee Secretary

Conferees appearing before the committee: None

Chairman Hamm asked for the committee's wishes on SB 279 - veterinarians; prohibiting disclosure of certain information.

Representative Rezac moved to pass SB 279. Representative Reinhardt seconded the motion. Motion carried.

Discussion was opened on SB 73 - Kansas Cooperative Marketing Act.

Jill Wolters, Revisor's Office, explained the requested amendments for SB 73 that were recommended by the Office of Judicial Administration. (Attachment 1).

Representative Neufeld made a motion to adopt the amendments. Representative Rock seconded the motion.

The Office of Judicial Administration further suggested that "Clerk of the District Court" be stricken and to insert petitioner or appraiser. Representative Bryant made a substitute motion to insert "petitioner". Representative Rezac seconded the motion. Motion carried.

Representative Gatlin moved to adopt the balloon as presented. Representative Flower seconded. Motion carried.

Representative Heinemann made a motion to put the repealer back in the malicious statement section.

Representative Heinemann withdrew his motion.

Representative Rock moved to put the repealer back in the malicious statement section. Representative Neufeld seconded. Motion carried.

Representative Crumbaker made a motion to pass SB 73 as amended. Representative Gatlin seconded the motion. Motion passed.

Chairman Hamm informed the committee that Senator Karr had requested that SB 203 - relating to humane slaughter - be held over in committee until next year. He stated that the State Board of Agriculture agrees.

Representative Rock made a motion to approve committee minutes of March 22 and March 25, 1991. Representative Minor seconded. Motion carried.

The meeting adjourned at 9:45 a.m. The next meeting of the House Agriculture Committee will be Tuesday, April 2, 1991, in room 423-S, State Capitol.



SENATE BILL No. 73

By Committee on Agriculture

1-29

8 AN ACT concerning cooperative marketing; amending K.S.A. 17-  
9 1601, 17-1602, 17-1603, 17-1604, 17-1605, 17-1606, 17-1607, 17-  
10 1608, 17-1609, 17-1610, 17-1611, 17-1612, 17-1613, 17-1614, 17-  
11 1615, 17-1616, 17-1617a, 17-1618, 17-1621, 17-1623, 17-1626, 17-  
12 1627, 17-1628, 17-1629, 17-1630, 17-1631, 17-1633, 17-1634, 17-  
13 1635 and 17-1636 and repealing the existing sections; also re-  
14 pealing K.S.A. 17-1619 and ~~17-1622~~.

15  
16 *Be it enacted by the Legislature of the State of Kansas:*

17 Section 1. K.S.A. 17-1601 is hereby amended to read as follows:  
18 17-1601. ~~In order~~ *The purpose of the cooperative marketing act is*  
19 *to promote, foster and encourage the intelligent and orderly mar-*  
20 *keting of agricultural products through cooperation and to eliminate*  
21 *speculation and waste; and to make the distribution of agricultural*  
22 *products as direct as can be efficiently done between producer and*  
23 *consumer; and to stabilize the marketing problem of agricultural*  
24 *products; and to promote the development of the most profitable*  
25 *and permanent system of agriculture, the most wholesome and sat-*  
26 *isfactory living conditions, the highest ideals in home and community*  
27 *life and a general interest in the improvement of field crops and*  
28 *livestock and in the business of farming and in rural life; this act*  
29 *is passed.*

30 Sec. 2. K.S.A. 17-1602 is hereby amended to read as follows:  
31 17-1602. (a) ~~The term~~ *As used in this act:*

32 (1) "Agricultural products" shall include horticultural, viticul-  
33 tural, forestry, dairy, livestock, poultry, bee, and farm and ranch  
34 products. (b) ~~The term~~

35 (2) "Member" shall include actual members of associations with-  
36 out capital stock and holders of common stock in associations or-  
37 ganized with capital stock. (c) ~~The term~~

38 (3) "Association" means any corporation organized under this act;  
39 and. (d) ~~The term~~

40 (4) "Person" shall include individuals, trusts, firms, partnerships,  
41 corporations and associations.

42 (5) "Patronage" shall include the volume or dollar value of busi-  
43 ness transacted with the corporation.

H.S. AG.  
4-1-91  
ATTACHMENT I

1 (6) "Equity" shall include an initial share or shares of stock to  
2 reflect membership as well as amounts allocated to patrons in the  
3 form of stock, certificates, or other such instruments or book credits  
4 to reflect patronage.

5 (7) "Cooperative" means any association organized under this  
6 act, a cooperative association organized under the laws of any other  
7 state, any other association or corporation qualifying as a "farmer's  
8 cooperative" within the meaning of section 521 of the federal internal  
9 revenue code of 1986, and amendments thereto, or any corporation  
10 operating on a cooperative basis within the meaning of section 1381  
11 of the federal internal revenue code of 1986, and amendments  
12 thereto.

13 (b) Associations organized hereunder under this act shall be  
14 deemed nonprofit, inasmuch as they are not organized to make a  
15 profit for themselves, as such, or for their members as such, but  
16 only for their members as producers. This act shall be referred to  
17 as the "cooperative marketing act."

18 Sec. 3. K.S.A. 17-1603 is hereby amended to read as follows:  
19 17-1603. (a) ~~Ten (10)~~ Five or more persons engaged in the pro-  
20 duction of agricultural products may form a nonprofit, cooperative  
21 association or associations with or without capital stock, under the  
22 provision of this act.

23 (b) Any corporation organized under this act may unite with  
24 four other persons who are members or stockholders of said  
25 corporation, and form a corporation under the provisions of this  
26 act, for the purpose of acting as a subsidiary of the original corpo-  
27 ration and conducting any part of the business of the original  
28 corporation.

29 (c) All cooperative corporations, companies, or associations here-  
30 tofore organized and doing business under other statutes or which  
31 have attempted to so organize and do business, shall have the benefit  
32 of all of the provisions of this act, and be bound thereby, on paying  
33 the fees provided for in this act, and filing with the secretary of  
34 state a written declaration signed and sworn to by the president and  
35 secretary, to the effect that said such cooperative association has,  
36 by a majority vote of its such association's stockholders, has decided  
37 to accept the benefits and be bound by the provisions of this act.

38 (d) The words "this act" as used herein include article 16 of  
39 chapter 17 of the Revised Statutes of 1923 and all acts amendatory  
40 thereto.

41 Sec. 4. K.S.A. 17-1604 is hereby amended to read as follows:  
42 17-1604. An association may be organized to engage in any activity  
43 in connection with the marketing or selling of the agricultural prod-

(a)

1-2

1 ucts of its members, ~~or with the~~; harvesting, threshing, milling,  
 2 preserving, drying, processing, canning, packing, storing, handling,  
 3 shipping, or utilization thereof, ~~or of the agricultural products;~~  
 4 manufacturing or marketing of the *agricultural* by-products thereof,  
 5 ~~or in connection with the~~; manufacturing, selling, or supplying to  
 6 its members and other patrons of *services, products*, machinery,  
 7 equipment or supplies; ~~or in connection with~~ agricultural educa-  
 8 tion, research, legislation and economic and social conditions; ~~or in~~  
 9 ~~connection with the~~ improvement of livestock breeds by means of  
 10 artificial breeding or otherwise; ~~or in the~~ financing of the above  
 11 enumerated activities; or in any one or more of the activities specified  
 12 herein *above*.

13 ~~Nothing in this act shall authorize such association to engage in~~  
 14 ~~the banking business. Corporations organized under this act primarily~~  
 15 ~~for the purposes aforesaid may also stated above, unless prohibited~~  
 16 ~~from so doing by their articles of incorporation, also may deal in~~  
 17 ~~the products of nonmembers; and render any of the services above~~  
 18 ~~named to nonmembers: Provided, That; manufacture, sell or sup-~~  
 19 ~~ply to nonmembers services, products, machinery, equipment or sup-~~  
 20 ~~plies, whether or not supplied to members; and otherwise engage in~~  
 21 ~~business with nonmembers. Such associations shall not market, han-~~  
 22 ~~dle, process, store, or deal in the products of nonmembers; man-~~  
 23 ~~ufacture, sell or supply to nonmembers services, products,~~  
 24 ~~machinery, equipment or supplies, whether or not supplied to mem-~~  
 25 ~~bers; and otherwise engage in business with nonmembers; or handle~~  
 26 ~~supplies for nonmembers, to an amount greater in value than such~~  
 27 ~~as are handled by it the association for members.~~

28 Sec. 5. K.S.A. 17-1605 is hereby amended to read as follows:  
 29 17-1605. Each association incorporated under this act shall have the  
 30 following powers:

31 (a) To engage in any activity in connection with the marketing,  
 32 selling, harvesting, threshing, milling, preserving, drying, process-  
 33 ing, canning, packing, storing, handling or utilization of any agri-  
 34 cultural products produced or delivered to it by its *the association*  
 35 *by the association's* members; ~~or the~~ manufacturing or marketing of  
 36 the *agricultural* by-products thereof, or in connection with the pur-  
 37 chase, hiring, or use by its *the association's* members or other pa-  
 38 trons of supplies, machinery, or equipment; ~~or to engage in any~~  
 39 ~~activity in connection with~~ agricultural education, research, leg-  
 40 islation and economic and social conditions; ~~or in connection with~~  
 41 ~~the~~ improvement of livestock breeds by means of artificial breeding  
 42 or otherwise; ~~or in the~~ financing of any such activities; or in any  
 43 one or more of the activities specified in this section.

(b)

(1)

(2)

(3)

(d)

(1)

(2)

or (3)

, nor does organization under this act necessarily constitute compliance  
 with the requirements of the capper-volstead act, 7 USC 291, et seq.  
 (c)

1 (b) If a *stockholder* or member of a nonstock association be other  
 2 than a natural person, such *stockholder* or member may be repre-  
 3 sented by an individual, associate, officer, *trustee* or member thereof,  
 4 duly authorized in writing.

5 (c) Any agricultural cooperative association or farm organization,  
 6 whether organized under the laws of this state or any other state,  
 7 may become a member or stockholder of any association or associ-  
 8 ations organized ~~hereunder~~ *under this act*.

9 Sec. 7. K.S.A. 17-1607 is hereby amended to read as follows:  
 10 17-1607. (a) Each association formed under this act must prepare  
 11 and file an application for a charter, setting forth:

12 (a) (1) The name of the association.

13 (b) (2) The purposes for which it is formed.

14 (c) ~~The place where its principal business will be~~  
 15 ~~transacted.~~

16 (d) (3) The term for which it is to exist, ~~not exceeding fifty~~  
 17 ~~(50) years if the term is not to be perpetual.~~

18 (e) (4) The number of directors ~~thereof~~, which ~~must not be~~  
 19 ~~less than five (5) and may be any number in excess thereof~~  
 20 ~~shall be five or more~~, and the term of office of such directors.

21 (f) (5) If organized without capital stock, ~~whether the property~~  
 22 ~~rights and interest of each member shall be equal or unequal;~~  
 23 ~~and if unequal~~, the application shall set forth the general rule or  
 24 rules applicable to all members by which the property rights and  
 25 interests, respectively, of each member may and shall be determined  
 26 and fixed; and. The association shall have the power to admit new  
 27 members who shall be entitled to share in the property of the  
 28 association with the old members, in accordance with such general  
 29 rule or rules. This provision of the application for charter shall not  
 30 be altered, amended, or repealed except by the written consent or  
 31 the vote of three-fourths of the members.

32 (g) (6) If organized with capital stock, the amount of such stock  
 33 and the number of shares into which it is divided and the par value  
 34 thereof.

35 (b) The capital stock may be divided into preferred and common  
 36 stock. If so divided, the application for charter must contain a state-  
 37 ment of the number of shares of stock to which preference is granted  
 38 and the number of shares of stock to which no preference is granted  
 39 and the nature and extent of the preference and privileges granted  
 40 to each. The application for charter must be subscribed by the  
 41 incorporators and acknowledged by them before an officer authorized  
 42 by the law of this state to take and certify acknowledgment of deeds  
 43 and conveyances; and shall be filed in accordance with the provisions

(7) The name of the association's registered agent.

(8) The place of the association's registered office.

(Secretary of State's suggestions, because of references on  
 Page 14, lines 6 and 11.)

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1 of the general corporation law of this state.

2 Sec. 8. K.S.A. 17-1608 is hereby amended to read as follows:  
 3 17-1608. The charter may be altered or amended by any annual  
 4 meeting or at any special meeting called for that purpose. ~~Any~~  
 5 amendment must first be approved by ~~two-thirds (2/3)~~ <sup>2/3</sup> of the  
 6 directors and then be adopted by a vote representing a majority of  
 7 all the members or voting stockholders of the association. *Provided,*  
 8 *however,* That in lieu of a vote representing a majority of all the  
 9 members or voting stockholders, an amendment may be adopted by  
 10 a vote of ~~two-thirds (2/3)~~ <sup>2/3</sup> of the voting members attending or  
 11 voting stockholders present and voting at an annual meeting of the  
 12 association or a special meeting called for the purpose of voting on  
 13 the amendment and upon written notice sent by first-class mail to  
 14 every member or voting stockholder at his such member's or stock-  
 15 holder's last known post-office address at least ten (10) 10 days prior  
 16 to such meeting. Amendments to the charter when so adopted shall  
 17 be executed, acknowledged, filed and recorded and become effective  
 18 in accordance with the provisions of the general corporation code.

19 Sec. 9. K.S.A. 17-1609 is hereby amended to read as follows:  
 20 17-1609. Each association incorporated under this act must, within  
 21 thirty (30) 30 days after its incorporation, adopt for its government  
 22 and management a code of bylaws, not inconsistent with the powers  
 23 granted by this act. Each association under its bylaws may also  
 24 provide for any or all of the following matters:

25 (a) That The time, place and manner of calling and conducting  
 26 its the association meetings. The bylaws may provide that the as-  
 27 sociation may have an office or offices outside of this state and may  
 28 hold its the association's stockholders' and directors' meetings outside  
 29 of this state.

30 (b) The number or voting power of stockholders or members  
 31 constituting a quorum.

32 (c) The right of members or stockholders to vote by proxy or by  
 33 mail or by both, and the conditions, manner, form and effect of such  
 34 votes.

35 (d) The number of directors constituting a quorum.

36 (e) The qualifications, compensation, and duties and term of office  
 37 of directors and officers, time of their election, and the mode and  
 38 manner of giving notice thereof.

39 (f) Penalties for violations of the bylaws.

40 (g) The amount of entrance, organization and membership fees,  
 41 if any; the manner and method of collection of the same and purposes  
 42 for which they may be used.

43 (h) The amount which each member or stockholder shall be re-

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Any such amendment must be first recommended by 2/3 of the directors and then approved by the members or voting stockholders of the association at any annual or special meeting of the association called for such purpose after written notice sent by first-class mail to every member or voting stockholder at such member's or stockholder's last known post office address at least 10 days prior to such meeting, and which notice shall include the directors' declaration of whether such approval shall be by either: (a) the affirmative vote of a majority of all members of the association, or a majority vote of all outstanding stock of the association entitled to vote, or a majority of the voting power, as applicable; or (b) the affirmative vote of 2/3rds of the members, voting stockholders, or voting power present and voting at such meeting.

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1 demand by an officer of the cooperative. Notice of all meetings,  
 2 together with a statement of the purposes thereof, which may be  
 3 brought before the members or common stockholders, shall be mailed  
 4 to each member at least ten 10 days prior to the meeting. *Provided,*  
 5 *however,* That the bylaws may require instead that such notice  
 6 may be given by publication in a newspaper of general cir-  
 7 culation, published at the principal place of business of the  
 8 association.

9 Sec. 11. K.S.A. 17-1611 is hereby amended to read as follows:  
 10 17-1611. (a) The affairs of the association shall be managed by a  
 11 board of not less than five directors, elected by the members or  
 12 voting stockholders from their own numbers and not less than 80%  
 13 shall be voting stockholders or members of the association or persons  
 14 representing any ~~[voting trust]~~ firm, partnership, corporation ~~[or]~~  
 15 association.

[ , cooperative,

16 (b) The bylaws may provide that the territory in which the as-  
 17 sociation has members shall be divided into districts and that the  
 18 directors shall be elected according to such districts, either directly  
 19 or by district delegates elected by the members in that district. In  
 20 such a case the bylaws shall specify the number of directors to be  
 21 elected by each district, the manner and method of reapportioning  
 22 the directors and of redistricting the territory covered by the  
 23 association.

[ , or trust which has membership in the association

24 (c) The bylaws may provide that primary elections shall be held  
 25 in each district to elect the directors apportioned to such districts  
 26 and the result of all such primary elections must be ratified by the  
 27 next regular meeting of the association.

28 (d) The bylaws may take away the right to vote by proxy or by  
 29 mail, and may provide for the election of delegates to the annual  
 30 meeting. In all cases where the annual meeting is a delegate meeting  
 31 a majority of the delegates elected shall constitute a quorum. The  
 32 bylaws may provide for delegates to district meetings and define  
 33 their powers. An association may provide for a fair remuneration for  
 34 the time actually spent by its officers and directors in its service.  
 35 No director during the term of his *such director's* office shall be a  
 36 party to a contract for profit with the association differing in any  
 37 way from the business relations accorded regular members or holders  
 38 of common stock of the association, or to any other kind of contract  
 39 differing from terms generally current in that district.

40 (e) The bylaws may provide for an executive committee and may  
 41 allot to such committee all the functions and powers of the board  
 42 of directors subject to the general direction and control of the board.

43 (f) When a vacancy on the board of directors occurs, other than



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1 by expiration of term, the remaining members of the board, by a  
2 majority vote, shall fill the vacancy unless the bylaws provide for  
3 an election of directors by district. In such a case the board of  
4 directors shall immediately call a special meeting of the members  
5 or stockholders in that district to fill the vacancy.

6 Sec. 12. K.S.A. 17-1612 is hereby amended to read as follows:  
7 17-1612. The directors shall elect from their number a president *or*  
8 *chairperson*. They shall also elect one or more vice-presidents *or*  
9 *vice-chairpersons*, one of whom shall be a director. *They shall also*  
10 *elect* a secretary and a treasurer, who need not be directors, and  
11 they may combine the two latter offices and designate the combined  
12 office as secretary-treasurer. The treasurer may be a bank or any  
13 depository, and as such shall not be considered as an officer but as  
14 a function of the board of directors. In such case the secretary shall  
15 perform the usual accounting duties of the treasurer, excepting that  
16 the funds shall be deposited only as authorized by the board of  
17 directors.

18 Sec. 13. K.S.A. 17-1613 is hereby amended to read as follows:  
19 17-1613. (a) When a member of an association established without  
20 capital stock has paid *his such member's* membership fee in full, *he*  
21 *such member* shall receive a certificate of membership. No association  
22 shall issue stock to a member until *it such stock* has been fully paid  
23 for; promissory notes of the members may be accepted by the as-  
24 sociation as full or partial payment. The association shall hold the  
25 stock as security for the payment of the note, but such retention as  
26 security shall not affect the member's right to vote. Except for debts  
27 lawfully contracted between *him the member* and the association,  
28 no member shall be liable for the debts of the association to an  
29 amount exceeding the sum remaining unpaid on *his such member's*  
30 membership fee or *his such member's* subscription to the capital  
31 stock. No stockholder of a cooperative association, except another  
32 cooperative association, shall own more than ~~one twentieth~~ 20% of  
33 the common stock of the association; ~~and~~. An association in its bylaws  
34 may limit the amount of ~~common~~ stock which one member may own  
35 to any amount less than ~~one twentieth~~ 20% of the ~~common~~ stock.

voting

36 (b) The articles of incorporation or the bylaws may provide that  
37 no member or stockholder shall be entitled to more than one vote,  
38 *and may also provide for voting based on patronage or patronage*  
39 *equity or both. In the event voting is based on patronage or pa-*  
40 *tronage equity or both, no member shall have more than 5% of the*  
41 *total vote unless the member is another cooperative association. If*  
42 *voting based on patronage or patronage equity, or both, is used,*  
43 *the provisions of this act referring to a majority or similar percentage*

or stockholder

1 *vote by members, shareholders or shares shall refer to such majority*  
 2 *or other proportion of the voting power of the members, stockholders*  
 3 *or shares. Any association organized with stock, under this act, may*  
 4 *issue preferred stock with or without the right to vote, or with such*  
 5 *restrictions on its voting power as the articles of incorporation may*  
 6 *prescribe; such stock may be redeemable or retirable by the asso-*  
 7 *ciation upon such terms and conditions as may be provided for in*  
 8 *the articles of incorporation, and printed on the certificate.*

membership or of

9 (c) The bylaws shall prohibit the transfer of the common stock  
 10 of the association to persons not engaged in the production of the  
 11 agricultural products handled by the association eligible to be a  
 12 member of the association and such restrictions must be printed  
 13 upon every certificate of stock subject thereto.

or stockholder, respectively,

14 (d) The association may at any time, except when the debts  
 15 of the association exceed fifty percent (50%) of the assets  
 16 thereof, buy in or purchase its common stock at par or book value  
 17 thereof as conclusively determined by the board of directors and  
 18 pay for it in cash within one (1) year thereafter.

members' equity or

19 Sec. 14. K.S.A. 17-1614 is hereby amended to read as follows:  
 20 17-1614. (a) Any member or voting stockholder may bring charges  
 21 against an officer or director by filing them in writing with the  
 22 secretary of the association, together with a petition signed by ten  
 23 percent 10% of the members, requesting the removal of the officer  
 24 or director in question. The removal shall be voted upon at the next  
 25 regular or special meeting of the association and, by a vote of a  
 26 majority of the members, the association may remove the officer  
 27 or director and fill the vacancy. *outstanding shares of voting stock,*  
 28 *or if the association is organized on a one person, one vote plan,*  
 29 *then by a majority vote of the association's members or voting stock-*  
 30 *holders present and voting, the officer or director so charged shall*  
 31 *be removed. A successor shall be elected to fill the unexpired portion*  
 32 *of the term of such officer or director.*

33 (b) The director or officer against whom such charges have been  
 34 brought shall be informed in writing of the charges previous to the  
 35 meeting and shall have an opportunity at the meeting to be heard  
 36 in person or by counsel and to present witnesses; and the person  
 37 or persons bringing the charges against him such director or officer  
 38 shall have the same opportunity. In case the bylaws provide for  
 39 election of directors by districts with primary elections in each dis-  
 40 trict, then the petition for removal of a director must be signed by  
 41 twenty percent 20% of the members residing in the district from  
 42 which he such director was elected. The board of directors must  
 43 call a special meeting of the members residing in that district to

1 consider the removal of the director. By a vote of the majority of  
2 the members of that district, the director in question shall be re-  
3 moved from office.

4 Sec. 15. K.S.A. 17-1615 is hereby amended to read as follows:  
5 17-1615. Upon demand of one-third of the entire board of directors,  
6 any matter that has been approved or passed by the board must be  
7 referred to the entire membership or the stockholders for decision  
8 at the next special or regular meeting: *Provided, however, That*  
9 *a special meeting may be called for the purpose, which shall*  
10 *be held not less than 15 days but not more than 60 days after such*  
11 *matter was approved or passed.*

12 Sec. 16. K.S.A. 17-1616 is hereby amended to read as follows:  
13 17-1616. (a) The association and *its the association's* members may  
14 make and execute marketing contracts, requiring the members to  
15 sell, for any period of time, not over ~~ten~~ 10 years, all or any specified  
16 part of their agricultural products or specified commodities exclusively  
17 to or through the association or any facilities to be created by the  
18 association. The contract may provide that the association may sell  
19 or resell products of *its the association's* members with or without  
20 taking title thereto; and pay over to *its the association's* members  
21 the resale price, after deducting all necessary selling, overhead, and  
22 other costs and expenses, and other proper reserves, including in-  
23 terest on *common or preferred* stock not exceeding 8 percent *the*  
24 *greater of 8% per annum or the contract interest rate set forth in*  
25 *subsection (a) of K.S.A. 16-207, and amendments thereto, at the*  
26 *time of ~~issuance~~ thereof* and reserves for retiring the stock, if any;  
27 *and interest not exceeding eight percent per annum upon com-*  
28 *mon stock.* These limitations shall not apply to dividends paid by  
29 subsidiaries created hereunder to parent cooperative corporations  
30 operating under this act.

31 (b) The bylaws and the marketing contract may fix, as liquidated  
32 damages, specific sums to be paid by the member or stockholder to  
33 the association upon the breach by ~~him~~ *such member or stockholder*  
34 of any provision of the marketing contract regarding the sale or  
35 delivery or withholding of products; and may further provide that  
36 the member will pay all costs, premiums for bonds, expenses and  
37 fees in case any action is brought upon the contract by the association;  
38 and any such provision shall be valid and enforceable in the courts  
39 of this state. In the event of the such breach or threatened breach  
40 of such marketing contract by a member, the association shall be  
41 entitled to an injunction to prevent the further breach of the contract,  
42 and to a decree of specific performance thereof. Pending the ad-  
43 judication of such an action and upon filing a verified complaint

declaration

1 showing the breach or threatened breach, and upon filing a sufficient  
2 bond, the association shall be entitled to a temporary restraining  
3 order and preliminary injunction against the member.

4 Sec. 17. K.S.A. 17-1617a is hereby amended to read as follows:

5 17-1617a. Any association may have an interest in or own the pre-  
6 ferred or common stock or become a member of any cooperative  
7 association. Any association may have an interest in or own preferred  
8 or common stock of or become a part of any other corporation or  
9 corporations, ~~or of any corporation engaged in preserving,~~  
10 ~~drying, processing, canning, packing, storing, handling, ship-~~  
11 ~~ping, utilizing, manufacturing, marketing or selling agricultural~~  
12 ~~products handled by the association or the by-products thereof.~~

13 Sec. 18. K.S.A. 17-1618 is hereby amended to read as follows:

14 17-1618. Each association formed under this act, *or acts amendatory*  
15 *thereto*, shall prepare and make an annual report to the secretary  
16 of state, and pay the annual franchise tax, as prescribed by K.S.A.  
17 17-7504, *and amendments thereto*.

18 Sec. 19. K.S.A. 17-1621 is hereby amended to read as follows:

19 17-1621. Any corporation or association organized under previously  
20 existing statutes may by a ~~two-thirds~~ <sup>(2/3)</sup>  $\frac{2}{3}$  vote of ~~its~~ *the cor-*  
21 *poration's or association's* voting stockholders or members attending  
22 *voting at* an annual meeting of the corporation or association or a  
23 special meeting called for such purposes upon written notice sent  
24 by first-class mail to every stockholder at ~~his~~ *such stockholder's* last  
25 known post-office address at least ~~ten~~ <sup>(10)</sup> 10 days prior to such  
26 meeting be brought under the provisions of this act by limiting ~~its~~  
27 *the association's* membership and adopting the other restrictions as  
28 provided herein. ~~It~~ *The association or corporation* shall make out  
29 in duplicate a statement signed and sworn to by ~~its~~ *the* directors,  
30 upon forms supplied by the secretary of state, to the effect that the  
31 corporation or association has by a ~~two-thirds~~ <sup>(2/3)</sup>  $\frac{2}{3}$  vote of ~~its~~  
32 *the corporation's or association's* stockholders or members attending  
33 *voting at* an annual meeting of the corporation or association or a  
34 special meeting called for such purpose, decided to accept the ben-  
35 efits and be bound by the provisions of this act, *or acts amendatory*  
36 *thereto*. Articles of incorporation shall be filed as required by K.S.A.  
37 17-1608, *as amended 17-1607, and amendments thereto*, except  
38 that they shall be signed by the members of the board of directors.  
39 The filing fee shall be the same as for filing an amendment to the  
40 articles of incorporation.

41 Sec. 20. K.S.A. 17-1623 is hereby amended to read as follows:

42 17-1623. If any section of this act, *or acts amendatory thereto*, shall  
43 be declared unconstitutional for any reason, the remainder of the

1 act, or acts amendatory thereto, shall not be affected thereby.

2 Sec. 21. K.S.A. 17-1626 is hereby amended to read as follows:  
3 17-1626. Any provisions of law which are in conflict with this act,  
4 or acts amendatory thereto, shall not be construed as applying to  
5 the associations herein provided for. Any exemptions under any and  
6 all existing laws applying to agricultural products in the possession  
7 or under the control of the individual producer shall apply similarly  
8 and completely to such products delivered by its the association's  
9 farmer members in the possession or under the control of the  
10 association.

11 Sec. 22. K.S.A. 17-1627 is hereby amended to read as follows:  
12 17-1627. No person, firm, corporation, or association, hereafter or-  
13 ganized or doing business in this state, shall be entitled to use the  
14 word "cooperative" as part of its corporate or other business name  
15 or title for producers' cooperative marketing activities unless it has  
16 complied with the provisions of this act, or with the provisions of  
17 article 15 of chapter 17 of the Revised Statutes of 1923 or acts  
18 amendatory thereto.

19 Sec. 23. K.S.A. 17-1628 is hereby amended to read as follows:  
20 17-1628. The provisions of the general corporation code of this state  
21 and all powers and rights thereunder shall apply to the associations  
22 organized hereunder, except where such provisions are in conflict  
23 with or inconsistent with the express provisions of this act or acts  
24 amendatory thereto.

25 Sec. 24. K.S.A. 17-1629 is hereby amended to read as follows:  
26 17-1629. Any corporation organized under this act may increase its  
27 capital to any amount ~~provided that such increase must be first~~  
28 ~~approved by a 2/3 vote of directors and then be approved by affirm-~~  
29 ~~ative vote of two-thirds (2/3) 2/3 of the outstanding shares of voting~~  
30 ~~stock, or if the corporation is organized on the one man person,~~  
31 ~~one vote plan, then by the affirmative vote of two-thirds (2/3) 2/3~~  
32 ~~of its members: Provided, however, That the corporation's voting~~  
33 ~~stockholders. In lieu of affirmative vote of two-thirds (2/3) 2/3 of the~~  
34 ~~outstanding shares of voting stock, or if the corporation is organized~~  
35 ~~on the one man person, one vote plan, then in lieu of the affirmative~~  
36 ~~vote of two-thirds (2/3) 2/3 of its members the corporation's voting~~  
37 ~~stockholders, the capital may be increased by affirmative vote of~~  
38 ~~two-thirds (2/3) 2/3 of the voting members stockholders present and~~  
39 ~~voting at any annual meeting or special meeting called for such~~  
40 ~~purpose and upon written notice sent by first-class mail to every~~  
41 ~~stockholder at his such stockholder's last known post-office address~~  
42 ~~at least ten (10) 10 days prior to such meeting and the unanimous~~  
43 ~~approval of the board of directors present]~~

Such

increase must be first recommended by 2/3 of the directors and then approved by the members or voting stockholders of the association at any annual or special meeting of the association called for such purpose after written notice sent by first-class mail to every member or voting stockholder at such member's or stockholder's last known post office address at least 10 days prior to such meeting, and which notice shall include the directors' declaration of whether such approval shall be by either: (a) the affirmative vote of a majority of all members of the association, or a majority vote of all outstanding stock of the association entitled to vote, or a majority of the voting power, as applicable; or (b) the affirmative vote of 2/3rds of the members, voting stockholders, or voting power present and voting at such meeting when approved by the unanimous vote of the directors present.

1 Sec. 25. K.S.A. 17-1630 is hereby amended to read as follows:  
2 17-1630. In all cases where it is not otherwise provided by the  
3 bylaws, the meetings of the stockholders of every cooperative cor-  
4 poration organized or doing business under this act shall be held at  
5 ~~its principal offices~~ *the corporation's registered office* in this state.  
6 The stockholders and directors ~~may~~, however, *may* hold their meet-  
7 ings and have an office or offices outside of this state or elsewhere  
8 in this state if the articles of incorporation or bylaws so provide, and  
9 every such cooperative association shall maintain a ~~principal office~~  
10 ~~or place of business in this state and shall have a resident agent~~  
11 who may be either an individual or a corporation, resident of, or  
12 located in this state, in charge thereof. Service of any form of legal  
13 process on such resident agent shall be sufficient service upon the  
14 corporation.

15 Sec. 26. K.S.A. 17-1631 is hereby amended to read as follows:  
16 17-1631. Any cooperative corporation, company or association here-  
17 tofore organized under article 16, chapter 17, of the Revised Statutes  
18 of Kansas of 1923, and chapter 150 of the Laws of 1931, *and amend-*  
19 *ments thereto*, which has for a period of three years ceased to engage,  
20 in good faith, in the primary business for which ~~said such~~ corporation  
21 or association was organized, shall be dissolved by order of the  
22 district court having jurisdiction, on petition of the attorney general,  
23 supported by affidavit, and if the court shall find the petition is true,  
24 it shall appoint a receiver to wind up the affairs of ~~said such~~ cor-  
25 poration and decree its dissolution.

26 Sec. 27. K.S.A. 17-1633 is hereby amended to read as follows:  
27 17-1633. This act, *or acts amendatory thereto*, should not be con-  
28 strued as authorizing the fixing of prices by contract or otherwise  
29 in such a manner as to be arbitrary, unjustly discriminatory or oth-  
30 erwise detrimental to the public interest.

31 Sec. 28. K.S.A. 17-1634 is hereby amended to read as follows:  
32 17-1634. No association, contract, method or act which complies with  
33 the provisions of ~~said~~ article 16 of chapter 17 of the General Statutes  
34 of 1935 and any amendments thereto, or with this act, *or acts*  
35 *amendatory thereto*, shall be deemed a conspiracy or combination  
36 in restraint of trade or as creating an illegal monopoly.

37 Sec. 29. K.S.A. 17-1635 is hereby amended to read as follows:  
38 17-1635. If any clause, sentence, paragraph or part of this act ~~shall~~,  
39 *or acts amendatory thereto*, for any reason, *shall* be adjudged by  
40 any court of competent jurisdiction to be invalid, such judgment  
41 shall not affect or impair the validity of the remainder of this act,  
42 *or acts amendatory thereto*.

43 Sec. 30. K.S.A. 17-1636 is hereby amended to read as follows:

1 17-1636. That Any cooperative association or corporation, created,  
 2 organized or existing under the provisions of article 15 or article 16  
 3 of chapter 17 of the Kansas Statutes Annotated, and any amendments  
 4 thereto, or any cooperative association or corporation organized un-  
 5 der similar statutes of other states and licensed to do business in  
 6 the state of Kansas, shall have the additional right and power to  
 7 make disposition of all or substantially all of its *the association's or*  
 8 *corporation's* property, assets and good will, or good will, by sale,  
 9 lease, exchange, or otherwise, to such individual, association, part-  
 10 nership, or corporation on such terms and conditions and for such  
 11 consideration as the board of directors thereof may determine, when  
 12 and as. ~~(Such transaction shall be authorized or approved by the~~  
 13 ~~vote of not less than two-thirds (2/3) 2/3 in number of the members~~  
 14 ~~(or holders of voting stock) thereof (or, in the case of any such~~  
 15 ~~association or corporation whose stockholders vote by shares, the~~  
 16 ~~holders of two-thirds (2/3) 2/3 in amount of the outstanding shares~~  
 17 ~~of capital stock entitled to vote), represented and voting at any~~  
 18 ~~meeting duly called and held for such purpose in accordance with~~  
 19 ~~the bylaws, and upon written notice sent by first-class mail to every~~  
 20 ~~member or stockholder at his such member's or stockholder's last-~~  
 21 ~~known post-office address at least ten (10) 10 days prior to such~~  
 22 ~~meetings: Provided, however, That. In lieu of the vote of two-~~  
 23 ~~thirds (2/3) 2/3 of the members or the vote of holders of two-thirds~~  
 24 ~~(2/3) 2/3 in amount of the outstanding shares of capital stock entitled~~  
 25 ~~to vote, the rights and powers granted by this section may be au-~~  
 26 ~~thorized by an association which is organized by a one person, one~~  
 27 ~~vote plan by a vote of two-thirds (2/3) 2/3 of the voting members~~  
 28 ~~in attendance or voting stockholders present and voting at any duly~~  
 29 ~~called meeting when approved by the unanimous vote of the board~~  
 30 ~~of directors present.~~

31 New Sec. 31. (a) Any two or more associations incorporated un-  
 32 der this act, or any association incorporated under this act and a  
 33 corporation existing under the laws of this state, may merge into a  
 34 single association or corporation, which may be any of the constituent  
 35 associations or corporations or they may consolidate into a new as-  
 36 sociation or corporation formed by the consolidation, pursuant to an  
 37 agreement of merger or consolidation, as the case may be, complying  
 38 and approved in accordance with this section.

39 (b) The board of directors of each association or corporation which  
 40 desires to merge or consolidate shall adopt a resolution approving  
 41 an agreement of merger or consolidation. The agreement shall state:

- 42 (1) The terms and conditions of the merger or consolidation;  
 43 (2) the mode of carrying the same into effect;

Such transaction must be first recommended by 2/3 of the directors and then approved by the members or voting stockholders of the association at any annual or special meeting of the association called for such purpose after written notice sent by first-class mail to every member or voting stockholder at such member's or stockholder's last known post office address at least 10 days prior to such meeting, and which notice shall include the directors' declaration of whether such approval shall be by either: (a) the affirmative vote of a majority of all members of the association, or a majority vote of all outstanding stock of the association entitled to vote, or a majority of the voting power, as applicable; or (b) the affirmative vote of 2/3rds of the members, voting stockholders, or voting power present and voting at such meeting when approved by the unanimous vote of the directors present.