



2001 ASSEMBLY BILL 283

April 3, 2001 - Introduced by Representatives AINSWORTH, HAHN, ALBERS, HUNDERTMARK, GUNDERSON, OTT, VRAKAS and SYKORA, cosponsored by Senator COWLES. Referred to Committee on Small Business and Consumer Affairs.

- 1 **AN ACT to amend** 185.61 (1); and **to create** 185.61 (1) (c) and 185.61 (1) (e) of the
2 statutes; **relating to:** merger or consolidation of cooperatives.

Analysis by the Legislative Reference Bureau

Current law authorizes the merger or consolidation of any two or more cooperatives. Before any such merger or consolidation may take place, however, a written plan must be prepared specifying the terms of the merger or consolidation. If the cooperatives are consolidated, the plan must also contain the articles of incorporation of the new cooperative.

This bill provides that the plan of merger or consolidation must require that the board of the surviving or new cooperative annually allocate an amount, to be determined by the board, to purchase the equity interest of the members of the cooperatives that are a party to the merger or consolidation. The plan must also require that the equity interest of the members of the cooperatives be purchased according to one of the following:

1. Equity interests must be purchased according to the date on which the interests were acquired. Members who first acquired their equity interests must have the interests purchased before members who subsequently acquired their interests.

2. Equity interests must be purchased according to the value of the predecessor cooperatives. Members of each predecessor cooperative must receive a pro rata share of the total amount distributed by the board in each year based on the value of the predecessor cooperative relative to the value of the surviving or new cooperative. The value of each predecessor cooperative and the value of the surviving or new

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cooperative must be determined by an audit that is conducted at the time of merger or consolidation.

3. Equity interests must be purchased according to the value of the outstanding equity interests of each predecessor cooperative. Members of each predecessor cooperative must receive a pro rata share of the total amount distributed by the board in each year based on the value of the outstanding equity interests of the predecessor cooperative relative to the value of the outstanding equity interests of all of the predecessor cooperatives.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 185.61 (1) of the statutes is amended to read:

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

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

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

13 **SECTION 2.** 185.61 (1) (c) of the statutes is created to read:

14 185.61 (1) (c) Except as provided in par. (e), the plan of merger or consolidation
15 shall require that the board of the surviving association, if the associations are
16 merged, or the new association, if the associations are consolidated, annually
17 allocate an amount, to be determined by the board, to purchase the equity interest
18 of the members of the associations that are a party to the merger or consolidation.

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1 The plan shall also require that the equity interest of the members of the associations
2 that are a party to the merger or consolidation be purchased according to one of the
3 following:

4 1. Equity interests shall be purchased according to the date on which the
5 interests were acquired. Members who first acquired their equity interests shall
6 have the interests purchased before members who subsequently acquired their
7 interests.

8 2. Equity interests shall be purchased according to the value of the predecessor
9 associations. Members of each predecessor association shall receive a pro rata share
10 of the total amount distributed by the board in each year based on the value of the
11 predecessor association relative to the value of the surviving association, if the
12 associations are merged, or the new association, if the associations are consolidated.
13 The value of each predecessor association and the value of the surviving association,
14 if the associations are merged, or the new association, if the associations are
15 consolidated, shall be determined by an audit that is conducted at the time of merger
16 or consolidation.

17 3. Equity interests shall be purchased according to the value of the outstanding
18 equity interests of each predecessor association. Members of each predecessor
19 association shall receive a pro rata share of the total amount distributed by the board
20 in each year based on the value of the outstanding equity interests of the predecessor
21 association relative to the value of the outstanding equity interests of all of the
22 predecessor associations.

23 **SECTION 3.** 185.61 (1) (e) of the statutes is created to read:

