

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

A Bill

HOUSE BILL 2087

5 By: Representatives Sabin, Leding
6

For An Act To Be Entitled

8 AN ACT TO AMEND THE LAWS CONCERNING COOPERATIVE
9 CORPORATIONS AND ASSOCIATIONS; TO PROVIDE FOR CERTAIN
10 POWERS OF COOPERATIVE CORPORATIONS AND ASSOCIATIONS;
11 TO ALLOW COOPERATIVE CORPORATIONS AND ASSOCIATIONS TO
12 CONTINUE PERPETUALLY; TO OPEN ADDITIONAL BUSINESS
13 OPPORTUNITIES TO COOPERATIVE CORPORATIONS AND
14 ASSOCIATIONS; TO PROMOTE THE PURSUIT OF CAPITALISM IN
15 STRUGGLING COMMUNITIES IN ARKANSAS; AND FOR OTHER
16 PURPOSES.

Subtitle

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

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27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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29 SECTION 1. DO NOT CODIFY. Legislative findings.

30 The General Assembly finds that:

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

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

36 (3) Local communities around this state often need capital



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

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

4 (A) Promote capitalism and democracy; and

5 (B) Enable and encourage residents and citizens to:

6 (i) Become entrepreneurs;

7 (ii) Be more commercially productive;

8 (iii) Create more jobs; and

9 (iv) Create organic growth of business; and

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

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

14 4-30-107. Membership – Purposes – Powers.

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

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

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

24 (3) Accomplishing a purpose of the cooperative corporation.

25 (b) A cooperative corporation may:

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

27 (A) Produced or owned by the following:

28 (i) The cooperative corporation;

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

31 (iii) Another cooperative corporation;

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

34 (B) Available in the open market;

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

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

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

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

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

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

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

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

17 (8) Accept deposits of money from a cooperative corporation or
18 association from which the cooperative corporation is constituted;

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

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

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

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

36 (13) Take, receive, and hold real and personal property,

1 including without limitation the principal and interest of money or other
 2 funds and rights in a contract, in trust for any purpose not inconsistent
 3 with the purposes of the cooperative corporation as determined by the
 4 articles of incorporation of the cooperative corporation; and

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

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

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

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

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

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