

**2001 DRAFTING REQUEST**

**Assembly Amendment (AA-ASA1-SB55)**

Received: 06/22/2001

Received By: **champra**

Wanted: **Soon**

Identical to LRB:

For: **Assembly Republican Caucus**

By/Representing: **Jefferson**

This file may be shown to any legislator: **NO**

Drafter: **champra**

May Contact:

Addl. Drafters:

Subject: **Bus. Assn. - miscellaneous**  
**Bus. Assn. - unincorp. assns**

Extra Copies:

Submit via email: **NO**

Requester's email:

**Pre Topic:**

ARC:.....Jefferson - AM20,

**Topic:**

Merger or consolidation of cooperatives

**Instructions:**

See Attached.

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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/2	champra 06/27/2001	hhagen 06/27/2001	pgreensl 06/27/2001	_____	lrb_docadmin 06/27/2001		

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Page 2

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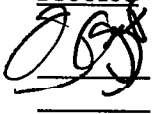
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✓ **8. Crop Vandalism and Agriculture Terrorism** (requested by Ott, motion request #297)

MGD

This would create criminal penalties and allow civil action to be brought against anyone who intentionally infects livestock with disease or damages crops by making intentional introductions of contagious diseases and vandalism to crops a felony. It would create unintentional introductions of contagious diseases and vandalism to crops a misdemeanor.

Fiscal Impact: None

✓ **9. Restore Economic Development Zones and Earmark Two Dairy Development Zones** (request by Ward, motion request #138)

PJK

This restores the twenty technology zones as proposed in the Governor's budget, and also restores the maximum credits to \$5 million.

In addition, the Department of Commerce would be required to designate two of the technology zones as agricultural development zones located in a rural municipality as defined under the Rural Economic Development program.

Fiscal Impact: There would be little, if any, fiscal effect this biennium. Credits could be claimed for ten years, beginning in the next biennium.

**10. Federal Agricultural Policy Reform** [LFB Paper 217] (Comparative Summary, pg. 144, item #5)

RCT

Instead of "marketing" insert "DATCP's discretion". DATCP would absorb cost from departmental budget as opposed to their marketing budget.

Fiscal Impact: None

**11. Modification for Mergers and Consolidation of Cooperatives** (requested by Ainsworth)

RAC

Fiscal Impact: None

**12. Stray Voltage** (requested by Ott)

MDK

This amendment restores the Farm Rewiring fund under DOA as requested by the Governor, to be funded by DOA Public Benefits. The farm rewiring fund would be a separate, nonlapsing trust under the management of the Investment Board.

Fiscal Impact: Indeterminate at this time. The program has not been implemented and the number of participants is unknown.

## Mergér or Consolidation of Cooperatives

### Section 1.

185.61 (1) (a) If otherwise lawful, any 2 or more associations may merge or consolidate under this chapter or under the law of the state where the surviving or new association will exist.

(b) Before a cooperative may merge or consolidate with any other association, a written plan of merger or consolidation shall be prepared by the board or by a committee selected by the board or the members for that purpose. The plan shall set forth all the terms of the merger or consolidation, including any provisions for abandonment of the plan, and the proposed effect of the plan on all members and stockholders of the cooperative.

(d) In case of consolidation, the plan shall also contain the articles of the new association.

### Section 2.

Each cooperative that has approved a plan of merger, consolidation or sale shall, for a period of not less than less than the equity retirement period as specified in the merger, consolidation or sale plan, prepare an annual status report on implementation of equity retirement or repurchase provisions of the merger, consolidation or sale. The report shall be available for inspection, by members or others entitled to equity retirement allocations, in the office of the cooperative.

### Section 3

A plan of merger or consolidation involving a cooperative association must address and explain the disposition of member equity upon merger, consolidation or sale of the cooperative.

### Section 4.

Initial applicability. This provision would first apply to plans of merger or consolidation that are submitted by a board of directors of a cooperative under section 185.61 of the statutes on the effective date of this subsection.

The Federation of Cooperatives (Dave Jenkins) agreed to this language on June 19, 2001

(RAC)  
to accompany  
the  
DHTCP package



*Jan*

ARC:.....Jefferson – Amendment 20, Merger or consolidation of cooperatives

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

**CAUCUS ASSEMBLY AMENDMENT**

**TO ASSEMBLY SUBSTITUTE AMENDMENT 1,**

**TO 2001 SENATE BILL 55**

1 At the locations indicated, amend the ~~bill~~ as follows:

2 1. Page 985, line 9: after that line insert:

3 "SECTION 2932h. 185.61 (1) of the statutes is amended to read:

4 185.61 (1) (a) If otherwise lawful, any 2 or more associations may merge or  
5 consolidate under this chapter or under the law of the state where the surviving or  
6 new association will exist.

7 (b) Before a cooperative may merge or consolidate with any other association,  
8 a written plan of merger or consolidation shall be prepared by the board or by a  
9 committee selected by the board or the members for that purpose. The plan shall set  
10 forth all the terms of the merger or consolidation, including any provisions for

*Substitute amendment*

1 abandonment of the plan, and the proposed effect of the plan on all members and  
 2 stockholders of the cooperative, <sup>e</sup> including the treatment of the equity interest of the  
 3 members upon merger or consolidation plain

4 (c) In case of consolidation, the plan of consolidation shall also contain the  
 5 articles of the new association.

History: 1985 a. 30.

6 **SECTION 2932r.** 185.62 (5) of the statutes is created to read:

7 185.62 (5) The surviving association, in the case of a merger, or the new  
 8 association, in the case of consolidation, shall prepare an annual report on the  
 9 implementation of any provision in the plan of merger or consolidation to retire or  
 10 repurchase <sup>the</sup> ~~any~~ equity interest of <sup>any</sup> member that was affected by the merger or  
 11 consolidation. The report shall be kept in the principal office of the surviving  
 12 association, in the case of a merger, or in the principal office of the new association,  
 13 in the case of consolidation, and shall be available for inspection by any member  
 14 whose equity interest was affected by the merger or consolidation. The surviving  
 15 association, in the case of a merger, or the new association, in the case of  
 16 consolidation, shall prepare the report until such time that the implementation of  
 17 any provision in the plan or merger or consolidation to retire or repurchase <sup>the</sup> ~~any~~  
 18 equity interest of <sup>any</sup> member that was affected by the merger or consolidation is  
 19 complete.”.

20 **2.** Page 1397, line 25: after that line insert:

21 “~~(1)~~ MERGER OR CONSOLIDATION OF COOPERATIVES. The treatment of sections  
 22 185.61 (1) and 185.62 (5) of the statutes first applies to plans of merger or



1 consolidation that are submitted by a board of directors of a cooperative under  
2 section 185.61 of the statutes on the effective date of this subsection.”

3 (END)

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRBb1481/1dn  
RAC:hm/

*Date*

This amendment addresses the issue of the treatment of equity interests of the members upon the merger or consolidation of a cooperative. Other provisions in current law deal with this issue in the context of dissolution or liquidation. In a couple of the proposed sections, there is added the concept of a "sale" of a cooperative. Please note that there is no current law foundation for the concept of a "sale" of a cooperative or any current law requirement relating to a plan of sale. The statutes authorize mergers and consolidations and address the events of dissolution and liquidation. At this juncture, I have not added in the concept of a "sale" of a cooperative. Please advise.

Rick A. Champagne  
Senior Legislative Attorney  
Phone: (608) 266-9930  
E-mail: rick.champagne@legis.state.wi.us

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRBb1481/1dn  
RAC:hmh:rs

June 22, 2001

This amendment addresses the issue of the treatment of equity interests of the members upon the merger or consolidation of a cooperative. Other provisions in current law deal with this issue in the context of dissolution or liquidation. In a couple of the proposed sections, there is added the concept of a "sale" of a cooperative. Please note that there is no current law foundation for the concept of a "sale" of a cooperative or any current law requirement relating to a plan of sale. The statutes authorize mergers and consolidations and address the events of dissolution and liquidation. At this juncture, I have not added in the concept of a "sale" of a cooperative. Please advise.

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*l stays*  
*RMK*

ARC:.....Jefferson – AM20, Merger or consolidation of cooperatives

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8 a written plan of merger or consolidation shall be prepared by the board or by a

9 committee selected by the board or the members for that purpose. The plan shall set

10 forth all the terms of the merger or consolidation, including any provisions for

1 abandonment of the plan, and the proposed effect of the plan on all members and  
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12 association, in the case of a merger, or in the principal office of the new association,  
13 in the case of consolidation, and shall be available for inspection by any member  
14 whose equity interest was affected by the merger or consolidation. The surviving  
15 association, in the case of a merger, or the new association, in the case of  
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2 section 185.61 of the statutes on the effective date of this subsection.”

3

(END)

D-Note  
This version corrects a "typo" that  
was on page 2, line 17.  
RAC

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRBb1481/2dn  
RAC:hmh:pg

June 27, 2001

This version corrects a "typo" that was on page 2, line 17.

Rick A. Champagne  
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