



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2017 Senate Bill 281

Senate Amendments 1 and 2

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2017 SENATE BILL 281

2017 Senate Bill 281 (“the bill”) modifies current law with regard to the organization and operation of cooperatives. Senate Amendment 1 (“Amendment 1”) modifies the provisions of the bill relating to the rights of cooperative members and stockholders to access certain cooperative records. Senate Amendment 2 (“Amendment 2”) modifies the provisions of the bill relating to the qualifications of cooperative directors.

SENATE AMENDMENT 1

Current law provides that any cooperative member or stockholder, upon written notice stating the purposes thereof, may examine for a proper purpose “any books or records” of the cooperative pertinent to the purpose specified in the notice.

The bill instead provides that any cooperative member or stockholder, upon written notice stating the purposes thereof, may examine for a proper purpose “any of the cooperative’s financial records covering the current or preceding 3 fiscal years” that are pertinent to the purpose specified in the notice.

Amendment 1 instead provides that any cooperative member or stockholder, upon written notice stating the purposes thereof may examine for a proper purpose: (1) “any of the cooperative’s records” that are pertinent to the purpose specified in the notice; and (2) “any of the cooperative’s financial books covering the current or preceding 5 fiscal years” that are pertinent to the purpose specified in the notice.

SENATE AMENDMENT 2

Under **current law**, a cooperative's directors must be elected by the cooperative's members, and each director must be a member of the cooperative, or, in the case of an organization that is a member of a cooperative, a representative of that organization.

The bill allows a cooperative to have a specified number of "outside directors," which are defined as directors who are neither members nor representatives of an organization that is a member of the cooperative. The bill prohibits a cooperative board from nominating outside directors, and it requires an outside director to be approved by a majority vote of directors who are not outside directors.

Amendment 2 deletes the provision of the bill that prohibits a cooperative board from nominating outside directors. It also modifies the provision of the bill that requires an outside director to be approved by a majority vote of directors who are not outside directors. It instead provides that no person may serve as an outside director unless a majority of the members or delegates voting or a majority of directors who are not outside directors, as specified in the cooperative's bylaws, votes to approve the person as a director.

BILL HISTORY

Senator Testin offered Senate Amendments 1 and 2 on October 19, 2017. On October 24, 2017, the Senate Committee on Elections and Utilities recommended adoption of both amendments on votes of Ayes, 5; Noes, 0. On the same day, the committee recommended passage of the bill, as amended, on a vote of Ayes, 3; Noes, 2.

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