



## 2005 ASSEMBLY BILL 327

April 15, 2005 – Introduced by Representatives AINSWORTH, ALBERS, BALLWEG, BERCEAU, DAVIS, FREESE, GIELOW, GUNDERSON, HAHN, HINES, KESTELL, KRAWCZYK, LEHMAN, LEMAHIEU, LOEFFELHOLZ, MCCORMICK, MUSSER, NASS, NERISON, OTT, OWENS, PETROWSKI, RICHARDS, SEIDEL, STEINBRINK, SUDER, TOWNS, TOWNSEND, VAN ROY, WIECKERT, M. WILLIAMS, ZEPNICK and TRAVIS, cosponsored by Senators KAPANKE, BRESKE, BROWN, ERPENBACH, GROTHMAN, HANSEN, HARS DORF and JAUCH. Referred to Committee on Rural Development.

1     **AN ACT** *to amend* 11.29 (1), 11.29 (4), 11.38 (1) (a) 1., 11.38 (2) (b), 11.38 (8) (a),  
2           11.38 (8) (b), 11.38 (8) (b), 13.94 (4) (a) 1., 15.155 (4) (b), 16.957 (1) (t), 16.957 (1)  
3           (v), 25.17 (3) (dg) 1., 28.02 (4) (b) 5., 30.40 (9), 32.02 (10) (intro.), 32.22 (12) (a)  
4           (intro.), 36.56 (1), 46.037 (1), 49.45 (21) (d), 49.455 (4) (d) 1., 49.455 (4) (d) 2.,  
5           50.90 (2), 62.237 (1) (b), 66.0425 (6), 66.0807 (1), 66.0825 (3) (f), 71.26 (1) (a),  
6           71.26 (1) (c), 71.45 (1), 71.63 (6) (b) 4., 76.28 (1) (d), 76.48 (1g) (c), 77.51 (10),  
7           77.53 (17r) (f), 91.19 (6), 93.01 (2), 93.06 (4), 93.06 (5), 93.06 (6) (a) to (c), 93.41  
8           (3), 94.67 (5) (a) (intro.), 96.01 (8), 96.08 (3) (b), 97.32 (1), 97.32 (3), 99.02 (2) (d),  
9           100.201 (1) (b) 2., 100.201 (1) (f) 2., 103.46 (2), 108.02 (2) (dm), 111.01 (2), 126.01  
10          (18), 126.11 (3) (b), 126.26 (2) (b), 126.41 (2) (b), 126.56 (3) (b), 126.56 (9) (h),  
11          126.57 (1) (b) 2., 126.58 (1) (c) 2., 126.59 (1) (c), 126.61 (1) (c) 2., 133.07 (1),  
12          133.09, 134.04 (1), 136.01 (1), 177.015, 178.42 (3) (a), 178.42 (3) (b), 180.0103  
13          (8), 180.0401 (2) (a) 7., 180.0401 (3) (a), 180.1506 (2) (a) 7., 180.1506 (3) (a),  
14          181.0401 (2) (a) 3., 181.0401 (2) (a) 7., 181.0401 (3) (a), 181.1150, 181.1506 (2)

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1 (a) 3., 181.1506 (2) (a) 7., 181.1506 (3) (a), 182.01 (3) (intro.), 182.017 (1),  
2 182.025 (1), 183.0103 (2) (a), 183.0103 (2) (b), 183.0103 (2) (c), 183.0103 (4) (a),  
3 196.01 (5) (b) 1., 196.01 (10), 196.02 (2), 196.025 (5) (ag), 196.09 (1), 196.11 (2),  
4 196.20 (3), 196.20 (4) (a) 2., 196.205 (1m), 196.205 (2), 196.26 (4) (a), 196.28 (4),  
5 196.37 (4), 196.374 (1) (c), 196.378 (1) (k), 196.485 (1) (b), 196.49 (2), 196.491 (1)  
6 (bm), 196.491 (4) (b) 1., 196.495 (1m) (intro.), 196.495 (2), 196.495 (2m), 196.495  
7 (3), 196.495 (4), 196.495 (5), 196.495 (6), 196.495 (7), 196.50 (2) (b), 196.52 (9)  
8 (g), 196.595 (1) (c), 196.605 (1), 196.795 (7) (a) 1. b., 196.796 (1) (hm), 196.807  
9 (1) (a), 196.857 (1g) (c), 196.857 (2m), 199.03 (12), 201.01 (3) (d), 223.105 (1) (b),  
10 231.35 (2) (b), 234.59 (1) (d) 3., 234.622 (7), 285.41 (1) (f), 289.41 (1) (d), 346.50  
11 (1) (c), 347.26 (9), 421.202 (3), 421.301 (28), 445.01 (8), 445.12 (3) (a), 551.22  
12 (12), 560.16 (1) (c) (intro.), 560.17 (1) (b), 560.9801 (1) (b), 560.9801 (3) (a) 7.,  
13 560.9804 (2) (e), 609.01 (2), 609.01 (4), 616.09 (1) (c) 1., 706.05 (2m) (b) 2., 706.09  
14 (3) (a), 815.18 (2) (c), 893.28 (2), 893.33 (5), 946.69 (1) (c) and 990.01 (14); **to**  
15 **repeal and recreate** 59.43 (2) (ag) 1.; and **to create** chapter 193 of the  
16 statutes; **relating to:** unincorporated cooperative associations, granting  
17 rule-making authority, and providing a penalty.

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***Analysis by the Legislative Reference Bureau***

This bill authorizes the creation of a new type of business organization, called an unincorporated cooperative association (UCA). Significant provisions of the bill include:

**ORGANIZATION*****Purpose***

The bill allows a UCA to be organized to market, process, or otherwise change the form or marketability of products (including crops, livestock, and other agricultural products); to manufacture products; to accomplish other purposes that are necessary or convenient to facilitate the production or marketing of products; and to accomplish other purposes that are related to the business of the UCA. In addition,

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a UCA may be organized to provide products, supplies, and services to its members or to accomplish any other lawful purpose.

***Organizers***

A UCA may be organized by one or more organizers, who must be individuals over the age of 18. The organizers may act for themselves as individuals or as the agents of other entities. If the UCA's initial board of directors (board) is not named in the UCA's articles of organization (articles), the organizers may elect the initial board or act as directors with all of the powers, rights, duties, and liabilities of directors, until the initial board is elected or until a contribution is accepted, whichever occurs first.

***Articles***

The organizers of a UCA must file articles with the Department of Financial Institutions (DFI). The bill requires certain information to be listed in the articles. Upon proper filing of the articles, the UCA is chartered as a separate legal entity and it is presumed that the UCA is properly organized. After the articles are filed, the organizers or the board named in the articles, as applicable, must hold an organizational meeting at the call of a majority of the organizers or of the board, as applicable, or perform other acts necessary for the purposes of transacting business and completing the organization of the cooperative. Under the bill, three days notice is required before any such meeting.

The articles of a UCA may be amended as specified in the bill. Generally, the bill requires the board to adopt a resolution stating the text of the proposed amendment and requires a majority of a quorum of members (or greater number, if specified in the articles or bylaws) to approve the amendment. If the UCA has no members with voting rights, the articles may be amended by majority vote of the board.

***Conversion***

A UCA may also be organized by converting from another form of business entity into a UCA under a procedure specified in the bill. Generally, to convert into a UCA, a business entity must amend its organizational documents as necessary and file amended articles with DFI.

***Name of UCA***

The name of a UCA must be distinguishable from the name of all business entities authorized to do business in this state and all names the right to which are, at the time of organization, reserved or provided for by law. The bill also prohibits any business entity from using the term "cooperative" as part of its business name or title, or representing itself as a cooperative, in this state unless the business entity is a UCA, a cooperative organized under current law, or a cooperative organized under a federal law or a law of another state that is consistent with the laws governing a UCA or a cooperative organized under current law.

***Registered office and agent***

The bill requires a UCA to establish and maintain a registered office and registered agent in this state. The bill specifies how the initial registered office and

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agent of a UCA is designated, how a registered office or agent may be changed, and how a registered agent may resign.

***Bylaws***

The bill requires a UCA to have bylaws, which must be adopted before any distributions to members or, if the articles or bylaws provide that rights of certain contributors will be determined in the bylaws, before the acceptance of any such contribution. Under the bill, the bylaws must contain provisions governing the UCA's business affairs and structure; the qualifications, classification, rights, and obligations of members; and the classifications, allocations, and distributions of membership interests which are not otherwise provided in the articles or by statute. The bylaws may contain any provision relating to the management or regulation of the affairs of the cooperative that is not inconsistent with applicable law or the articles. In addition, the bill specifies certain information that must be listed in the bylaws if the information is not stated in the articles. This information includes, among other things, provisions concerning classes of member interests, rights to share in profits or distributions of the UCA, voting and governance rights, transfers of member interests, and the election and operation of the board.

With certain exceptions, the bylaws may be adopted or amended by the board. In addition, the bill specifies a procedure by which the members may adopt or amend bylaws at a regular or special members' meeting. The board may not amend the bylaws if the articles, the bylaws, or the statutes reserve the power exclusively to the members; the bylaws expressly prohibit the board from doing so; or the amendment would fix a greater quorum or voting requirement for members or would amend such a provision adopted by members as provided under the bill. Furthermore, a bylaw that fixes a greater quorum or voting requirement for the board generally may be amended only by the members, if the bylaw was originally adopted by the members, or by either the members or the board, if the bylaw was originally adopted by the board.

Unless the articles or bylaws provide otherwise, the bill also allows the board to adopt emergency bylaws for certain purposes if a quorum of the directors cannot be obtained because of a catastrophic event.

***Required records***

The bill requires a UCA to keep a permanent record of the minutes of all meetings of its members and of the board, all actions taken by the members or the board without a meeting by a written unanimous consent in lieu of a meeting, and all waivers of notices of meetings of the members and of the board. In addition, a UCA must maintain appropriate accounting records. The bill also specifies certain records that a UCA must keep at its principal office. With certain exceptions, the bill allows the board to determine what records are appropriate for the purposes of the cooperative, the length of time records are to be retained, and, policies relating to the confidentiality, disclosure, inspection and copying of records.

**POWERS**

The bill allows a UCA to do all of the following:

- 1) Perform every act necessary or proper to the conduct of its business or the accomplishment of the purposes of the UCA.

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2) Exercise all rights, powers, and privileges granted to a cooperative organized under current law, except those that are inconsistent with an express provision of the law governing the UCA.

3) Buy, sell, or deal in its own products or the products of any other person and negotiate the sales price of any product the UCA sells.

4) Enter into or become a party to a contract for the UCA or for the UCA's individual members or patrons or between the UCA and its members.

5) Acquire and hold, lease, mortgage, encumber, sell, exchange and convey real and personal property as the business of the UCA may require.

6) Act as a trustee or in any fiduciary capacity for any purpose not inconsistent with the purposes of the UCA.

7) Issue bonds and other debt instruments, borrow money, grant security interests, and invest.

8) Make certain advances to members or patrons.

9) Accept donations.

10) Loan money to and borrow money from its members.

11) Pay pensions, retirement benefits, and compensation for past services to or for the benefit of the cooperative.

12) Establish and carry out employee benefit plans and provisions for the benefit of any or all of its and its affiliates' officers, managers, directors, governors, employees, and agents. If an affiliate is another UCA, the UCA may establish and carry out provisions for the benefit of the affiliate's members who provide services to the UCA, and the families, dependents, and beneficiaries of any of them.

13) Indemnify a fiduciary of any employee benefit plan or provision described in item 12), above, and purchase insurance for or on behalf of such a fiduciary.

14) Purchase certain types of insurance.

15) Acquire, hold, or dispose of ownership interests in other business entities.

16) Organize business entities.

17) Acquire ownership interests in or organize a federation of organizations conducting business on a cooperative plan under the laws of any state, an entity that is organized for the purpose of forming a district, state, or national marketing, sales, or service agency, or an entity that is organized for the purpose of acquiring marketing facilities at terminal or other markets in this state or other states.

18) Effect the forfeiture to the UCA of unclaimed allocations, distributions, or credits, unclaimed stock issued by the UCA, and unclaimed deposits held by the UCA, if certain conditions are met. A UCA must use any such forfeited money within one year after the date on which the funds are forfeited for providing scholarships or educational loans to students or for charitable purposes, as determined by the board.

19) Exercise certain emergency powers in anticipation of or during any time that a quorum of the directors cannot be obtained because of a catastrophic event.

20) Enter into a marketing contract with its patron member or patron, requiring the patron member or patron to sell a specified portion of the patron member's or patron's agricultural product or specified commodity produced from a specified area exclusively to or through the cooperative or a facility established by

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the cooperative. The bill specifies who has title to a commodity or product subject to such a contract, the permissible term of such a contract, and certain remedies that are available to a UCA for breach or anticipated breach of such a contract. The bill also includes a civil and a criminal penalty for knowingly inducing or attempting to induce a patron member or patron to breach such a contract or for maliciously and knowingly publishing false reports about the finances or management of the UCA.

21) Provide indemnification concerning certain securities laws claims.

**DIRECTORS AND OFFICERS*****Board authority and selection of directors***

A UCA under the bill is governed by its board, which is required to take all action for and on behalf of the UCA except those actions reserved or granted to members. The bill specifies that each director has a fiduciary duty to represent the best interests of the cooperative and all members collectively. The voting authority of the directors may be allocated according to allocation units or equity classifications of the UCA if the directors elected by patron members have at least 51 percent of the voting authority on general matters of the UCA or the directors elected by patron members do not have minority voting authority on general matters of the UCA.

The board must have at least five directors, except that the board of a UCA with 50 or fewer members may have as few as three directors. Generally, unless the directors represent districts or units, the directors must be elected at a regular members' meeting. Unless the articles or bylaws so provide, directors may not be elected through the use of any system of voting that permits a voter to allocate multiple votes among eligible candidates.

A majority of the directors must be members and a majority of the directors must be elected exclusively by patron members, unless otherwise provided in the articles or bylaws. Any member that is a business entity or other organization may nominate one or more individuals as candidates for election as a director, unless the articles or bylaws provide otherwise. The bill also authorizes the patron members to elect an outside director who is an expert in financial matters but who has no financial interest in the UCA. An outside director may not receive any compensation other than authorized per diem reimbursements and, unless the articles or bylaws provide otherwise, may not vote. For other directors, the board may fix a rate of compensation, subject to any limits under the articles or bylaws.

The bill specifies how a director may be removed from office, either by the board or by the members, and the manner in which a replacement director may be elected. The bill also permits a director to resign. Furthermore, the bill provides a method for filling any vacancy in the office of director. The method varies depending upon whether the office is filled solely by election of the patron members.

***Board meetings***

In addition to a typical board meeting, the bill allows a UCA to hold a “virtual board meeting” by utilizing a means of communication through which the directors may simultaneously hear each other during the meeting. Also, a director may participate in any meeting of the board at which other directors are physically present by utilizing a means of communication through which the director, all other directors so participating, and all directors physically present may simultaneously

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hear each other during the meeting. To the extent permitted in the articles or bylaws, the bill also allows a director to give advance written consent or opposition to a proposal to be acted on at a board meeting. If the director is not present at the meeting, the writing does not constitute presence for purposes of determining the existence of a quorum. However, if the proposal to be acted on at the meeting is substantially the same or has substantially the same effect as the proposal to which the director has consented or opposed, the writing must be counted as the vote of the director as though the director was present at the meeting.

With certain exceptions, unless the articles or bylaws provide for a different time period, a director may call a board meeting by giving at least ten days' notice or, in the case of organizational meetings, at least three days' notice to all directors as specified in the bill. If the day, time, and place of a board meeting are provided in the articles or bylaws, or announced at a previous board meeting, no notice of the meeting is required. Also, notice that an adjourned meeting will be reconvened need not be given other than by announcement at the meeting at which adjournment is taken. The bill also permits a director to waive notice of a board meeting by giving a waiver of notice before, at, or after the meeting. In addition, attendance by a director at a board meeting is a waiver of notice of that meeting, unless the director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting after the objection.

The bill specifies that, unless otherwise provided in the articles or bylaws, a majority of the directors currently holding office is a quorum for the transaction of business. Any director who objects at the beginning of a board meeting to the transaction of business because the meeting is not lawfully called or convened and who fails to participate in the meeting after the objection is not considered as present at the meeting for purposes of determining whether a quorum is present. In the absence of a quorum, a majority of the directors present may adjourn a meeting until a time when a quorum is present. In addition, if a quorum is present when a meeting is properly convened, the directors present may continue to transact business until adjournment, even though the withdrawal of a number of directors originally present leaves less than a quorum.

With certain exceptions, the board may take action only by the affirmative vote of a majority of directors present at a meeting at the time the action is taken or a majority of the minimum number of directors that would constitute a quorum for the transaction of business at the meeting. In the latter case, if the action is taken with the authorization of less than all directors, the authorizing directors must ensure that all other directors are notified immediately of the action and its effective date. Failure to provide the notice does not invalidate the action, but any director who did not authorize the action may not be held liable as a result of the action.

As noted, there are certain exceptions to the affirmative vote requirement. Any director who objects at the beginning of a board meeting to the transaction of business because the meeting is not lawfully called or convened and who fails to participate in the meeting after the objection may not be considered as present at the meeting for purposes of the majority vote requirement. Also, unless the articles or

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bylaws provide otherwise, any action required or permitted to be authorized at a board meeting may be authorized without a meeting if that action is authorized by all directors and is evidenced by one or more written statements, signed by each director, describing and consenting to the action. Furthermore, the articles or bylaws may allow the board to take any other action on behalf of the cooperative, other than an action requiring member approval, without a board meeting, if the action is authorized by the number of directors that would be required to approve the action at a board meeting at which all directors were present and if the action is evidenced by one or more written statements as described above.

***Board authority over UCA property***

The bill allows the board to sell, lease, transfer, or otherwise dispose of all or substantially all of the UCA's property in the usual and regular course of the UCA's business. In addition, the board may sell, lease, transfer, or otherwise dispose of all or substantially all of the UCA's property not in the usual and regular course of the UCA's business if the UCA's accountant has given the board an opinion that the UCA cannot continue as an ongoing business and is under financial duress, the board has given notice to the members of the impending or potential disposition prior to the disposition, and the board has determined that failure to proceed with the disposition would be adverse to the interests of the members and the UCA.

Under the bill, the board may grant a security interest in all or substantially all of the UCA's property whether or not in the usual and regular course of the UCA's business and may transfer any or all of the UCA's property to a business entity all the ownership interests of which are owned by the UCA. In addition, for purposes of debt financing, the board may transfer any or all of the UCA's property to a special purpose entity owned or controlled by the UCA for an asset securitization.

***Officers***

The bill requires the board to elect a chairperson and one or more vice-chairpersons and to elect or appoint a records officer and a financial officer (or a combined records and financial officer). The chairperson and first vice-chairperson must each be a director and a member. The board may employ a chief executive officer to manage the day-to-day affairs and business of the UCA and may elect additional officers as the articles or bylaws authorize or require.

***Audit committee***

The bill requires the board to establish an audit committee, consisting of members who will ensure an independent review of the UCA's finances, to review the financial information and accounting reports of the UCA. The board must present audited financial statements to the members unless the articles or bylaws permit unaudited financial statements, the financial statements clearly state that they are not audited, and the financial statements described the difference between the financial statements and audited financial statements that are prepared according to generally accepted accounting processes.

***Other committees***

The board, by resolution, may establish other committees having the authority of the board in the management of the business of the UCA. The board may also



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establish a special litigation committee, consisting of one or more independent directors or other independent persons, to consider the legal rights of and remedies available to the UCA and whether those rights should be enforced and those remedies should be pursued. The bill specifies that a special litigation committee is not subject at all times to the direction and control of the board. Under the bill, the establishment of a committee does not alone satisfy certain requirements relating to the standard of conduct of directors. The bill also states that certain duties of directors are also applicable to committee members and, with certain exceptions, allows the articles or bylaws to eliminate or limit the liability of committee members to the UCA or its members for violation of these duties.

***Conduct of directors***

Under the bill, a director must discharge the duties of the office of director in good faith, in a manner the director reasonably believes to be in the best interests of the UCA, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. A director who so performs his or her duties may not be held liable by reason of being or having been a director. The bill allows a director to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by certain specified persons, unless the director has knowledge that makes the reliance unwarranted. The specified persons include certain officers or employees of the cooperative; counsel, public accountants, or other persons as to matters that the director reasonably believes are within the person's professional or expert competence; and certain committees of the board on which the director does not serve. In addition, under the bill, a director who is present at a meeting of the board when an action is approved by the board is presumed to have assented to the action approved, unless the director is prohibited by a conflict of interest from voting on the action, objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and fails to participate in the meeting after the objection, or votes against the action at the meeting.

The bill also voids certain contracts and transactions entered into by a UCA if specified conflicts of interest exist. Thus, with certain exceptions, a contract or transaction between a UCA and a director; a director's spouse, parent, child, or sibling; the spouse of a director's child or sibling; or a sibling of a director's spouse is void. With certain exceptions, the bill similarly voids any contract or transaction between a UCA and a business entity of which a director is a governor, director, manager, officer, or legal representative or has a material financial interest; a director's spouse, parent, child, or sibling is a governor, director, manager, officer, or legal representative or has a material financial interest; the spouse of a director's child or sibling is a governor, director, manager, officer, or legal representative or has a material financial interest; or a sibling of the director's spouse is a governor, director, manager, officer, or legal representative or has a material financial interest.

Under the bill, such a contract or transaction is not void if the contract or transaction is fair and reasonable as to the UCA at the time it is authorized or ratified by the UCA and requirements relating to disclosure of the conflict are satisfied. Also, such a contract or transaction is not void if the contract or transaction is a

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distribution, is a contract or transaction that is made available to all members or patron members as part of the cooperative's business, or is the result of a resolution fixing the compensation of a director or of another officer, employee, or agent of the UCA.

***Limitation of liability and indemnification***

Under the bill, the articles or bylaws may eliminate or limit a director's personal liability to the UCA or its members for monetary damages for violating, among other things, the requirement that the director discharge the director's duties with ordinary care. However, neither the articles nor the bylaws may eliminate or limit the liability of a director for any of the following:

- 1) A breach of the director's duty of loyalty to the UCA or its members.
- 2) An act or omission not in good faith or that involves intentional misconduct or a knowing violation of law.
- 3) A transaction from which the director derived an improper personal benefit.
- 4) An act or omission occurring before the date on which the provision in the articles or bylaws eliminating or limiting liability becomes effective.
- 5) A knowing violation of certain securities laws or illegal distributions of the UCA's assets.

Unless the articles or bylaws provide otherwise, the bill requires a UCA to indemnify certain current and former officers and agents of the UCA who are made or threatened to be made a party to litigation. The bill includes procedures that must be followed in determining whether a person is entitled to indemnification, including, in some cases, a determination by a court. The indemnification required under the bill must cover judgments, penalties, and fines applicable to a proceeding, against excise taxes assessed against the current or former officer or agent with both respect to an employee benefit plan and against settlements and reasonable expenses, including certain attorney fees and disbursements. Generally, indemnification is required only if another person is not already providing indemnification against the same amounts, the current or former officer or agent acted in good faith, and the current or former officer or agent did not receive an improper personal benefit or commit an act for which liability cannot be eliminated or limited under the laws governing the UCA.

In the case of a criminal proceeding, indemnification is only required if the current or former officer or agent had no reasonable cause to believe the acts or omissions were unlawful. Also, in the case of acts or omissions committed in an official capacity, as defined in the bill, indemnification is only required if the current or former officer or agent reasonably believed that the acts or omissions were in the best interests of the UCA or predecessor UCA or were not opposed to the best interests of the UCA or predecessor UCA. The bill further specifies that, if the acts or omissions relate to conduct as a director, officer, trustee, employee, or agent of an employee benefit plan, the conduct is not considered to be opposed to the best interests of the UCA or predecessor UCA if the current or former officer or agent reasonably believed that the conduct was in the best interests of the participants or beneficiaries of the employee benefit plan.

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Unless the articles or bylaws provide otherwise, the current or former officer or agent is entitled, upon written request, to payment or reimbursement by the UCA of reasonable expenses, including attorney fees and disbursements, incurred by the current or former officer or agent in advance of the final disposition of the proceeding. The current or former officer or agent must provide the UCA with a written statement that he or she believes in good faith that the applicable criteria for indemnification have been satisfied, along with a written undertaking to repay all amounts so paid or reimbursed by the UCA if it is ultimately determined that the criteria have not been satisfied. The UCA must accept the written undertaking without reference to the current or former officer's or agent's financial ability to make the repayment. If a court determines that the UCA unreasonably refused a director's or officer's request for indemnification, the court must order the UCA to pay the officer's or director's reasonable expenses incurred to obtain the court-ordered indemnification.

The bill requires a UCA that indemnifies or advances expenses to a person under these provisions to report to the members in writing the amount of the indemnification or advance and to whom and on whose behalf it was paid not later than the date of the first members' meeting occurring after the payment. In addition, the bill allows a UCA to purchase and maintain insurance on behalf of a person in that person's official capacity against any liability asserted against and incurred by the person in or arising from that capacity, whether or not the UCA would otherwise be required to indemnify the person against the liability.

**MEMBERS*****General provisions***

The bill requires a UCA to have at least one patron member. Members may be grouped in districts or units, or on another basis, as authorized in the articles or bylaws. Under the bill, the board may require a member who knowingly, intentionally, or repeatedly violates a provision of the articles or bylaws, or certain contracts with the UCA, to surrender the member's membership interest or the member's governance rights or financial rights. Under the bill, a person is not personally liable for the acts, debts, liabilities, or obligations of a UCA merely on account of the person's status as a member.

***Inspection of records***

The bill allows a member to inspect and copy any of the required records of the UCA, if certain conditions are satisfied. However, a member generally may not inspect or copy any records relating to the amount of equity capital in the UCA held by any person or any accounts receivable or other amounts due the UCA from any person, or any personnel records or employment records relating to any employee of the UCA. The bill also includes a procedure that applies if the UCA refuses to allow a person to inspect or copy records that the person is entitled to inspect or copy.

***Annual members' meeting***

Unless the articles or bylaws provide otherwise, a UCA must hold an annual members' meeting. At the annual members' meeting, the officers must submit reports to the members covering the business of the UCA for the previous fiscal year

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and indicating the condition of the UCA at the close of the fiscal year. The bill specifies notice requirements applicable to the annual members' meeting, which apply to each member unless waived or limited as provided under the bill. Insufficient notice does not invalidate any action taken at the annual members' meeting.

***Special members' meetings***

The bill allows a special meeting of the members to be called by the board or, if certain requirements are satisfied, by petition of the members. The bill specifies notice requirements applicable to a special members' meeting, which apply to each member unless waived or limited as provided under the bill. Insufficient notice does not invalidate any action taken at the special members' meeting.

***Virtual members' meeting***

In addition to a typical meeting, the bill allows a UCA to hold a "virtual members' meeting" in a manner similar to the way a virtual board meeting is held. The bill requires a UCA that holds a virtual members' meeting to implement reasonable measures to verify that each person participating in the meeting by a means of communication is a member and to provide each member participating in the meeting by a means of communication with a reasonable opportunity to actively participate. A participating member must have an opportunity to read or hear the proceedings of the meeting substantially concurrently with those proceedings, to have his or her remarks heard or read by other participants in the meeting substantially concurrently with the making of those remarks, if allowed by the procedures governing the meeting, and, if otherwise entitled, to vote on matters submitted to the members.

***Actions without a members' meeting***

Unless the articles or bylaws provide otherwise, this bill allows a UCA to take any action required or permitted to be authorized at a members' meeting without holding such a meeting, if that action is authorized by all members and is evidenced by one or more written statements, signed by each member, describing and consenting to the action. Also, the articles or bylaws may allow the members to authorize any other action on behalf of the UCA, other than an action requiring board approval, without a members' meeting, if the action is authorized by the number of members that would be required to approve the action at a members' meeting at which all members were present and if the action is evidenced by one or more written statements, signed by each authorizing member, describing and consenting to the action.

***Quorum and voting requirements***

Unless the articles or bylaws provide otherwise and with certain exceptions relating to votes by class or series of membership interests, a quorum for the transaction of business at a members' meeting is 10 percent of the total number of members for a UCA with 100 or less members and 15 percent of the total number of members for any other UCA. With certain exceptions, the bill allows the members to take action by the affirmative vote of the greater of a majority of the voting power of the membership interests present and entitled to vote on that item of business, a

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majority of the voting power that would constitute a quorum, or the proportion of voting power specified by law or in the articles or bylaws, or a specified contract between the member and the UCA. Under the bill, any member who objects at the beginning of a members' meeting to the transaction of business because the meeting is not lawfully called or convened and who fails to participate in the meeting after the objection may not be considered as present at the meeting for purposes of determining whether quorum and voting requirements are satisfied.

***Allocation of voting rights***

Under the bill, all patron members collectively have one vote on each issue that patron members may vote upon. Generally, the collective vote of the patron members must be determined by the vote of the majority of patron members voting on the issue. With certain exceptions, in determining the collective vote of patron members, each patron member has one vote on the issue. The bill also provides for voting by delegates if the UCA has districts or other units and, in certain cases, allows a patron member to receive an additional vote. Unless the articles or bylaws provide otherwise, no issue that patron members may vote upon may be approved unless, in determining the collective vote of the patron members, the number of patron members voting to approve the issue is a majority of all members voting on the issue. If nonpatron members are authorized, the articles or bylaws may not reduce the required number of patron members voting to approve the issue to less than 51 percent of the total member vote.

The bill allows the board to limit voting rights to members as of a date certain. Under the bill, the board may establish a date for the determination of membership interests entitled to notice of and entitled to vote at a members' meeting. The date established by the board may not be more than 60 days before the date of the meeting. If such a date is established, only members as of that date are entitled to notice of and may vote at that meeting.

Under the bill, if a membership interest is owned jointly by two or more persons, any one of the owners may vote based upon that membership interest, unless the UCA receives written notice from any of the owners denying the authority of that person to vote. If a member has more than one vote, the member may allocate the votes in any way the member chooses. The bill also specifies how votes may be cast by proxies, business entities, subsidiaries of the UCA, and certain fiduciaries and under what circumstances a UCA or its subsidiary may vote membership interests held in a fiduciary capacity.

The bill also allows any nonmember or class of nonmember to vote at a members' meeting in the same manner as patron members are permitted to vote, if authorized by the articles or bylaws.

***Member authority over UCA property***

With certain exceptions, the bill allows a UCA to sell, lease, transfer, or otherwise dispose of all or substantially all of its property and assets not in the usual and regular course of its business, upon those terms and conditions that the board considers expedient, when approved by the affirmative vote of the members owning a majority of the voting power of the interests entitled to vote. The bill requires

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written notice of any members' meeting at which such a vote will be taken to be given to all members.

**MEMBERSHIP INTERESTS*****Generally***

The bill generally permits a UCA to increase, decrease, establish, or alter the authorized amount and divisions of membership interests by amending the articles or the bylaws. A membership interest is personal property and does not give the owner of the interest any interest in specific cooperative property. A UCA may issue authorized membership interests on terms and conditions prescribed in the articles or bylaws or, if authorized in the articles or bylaws, on terms and conditions determined by the board. The bill specifies disclosures that a UCA must make to any person to whom a membership interest is issued and to other members. A UCA may not issue a membership interest to any person unless the subscription price of the membership interest has been paid for in money or property. Any subscription price paid for in property must be approved by the board. The bill includes provisions that apply if records of membership interests or UCA securities are missing.

***Patron membership interests***

A UCA may have patron members, who must engage in certain transactions for or with the UCA as a condition of receiving financial rights or distributions. A UCA may also have nonpatron members. With certain exceptions, if a UCA has patron members, all patron membership interests, collectively, must have not less than 51 percent of the UCA's financial rights to profit allocations and distributions. The bill allows a UCA to amend its articles, by a majority vote of patron members, to reduce this required percentage to as little as 30 percent. Any amendment to provide for a reduced percentage must be approved by affirmative vote of the patron members.

***Nonpatron membership interests***

The bill requires each person to whom a membership interest, other than a patron membership interest, is issued to sign a member control agreement (see below for definition) or a statement agreeing to abide by any applicable conditions imposed under the bylaws. Unless the bylaws contain a sufficient description, the UCA must provide each person to whom a nonpatron membership interest is issued a description of the rights and obligations applicable to holders of that nonpatron membership interest, the transferability of that nonpatron membership interest, and the manner in which profits and losses are divided and allocated among the membership interests and membership classes.

***Transfer and reacquisition of membership interests***

A membership interest may be transferred with the approval of the board. The bill, though, allows a restriction on the transfer or registration of a transfer of membership interests to be imposed by various methods. Such a restriction is not binding with respect to membership interests issued prior to the adoption of the restriction, unless the holders of those membership interests are parties to the agreement or voted in favor of the restriction. Such a restriction is enforceable only if it is not manifestly unreasonable under the circumstances. In addition, such a restriction is enforceable only if the restriction is disclosed as provided in the bill, is

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imposed under the law governing the UCA or is included in the articles or bylaws, or relates to an uncertificated membership interest and is included in information sent to the holders of such a membership interest.

The articles or bylaws may provide the patron members, individually or collectively, or the UCA with the first privilege of purchasing the membership interests of any class of membership interests offered for sale. In addition, unless the articles or bylaws provide otherwise, a nonpatron member may force the UCA to acquire the member's nonpatron membership interests if the articles or bylaws are amended in a manner that materially and adversely affects the rights and preferences applicable to the nonpatron membership interests of the nonpatron member. The bill provides a procedure that applies to a nonpatron member who intends to force such an acquisition. The bill also contains provisions concerning the wrongful transfer of certain UCA securities.

***Allocation of profits, losses, and distributions***

The bill specifies that, unless otherwise provided in the articles or bylaws, the allocation of profits and losses among nonpatron membership interests individually and patron membership interests collectively shall be based on the value of contributions to capital made according to the patron membership interests collectively and the nonpatron membership interests individually. Also, if not otherwise provided in the articles or bylaws, distributions of the UCA must be made on the basis of value of the capital contributions of the patron membership interests collectively and the nonpatron membership interests individually.

***Assignment of financial rights***

With certain exceptions, a member's financial rights in a UCA are transferable in whole or in part. An assignment of a member's financial rights under the bill entitles the assignee to receive, to the extent assigned, only the share of profits and losses and the distributions to which the assignor would otherwise be entitled. An assignment does not dissolve the UCA and does not entitle or empower the assignee to become a member, to exercise any governance rights, to receive any notices from the UCA, or to cause dissolution. In addition, the assignment may not allow the assignee to control the member's exercise of governance or voting rights.

The bill allows a restriction on such an assignment to be imposed in the articles, in the bylaws, in a member control agreement (see below for definition), by a resolution adopted by the members at a members' meeting, or by an agreement among members and the UCA. A restriction may not affect financial rights reflected in the required records of the UCA before the adoption of the restriction, unless the owners of those financial rights are parties to the agreement or voted in favor of the restriction. Also, a restriction generally is enforceable only if it is not manifestly unreasonable under the circumstances and is noted conspicuously in the required records of the UCA.

The bill also allows a security interest in a member's financial rights to be foreclosed and otherwise enforced, and allows a secured party to assign a member's financial rights in accordance with the chapter of the Uniform Commercial Code dealing with investment securities, without the consent or approval of the member whose financial rights are subject to the security interest.

**ASSEMBLY BILL 327*****Statement of membership interest***

The bill requires a UCA, upon the request of any member, to state in writing the particular membership interest owned by that member. The statement must also describe the member's rights to vote, if any, and to share in profits, losses, and distributions, restrictions on assignments of the member's financial rights or voting rights, and any assignment of the member's rights then in effect other than a security interest.

***Terms of membership interests***

Unless the articles or bylaws provide otherwise, all membership interests must be of one class, without series. The membership interests must be patron membership interests and, if authorized, nonpatron membership interests with specified voting rights. Unless the articles or bylaws provide otherwise, the membership interests must have equal rights and preferences in all matters not otherwise provided for by the board. The rights and preferences of membership interests may be made dependent upon facts ascertainable outside the articles or bylaws, or outside the resolution or resolutions establishing the particular class or series of membership interest, if certain disclosure requirements are satisfied. In addition, the rights and preferences may include by reference some or all of the terms of any agreements, contracts, or other arrangements entered into by the UCA in connection with the establishment of the particular class or series of membership interests, if the cooperative retains at its principal office a copy of the operative provisions in the agreements, contracts, or other arrangements.

The bill allows a UCA to specify in the articles or bylaws, or by resolution, that membership interests are subject to the right of the UCA to redeem the membership interests at a price fixed in the articles or bylaws or by the board; that owners of the membership interests may receive cumulative, partially cumulative, or noncumulative distributions; that particular membership interests may have preference over any other class or series of membership interests for the payment of distributions; that the membership interests may be convertible into membership interests of any other class or series; and that, with certain exceptions, the membership interests may have full, partial, or no voting rights. The bill allows the board, by resolution, to establish a class or series of membership interests, set forth the designation of the class or series, and fix the relative rights and preferences of the class or series.

The bill specifies that a subscriber for membership interests or a member is under no obligation to the UCA or its creditors with respect to the membership interests subscribed for or owned, except to pay to the UCA the full consideration for which the membership interests are issued or to be issued.

***Judgment creditors***

The bill generally allows a court to order the payment of an unsatisfied judgment from a member's or an assignee's financial rights in a UCA.

***Powers of estates and fiduciaries***

If a member who is an individual dies or a court adjudges the member to be incompetent to manage his or her person or property, or an order for relief under a



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judgment of bankruptcy is entered with respect to the member, the member's executor, administrator, guardian, conservator, trustee, or other legal representative may exercise all of the rights applicable to the member's membership interest for the purpose of settling the estate or administering the member's property. In addition, if a member is not an individual and is dissolved, terminated, or placed by a court in receivership or bankruptcy, the member's legal representative or successor may exercise all of the rights applicable to the member's membership interest. However, in certain circumstances, if the member's membership interest is terminated, the terminated member's interest is considered to be that of an assignee of financial rights and the rights to be exercised by the executor, administrator, guardian, conservator, trustee, legal representative, or successor are limited accordingly.

***Certificated membership interests***

The bill allows a UCA to issue certificated membership interests. The UCA must provide each holder of a certificated membership interest with a certificate of membership interest as described under the bill. Among other things, a certificate of membership interest must contain the name of the cooperative; a statement that the cooperative is organized under the laws of this state and the laws established in this bill; the name of the person to whom the certificate is issued; the number and class of membership interests, and the designation of the series, if any, that the certificate represents; a statement that membership interests are subject to the articles and bylaws; and any restrictions on transfer of the membership interests that the certificate represents. This required information may be stated by reference to the back of the certificate or to another document. A certificate of membership interest is legally presumed to be proof of the ownership of the membership interest that the certificate represents. The bill contains a procedure for the issuance of replacement certificates of membership.

***Uncertificated membership interests***

Unless prohibited by the articles or bylaws, the board may adopt a resolution permitting uncertificated membership interests. With certain exceptions, the UCA must give each person who obtains an uncertificated membership interest a statement containing the information required to be stated on certificates. Holders of certificated and uncertificated membership interests of the same class and series generally have identical rights and obligations.

**CONTRIBUTIONS, ALLOCATIONS, AND DISTRIBUTIONS.*****Generally***

If authorized by the board, a UCA may accept a contribution, make agreements requiring a member or potential member to make a contribution as a condition of membership or receipt of a membership interest, and make agreements providing a person with rights to make a contribution. A person may make a contribution to a UCA under the bill by paying money or transferring property to the UCA or performing services to or for the benefit of the UCA, or by promising, in writing, to make such a payment or transfer or perform such services. Under the bill, no purported contribution is an actual contribution until it is accepted by the board, given a value, and recorded accordingly.

**ASSEMBLY BILL 327*****Value of contributions***

Under the bill, the value accorded to a contribution by the board is legally presumed to be proper if the board acted in good faith and on the basis of methods that are reasonable under the circumstances. The bill specifies that directors who are present and entitled to vote, and who, intentionally or without reasonable investigation, fail to vote against approving a consideration that is unfair to the UCA, or who overvalue property or services received or to be received by the UCA as a contribution, are jointly and severally liable to the UCA for the benefit of the members who did not consent to and are damaged by the consideration or overvaluing of property or services.

The bill requires a UCA to restate the value of all existing contributions upon acceptance of a new contribution. The bill requires the board to follow a specific procedure to calculate the restated value of the contributions, unless a different procedure is provided in the articles or bylaws.

***Contribution agreements***

As noted above, the board may make agreements requiring a member or potential member to make a contribution as a condition of membership or receipt of a membership interest. Such an agreement, called a contribution agreement, must be in writing and signed by each person required to make a contribution under the agreement. A person's rights under a contribution agreement generally may not be assigned to nonmembers. Under the bill, a contribution agreement is irrevocable for a period of six months, unless otherwise provided in the contribution agreement or unless each person required to make a contribution under the agreement and, if in existence, the UCA consents to a different period. Unless the contribution agreement provides otherwise, all payments or other actions required under the agreement must be made or taken at the time or times determined by the board. The bill requires the board to ensure that any call for a person to make a payment or perform an action required under a contribution agreement is made uniformly to all membership interests of the same class or series.

Unless the contribution agreement provides otherwise, if a person fails to make a payment required under the contribution agreement, the UCA may bring an action for breach of contract, sell any membership interests that are subject to the contribution agreement and bring an action to collect any deficiency, or cancel the contribution agreement. The bill further requires any person who fails to make a required contribution of property or services to pay to the UCA an amount equal to that portion of the value of the contribution that has not been made, as stated in the UCA's required records.

A UCA may sell membership interests as described above only if the amount due under the contribution agreement relating to those membership interests remains unpaid for a period of 20 days after the UCA gives written notice of demand for payment. The total offering price of the membership interests in such a sale must be at least the amount of the balance owed by the person, plus the expenses incidental to the sale. After such a sale, the UCA must pay to the person whose interest was sold either the amount by which the proceeds of the sale, less the expenses incident to the sale and any additional amounts the person is required to

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pay under the terms of the contribution agreement, exceeds the amount of the payment the person failed to make or the total amount paid by the person under the contribution agreement, whichever is less.

A UCA may cancel a contribution agreement as described above only if the amount due under the contribution agreement remains unpaid for a period of 20 days after the UCA gives written notice of demand for payment to the person required to make the payment. Unless the contribution agreement provides otherwise, if the UCA cancels a contribution agreement, the UCA may retain any payments made as provided in the contribution agreement.

***Contribution rights agreements***

As noted above, the board may make agreements to provide a person rights to contribute to the UCA. These agreements, called contribution rights agreements, must be in writing, although they may incorporate terms by reference. A person's rights under a contribution rights agreement generally may not be assigned to nonmembers.

***Allocations of profits, losses, and distributions between members***

The bill generally requires profits and losses to be allocated between patron membership interests collectively and nonpatron membership interests collectively on the basis of the value of contributions received from patron membership interests collectively and nonpatron membership interests collectively. However, the allocation of profits to patron membership interests collectively in a fiscal year may not be less than 51 percent of the total profits for that fiscal year, except that, in certain circumstances, this allocation may be reduced to as little as 30 percent of the total profits.

The bill requires the articles or bylaws to prescribe the manner in which cash or other assets of a UCA will be distributed among the membership interests of the UCA. Unless the articles or bylaws provide otherwise, a UCA must distribute cash or other assets to patron membership interests collectively and nonpatron membership interests collectively on the basis of the value of contributions received from patron membership interests collectively and nonpatron membership interests collectively. As above, the distributions to patron membership interests collectively in any fiscal year may not be less than 51 percent of the total distributions for that fiscal year, except that in certain circumstances this required distribution may be reduced to as little as 30 percent of the total distributions.

***Allocations and distributions of profit to patron members***

The bill allows a UCA to set aside any portion of profits allocated to the patron membership interests that the board determines is advisable for the purpose of creating or maintaining a capital reserve. The bill also allows the board to set aside, from the portion of profits allocated to the patron membership interests, an amount not to exceed 5 percent of the annual net income of the UCA for promoting and encouraging cooperative organization and any amount for reserves for new buildings, machinery and equipment, depreciation, losses, and other proper purposes.

At least once per year, a UCA must allocate and distribute to patron members (and, if authorized in the bylaws, to nonmember patrons) all profits allocated to

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patron members in excess of dividends on equity and additions to reserves. These distributions must be made on the basis of patronage, except that any distributions to nonmember patrons must be made as provided in the bylaws. A cooperative may establish allocation units and pooling arrangements and may account for and distribute net income to patrons on the basis of allocation units and pooling arrangements. A cooperative may offset the net loss of an allocation unit or pooling arrangement against the net income of other allocation units or pooling arrangements. Distributions may be made in the form of cash, capital credits, allocated patronage equities, revolving fund certificates, or securities. In addition, if a nonmember patron with patronage credits is not qualified or eligible for membership, the UCA may credit to the nonmember patron's account a refund due to the nonmember patron. The board may issue a certificate of interest to reflect any such credit and, after the board issues such a certificate, the patron may receive distributions of profits in the same manner as a patron member.

***Member control agreements***

With certain exceptions, the bill allows any person who has entered into a subscription or contribution agreement, or any member, to enter into a written agreement with the UCA that relates to the control of or the liquidation, dissolution, or termination of the UCA, or any phase of the business and affairs of the UCA. Such an agreement, called a member control agreement, may not take effect unless it is signed by all persons who are then members and all persons who have entered into contribution agreements. A member control agreement may not relate to voting rights of patron members or patron member allocation and distribution provisions. The bill allows any result that is required or permitted to be accomplished through a provision in the bylaws to also be accomplished through a member control agreement.

***Unclaimed property***

The bill allows a UCA to distribute any abandoned property in its possession to an entity that is exempt from taxation under section 501 (a) of the Internal Revenue Code, rather than delivering the property to the state treasurer under the unclaimed property law. The bill allows the articles or bylaws to extinguish the rights of the owner of the abandoned property upon distribution to the tax exempt entity.

**MERGER AND CONSOLIDATION*****Generally***

The bill generally allows a UCA to merge or consolidate with any business entity to the extent permitted by the applicable law of the jurisdiction under whose laws the surviving business entity will be organized. To execute a merger or consolidation, the board must prepare a plan of merger or consolidation and notify each member of the proposed merger or consolidation. The plan must then be approved by a specified vote of the members and articles or merger or consolidation must be filed with DFI.

**ASSEMBLY BILL 327*****Merger of subsidiary or parent without member approval***

The bill generally allows a parent UCA that owns at least 90 percent of the outstanding ownership interests of each class and series of a subsidiary business entity to merge the subsidiary into the parent or the parent into the subsidiary without a vote of the members of the parent or the subsidiary. The bill also generally allows a parent UCA that owns at least 90 percent of the outstanding ownership interests of each class and series of two or more subsidiary business entities to merge the subsidiaries into one another without a vote of the members. However, in neither case may a UCA merge with a business entity organized under the laws of this state, other than a cooperative or UCA, unless the law governing the business entity specifically authorizes merger with a UCA. To execute either type of merger, the board must prepare a plan, give notice of the merger and other information to each member of each applicable subsidiary no later than ten days after the effective date of the merger, and file articles of merger with DFI. If, immediately prior to either type of merger, a business entity that is party to the merger is owned, at least in part, by persons other than the parent UCA or an affiliate of the parent UCA, those persons have dissenters' rights under the law governing the business entity's organization.

***Effect of merger or consolidation***

Under the bill, all of the following occur when a merger or consolidation takes effect:

1) All business entities that are party to the merger or consolidation become the business entity surviving the merger or consolidation, as designated in the plan, and the separate existence of every business entity that is party to the merger or consolidation, except the business entity surviving the merger or consolidation, ceases.

2) The title to all property owned by each business entity that is party to the merger or consolidation is vested in the surviving business entity without reversion or impairment.

3) If, under the laws applicable to a business entity that is a party to the merger or consolidation, other than taxation laws, one or more of the owners thereof is liable for the debts and obligations of such business entity, such owner or owners shall continue to be liable for the debts and obligations of the business entity, but only for such debts and obligations accrued during the period or periods in which such laws are applicable to such owner or owners.

4) If, under the laws applicable to the surviving business entity other than taxation laws, one or more of the owners thereof is liable for the debts and obligations of such business entity, the owner or owners of a business entity that is party to the merger, other than the surviving business entity, who become subject to such laws shall be liable for the debts and obligations of the surviving business entity to the extent provided in such laws, but only for such debts and obligations accrued after the merger or consolidation.

5) The surviving business entity has all liabilities of each business entity that is party to the merger or consolidation.

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6) A civil, criminal, administrative, or investigatory proceeding pending by or against any business entity that is a party to the merger or consolidation may be continued as if the merger or consolidation did not occur, or the surviving business entity may be substituted in the proceeding for the business entity whose existence ceased.

7) The articles or other similar governing document of the surviving business entity shall be amended to the extent provided in the plan.

8) The interests of each business entity that is party to the merger that are to be converted into shares, interests, obligations, or other securities of the surviving business entity or any other business entity or into cash or other property are converted, and the former holders of the interests are entitled only to the rights provided in the articles of merger or consolidation or to their dissenters' rights under applicable law.

The bill also includes a procedure that a UCA may follow to abandon a merger before it takes effect.

**DISSOLUTION*****Voluntary dissolution***

The bill creates a procedure by which a UCA may voluntarily dissolve. In order for a voluntary dissolution to be initiated, a notice of intent to dissolve must be approved by the affirmative vote of the members. The board must then file the notice with DFI; collect, or make provision for the collection of, all unpaid subscriptions for shares and all other debts owing to the UCA; and pay, or make provision for the payment of, all debts, obligations, and liabilities of the UCA. After a notice is filed, the board may lease or dispose of all or substantially all of the property and assets of the UCA without a vote of the members.

Any property of the UCA remaining after discharge of the UCA's debts, obligations, and liabilities may be distributed to the members and former members as provided in the bylaws. If authorized by the members, the UCA's property may be liquidated and disposed of at the discretion of the board. The bill allows certain unclaimed assets to be forfeited to the UCA. After the board has provided for payment of all debts, obligations, and liabilities of the UCA and the remaining property of the UCA has been distributed or otherwise legally disposed of, the board must file articles of dissolution with DFI, at which time the UCA is dissolved.

The bill provides a procedure by which dissolution proceedings may be revoked before the articles of dissolution are filed. The bill also provides for court-supervised voluntary dissolution in certain circumstances.

***Involuntary dissolution***

The bill allows member, creditors, and the attorney general, in certain circumstances, to sue to dissolve a UCA. Under the bill, a member may bring an action against a UCA for dissolution, liquidation, and equitable relief if any of the following apply:

1) The directors or the persons having the authority otherwise vested in the board are deadlocked in the management of the UCA's affairs and the members are unable to break the deadlock.

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2) The directors or those in control of the UCA have acted fraudulently, illegally, or in a manner unfairly prejudicial toward one or more members in their capacities as members, directors, or officers.

3) For a period that includes the time when two consecutive regular members' meetings were held, the members failed to elect successors to directors whose terms expired or would have expired upon the election and qualification of their successors.

4) The UCA's assets are being misapplied or wasted.

5) The UCA's period of duration as provided in the articles has expired and has not been lawfully extended.

A creditor may bring an action against a UCA for dissolution, liquidation, and equitable relief if the creditor has obtained a money judgment against the UCA and an execution on that judgment has been returned unsatisfied or the UCA has admitted in writing that a claim of the creditor against the UCA is due and owing and that the UCA is unable to pay its debts in the ordinary course of business.

After giving a UCA 30 days to make a correction, the attorney general may bring an action against a UCA for dissolution and liquidation, and for equitable relief for persons other than the attorney general, if the articles and certificate of organization of the UCA were procured through fraud; the UCA was organized for a purpose prohibited by state law or not permitted under the law governing the UCA; the UCA has knowingly violated a law governing the UCA, with intentional disregard of the harm which the law is intended to avert; the UCA has violated more than once a law governing the UCA or has violated more than one law governing the UCA; or the actions of the UCA, or its failure to act, constitutes surrender or abandonment of the business of the UCA.

The bill specifies procedures, including the appointment of a receiver, that apply to involuntary dissolution proceedings (the procedures also apply to court-supervised voluntary dissolution proceedings). In addition, the bill requires the court, in determining whether to order a remedy in an involuntary dissolution proceeding to consider the financial condition of the UCA. The court may not refuse to order a remedy solely on the ground that the UCA has accumulated operating profits or current operating profits. The court must also consider whether relief, other than dissolution, suggested by one or more parties would permanently remedy the cause of the action. If the court finds that a party to an involuntary dissolution proceeding has acted arbitrarily, vexatiously, or in bad faith, the court may award reasonable expenses, including attorney fees and disbursements, to any of the other parties.

With certain exceptions, the bill prohibits any creditor or claimant who does not file a claim or bring an action during the pendency of dissolution proceedings or who has not brought an action before the commencement of dissolution proceedings, and all those claiming through or under the creditor or claimant, from bringing an action to collect on that claim or otherwise enforcing it.

**OTHER PROVISIONS*****Administration***

The bill specifies UCA filing fees and permits DFI to assess a larger fee by rule for documents filed in paper format. Also, if a UCA makes an erroneous filing, DFI

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may revoke and expunge the filing and authorize a curative filing. Under the bill, DFI must charge a \$500 fee for any such curative filing.

***Statutory references***

The bill makes numerous changes to the statutes to incorporate references to UCA's in provisions that currently refer to cooperatives.

Because this bill creates a new crime or revises a penalty for an existing crime, the Joint Review Committee on Criminal Penalties may be requested to prepare a report concerning the proposed penalty and the costs or savings that are likely to result if the bill is enacted.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

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

1           **SECTION 1.** 11.29 (1) of the statutes is amended to read:

2           11.29 (1) Nothing in this chapter restricts any corporation, cooperative,  
3           unincorporated cooperative association, or voluntary association other than a  
4           political party or personal campaign committee from making disbursements for the  
5           purpose of communicating only with its members, shareholders or subscribers to the  
6           exclusion of all other persons, with respect to endorsements of candidates, positions  
7           on a referendum or explanation of its views or interests, without reporting such  
8           activity. No such corporation, cooperative, or ~~voluntary~~ association may solicit  
9           contributions from persons who are not members, shareholders or subscribers to be  
10          used for such purposes.

11          **SECTION 2.** 11.29 (4) of the statutes is amended to read:

12          11.29 (4) For purposes of this section, the members of a local or regional  
13          cooperative or unincorporated cooperative association are deemed to be members of  
14          a state cooperative or unincorporated cooperative association if the local or regional



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1 cooperative or unincorporated cooperative association is a member of the state  
2 cooperative or unincorporated cooperative association.

3 **SECTION 3.** 11.38 (1) (a) 1. of the statutes is amended to read:

4 11.38 (1) (a) 1. No foreign or domestic corporation, or association organized  
5 under ch. 185 or 193, may make any contribution or disbursement, directly or  
6 indirectly, either independently or through any political party, committee, group,  
7 candidate or individual for any purpose other than to promote or defeat a  
8 referendum.

9 **SECTION 4.** 11.38 (2) (b) of the statutes is amended to read:

10 11.38 (2) (b) This section does not prohibit the publication of periodicals by a  
11 corporation ~~or~~, a cooperative, or an unincorporated cooperative association in the  
12 regular course of its affairs which advise the members, shareholders or subscribers  
13 of the disadvantages or advantages to their interests of the election to office of  
14 persons espousing certain measures, without reporting such activity.

15 **SECTION 5.** 11.38 (8) (a) of the statutes is amended to read:

16 11.38 (8) (a) A corporation or association organized under ch. 185 or 193 which  
17 accepts contributions or makes disbursements for the purpose of influencing the  
18 outcome of a referendum is a political group and shall comply with s. 11.23 and other  
19 applicable provisions of this chapter.

20 **SECTION 6.** 11.38 (8) (b) of the statutes is amended to read:

21 11.38 (8) (b) Except as authorized in s. 11.05 (12) (b) and (13), prior to making  
22 any disbursement on behalf of a political group which is promoting or opposing a  
23 particular vote at a referendum and prior to accepting any contribution or making  
24 any disbursement to promote or oppose a particular vote at a referendum, a  
25 corporation or association organized under ch. 185 or 193 shall register with the

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1 appropriate filing officer specified in s. 11.02 and appoint a treasurer. The  
2 registration form of the corporation or association under s. 11.05 shall designate an  
3 account separate from all other corporation or association accounts as a campaign  
4 depository account, through which all moneys received or expended for the adoption  
5 or rejection of the referendum shall pass. The corporation or association shall file  
6 periodic reports under s. 11.20 providing the information required under s. 11.06 (1).

7 **SECTION 7.** 11.38 (8) (b) of the statutes, as affected by 2005 Wisconsin Act 2001  
8 Wisconsin Act 109, is amended to read:

9 11.38 (8) (b) Except as authorized in s. 11.05 (12) (b) and (13), prior to making  
10 any disbursement on behalf of a political group which is promoting or opposing a  
11 particular vote at a referendum and prior to accepting any contribution or making any  
12 disbursement to promote or oppose a particular vote at a referendum, a corporation  
13 or association organized under ch. 185 or 193 shall register with the appropriate filing  
14 officer specified in s. 11.02 and appoint a treasurer. The registration form of the  
15 corporation or association under s. 11.05 shall designate an account separate from all  
16 other corporation or association accounts as a campaign depository account, through  
17 which all moneys received or expended for the adoption or rejection of the referendum  
18 shall pass. The corporation or association shall file reports under s. 11.20 and under  
19 s. 11.21 (16), if applicable, providing the information required under s. 11.06 (1).

20 **SECTION 8.** 13.94 (4) (a) 1. of the statutes is amended to read:

21 13.94 (4) (a) 1. Every state department, board, examining board, affiliated  
22 credentialing board, commission, independent agency, council or office in the  
23 executive branch of state government; all bodies created by the legislature in the  
24 legislative or judicial branch of state government; any public body corporate and  
25 politic created by the legislature including specifically the Fox River Navigational

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1 System Authority, a professional baseball park district, a local professional football  
2 stadium district, a local cultural arts district and a family care district under s.  
3 46.2895; every Wisconsin works agency under subch. III of ch. 49; every provider of  
4 medical assistance under subch. IV of ch. 49; technical college district boards;  
5 development zones designated under s. 560.71; every county department under s.  
6 51.42 or 51.437; every nonprofit corporation or cooperative or unincorporated  
7 cooperative association to which moneys are specifically appropriated by state law;  
8 and every corporation, institution, association or other organization which receives  
9 more than 50% of its annual budget from appropriations made by state law, including  
10 subgrantee or subcontractor recipients of such funds.

11 **SECTION 9.** 15.155 (4) (b) of the statutes is amended to read:

12 15.155 (4) (b) Members of the rural economic development board appointed  
13 under par. (a) 5. shall have experience operating a business located in a rural  
14 municipality, as defined in s. 560.17 (1) (d). At least one member shall have  
15 experience operating a cooperative or unincorporated cooperative association  
16 located in a rural municipality, as defined in s. 560.17 (1) (d).

17 **SECTION 10.** 16.957 (1) (t) of the statutes is amended to read:

18 16.957 (1) (t) "Retail electric cooperative" means a cooperative association that  
19 is organized under ch. 185 or 193 for the purpose of providing electricity at retail to  
20 its members only and that owns or operates a retail electric distribution system.

21 **SECTION 11.** 16.957 (1) (v) of the statutes is amended to read:

22 16.957 (1) (v) "Wholesale electric cooperative" means a cooperative association  
23 that is organized under ch. 185 or 193 for the purpose of providing electricity at  
24 wholesale to its members only.

25 **SECTION 12.** 25.17 (3) (dg) 1. of the statutes is amended to read:

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1           25.17 (3) (dg) 1. Direct obligations of the United States and of agencies of and  
2 corporations wholly owned by the United States, and direct obligations of federal  
3 land banks, federal home loan banks, central bank for cooperatives and banks for  
4 cooperatives or unincorporated cooperative associations, international bank for  
5 reconstruction and development, the international finance corporation,  
6 inter-American development bank, African development bank and Asian  
7 development bank, in each case maturing within one year or less from the date of  
8 investment.

9           **SECTION 13.** 28.02 (4) (b) 5. of the statutes is amended to read:

10           28.02 (4) (b) 5. To public utilities ~~and~~, cooperative associations, and  
11 unincorporated cooperative associations when needed for power and  
12 telecommunications substations, transformers, booster stations and similar  
13 installations.

14           **SECTION 14.** 30.40 (9) of the statutes is amended to read:

15           30.40 (9) "Person" means a natural person, corporation, limited liability  
16 company, partnership, association, cooperative, unincorporated cooperative  
17 association, municipality or other local governmental unit, private or public utility,  
18 municipal power district, estate or trust, the United States, a federal agency, the  
19 state of Wisconsin or a state agency.

20           **SECTION 15.** 32.02 (10) (intro.) of the statutes is amended to read:

21           32.02 (10) (intro.) Any rural electric cooperative association organized under  
22 ch. 185 or 193 which operates a rural electrification project to:

23           **SECTION 16.** 32.22 (12) (a) (intro.) of the statutes is amended to read:

24           32.22 (12) (a) (intro.) Nothing in this section requires the municipality to  
25 rehabilitate a residential building, if it appears at any time that total cost of

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1 rehabilitation, including structural repairs and alterations, exceeds 80% of the  
2 estimated fair market value of the building when rehabilitation is complete. If the  
3 municipality determines under this paragraph not to rehabilitate a residential  
4 building condemned under this section, the municipality shall sell the building to  
5 any corporation organized under ch. 181 that is a nonprofit corporation, as defined  
6 in s. 181.0103 (17), or any cooperative organized under ch. 185 or 193 which:

7 **SECTION 17.** 36.56 (1) of the statutes is amended to read:

8 36.56 (1) From the appropriation under s. 20.285 (1) (qm), the center for  
9 cooperatives under s. 36.11 (40) may award grants to persons to form forestry  
10 cooperatives under ch. 185 or 193 that consist primarily of private, nonindustrial  
11 owners of woodland. A grant recipient shall provide matching funds equal to 50%  
12 of the grant amount awarded. The match may be in the form of money or in-kind  
13 services or both, but may not include money received from the state.

14 **SECTION 18.** 46.037 (1) of the statutes is amended to read:

15 46.037 (1) Subject to sub. (1m), each residential child care center and each  
16 group home, as defined in s. 48.02 (7), that is licensed under s. 48.625 and  
17 incorporated under ch. 180, 181 ~~or~~, 185, or 193 shall establish a per client rate for its  
18 services and shall charge all purchasers the same rate.

19 **SECTION 19.** 49.45 (21) (d) of the statutes is amended to read:

20 49.45 (21) (d) This subsection supersedes any provision of chs. 180, 181 ~~and~~,  
21 185, and 193.

22 **SECTION 20.** 49.455 (4) (d) 1. of the statutes is amended to read:

23 49.455 (4) (d) 1. The community spouse's expenses for rent or mortgage  
24 principal and interest, taxes and insurance for his or her principal residence and, if

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1 the community spouse lives in a condominium ~~or~~, a cooperative, or an unincorporated  
2 cooperative association, any required maintenance charge.

3 **SECTION 21.** 49.455 (4) (d) 2. of the statutes is amended to read:

4 49.455 (4) (d) 2. The standard utility allowance established under 7 USC 2014  
5 (e), except that if the community spouse lives in a condominium ~~or~~, a cooperative, or  
6 an unincorporated cooperative association for which the maintenance charge  
7 includes utility expenses, the standard utility allowance under 7 USC 2014 (e) is  
8 reduced by the amount of the utility expenses included in the maintenance charge.

9 **SECTION 22.** 50.90 (2) of the statutes is amended to read:

10 50.90 (2) "Organization" means a public agency, as defined in s. 46.856 (1) (b),  
11 a nonprofit corporation, a for-profit stock corporation, a cooperative, an  
12 unincorporated cooperative association, a partnership, a limited liability company  
13 or a sole proprietorship.

14 **SECTION 23.** 59.43 (2) (ag) 1. of the statutes, as affected by 1997 Wisconsin Acts  
15 27 and 79, 1997 Wisconsin Act 252, section 84, 2001 Wisconsin Act 16, sections  
16 1999m and 4041b, 2003 Wisconsin Act 48, sections 10 and 11, and 2003 Wisconsin  
17 Act 206, is repealed and recreated to read:

18 59.43 (2) (ag) 1. For recording any instrument entitled to be recorded in the  
19 office of register of deeds, \$8 for the first page if the county maintains a land  
20 information office under s. 59.72 (3) and \$4 for the first page if the county does not  
21 maintain such an office, and \$2 for each additional page, except that no fee may be  
22 collected for recording a change of address that is exempt from a filing fee under s.  
23 185.83 (1) (b) or 193.111 (1) (b).

24 **SECTION 24.** 62.237 (1) (b) of the statutes is amended to read:

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1           62.237 (1) (b) “Dwelling” means any structure used or intended to be used for  
2           habitation with up to 2 separate units certified for occupancy by the city. “Dwelling”  
3           also means any housing cooperative incorporated under ch. 185 or 193.

4           **SECTION 25.** 66.0425 (6) of the statutes is amended to read:

5           66.0425 (6) Subsections (1) to (5) do not apply to telecommunications carriers,  
6           as defined in s. 196.01 (8m), telecommunications utilities, as defined in s. 196.01 (10),  
7           alternative telecommunications utilities, as defined in s. 196.01 (1d), public service  
8           corporations, or to cooperative associations organized under ch. 185 or 193 to render  
9           or furnish telecommunications service, gas, light, heat or power, but the carriers,  
10          utilities, corporations and associations shall secure a permit from the proper official  
11          for temporary obstructions or excavations in a highway and are liable for all injuries  
12          to person or property caused by the obstructions or excavations.

13          **SECTION 26.** 66.0807 (1) of the statutes is amended to read:

14          66.0807 (1) In this section, “privately owned public utility” includes a  
15          cooperative association organized under ch. 185 or 193 for the purpose of producing  
16          or furnishing utility service to its members only.

17          **SECTION 27.** 66.0825 (3) (f) of the statutes is amended to read:

18          66.0825 (3) (f) “Person” means a natural person, a public agency, a cooperative,  
19          an unincorporated cooperative association, or a private corporation, limited liability  
20          company, association, firm, partnership, or business trust of any nature, organized  
21          and existing under the laws of any state or of the United States.

22          **SECTION 28.** 71.26 (1) (a) of the statutes is amended to read:

23          71.26 (1) (a) *Certain corporations.* Income of corporations organized under ch.  
24          185 or 193, except income of a cooperative sickness care association organized under  
25          s. 185.981, or of a service insurance corporation organized under ch. 613, that is

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1 derived from a health maintenance organization as defined in s. 609.01 (2) or a  
2 limited service health organization as defined in s. 609.01 (3), or operating under  
3 subch. I of ch. 616 which are bona fide cooperatives operated without pecuniary profit  
4 to any shareholder or member, or operated on a cooperative plan pursuant to which  
5 they determine and distribute their proceeds in substantial compliance with s.  
6 185.45, and the income, except the unrelated business taxable income as defined in  
7 section 512 of the internal revenue code and except income that is derived from a  
8 health maintenance organization as defined in s. 609.01 (2) or a limited service  
9 health organization as defined in s. 609.01 (3), of all religious, scientific, educational,  
10 benevolent or other corporations or associations of individuals not organized or  
11 conducted for pecuniary profit. This paragraph does not apply to the income of  
12 savings banks, mutual loan corporations or savings and loan associations. This  
13 paragraph does not apply to income that is realized from the sale of or purchase and  
14 subsequent sale or redemption of lottery prizes if the winning tickets were originally  
15 bought in this state. This paragraph applies to the income of credit unions except  
16 to the income of any credit union that is derived from public deposits for any taxable  
17 year in which the credit union is approved as a public depository under ch. 34 and  
18 acts as a depository of state or local funds under s. 186.113 (20). For purposes of this  
19 paragraph, the income of a credit union that is derived from public deposits is the  
20 product of the credit union's gross annual income for the taxable year multiplied by  
21 a fraction, the numerator of which is the average monthly balance of public deposits  
22 in the credit union during the taxable year, and the denominator of which is the  
23 average monthly balance of all deposits in the credit union during the taxable year.

24 **SECTION 29.** 71.26 (1) (c) of the statutes is amended to read:



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1           71.26 (1) (c) *Cooperative associations or corporations.* Income of cooperative  
2           associations, unincorporated cooperative associations, or corporations engaged in  
3           marketing farm products for producers, which turn back to such producers the net  
4           proceeds of the sales of their products; provided that such corporations or  
5           associations have at least 25 stockholders or members delivering such products and  
6           that their dividends have not, during the preceding 5 years, exceeded 8% per year;  
7           also income of associations and corporations engaged solely in processing and  
8           marketing farm products for one such ~~co~~operative association or corporation and  
9           which do not charge for such marketing and processing more than a sufficient  
10          amount to pay the cost of such marketing and processing and 8% dividends on their  
11          capital stock and to add 5% to their surplus.

12           **SECTION 30.** 71.45 (1) of the statutes is amended to read:

13           71.45 (1) EXEMPT AND EXCLUDABLE INCOME. There shall be exempt from taxation  
14          under this subchapter income of insurers exempt from federal income taxation  
15          pursuant to section 501 (c) (15) of the internal revenue code, town mutuals organized  
16          under or subject to ch. 612, foreign insurers, and domestic insurers engaged  
17          exclusively in life insurance business, domestic insurers insuring against financial  
18          loss by reason of nonpayment of principal, interest and other sums agreed to be paid  
19          under the terms of any note or bond or other evidence of indebtedness secured by a  
20          mortgage, deed of trust or other instrument constituting a lien or charge on real  
21          estate and corporations organized under ch. 185 or 193, but not including income of  
22          cooperative sickness care associations organized under s. 185.981, or of a service  
23          insurance corporation organized under ch. 613, that is derived from a health  
24          maintenance organization as defined in s. 609.01 (2) or a limited service health  
25          organization as defined in s. 609.01 (3), or operating under subch. I of ch. 616 which

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1 are bona fide cooperatives operated without pecuniary profit to any shareholder or  
2 member, or operated on a cooperative plan pursuant to which they determine and  
3 distribute their proceeds in substantial compliance with s. 185.45. This subsection  
4 does not apply to income that is realized from the sale of or purchase and subsequent  
5 sale or redemption of lottery prizes if the winning tickets were originally bought in  
6 this state.

7 **SECTION 31.** 71.63 (6) (b) 4. of the statutes is amended to read:

8 71.63 (6) (b) 4. In the employ of the operator of a farm in handling, planting,  
9 drying, packaging, processing, freezing, grading, storing or delivering to storage or  
10 to market or to a carrier for transportation to market, in its unmanufactured state,  
11 any agricultural or horticultural commodity, but only if such operator produced more  
12 than one-half of the commodity with respect to which such service was performed,  
13 or in the employ of a group of operators of farms (~~or~~ other than a cooperative  
14 organization or an unincorporated cooperative association), in the performance of  
15 such services, but only if such operators produced all of the commodity with respect  
16 to which such service is performed, but the provisions of this subdivision shall not  
17 be deemed to be applicable with respect to service performed in connection with  
18 commercial canning or commercial freezing or in connection with any agricultural  
19 or horticultural commodity after its delivery to a terminal market for distribution or  
20 consumption;

21 **SECTION 32.** 76.28 (1) (d) of the statutes is amended to read:

22 76.28 (1) (d) “Gross revenues” for a light, heat and power company other than  
23 a qualified wholesale electric company or a transmission company means total  
24 environmental control charges paid to the company under a financing order issued  
25 under s. 196.027 (2) and total operating revenues as reported to the public service

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1 commission except revenues for interdepartmental sales and for interdepartmental  
2 rents as reported to the public service commission and deductions from the sales and  
3 use tax under s. 77.61 (4), except that the company may subtract from revenues  
4 either the actual cost of power purchased for resale, as reported to the public service  
5 commission, by a light, heat and power company, except a municipal light, heat and  
6 power company, that purchases under federal or state approved wholesale rates  
7 more than 50% of its electric power from a person other than an affiliated interest,  
8 as defined in s. 196.52 (1), if the revenue from that purchased electric power is  
9 included in the seller's gross revenues or the following percentages of the actual cost  
10 of power purchased for resale, as reported to the public service commission, by a  
11 light, heat and power company, except a municipal light, heat and power company  
12 that purchases more than 90% of its power and that has less than \$50,000,000 of  
13 gross revenues: 10% for the fee assessed on May 1, 1988, 30% for the fee assessed on  
14 May 1, 1989, and 50% for the fee assessed on May 1, 1990, and thereafter. For a  
15 qualified wholesale electric company, "gross revenues" means total business  
16 revenues from those businesses included under par. (e) 1. to 4. For a transmission  
17 company, "gross revenues" means total operating revenues as reported to the public  
18 service commission, except revenues for transmission service that is provided to a  
19 public utility that is subject to the license fee under sub. (2) (d), to a public utility, as  
20 defined in s. 196.01 (5), or to a cooperative association organized under ch. 185 or 193  
21 for the purpose of providing electricity to its members only. For an electric utility,  
22 as defined in s. 16.957 (1) (g), "gross revenues" does not include public benefits fees  
23 collected by the electric utility under s. 16.957 (4) (a) or (5) (a). For a generator public  
24 utility, "gross revenues" does not include any grants awarded to the generator public  
25 utility under s. 16.958 (2) (b). For a wholesale supplier, as defined in s. 16.957 (1) (w),

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1 “gross revenues” does not include any public benefits fees that are received from a  
2 municipal utility or retail electric cooperative or under a joint program established  
3 under s. 16.957 (5) (f). For a municipal utility, “gross revenues” does not include  
4 public benefits fees received by the municipal utility from a municipal utility or retail  
5 electric cooperative under a joint program established under s. 16.957 (5) (f).

6 **SECTION 33.** 76.48 (1g) (c) of the statutes is amended to read:

7 76.48 (1g) (c) “Electric cooperative” means a cooperative association organized  
8 under ch. 185 or 193 that carries on the business of generating, transmitting or  
9 distributing electric energy to its members at wholesale or retail.

10 **SECTION 34.** 77.51 (10) of the statutes is amended to read:

11 77.51 (10) “Person” includes any natural person, firm, partnership, limited  
12 liability company, joint venture, joint stock company, association, public or private  
13 corporation, the United States, the state, including any unit or division of the state,  
14 any county, city, village, town, municipal utility, municipal power district or other  
15 governmental unit, cooperative, unincorporated cooperative association, estate,  
16 trust, receiver, personal representative, any other fiduciary, and any representative  
17 appointed by order of any court or otherwise acting on behalf of others. “Person” also  
18 includes the owner of a single-owner entity that is disregarded as a separate entity  
19 under ch. 71.

20 **SECTION 35.** 77.53 (17r) (f) of the statutes is amended to read:

21 77.53 (17r) (f) If the owner or lessee is an estate, a trust or, a cooperative, or  
22 an unincorporated cooperative association; that estate, that trust and its grantor or  
23 that cooperative or association does not have real property or other tangible personal  
24 property; except aircraft and such property as hangars, accessories, attachments,

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1 fuel and parts required for operation of aircraft; in this state at the time the aircraft  
2 is registered in this state.

3 **SECTION 36.** 91.19 (6) of the statutes is amended to read:

4 91.19 (6) The department shall release from a farmland preservation  
5 agreement any land acquired for use as an electric generating facility authorized  
6 under s. 196.491 (3), or which involves acquisition of the fee by a utility or a  
7 cooperative organized under ch. 185 or 193 for purposes of generating electricity or  
8 other utility uses.

9 **SECTION 37.** 93.01 (2) of the statutes is amended to read:

10 93.01 (2) "Cooperative association" includes cooperatives and foreign  
11 cooperatives as defined in ~~s.~~ ss. 185.01 and 193.005.

12 **SECTION 38.** 93.06 (4) of the statutes is amended to read:

13 93.06 (4) LAW ENFORCEMENT. At the request of the attorney general or of any  
14 district attorney, assist in the enforcement of any of the following statutes relating  
15 to trade: ss. 133.03 to 133.07, 133.10, 133.12 to 133.15, 133.17, 134.01, 185.94,  
16 193.105, 784.04 and 939.31.

17 **SECTION 39.** 93.06 (5) of the statutes is amended to read:

18 93.06 (5) PUBLIC MARKETS; COOPERATIVE ASSOCIATIONS. (a) Give assistance in the  
19 organization, operation or reorganization of such public markets as are authorized  
20 by law, and of cooperative associations and unincorporated cooperative associations.

21 (b) By general order, prescribe uniform systems of accounting for public  
22 markets or cooperative associations and unincorporated cooperative associations,  
23 and may, by general or special order, require any such market or cooperative  
24 association to render report, in form indicated by the department, to show the nature

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1 and volume of business, resources, liabilities, profits, losses and any other facts  
2 bearing upon the financial condition of the market or ~~coöperative~~ association.

3 **SECTION 40.** 93.06 (6) (a) to (c) of the statutes are amended to read:

4 93.06 (6) COOPERATIVES. (a) By general or special order, require any cooperative  
5 association or unincorporated cooperative association doing business in this state to  
6 file with the department a verified copy of its bylaws and of any exclusive contract  
7 of sale or agency between the association and its members or patrons.

8 (b) Investigate the management of any cooperative association or  
9 unincorporated cooperative association doing business in this state, and make the  
10 facts relating to the management of the ~~coöperative~~ association available to the  
11 members of the association, when a request for a management investigation has  
12 been filed with the department, signed by all of the directors or by at least 20% of the  
13 members of associations of less than 500 members or by at least 100 members of  
14 associations of 500 or more members. The department shall fix and collect a fee for  
15 investigations under this paragraph, which shall be the actual cost of the  
16 investigation.

17 (c) By general or special order, require any cooperative association or  
18 unincorporated cooperative association doing business in this state or in the process  
19 of organization to file with the department a report of its promotion expenses.

20 **SECTION 41.** 93.41 (3) of the statutes is amended to read:

21 93.41 (3) The department shall impose annual fees upon rural electric  
22 cooperatives organized under ch. 185 or 193. The amount of the fees shall total the  
23 amount appropriated under s. 20.115 (3) (jm). The fees received under this  
24 subsection shall be credited to the appropriation account under s. 20.115 (3) (jm).

25 **SECTION 42.** 94.67 (5) (a) (intro.) of the statutes is amended to read:

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1           94.67 (5) (a) (intro.) “Commercial application business” means a corporation,  
2           a limited liability company, a cooperative association, an unincorporated cooperative  
3           association, a partnership, a natural person doing business as a sole proprietor or  
4           other nongovernmental business entity that does either of the following:

5           **SECTION 43.** 96.01 (8) of the statutes is amended to read:

6           96.01 (8) “Member-patron” means a person who is a member of a cooperative  
7           under ch. 185 or 193 and whose products are marketed through that cooperative.

8           **SECTION 44.** 96.08 (3) (b) of the statutes is amended to read:

9           96.08 (3) (b) A cooperative association or an unincorporated cooperative  
10          association engaged in the marketing of affected commodities as the agent of its  
11          members may cast a bloc vote or assent for its members, except that it shall exclude  
12          from its bloc vote or assent any of its members who are also member-patrons of  
13          another cooperative or unincorporated cooperative association which intends to cast  
14          a bloc vote or assent for those members.

15          **SECTION 45.** 97.32 (1) of the statutes is amended to read:

16          97.32 (1) Special dairy and food inspectors may be appointed by the  
17          department for any factory, plant, receiving station, or group thereof, which buys or  
18          receives milk or cream for the purpose of manufacturing, processing or any other  
19          purpose whatsoever, upon petition therefor signed by more than two-thirds of the  
20          regular patrons of such factory, plant, receiving station, or group thereof, or by the  
21          officers of such factory, plant, receiving station or group thereof, or of the officers of  
22          any association organized under ch. 185 or 193 representing patrons of such factory,  
23          plant, receiving station or group thereof, and upon receiving satisfactory proof that  
24          such special dairy and food inspectors will be compensated in full for all services  
25          rendered and traveling expenses incurred upon and pursuant to such appointment

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1 as provided in this section. If the inspector is appointed pursuant to petition signed  
2 by the officers of an organization, such compensation and expenses shall be paid by  
3 such organization; and any factory, plant, receiving station or group thereof shall pay  
4 to the association the checkoff as contracted for between the member and the  
5 association. If appointed pursuant to petition signed by patrons, each patron of the  
6 factory, plant, receiving station or group thereof shall pay such proportion of the total  
7 amount of such compensation and expenses as the amount of milk or cream delivered  
8 thereto by the patron bears to the total amount delivered thereto by all patrons. The  
9 state shall not be liable for any such compensation or expenses.

10 **SECTION 46.** 97.32 (3) of the statutes is amended to read:

11 97.32 (3) Each such special dairy and food inspector shall have all powers  
12 conferred by law upon dairy and food inspectors, shall at all times be under the  
13 supervision of the department and shall make such reports to the department as the  
14 department may require. The special dairy and food inspector shall supervise and  
15 inspect the weighing and testing of and shall inspect all milk, cream, butter or cheese  
16 delivered to such factory, plant, receiving station or group thereof, except that if the  
17 special dairy and food inspector be appointed upon petition by an association  
18 organized under ch. 185 or 193, the special dairy and food inspector shall perform  
19 duties only for its members, and for such purpose the special dairy and food inspector  
20 may use any or all weighing or testing apparatus in such factory, plant, receiving  
21 station or group thereof. In addition to the duties herein specifically prescribed, the  
22 special dairy and food inspector shall perform such duties as the patrons or  
23 organization compensating the special dairy and food inspector or the department  
24 may direct.

25 **SECTION 47.** 99.02 (2) (d) of the statutes is amended to read:



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1           99.02 (2) (d) A cooperative association or an unincorporated cooperative  
2 association storing farm products and merchandise for members.

3           **SECTION 48.** 100.201 (1) (b) 2. of the statutes is amended to read:

4           100.201 (1) (b) 2. For the purpose of this section any subsidiary or affiliate  
5 corporation, limited liability company ~~or~~, cooperative, or unincorporated cooperative  
6 association, and any officer, director, partner, member or manager of a corporation,  
7 cooperative, unincorporated cooperative association, partnership or limited liability  
8 company which is a retailer of selected dairy products, and any individual,  
9 corporation, cooperative, unincorporated cooperative association, partnership,  
10 limited liability company, association or any other business unit which owns,  
11 controls or franchises any retailer or which has any retailer as an affiliate, member  
12 or subsidiary, is deemed to be a retailer of selected dairy products and the  
13 prohibitions of sub. (2) shall also apply to any such person or business unit which  
14 sells any selected dairy product at wholesale.

15           **SECTION 49.** 100.201 (1) (f) 2. of the statutes is amended to read:

16           100.201 (1) (f) 2. For the purpose of this section any subsidiary or affiliate  
17 corporation, limited liability company ~~or~~, cooperative, or unincorporated cooperative  
18 association, and any officer, director, partner, member or manager of a corporation,  
19 cooperative, unincorporated cooperative association, partnership or limited liability  
20 company which is a wholesaler of selected dairy products, is deemed to be a  
21 wholesaler of selected dairy products.

22           **SECTION 50.** 103.46 (2) of the statutes is amended to read:

23           103.46 (2) A contract or agreement for the sale of agricultural, horticultural or  
24 dairy products between a producer of those products and a distributor or purchaser  
25 of those products, in which either party to the contract or agreement undertakes or

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1 promises not to join, become or remain a member of any cooperative association  
2 organized under ch. 185 or 193 or of any trade association of the producers,  
3 distributors or purchasers of those products.

4 **SECTION 51.** 108.02 (2) (dm) of the statutes is amended to read:

5 108.02 (2) (dm) In the employ of a group of operators of farms, or a cooperative  
6 organization or unincorporated cooperative association of which operators of farms  
7 are members, in the performance of service described in par. (d), but only if such  
8 operators produced more than one-half of the commodity with respect to which such  
9 service is performed.

10 **SECTION 52.** 111.01 (2) of the statutes is amended to read:

11 111.01 (2) Industrial peace, regular and adequate income for the employee, and  
12 uninterrupted production of goods and services are promotive of all of these  
13 interests. They are largely dependent upon the maintenance of fair, friendly and  
14 mutually satisfactory employment relations and the availability of suitable  
15 machinery for the peaceful adjustment of whatever controversies may arise. It is  
16 recognized that certain employers, including farmers ~~and~~, farmer cooperatives, and  
17 unincorporated farmer cooperative associations, in addition to their general  
18 employer problems, face special problems arising from perishable commodities and  
19 seasonal production which require adequate consideration. It is also recognized that  
20 whatever may be the rights of disputants with respect to each other in any  
21 controversy regarding employment relations, they should not be permitted, in the  
22 conduct of their controversy, to intrude directly into the primary rights of third  
23 parties to earn a livelihood, transact business and engage in the ordinary affairs of  
24 life by any lawful means and free from molestation, interference, restraint or  
25 coercion.

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1           **SECTION 53.** 126.01 (18) of the statutes is amended to read:

2           126.01 **(18)** "Person," notwithstanding s. 990.01 (26), means an individual, a  
3           corporation, a cooperative, an unincorporated cooperative association, a  
4           partnership, a limited liability company, a trust, a state agency, as defined in s.  
5           20.001 (1), a local governmental unit, as defined in s. 66.0131 (1) (a), or other legal  
6           entity.

7           **SECTION 54.** 126.11 (3) (b) of the statutes is amended to read:

8           126.11 **(3)** (b) A statement of whether the applicant is an individual,  
9           corporation, partnership, cooperative, unincorporated cooperative association,  
10          limited liability company, trust, or other legal entity. If the applicant is a corporation  
11          or, a cooperative, or an association, the applicant shall identify each officer of the  
12          corporation or cooperative. If the applicant is a partnership, the applicant shall  
13          identify each partner.

14          **SECTION 55.** 126.26 (2) (b) of the statutes is amended to read:

15          126.26 **(2)** (b) A statement of whether the applicant is an individual, a  
16          corporation, a partnership, a cooperative, an unincorporated cooperative  
17          association, a limited liability company, a trust, or other legal entity. If the applicant  
18          is a corporation or, a cooperative, or an association, the applicant shall identify each  
19          officer of the corporation or cooperative. If the applicant is a partnership, the  
20          applicant shall identify each partner.

21          **SECTION 56.** 126.41 (2) (b) of the statutes is amended to read:

22          126.41 **(2)** (b) A statement of whether the applicant is an individual, a  
23          corporation, partnership, cooperative, unincorporated cooperative association,  
24          limited liability company, trust, or other legal entity. If the applicant is a corporation  
25          or, a cooperative, or an association, the applicant shall identify each officer of the

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1 corporation or cooperative. If the applicant is a partnership, the applicant shall  
2 identify each partner.

3 **SECTION 57.** 126.56 (3) (b) of the statutes is amended to read:

4 126.56 (3) (b) A statement of whether the applicant is an individual, a  
5 corporation, a partnership, a cooperative, an unincorporated cooperative  
6 association, a limited liability company, a trust, or other legal entity. If the applicant  
7 is a corporation ~~or~~, a cooperative, or an association, the application shall identify each  
8 officer of the corporation or cooperative. If the applicant is a partnership, the  
9 application shall identify each partner.

10 **SECTION 58.** 126.56 (9) (h) of the statutes is amended to read:

11 126.56 (9) (h) Whether the applicant is a producer-owned cooperative or  
12 unincorporated cooperative association or organization that procures vegetables  
13 solely from its producer owners on the basis of a cooperative marketing method  
14 under which the producer-owned cooperative, unincorporated cooperative  
15 association, or organization pays its producer owners a prorated share of sales  
16 proceeds for the marketing year after a final accounting and the deduction of  
17 marketing expenses.

18 **SECTION 59.** 126.57 (1) (b) 2. of the statutes is amended to read:

19 126.57 (1) (b) 2. The vegetable contractor is a producer-owned cooperative or  
20 unincorporated cooperative association or organization that procures processing  
21 vegetables only from its producer owners.

22 **SECTION 60.** 126.58 (1) (c) 2. of the statutes is amended to read:

23 126.58 (1) (c) 2. The vegetable contractor is a producer-owned cooperative or  
24 unincorporated cooperative association that procures processing vegetables only  
25 from its producer owners.

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1           **SECTION 61.** 126.59 (1) (c) of the statutes is amended to read:

2           126.59 (1) (c) The vegetable contractor is a producer-owned cooperative or  
3           unincorporated cooperative association that procures processing vegetables only  
4           from its producer owners.

5           **SECTION 62.** 126.61 (1) (c) 2. of the statutes is amended to read:

6           126.61 (1) (c) 2. The vegetable contractor is a producer-owned cooperative or  
7           unincorporated cooperative association that procures processing vegetables only  
8           from its producer members.

9           **SECTION 63.** 133.07 (1) of the statutes is amended to read:

10          133.07 (1) This chapter shall not prohibit the existence and operation of labor,  
11          agricultural or horticultural organizations, instituted for the purpose of mutual  
12          help, and not having capital stock or conducted for profit, or organizations permitted  
13          under ch. 185 or 193; shall not forbid or restrain individual members of such  
14          organizations from lawfully carrying out the legitimate objects thereof; and such  
15          organizations, or the members thereof, shall not be held or construed to be illegal  
16          combinations or conspiracies in restraint of trade, under this chapter. The labor of  
17          a human being is not a commodity or article of commerce.

18          **SECTION 64.** 133.09 of the statutes is amended to read:

19          **133.09 Collective bargaining.** This chapter shall be so construed as to  
20          permit collective bargaining by associations of producers of agricultural products, by  
21          organizations permitted under ch. 185 or 193 and by associations of employees when  
22          such bargaining is actually and expressly done for the individual benefit of the  
23          separate members of each such association making such collective bargain.

24          **SECTION 65.** 134.04 (1) of the statutes is amended to read:

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1           134.04 (1) No person, firm or corporation engaged in any enterprise in this  
2 state shall by any method or procedure directly or indirectly by itself or through a  
3 subsidiary agency owned or controlled in whole or in part by such person, firm or  
4 corporation, sell or procure for sale or have in its possession or under its control for  
5 sale to its employees or any person any article, material, product or merchandise of  
6 whatsoever nature not of the person's, firm's or corporation's production or not  
7 handled in the person's, firm's or corporation's regular course of trade, excepting  
8 meals, candy bars, cigarettes and tobacco for the exclusive use and consumption of  
9 such employees of the employer, and excepting tools used by employees in said  
10 enterprise and such specialized appliances and paraphernalia as may be required in  
11 said enterprise for the employees' safety or health and articles used by employees or  
12 other persons which insure better sanitary conditions and quality in the  
13 manufacture of food or food products. The provisions of this subsection shall not  
14 apply to lumber producers, loggers and dealers nor to any cooperative association  
15 organized under ch. 185 or 193. This section shall not be construed as authorizing  
16 the sale of any merchandise at less than cost as defined in s. 100.30.

17           **SECTION 66.** 136.01 (1) of the statutes is amended to read:

18           136.01 (1) "Contractor" means a person who offers for profit a future service  
19 contract to a prospective customer, or who enters into a future service contract with  
20 a customer, except a cooperative organized under ch. 185 or 193. Such person  
21 includes, but is not limited to, an individual, partnership, limited liability company,  
22 unincorporated association, or corporation. A "contractor" includes, but is not  
23 limited to, buyers clubs, guilds, plans and guides.

24           **SECTION 67.** 177.015 of the statutes is amended to read:

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1           **177.015 Exemption.** Notwithstanding this chapter, a cooperative organized  
2 under ch. 185 or 193 may effect the forfeiture to the cooperative of unclaimed funds  
3 as provided in ss. 185.03 (10) and, 185.75 (1), 193.301 (14), and 193.905 (4).

4           **SECTION 68.** 178.42 (3) (a) of the statutes is amended to read:

5           178.42 (3) (a) The name of any other domestic or foreign corporation,  
6 cooperative, unincorporated cooperative association, registered limited liability  
7 partnership, limited partnership, or limited liability company existing, registered or  
8 licensed to transact business under the laws of this state.

9           **SECTION 69.** 178.42 (3) (b) of the statutes is amended to read:

10           178.42 (3) (b) Any name reserved or registered under ch. 179, 180, 181, 183 or,  
11 185, or 193.

12           **SECTION 70.** 180.0103 (8) of the statutes is amended to read:

13           180.0103 (8) "Entity" includes a domestic corporation; a foreign corporation;  
14 a limited liability company; a nonstock corporation; a stock or nonstock cooperative  
15 association; an unincorporated cooperative association; a profit or nonprofit  
16 unincorporated association; a business trust; an estate; a partnership; a trust; 2 or  
17 more persons having a joint or common economic interest; a state or an agency,  
18 commission, department, authority, bureau or other instrumentality of a state; a  
19 governmental subdivision; the United States; and a foreign government.

20           **SECTION 71.** 180.0401 (2) (a) 7. of the statutes is amended to read:

21           180.0401 (2) (a) 7. The name of a cooperative association or an unincorporated  
22 cooperative association incorporated or authorized to transact business in this state.

23           **SECTION 72.** 180.0401 (3) (a) of the statutes is amended to read:

24           180.0401 (3) (a) The other corporation or the foreign corporation, limited  
25 liability company, nonstock corporation, limited partnership, limited liability

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1 partnership ~~or~~, cooperative association, or unincorporated cooperative association  
2 consents to the use in writing and submits an undertaking in a form satisfactory to  
3 the department to change its name to a name that is distinguishable upon the records  
4 of the department from the name of the applicant.

5 **SECTION 73.** 180.1506 (2) (a) 7. of the statutes is amended to read:

6 180.1506 (2) (a) 7. The name of a cooperative association or an unincorporated  
7 cooperative association incorporated or authorized to transact business in this state.

8 **SECTION 74.** 180.1506 (3) (a) of the statutes is amended to read:

9 180.1506 (3) (a) The other foreign corporation or the domestic corporation,  
10 limited liability company, nonstock corporation, limited partnership, limited  
11 liability partnership ~~or~~, cooperative association, or unincorporated cooperative  
12 association consents to the use in writing and submits an undertaking in a form  
13 satisfactory to the department to change its name to a name that is distinguishable  
14 upon the records of the department from the name of the applicant.

15 **SECTION 75.** 181.0401 (2) (a) 3. of the statutes is amended to read:

16 181.0401 (2) (a) 3. A name reserved or registered under this chapter or ch. 178,  
17 179, 180, 183 ~~or~~, 185, or 193.

18 **SECTION 76.** 181.0401 (2) (a) 7. of the statutes is amended to read:

19 181.0401 (2) (a) 7. The name of a cooperative association or an unincorporated  
20 cooperative association incorporated or authorized to transact business in this state.

21 **SECTION 77.** 181.0401 (3) (a) of the statutes is amended to read:

22 181.0401 (3) (a) The other corporation or the foreign corporation, limited  
23 liability company, stock corporation, limited partnership, limited liability  
24 partnership ~~or~~, cooperative association, or unincorporated cooperative association  
25 consents to the use in writing and submits an undertaking in a form satisfactory to



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1 the department to change its name to a name that is distinguishable upon the records  
2 of the department from the name of the applicant.

3 **SECTION 78.** 181.1150 of the statutes is amended to read:

4 **181.1150 Conversion of cooperative.** A cooperative or an unincorporated  
5 cooperative association organized without capital stock may elect to convert itself to  
6 a corporation by adopting and filing restated articles of incorporation or organization  
7 in the manner required under ch. 185 or 193. The restated articles of incorporation  
8 or organization shall conform to the requirements of s. 181.0202 and shall contain  
9 a statement that the cooperative or unincorporated cooperative association elects to  
10 convert itself to a corporation subject to this chapter. The election to become a  
11 corporation subject to this chapter is effective upon the filing of the restated articles  
12 of incorporation or organization.

13 **SECTION 79.** 181.1506 (2) (a) 3. of the statutes is amended to read:

14 181.1506 (2) (a) 3. A name reserved or registered under this chapter or ch. 178,  
15 179, 180, 183 ~~or~~, 185, or 193.

16 **SECTION 80.** 181.1506 (2) (a) 7. of the statutes is amended to read:

17 181.1506 (2) (a) 7. The name of a cooperative association or an unincorporated  
18 cooperative association incorporated or authorized to transact business in this state.

19 **SECTION 81.** 181.1506 (3) (a) of the statutes is amended to read:

20 181.1506 (3) (a) The other foreign corporation or the domestic corporation,  
21 limited liability company, nonstock corporation, limited partnership, limited  
22 liability partnership ~~or~~, cooperative association, or unincorporated cooperative  
23 association consents to the use in writing and submits an undertaking in a form  
24 satisfactory to the department to change its name to a name that is distinguishable  
25 upon the records of the department from the name of the applicant.

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1           **SECTION 82.** 182.01 (3) (intro.) of the statutes is amended to read:

2           182.01 (3) NAME OF DRAFTER ON DOCUMENTS. (intro.) No articles of  
3 incorporation, articles of organization, articles of amendment, articles of merger,  
4 consolidation or share exchange, articles of dissolution, restated articles of  
5 incorporation, certificate of abandonment, or statement or articles of revocation of  
6 voluntary dissolution, provided for pursuant to ch. 180, 181, 183, 185 ~~or~~, 187, or 193;  
7 no registration statement, amendment of a registration statement, or written notice  
8 of withdrawal under s. 178.40; and no certificate of limited partnership, certificate  
9 of amendment, restated certificate of limited partnership or certificate of  
10 cancellation, provided for pursuant to ch. 179, shall be filed by the department unless  
11 the name of the individual who, or the governmental agency which, drafted such  
12 document is printed, typewritten, stamped or written thereon in a legible manner.  
13 A document complies with this subsection if it contains a statement in the following  
14 form: "This document was drafted by... (Name)". This subsection shall not apply to  
15 a document executed prior to December 1, 1967, or to:

16           **SECTION 83.** 182.017 (1) of the statutes is amended to read:

17           182.017 (1) RIGHT-OF-WAY FOR. Any domestic corporation organized to furnish  
18 telegraph or telecommunications service or transmit heat, power or electric current  
19 to the public or for public purposes, an independent system operator, as defined in  
20 s. 196.485 (1) (d), an independent transmission owner, as defined in s. 196.485 (1)  
21 (dm), or a cooperative association organized under ch. 185 or 193 to furnish telegraph  
22 or telecommunications service or transmit heat, power or electric current to its  
23 members, may, subject to ss. 30.44 (3m), 30.45, 86.16 and 196.491 (3) (d) 3m. and to  
24 reasonable regulations made by any city, village or town through which its  
25 transmission lines or systems may pass, construct and maintain such lines or

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1 systems with all necessary appurtenances in, across or beneath any public highway  
2 or bridge or any stream or body of water, or upon any lands of any owner consenting  
3 thereto, and for such purpose may acquire lands or the necessary easements; and  
4 may connect and operate its lines or system with other lines or systems devoted to  
5 like business, within or without this state, and charge reasonable rates for the  
6 transmission and delivery of messages or the furnishing of heat, power or electric  
7 light.

8 **SECTION 84.** 182.025 (1) of the statutes is amended to read:

9 182.025 (1) Any domestic corporation formed to furnish water, heat, light,  
10 power, telegraph or telecommunications service or signals by electricity may, subject  
11 to the provisions of ch. 201 and by an affirmative vote of at least two-thirds of its  
12 outstanding shares entitled to vote thereon, or any cooperative association organized  
13 under ch. 185 or 193 to furnish water, heat, light, power, telegraph or  
14 telecommunications service to its stockholders or members only may, by a vote of a  
15 majority of a quorum of its stockholders or members present at any regular or special  
16 meeting held upon due notice as to the purpose of the meeting or when authorized  
17 by the written consent of the holders of a majority of its capital stock outstanding and  
18 entitled to vote or of a majority of its members, mortgage or trust deed any or all of  
19 the property, rights and privileges and franchises that it may then own or thereafter  
20 acquire, to secure the payment of its bonds or notes to a fixed amount or in amounts  
21 to be from time to time determined by the board of directors, and may, in and by such  
22 mortgage or deed of trust, provide for the disposal of any of its property and the  
23 substitution of other property in its place. Every such mortgage or deed of trust may  
24 be recorded in the office of the register of deeds of the county in which such  
25 corporation is located at the time of such recording, and such record shall have the

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1 same effect as if the instrument were filed in the proper office as a chattel mortgage  
2 or financing statement, and so remain until satisfied or discharged without any  
3 further affidavit, continuation statement or proceeding whatever. For this purpose  
4 the location of such corporation shall be deemed to be: as to a corporation or a  
5 cooperative association not at the time subject to either s. 180.0501 or, 185.08, or  
6 193.115 (1), the location designated in its articles as then in effect; as to a corporation  
7 subject to s. 180.0501, the location of its registered office; and as to a cooperative  
8 association subject to s. 185.08 or 193.115 (1), the location of its principal office or  
9 registered agent as designated thereunder.

10 **SECTION 85.** 183.0103 (2) (a) of the statutes is amended to read:

11 183.0103 (2) (a) The name of any other limited liability company, a corporation,  
12 a nonstock corporation, a limited partnership, a limited liability partnership or, a  
13 cooperative association, or an unincorporated cooperative association existing under  
14 the laws of this state.

15 **SECTION 86.** 183.0103 (2) (b) of the statutes is amended to read:

16 183.0103 (2) (b) The name of any foreign limited liability company, foreign  
17 corporation, foreign nonstock corporation, foreign limited partnership, foreign  
18 limited liability partnership or, foreign cooperative association, or foreign  
19 unincorporated cooperative association, or the designated, registered or fictitious  
20 name under which any such entity is licensed to transact business in this state.

21 **SECTION 87.** 183.0103 (2) (c) of the statutes is amended to read:

22 183.0103 (2) (c) Any name reserved or registered under ch. 179, 180, 181 or,  
23 185, or 193.

24 **SECTION 88.** 183.0103 (4) (a) of the statutes is amended to read:



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1           **(4)** “Articles” means the articles of organization of a cooperative.

2           **(5)** “Association” means an organization conducting business on a cooperative  
3 plan under the laws of any state.

4           **(6)** “Board” means the board of directors of a cooperative.

5           **(7)** “Business entity” means a cooperative, corporation, limited liability  
6 company, association, firm, or partnership operated for profit and organized under  
7 a law other than a law of this state.

8           **(9)** “Cooperative” means an association organized under this chapter  
9 conducting business on a cooperative plan as provided under this chapter.

10          **(9m)** “Department” means the department of financial institutions.

11          **(10)** “Domestic business entity” means a business entity organized under the  
12 laws of this state.

13          **(11m)** “Electronic” means relating to technology having electrical, digital,  
14 magnetic, wireless, optical, electromagnetic, or similar capabilities.

15          **(11p)** “Electronic signature” means an electronic sound, symbol, or process,  
16 attached to or logically associated with a writing and executed or adopted by a person  
17 with intent to authenticate the writing.

18          **(12)** “File with the department” means to deliver to the department a document  
19 meeting the applicable requirements of this chapter, signed and accompanied by any  
20 required filing fee.

21          **(13)** “Foreign business entity” means a business entity that is organized under  
22 the laws of another state or the United States.

23          **(14)** “Foreign cooperative” means a foreign business entity organized to  
24 conduct business on a cooperative plan consistent with this chapter or ch. 185.

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1           **(15)** “Member” means a person reflected on the books of the cooperative as the  
2 owner of governance rights of a membership interest of the cooperative. The term  
3 includes patron and nonpatron members.

4           **(16)** “Membership interest” means a member’s interest in a cooperative,  
5 consisting of a member’s financial rights, a member’s right to assign financial rights,  
6 a member’s governance rights, and a member’s right to assign governance rights.  
7 The term includes patron membership interests and nonpatron membership  
8 interests.

9           **(17)** “Members’ meeting” means a regular or special members’ meeting.

10          **(18)** “Nonpatron member” means a member who holds a nonpatron  
11 membership interest.

12          **(19)** “Nonpatron membership interest” means a membership interest that does  
13 not require the holder to conduct patronage business for or with the cooperative to  
14 receive financial rights or distributions.

15          **(20)** “Patron” means a person or entity who conducts patronage with the  
16 cooperative.

17          **(21)** “Patronage” means transactions or services done for or with a cooperative  
18 as defined by the cooperative.

19          **(22)** “Patron member” means a member holding a patron membership interest.

20          **(23)** “Patron membership interest” means a membership interest requiring the  
21 holder to conduct patronage for or with the cooperative, as specified by the  
22 cooperative, to receive financial rights or distributions.

23          **(24)** “Sign” means to execute or adopt a manual, facsimile, conformed, or  
24 electronic signature or any symbol with intent to authenticate a writing and, with  
25 respect to a document required under this chapter to be filed with the department,

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1 with authority to do so under this chapter and under the articles, bylaws, or a  
2 resolution approved by the directors or members.

3 (25) "Writing" means information that is inscribed on a tangible medium or  
4 that is stored in an electronic or other intangible medium and is retrievable in  
5 perceivable form.

6 **193.105 Use of term "cooperative" restricted. (1)** USE OF TERM  
7 "COOPERATIVE" RESTRICTED. A business entity may not use the term "cooperative" as  
8 part of its business name or title or represent itself as a cooperative, in this state,  
9 unless the business entity is a cooperative or foreign cooperative or is organized  
10 under ch. 185.

11 (2) PENALTY FOR MISUSE OF TERM "COOPERATIVE." A business entity that violates  
12 sub. (1) may be fined not more than \$250. Each day of improper use constitutes a  
13 separate offense.

14 **193.111 Filing fees and other requirements. (1)** Except as provided  
15 under sub. (2), the department shall charge and collect for:

16 (a) Filing articles for a new cooperative, \$25, if the new cooperative is organized  
17 with no capital stock. If the new cooperative is organized with capital stock, the  
18 department may charge \$1.25 for each \$1,000 of capital stock, or \$25, whichever is  
19 greater.

20 (b) Filing an amendment to or restatement of the articles or articles of  
21 consolidation or division, \$25, except that no fee may be collected for any of the  
22 following:

23 1. An amendment showing only a change of address resulting from the action  
24 of a governmental agency if there is no corresponding change in physical location and  
25 if 2 copies of the notice of the action are submitted to the department.



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1           2. An amendment or statement filed to reflect only a change in the name of a  
2 registered agent.

3           (c) Filing articles of merger, \$30.

4           (d) Filing articles or decree of dissolution, \$5.

5           (e) Receiving service of any process, notice, or demand, authorized to be served  
6 on the department by this chapter, an amount equal to the fee established under s.  
7 182.01 (4) (c).

8           (g) Filing a report of names and addresses of officers or directors, \$3.

9           (h) Processing in an expeditious manner a document required or permitted to  
10 be filed or recorded under this chapter, an amount equal to the fee established under  
11 s. 182.01 (4) (d), in addition to the fee required by other provisions of this chapter.

12           **(2)** The department, by rule, may specify a larger fee for filing documents  
13 described in sub. (1) in paper format.

14           **(3)** No document may be filed or recorded until all fees for the document have  
15 been paid.

16           **(4)** The department shall endorse on any document filed with the department  
17 the word "filed" or a similar word determined by the department and the month, day,  
18 and year of filing, record the document in the office of the department, and return  
19 the document to the person or entity who delivered it for filing.

20           **193.115 Registered office and agent. (1)** REGISTERED OFFICE AND AGENT  
21 REQUIRED. A cooperative shall establish and continuously maintain in this state all  
22 of the following:

23           (a) A registered office which may be, but need not be, the same as the  
24 cooperative's place of business.

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1 (b) A registered agent, which agent may be an individual resident of this state  
2 whose business office is identical to the registered office, a domestic business entity,  
3 or a foreign business entity authorized to transact business in this state, having an  
4 office identical to the registered office.

5 **(2) DESIGNATION OF INITIAL OFFICE AND AGENT.** The organizers of a cooperative  
6 shall designate the cooperative's initial registered office and agent by filing with the  
7 department, along with the original articles of organization under s. 193.215 (1), a  
8 statement setting forth all of the following:

9 (a) The name of the cooperative.

10 (b) The address of its registered office.

11 (c) The name of its registered agent.

12 (d) That the address of its registered office and the address of the business office  
13 of its registered agent are identical.

14 **(2m) CHANGE OF OFFICE AND AGENT.** Except as provided in sub. (5), a cooperative  
15 may change its registered office or agent by filing with the department a statement  
16 setting forth all of the following:

17 (a) The name of the cooperative.

18 (b) The address of its then registered office.

19 (c) If the address of its registered office is to be changed, the address to which  
20 the registered office is to be changed.

21 (d) The name of its then registered agent.

22 (e) If its registered agent is to be changed, the name of its successor registered  
23 agent.

24 (f) That the address of its registered office and the address of the business office  
25 of its registered agent, as changed, will be identical.

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1 (g) That any change was authorized by affirmative vote of a majority of the  
2 board.

3 (3) DUTIES OF DEPARTMENT; EFFECTIVE DATE OF CHANGE. Upon receipt of a  
4 statement delivered under sub. (2) or (2m), the department shall examine the  
5 statement to ensure that it conforms to the applicable requirements of this section.  
6 If the department finds that the statement conforms to the applicable requirements  
7 of this section, the department shall file the statement. Any change designated in  
8 a statement delivered under sub. (2m) takes effect upon filing of the statement by the  
9 department.

10 (4) RESIGNATION OF AGENT. Any registered agent of a cooperative may resign  
11 as agent by filing with the department a written notice of resignation, together with  
12 one exact or conformed copy. The department shall mail a copy of the notice to the  
13 cooperative at its principal mailing address as determined by the department. The  
14 resignation takes effect on the first day of the 2nd month beginning after receipt of  
15 the notice by the department.

16 (5) CHANGE OF ADDRESS OR NAME OF AGENT. If the address or name of a  
17 registered agent changes, the agent shall change the address of the registered office  
18 or the name of the registered agent, as applicable, of the cooperative that appointed  
19 the agent by filing with the department the statement required under sub. (2m),  
20 except that the statement need only be signed by the registered agent, need not  
21 satisfy sub. (2m) (e) or (g), and shall state that a copy of the statement has been  
22 mailed to the cooperative or to the legal representative of the cooperative.

23 **193.121 Legal recognition of electronic records and signatures.** For the  
24 purpose of satisfying 15 USC 7002 (a) (2) (B) as that statute relates to this chapter,

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1 this state acknowledges the existence of the Electronic Signatures in Global and  
2 National Commerce Act, 15 USC 7001 to 7031.

3 SUBCHAPTER II

4 ORGANIZATION

5 **193.201 Organizational purpose.** A cooperative may be formed and  
6 organized on a cooperative plan for patrons as provided under this chapter for any  
7 of the following purposes:

8 (1) To market, process, or otherwise change the form or marketability of  
9 products, including crops, livestock, and other agricultural products; to manufacture  
10 products; to accomplish other purposes that are necessary or convenient to facilitate  
11 the production or marketing of products by patron members and others; and to  
12 accomplish other purposes that are related to the business of the cooperative.

13 (2) To provide products, supplies, and services to its members.

14 (3) To accomplish any other lawful purpose.

15 **193.205 Organizers. (1) QUALIFICATION.** A cooperative may be organized by  
16 one or more organizers who shall be individuals over the age of 18, who may act for  
17 themselves as individuals or as the agents of other entities. The organizers forming  
18 the cooperative need not be members of the cooperative.

19 (2) **ROLE OF ORGANIZERS.** If the cooperative's initial board is not named in the  
20 articles, the organizers may elect the initial board or may act as directors with all of  
21 the powers, rights, duties, and liabilities of directors, until the board is elected or  
22 until a contribution is accepted, whichever occurs first.

23 (3) **MEETING OR WRITTEN ACTION.** After the articles are filed, the organizers or  
24 the board named in the articles, as applicable, shall hold an organizational meeting  
25 at the call of a majority of the organizers or of the board, as applicable, or take written

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1 action for the purposes of transacting business and taking actions appropriate to  
2 complete the organization of the cooperative. If a meeting is held under this  
3 subsection, the person or persons calling the meeting shall give at least 3 days prior  
4 notice of the meeting to each organizer or director, as applicable, stating the date,  
5 time, and place of the meeting. An organizer or director may waive notice of an  
6 organizational meeting in the same manner that a director may waive notice of  
7 meetings of the board.

8 **193.211 Cooperative name. (1) DISTINGUISHABLE NAME.** The name of a  
9 cooperative shall distinguish the cooperative upon the records of the department  
10 from the name of all business entities authorized to do business in this state and all  
11 names the right to which are, at the time of organization, reserved or provided for  
12 by law.

13 **(2) RESERVATION; CONTEST OF NAME.** A cooperative's name is reserved for use by  
14 the cooperative during the cooperative's existence, except that a person doing  
15 business in this state may contest the cooperative's use of the name as provided by  
16 law.

17 **193.215 Articles of organization and notice of mailing address. (1)**  
18 **FILING REQUIRED.** The organizers of a cooperative shall file with the department the  
19 cooperative's original articles as specified under sub. (2), together with the statement  
20 required under s. 193.115 (2) and a statement listing the current mailing address of  
21 the cooperative.

22 **(2) CONTENT OF ARTICLES.** (a) The articles shall state all of the following:

- 23 1. The name of the cooperative.
- 24 2. The purpose of the cooperative.
- 25 3. The name and address of each organizer.

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1           4. The duration of the cooperative, if the duration is not to be perpetual.

2           (b) The articles may contain any other lawful provision.

3           **(3) EFFECT OF PROPER FILING.** Upon compliance with sub. (1), all of the following  
4 apply:

5           (a) It is presumed that all conditions precedent to organizing the cooperative  
6 that are required to be performed by the organizers have been satisfied.

7           (b) The cooperative is chartered by this state as a separate legal entity with  
8 perpetual duration or any other duration stated in the articles under sub. (2) (a) 4.

9           (c) The department shall issue a certificate of organization to the cooperative.

10          **(4) CHANGE OF MAILING ADDRESS.** If the mailing address of the cooperative  
11 changes, the cooperative shall file with the department a statement notifying the  
12 department of the change of address.

13          **193.221 Amendment of articles. (1) PROCEDURE.** (a) Except as provided  
14 under sub. (3), the articles of a cooperative may be amended as follows:

15           1. The board by majority vote may adopt a resolution stating the text of the  
16 proposed amendment. The text of the proposed amendment and, if approved by the  
17 board, an attached mail or alternative ballot, shall be mailed or otherwise  
18 distributed with any regular or special meeting notice to each member. The notice  
19 shall designate the time and place of the meeting at which the proposed amendment  
20 will be considered and voted on.

21           2. If a quorum of the members is registered as being present or represented by  
22 alternative vote at the meeting specified in the notice under subd. 1., the proposed  
23 amendment may be adopted by the following means, as applicable:

24           a. By a majority of the votes cast.

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1           b. For a cooperative with articles or bylaws requiring more than majority  
2 approval or other conditions for approval, by a sufficient vote as required under the  
3 articles or bylaws or by satisfying the other conditions for approval.

4           (b) The articles may be amended as restated articles using the procedure under  
5 par. (a). If restated articles are adopted, the restated articles supercede all prior  
6 articles and amendments to the articles.

7           (c) After an amendment or restated articles are adopted under par. (a) or (b),  
8 the chair, vice-chair, records officer, or assistant records officer of the cooperative  
9 shall sign the amendment or restated articles and promptly file a copy with the  
10 department.

11           **(2) CERTIFICATE.** (a) If an amendment or restated articles are adopted under  
12 sub. (1), the board shall prepare a certificate containing all of the following:

13           1. A statement listing the date of the meeting at which the board adopted the  
14 resolution concerning the proposed amendment under sub. (1) (a) 1. or the restated  
15 articles and the vote of the board.

16           2. A copy of the notice provided to members under sub. (1) (a) 1.

17           3. A listing of the quorum registered at the meeting under sub. (1) (a) 2.

18           4. A listing of the votes cast adopting the amendment or the restated articles  
19 at the meeting under sub. (1) (a) 2.

20           (b) The chair, vice-chair, records officer, or financial officer of the cooperative  
21 shall sign the certificate and file the certificate with the records of the cooperative.

22           **(3) AMENDMENT BY DIRECTORS.** A majority of directors may, by resolution, amend  
23 the articles if the cooperative does not have any members with voting rights. The  
24 board shall promptly file an amendment under this subsection with the department.

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1           **(4) EFFECTIVE DATE OF AMENDMENT.** An amendment or restated articles adopted  
2 under sub. (1) or an amendment adopted under sub. (3) is effective on the date  
3 specified in the resolution adopted under sub. (1) (a) 1. or (3), as applicable, or, if no  
4 such date is specified, upon the filing of the amendment or restated articles with the  
5 department.

6           **193.225 Conversion to cooperative. (1) AUTHORITY AND NOTICE.** A  
7 business entity other than an cooperative may become a cooperative by following the  
8 applicable procedure under sub. (2) or (3). A business entity shall provide its  
9 members with a disclosure statement listing the rights and obligations of the  
10 members and the capital structure of the proposed cooperative before making a  
11 conversion under this section.

12           **(2) PROCEDURE FOR ENTITIES ORGANIZED IN THIS STATE.** A business entity  
13 organized under the laws of this state, other than a cooperative, that elects to make  
14 a conversion as provided under sub. (1) shall amend its organizational documents in  
15 the manner provided under the laws that govern the business entity. The business  
16 entity shall file with the department amended articles of organization that comply  
17 with s. 193.215. Upon the filing of the amended articles of organization, the business  
18 entity is converted to a cooperative and is governed by the applicable provisions of  
19 this chapter.

20           **(3) PROCEDURE FOR ENTITIES ORGANIZED IN OTHER STATES.** A business entity  
21 organized under the laws of another state that elects to make a conversion as  
22 provided under sub. (1) shall amend its organizational documents in the manner  
23 provided under the other state's laws that govern the business entity. The business  
24 entity shall file with the department amended articles of organization that comply  
25 with s. 193.215. Upon the filing of the amended articles of organization, the business



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1 entity is converted to a cooperative and is governed by the applicable provisions of  
2 this chapter.

3 **193.231 Curative filing.** If the department determines that a cooperative has  
4 made an erroneous filing under this chapter, the department may revoke and  
5 expunge the erroneous filing and authorize a curative document to be filed. The  
6 department shall charge the cooperative a filing fee of \$500 for any such revocation,  
7 expungement, and subsequent curative filing.

8 **193.241 Bylaws. (1) REQUIRED.** A cooperative shall have bylaws governing  
9 the cooperative's business affairs and structure, the qualifications, classification,  
10 rights, and obligations of members, and the classifications, allocations, and  
11 distributions of membership interests which are not otherwise provided in the  
12 articles or by this chapter.

13 **(2) CONTENTS.** The bylaws may contain any provision relating to the  
14 management or regulation of the affairs of the cooperative that is not inconsistent  
15 with applicable law or the articles and, if not stated in the articles, the bylaws shall  
16 include all of the following:

17 (a) A description of the capital structure of the cooperative, including a  
18 statement of the classes and relative rights, preferences, and restrictions granted to  
19 or imposed upon each class of member interests, the rights to share in profits or  
20 distributions of the cooperative, and the authority to issue member interests and, if  
21 applicable, a statement that the board may establish a class or series of member  
22 interests, set forth the designation of the class or series, and fix the relative rights  
23 and preferences of the class or series.

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1 (b) A provision designating voting and governance rights, including which  
2 membership interests have voting power and any limitations or restrictions on the  
3 voting power, which shall be in accordance with the provisions of this chapter.

4 (c) A statement that patron membership interests with voting power are  
5 restricted to one vote for each member regardless of the amount of patron  
6 membership interests held in the affairs of the cooperative or a statement describing  
7 the allocation of voting power as prescribed in this chapter.

8 (d) A statement that membership interests held by a member are transferable  
9 only with the approval of the board or a statement otherwise describing the manner  
10 in which membership interests may be transferred consistent with this chapter.

11 (e) If nonpatron membership interests are authorized, a statement as to how  
12 profits and losses will be allocated and cash will be distributed between patron  
13 membership interests collectively and nonpatron membership interests collectively,  
14 a statement that net income allocated to patron membership interests as determined  
15 by the board in excess of dividends and additions to reserves shall be distributed on  
16 the basis of patronage, and a statement that the records of the cooperative shall  
17 include the interests of patron membership interests and, if authorized, nonpatron  
18 membership interests in any classes of interests and in the reserves.

19 (f) A statement of the number of directors; the qualifications, manner of  
20 election, powers, and duties of directors; and the manner in which any compensation  
21 of directors is determined. Provisions included in the bylaws under this paragraph  
22 shall be consistent with subch. IV.

23 (g) A statement of the qualifications of members and any limitations on their  
24 number.

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1 (h) A description of the methods of admission, withdrawal, suspension, and  
2 expulsion of members.

3 (i) A general description of members' governance rights and financial rights,  
4 assignability of governance and financial rights, and other rights, privileges, and  
5 obligations of members and their membership interests, which may be further  
6 described in member control agreements.

7 (j) Any provisions required by the articles to be in the bylaws.

8 **(3) ADOPTION AND AMENDMENT; NOTICE.** (a) Bylaws shall be adopted prior to any  
9 distributions to members, but if the articles provide that rights of contributors to a  
10 class of membership interest will be determined in the bylaws, then the bylaws shall  
11 be adopted prior to the acceptance of any contributions to that class.

12 (b) Subject to subs. (4), (5), and (6), the bylaws may be adopted or amended by  
13 the board or, if all of the following apply, the members may adopt or amend bylaws  
14 at a regular or special members' meeting:

15 1. The notice of the meeting contains a statement that the bylaws or  
16 amendments will be voted upon, a statement summarizing the proposed bylaws or  
17 amendments, and either copies of the bylaws or amendments or a statement that  
18 copies of the bylaws or amendments are available from the cooperative upon request.

19 2. A quorum of the members is registered as being present or represented by  
20 alternative vote at the meeting.

21 3. The bylaws or amendments are approved by the following means, as  
22 applicable:

23 a. By a majority of the votes cast.

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1           b. For a cooperative with articles or bylaws requiring more than majority  
2 approval or other conditions for approval, by a sufficient vote as required under the  
3 articles or bylaws or by satisfying the other conditions for approval.

4           (c) The members may amend the bylaws even though the bylaws may also be  
5 amended by the board. The board may amend the bylaws even though the bylaws  
6 may also be amended by the members.

7           (d) The board shall distribute to the members any amendment to the bylaws  
8 adopted by the board no later than the 10th day after adoption and the notice of the  
9 next regular members' meeting occurring after adoption shall contain a notice and  
10 summary of, or a copy of, the amendment.

11           **(4) LIMITATION ON BOARD'S AMENDMENT AUTHORITY.** The board may not amend the  
12 bylaws if any of the following apply:

13           (a) This chapter, the articles, or the bylaws reserve the power exclusively to the  
14 members.

15           (b) The articles or bylaws expressly prohibit the board from doing so.

16           (c) The amendment would fix a greater quorum or voting requirement for  
17 members or voting groups of members or would amend a provision adopted by  
18 amendment under sub. (5).

19           **(5) AMENDMENT TO CHANGE QUORUM OR VOTING REQUIREMENTS FOR MEMBERS.** The  
20 members may amend the bylaws to specify a greater quorum requirement for  
21 members, or voting groups of members, or a greater number of votes or members  
22 participating required for approval than is otherwise required by this chapter. An  
23 amendment to the bylaws to add, change, or delete such a quorum or voting  
24 requirement shall meet the same quorum requirement and be adopted by the same

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1 vote and voting groups required to take action under the quorum and voting  
2 requirements then in effect or proposed to be adopted, whichever are more stringent.

3 **(6) AMENDMENT TO CHANGE QUORUM OR VOTING REQUIREMENTS FOR DIRECTORS.** (a)

4 A bylaw that specifies a greater quorum requirement for the board or a greater  
5 number of votes or directors participating required for approval than is otherwise  
6 required by this chapter may be amended as follows:

7 1. If the bylaw was originally adopted by the members, only by the members.

8 2. If the bylaw was originally adopted by the board, by the members or by the  
9 board.

10 (b) A bylaw, or amendment to the bylaws, adopted by the members that  
11 specifies a greater quorum or voting requirement for the board as described in par.

12 (a) may provide that it may be subsequently amended only by a specified vote of  
13 either the members or the board, but if the bylaw or amendment so provides, the  
14 bylaw or amendment shall be originally adopted by the specified vote of the members  
15 proposed in the bylaw or amendment.

16 (c) Action by the board under par. (a) 2. shall meet the same quorum  
17 requirement and be adopted by the same vote required to take action under the  
18 quorum and voting requirement then in effect or proposed to be adopted, whichever  
19 is more stringent.

20 **(7) EMERGENCY BYLAWS.** (a) Unless otherwise provided in the articles or bylaws,  
21 the board may adopt emergency bylaws which take effect only during an emergency  
22 as defined in par. (d). The emergency bylaws, which are subject to amendment or  
23 repeal by the members, may include all provisions necessary for managing the  
24 cooperative during an emergency, including any of the following:

25 1. Procedures for calling a meeting of the board.

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1           2. Quorum requirements for the meeting.

2           3. Designation of additional or substitute directors.

3           (b) All provisions of the regular bylaws consistent with the emergency bylaws  
4 remain in effect during any emergency.

5           (c) Action taken in good faith in accordance with the emergency bylaws:

6           1. Binds the cooperative.

7           2. May not be the basis for imposition of liability on any director, officer,  
8 employee, or agent of the cooperative on the ground that the action was not  
9 authorized cooperative action.

10          (d) An emergency exists for the purposes of this section if a quorum of the  
11 directors cannot readily be obtained because of a catastrophic event.

12          **193.245 Cooperative records.** (1) A cooperative shall keep as permanent  
13 records minutes of all meetings of its members and of the board, a record of all actions  
14 taken by the members or the board without a meeting by a written unanimous  
15 consent in lieu of a meeting, and a record of all waivers of notices of meetings of the  
16 members and of the board.

17          (2) A cooperative shall maintain appropriate accounting records.

18          (3) A cooperative shall keep a copy of each of the following records at its  
19 principal office:

20          (a) Its articles, bylaws, and other governing instruments.

21          (c) A record of the names and addresses of its members, in a form that allows  
22 preparation of a list of members that is alphabetical and that shows each member's  
23 address.

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1 (d) The minutes of members' meetings and records of all actions taken by  
2 members without a meeting by unanimous written consent in lieu of a meeting, for  
3 the past 3 years.

4 (e) All written communications within the past 3 years to members as a group  
5 or to any class of members as a group.

6 (f) A list of the names and business addresses of its current directors and  
7 officers.

8 (g) All financial statements prepared for periods ending during the last fiscal  
9 year.

10 (4) A cooperative shall maintain its records in written form or in another form  
11 capable of conversion into written form within a reasonable time.

12 (5) Except as otherwise provided under this section, the board may determine  
13 what records are appropriate for the purposes of the cooperative, the length of time  
14 records are to be retained, and, subject to s. 193.501 (4), policies relating to the  
15 confidentiality, disclosure, inspection and copying of the records of the cooperative.  
16 This subsection does not permit the board to withhold documents that are otherwise  
17 required to be disclosed by law.

**SUBCHAPTER III****COOPERATIVE POWERS**

18  
19  
20 **193.301 Cooperative powers. (1) GENERALLY.** In addition to other powers,  
21 a cooperative may perform every act necessary or proper to the conduct of the  
22 cooperative's business or the accomplishment of the purposes of the cooperative. A  
23 cooperative has all rights, powers, and privileges granted to entities organized under  
24 ch. 185, except those that are inconsistent with an express provision of this chapter.

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1           **(2) DEALING IN PRODUCTS.** A cooperative may buy, sell, or deal in its own  
2 products or the products of any other person and may negotiate the sales price of any  
3 product the cooperative sells.

4           **(3) CONTRACTS WITH MEMBERS.** A cooperative may enter into or become a party  
5 to a contract for the cooperative or for the cooperative's individual members or  
6 patrons or between the cooperative and its members.

7           **(4) ACTS CONCERNING REAL AND PERSONAL PROPERTY.** (a) A cooperative may  
8 acquire and hold, lease, mortgage, encumber, sell, exchange and convey real and  
9 personal property as the business of the cooperative may require.

10           (b) A cooperative may act as trustee or in any fiduciary capacity for any purpose  
11 not inconsistent with the purposes of the cooperative, subject to any applicable  
12 requirements of s. 223.105.

13           **(6) DEBT INSTRUMENTS, BORROWING, SECURITY, AND INVESTING.** A cooperative may  
14 do any of the following:

15           (a) Issue bonds, debentures, or other evidence of indebtedness.

16           (b) Borrow money to finance the business of the cooperative.

17           (c) Secure any of its obligations by mortgage of, creation of a security interest  
18 in, or other encumbrance or assignment of all or any of its property, franchises, or  
19 income.

20           (d) Form special purpose business entities to secure assets of the cooperative.

21           (e) Invest its funds.

22           (f) Acquire, hold, and dispose of evidences of indebtedness of any business  
23 entity.



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1           **(7) ADVANCES TO PATRONS.** A cooperative may make advances to the  
2 cooperative's members or patrons on products delivered by the members or patrons  
3 to the cooperative.

4           **(8) DONATIONS.** A cooperative may accept donations of money and donations of  
5 real or personal property from its members.

6           **(9) LENDING TO AND BORROWING FROM MEMBERS.** A cooperative may loan money  
7 to its members with security that it considers sufficient, whether or not any property  
8 taken as security is of the kind dealt in by the cooperative, and may borrow money  
9 from its members.

10          **(10) PENSIONS AND BENEFITS.** (a) A cooperative may pay pensions, retirement  
11 benefits, and compensation for past services to or for the benefit of the cooperative.

12          (b) A cooperative may establish and carry out employee benefit plans and  
13 provisions for the benefit of any or all of its and its affiliates, officers, managers,  
14 directors, governors, employees, and agents. In the case of an affiliate that is a  
15 cooperative, a cooperative may establish and carry out provisions for the benefit of  
16 the affiliate's members who provide services to the cooperative, and the families,  
17 dependents, and beneficiaries of any of them. A cooperative may indemnify a  
18 fiduciary of any employee benefit plan or provisions established under this  
19 paragraph and purchase insurance for or on behalf of such a fiduciary.

20          **(11) INSURANCE.** A cooperative may purchase for its benefit life insurance and  
21 other insurance with respect to the services of any of its members, managers,  
22 directors, employees, and agents, and may purchase insurance on the life of a  
23 member for the purpose of facilitating the cooperative's acquisition of any of the  
24 member's membership interests in the cooperative at the death of the member.

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1           **(12) OWNERSHIP INTERESTS IN OTHER ENTITIES.** (a) A cooperative may acquire,  
2 hold, or dispose of ownership interests in another business entity and, if a  
3 cooperative acquires ownership interests under this paragraph, assume all rights,  
4 interests, privileges, responsibilities, and obligations arising out of the ownership  
5 interests. A cooperative that holds an ownership interest in another business entity  
6 may, by direction of the board, elect or appoint an individual to represent the  
7 cooperative at a meeting of the business entity. The representative may represent  
8 the cooperative at such a meeting and may cast any vote the cooperative is entitled  
9 to cast at the meeting.

10           (b) A cooperative may organize business entities.

11           (c) A cooperative may acquire ownership interests in or organize an entity to  
12 which any of the following apply:

13           1. The entity is organized as a federation of associations.

14           2. The entity is organized for the purpose of forming a district, state, or national  
15 marketing, sales, or service agency.

16           3. The entity is organized for the purpose of acquiring marketing facilities at  
17 terminal or other markets in this state or other states.

18           **(14) FORFEITURE.** (a) Notwithstanding ch. 177, a cooperative may effect the  
19 forfeiture to the cooperative of unclaimed allocations, distributions, or credits under  
20 this chapter or under s. 185.45 (2) (b) and (c), (3) (a) and (b), and (4) (b), unclaimed  
21 stock issued by the cooperative, and unclaimed deposits held by the cooperative, if  
22 all of the following conditions are met:

23           1. No earlier than 3 years and no later than 5 years after the allocation,  
24 distribution, or credit is first made available to its owner, the board declares that the  
25 allocation, distribution, or credit will be forfeited to the cooperative unless claimed

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1 by a date determined by the board, which date shall be a business day at least 60 days  
2 after the date of mailing under subd. 2.

3 2. The cooperative mails a written notice of the declaration under subd. 1. to  
4 the owner of the allocation, distribution, or credit at the owner's last-known address,  
5 as reflected in the records of the cooperative.

6 3. The cooperative publishes the notice under subd. 2. as a class 1 notice under  
7 ch. 985, on or before the date on which the notice is mailed, in a newspaper published  
8 in a municipality having territory within the service area of the cooperative.

9 4. The allocation, distribution, or credit remains unclaimed after the date  
10 determined by the board under subd. 1.

11 (b) A cooperative that effects a forfeiture under par. (a) shall use any forfeited  
12 moneys within one year after the date on which the funds are forfeited for providing  
13 scholarships or educational loans to students or for charitable purposes, as  
14 determined by the board.

15 (c) Property forfeited under this subsection is not subject to ch. 177.

16 **193.305 Emergency powers. (1)** In anticipation of or during an emergency,  
17 as defined in sub. (4), the board may do any of the following:

18 (a) Modify lines of succession to accommodate the incapacity of any director,  
19 officer, employee, or agent.

20 (b) Relocate the principal office, designate alternative principal offices or  
21 regional offices, or authorize the officers to do so.

22 **(2)** All of the following apply during an emergency, as defined in sub. (4), unless  
23 emergency bylaws under s. 193.241 (7) provide otherwise:

24 (a) Notice of a meeting of the board need be given only to those directors whom  
25 it is practicable to reach and may be given in any practicable manner.

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1 (b) One or more officers of the cooperative present at a meeting of the board may  
2 be deemed to be directors for the meeting, in order of rank and within the same rank  
3 in order of seniority, as necessary to achieve a quorum.

4 (3) Action taken in good faith during an emergency under this section to further  
5 the ordinary business affairs of the cooperative:

6 (a) Binds the cooperative.

7 (b) May not be the basis for the imposition of liability on any director, officer,  
8 employee, or agent of the cooperative on the ground that the action was not  
9 authorized cooperative action.

10 (4) An emergency exists for purposes of this section if a quorum of the directors  
11 cannot readily be obtained because of a catastrophic event.

12 **193.311 Agricultural product and commodity marketing contracts. (1)**

13 AUTHORITY. A cooperative and its patron member or patron may enter into a  
14 marketing contract, requiring the patron member or patron to sell a specified portion  
15 of the patron member's or patron's agricultural product or specified commodity  
16 produced from a specified area exclusively to or through the cooperative or a facility  
17 established by the cooperative.

18 (2) TITLE TO PRODUCTS. If an agricultural product or commodity is sold to a  
19 cooperative under a contract under sub. (1), the sale transfers title to the product or  
20 commodity absolutely, subject to any valid lien or security interest in the product or  
21 commodity, to the cooperative on delivery of the product or commodity or at another  
22 time specified in the contract. A contract under sub. (1) may allow a cooperative to  
23 sell agricultural products or commodities with or without taking title to the products  
24 or commodities, and pay the sales price to the applicable patron member or patron,  
25 after deducting amounts specified in the contract.

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1           **(3) TERM OF CONTRACT.** The term of a contract under sub. (1) may not exceed 10  
2 years, except that a contract may be renewed for periods not exceeding 5 years each,  
3 subject to the right of either party to immediately terminate the contract by giving  
4 written notice of the termination to the other party.

5           **(4) LIQUIDATED DAMAGES FOR BREACH OF CONTRACT.** A contract under sub. (1) may  
6 require the patron member or patron to pay an amount to the cooperative as  
7 liquidated damages for the patron member's or patron's breach of any provision of  
8 the contract regarding the sale, delivery, or withholding of a product or commodity.  
9 The amount of liquidated damages shall be specified by including the specified  
10 amount in the contract.

11           **(5) INJUNCTION AGAINST BREACH OF CONTRACT.** If a patron member or patron  
12 breaches or threatens to breach a contract under sub. (1), the cooperative may  
13 commence an action for specific performance and injunctive relief under ch. 813.

14           **(6) CRIMINAL PENALTY FOR CONTRACT INTERFERENCE AND FALSE REPORTS.** (a) No  
15 person may knowingly induce or attempt to induce a patron member or patron of a  
16 cooperative to breach a contract under sub. (1).

17           (b) No person may maliciously and knowingly publish false reports about the  
18 finances or management of a cooperative.

19           (c) Any person who violates par. (a) or (b) may be fined not more than \$1,000  
20 or imprisoned for not more than 6 months, or both.

21           **(7) CIVIL LIABILITY FOR CONTRACT INTERFERENCE AND FALSE REPORTS.** In addition  
22 to the penalty provided in sub. (6) (c), any person who violates sub. (6) (a) or (b) may  
23 be liable to the cooperative for damages caused by the violation.

**ASSEMBLY BILL 327****SECTION 89****1 193.315 Indemnification and insurance against securities law claims.**

2 Section 185.042 applies to a cooperative to the same extent as if the cooperative was  
3 organized under ch. 185.

**4 SUBCHAPTER IV****5 DIRECTORS AND OFFICERS**

6 **193.401 Board governs cooperative.** A cooperative shall be governed by its  
7 board which shall take all action for and on behalf of the cooperative except those  
8 actions reserved or granted to members. No director or group of directors may act  
9 for or on behalf of the cooperative unless authorized by the board or this chapter. A  
10 director may advocate interests of members or member groups to the board, but the  
11 fiduciary duty of each director is to represent the best interests of the cooperative and  
12 all members collectively.

13 **193.405 Number of directors.** The board shall have at least 5 directors,  
14 except that the board of a cooperative with 50 or fewer members may have as few as  
15 3 directors.

16 **193.411 Election of directors. (1) INITIAL BOARD.** The initial board shall be  
17 established as provided under s. 193.205 (2) and, except as provided in s. 193.205 (2),  
18 shall serve until directors are elected by members. The initial board shall appoint  
19 directors to fill any vacancies on the initial board, until the directors are elected by  
20 the members.

21 **(2) GENERALLY.** (a) Directors shall be elected or appointed for the term, at the  
22 time, and in the manner provided in this section and the articles and bylaws.

23 (b) If nonpatron members or nonpatron membership interest are granted  
24 voting rights, a majority of the directors shall be members and a majority of the  
25 directors shall be elected exclusively by patron members, unless otherwise provided

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1 in the articles or bylaws. The patron members may also elect an outside director who  
2 is an expert in financial matters but who has no financial interest in the cooperative.  
3 Unless the articles or bylaws provide otherwise, the outside director may not vote.

4 (d) A director holds office for the term for which the director was elected and  
5 until a successor is elected and has qualified, unless the director is removed or a  
6 vacancy in the office of the director occurs.

7 (g) Directors may be divided into, designated, and elected by class or other  
8 distinction as provided in the articles or bylaws.

9 **(3) ELECTION AT REGULAR MEETING.** Except as provided under sub. (1) or (4) or  
10 s. 193.415 (4) or 193.421, all directors shall be elected at the regular members'  
11 meeting.

12 **(4) DISTRICT OR LOCAL UNIT ELECTION OF DIRECTORS.** For a cooperative with  
13 districts or other units, directors may be elected by members on a district or unit  
14 basis if the articles or bylaws so provide. Directors elected on a district or unit basis  
15 may be nominated or elected at district member meetings if the articles or bylaws so  
16 provide. Directors who are nominated at district meetings shall be elected at the  
17 regular members' meeting by vote of the entire membership, unless the articles or  
18 bylaws provide that such directors are to be elected at a district member meeting or  
19 the regular members' meeting by vote of the members of the district.

20 **(4m) CUMULATIVE VOTING.** Unless the articles or bylaws so provide, directors  
21 may not be elected through the use of any system of voting that permits a voter to  
22 allocate multiple votes among eligible candidates.

23 **(5) BALLOTS.** All of the following apply to voting under this section:

24 (a) A member may vote only by casting a ballot as provided under s. 193.545  
25 (3).

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1 (b) The ballot shall be in a form prescribed by the board.

2 (c) To cast a ballot by mail, a member shall mark the ballot for the candidate  
3 chosen, seal the ballot in a plain envelope bearing the member's name and the words  
4 "BALLOT ENCLOSED," or similar words, and enclose that envelope in another  
5 envelope addressed to the cooperative. To cast an alternative ballot, a member shall  
6 follow the procedure prescribed by the board.

7 (d) If the ballot of the member is received by the cooperative on or before the  
8 date of the election, or as otherwise prescribed for alternative ballots, and if all other  
9 applicable requirements are satisfied the cooperative shall accept and count the  
10 ballot as the vote of the absent member.

11 **(6) BUSINESS ENTITY MEMBERS MAY NOMINATE PERSONS FOR DIRECTOR.** Any member  
12 that is not an individual may nominate one or more individuals as candidates for  
13 election as a director of the cooperative, unless the cooperative's articles or bylaws  
14 provide otherwise.

15 **(9) COMPENSATION.** Subject to any limitation in the articles or bylaws, the board  
16 may fix the compensation of the directors, except that any outside director elected  
17 under sub. (2) (b) may not receive any compensation other than authorized per diem  
18 reimbursements.

19 **193.415 Removal of directors.** All of the following apply, unless the articles  
20 or bylaws provide otherwise:

21 **(2) REMOVAL OF TEMPORARY DIRECTORS BY BOARD.** A director who was appointed  
22 by the board to fill a vacancy may be removed by the board at any time, with or  
23 without cause, if all of the following apply:

24 (a) The members have not elected directors in the interval between the time  
25 of the appointment to fill the vacancy and the time of the removal.



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1 (b) A majority of the remaining directors present affirmatively vote to remove  
2 the director.

3 (3) REMOVAL OF DIRECTORS BY MEMBERS. A director may be removed at any time,  
4 with or without cause, by the affirmative vote of the holders of a majority of the voting  
5 power of membership interests entitled to vote at an election of directors, except that  
6 a director who was elected solely by the patron members or the holders of a class or  
7 series of membership interests, as provided in the articles or bylaws, may be removed  
8 only by the affirmative vote of the holders of a majority of the voting power of the  
9 patron members or of all membership interests of the class or series entitled to vote  
10 at an election of that director, respectively.

11 (4) ELECTION OF REPLACEMENT DIRECTORS. Notwithstanding s. 193.421, a  
12 replacement director may be elected to serve out the remaining term of the removed  
13 director at a meeting at which the director was removed.

14 **193.417 Resignation of directors.** A director may resign by giving notice to  
15 the board or the chairperson of the board. The resignation is effective without  
16 acceptance upon receipt by the board or the chairperson of the board, unless the  
17 notice specifies a later effective date.

18 **193.421 Filling vacancies. (1) PATRON DIRECTORS.** If a vacancy occurs in the  
19 office of a director who was elected solely by the patron members, as provided in the  
20 articles or bylaws, or a new office of director is created for such a director, the board,  
21 in consultation with the other directors elected solely by the patron members, as  
22 provided in the articles or bylaws, shall appoint a patron member of the cooperative  
23 to temporarily fill the vacancy until a successor is elected at the next regular or  
24 special members' meeting. An appointment under this subsection shall be by  
25 majority vote of the remaining directors, regardless of whether there is a quorum

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1 present. If there are no other directors elected solely by the patron members, as  
2 provided in the articles or bylaws, at the time of the vacancy, the office shall remain  
3 vacant and a special patron members' meeting shall be called to elect a successor.

4 (2) NONPATRON DIRECTORS. Unless otherwise provided in the articles or bylaws,  
5 if a vacancy occurs in the office of any director other than a director described in sub.  
6 (1) or if a new office of director is created other than a new office described in sub. (1),  
7 the board shall appoint a director to temporarily fill the vacancy by majority vote of  
8 the remaining directors, regardless of whether there is a quorum present. A  
9 successor shall be elected at the next regular or special members' meeting.

10 (3) TERM OF SUCCESSOR. Any successor elected under this section is elected for  
11 the remainder of the unexpired term of the director whose vacancy the successor was  
12 elected to fill.

13 **193.423 Allocation of voting authority among directors.** (1) The voting  
14 authority of the directors may be allocated according to allocation units or equity  
15 classifications of the cooperative if any of the following conditions is satisfied:

16 (a) The directors elected by patron members have collectively at least 51  
17 percent of the voting authority of the board on general matters of the cooperative.

18 (b) The directors elected by patron members do not have, collectively, minority  
19 voting authority on the board on general matters of the cooperative.

20 (2) The patron board directors' vote shall be voted collectively as determined  
21 by a majority vote of the patron directors. A tie in the number of patron board director  
22 votes shall be construed as a vote against the matter.

23 **193.425 Board meetings.** (1) TIME AND PLACE. Meetings of the board may be  
24 held from time to time as provided in the articles or bylaws at any location that the  
25 board selects or by any means described in sub. (2).

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1           **(2) VIRTUAL MEETINGS AND ATTENDANCE.** Meetings of the board may be held by  
2 any means of communication through which the directors may simultaneously hear  
3 each other during the meeting. A director may participate in a meeting of the board  
4 at which other directors are physically present by any means of communication  
5 through which the director, all other directors so participating, and all directors  
6 physically present may simultaneously hear each other during the meeting. The  
7 number of directors physically present at a meeting, if any, shall be added to the  
8 number of directors otherwise participating in the meeting under this subsection to  
9 determine whether a quorum is present under s. 193.431, except that any director  
10 who objects at the beginning of the meeting to the transaction of business because  
11 the meeting is not lawfully called or convened and who fails to participate in the  
12 meeting after the objection may not be considered as present at the meeting for  
13 purposes of determining whether a quorum is present.

14           **(3) CALLING MEETINGS AND NOTICE.** Unless the articles or bylaws provide for a  
15 different time period and except as provided in s. 193.205 (3) and subs. (4) and (5),  
16 a director may call a board meeting by giving at least 10 days' notice. The notice shall  
17 state the date, time, and place of the meeting, except that, if the meeting is held under  
18 sub. (2) and if no physical presence of directors at the meeting is intended, the notice  
19 shall so state. If required under this chapter, the articles, or the bylaws, the notice  
20 shall state the purpose of the meeting.

21           **(4) PREVIOUSLY SCHEDULED OR ADJOURNED MEETINGS.** If the day, time, and place  
22 of a board meeting are provided in the articles or bylaws, or announced at a previous  
23 board meeting, no notice of the meeting is required. Notice that an adjourned  
24 meeting will be reconvened need not be given other than by announcement at the  
25 meeting at which adjournment is taken.

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1           **(5) WAIVER OF NOTICE AND OBJECTION.** A director may waive notice of a board  
2 meeting. A waiver is effective whether given before, at, or after the meeting, and  
3 whether given in writing, orally, or by attendance. Attendance by a director at a  
4 board meeting is a waiver of notice of that meeting, unless the director objects at the  
5 beginning of the meeting to the transaction of business because the meeting is not  
6 lawfully called or convened and does not participate in the meeting after the  
7 objection.

8           **(6) VOTING BY ABSENT DIRECTORS.** If the articles or bylaws so provide, a director  
9 may give advance written consent or opposition to a proposal to be acted on at a board  
10 meeting. If the director is not present at the meeting, consent or opposition to a  
11 proposal does not constitute presence for purposes of determining the existence of a  
12 quorum. If the proposal to be acted on at the meeting is substantially the same or  
13 has substantially the same effect as the proposal to which the director has consented  
14 or opposed, the consent or opposition shall be counted as the vote of a director present  
15 at the meeting in favor of or against the proposal and shall be entered in the minutes  
16 or other record of action at the meeting.

17           **193.431 Quorum; presence of objecting director.** Unless otherwise  
18 provided in the articles or bylaws, a majority of the directors currently holding office  
19 is a quorum for the transaction of business. Any director who objects at the beginning  
20 of a board meeting to the transaction of business because the meeting is not lawfully  
21 called or convened and who fails to participate in the meeting after the objection may  
22 not be considered as present at the meeting for purposes of determining whether a  
23 quorum is present. In the absence of a quorum, a majority of the directors present  
24 may adjourn a meeting from time to time until a quorum is present. If a quorum is  
25 present when a meeting is properly convened, the directors present may continue to

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1 transact business until adjournment, even though the withdrawal of a number of  
2 directors originally present leaves less than a quorum.

3 **193.435 Actions of the board. (1) GENERALLY.** Unless this chapter or the  
4 articles or bylaws provide otherwise and except as provided in sub. (2), the board  
5 shall take action by the affirmative vote of the greater of the following:

6 (a) A majority of directors present at a meeting at the time the action is taken.

7 (b) A majority of the minimum number of directors that would constitute a  
8 quorum for the transaction of business at the meeting.

9 **(2) EXCEPTION FOR OBJECTING DIRECTOR.** Any director who objects at the  
10 beginning of a board meeting to the transaction of business because the meeting is  
11 not lawfully called or convened and who fails to participate in the meeting after the  
12 objection may not be considered as present at the meeting for purposes of sub. (1).

13 **193.441 Actions without a meeting. (1) GENERALLY.** (a) Unless the  
14 articles or bylaws provide otherwise, any action required or permitted by this  
15 chapter to be authorized at a board meeting may be authorized without a meeting  
16 if that action is authorized by all directors and is evidenced by one or more written  
17 statements, signed by each director, describing and consenting to the action. Such  
18 an action has the same effect as an action authorized by unanimous vote at a meeting  
19 at which all directors are present and may be described as such in any document.

20 (b) The articles or bylaws may allow the board to take any other action on behalf  
21 of the cooperative, other than an action requiring member approval, without a board  
22 meeting, if the action is authorized by the number of directors that would be required  
23 to approve the action at a board meeting at which all directors were present and if  
24 the action is evidenced by one or more written statements, signed by each  
25 authorizing director, describing and consenting to the action. Such an action has the

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1 same effect as an action authorized by vote of the number of authorizing directors  
2 at a meeting at which all directors are present and may be described as such in any  
3 document.

4 (2) EFFECTIVE DATE. Any action authorized under sub. (1) is effective when the  
5 last director necessary for authorization signs the statement evidencing his or her  
6 consent, unless the statement specifies a different effective date.

7 (3) NOTICE AND LIABILITY. When an action is taken under sub. (1) (b) with the  
8 authorization of less than all directors, the authorizing directors shall ensure that  
9 all other directors are notified immediately of the action and its effective date.  
10 Failure to provide the notice does not invalidate the action. A director who does not  
11 authorize an action taken under sub. (1) (b) may not be held liable as a result of the  
12 action.

13 (4) RECORDS. A cooperative shall retain all statements signed by its directors  
14 under sub. (1).

15 **193.443 Board authority concerning certain cooperative property. (1)**

16 SALE IN USUAL AND REGULAR COURSE OF BUSINESS. The board may sell, lease, transfer,  
17 or otherwise dispose of all or substantially all of the cooperative's property in the  
18 usual and regular course of the cooperative's business.

19 (2) OTHER SALES. The board may sell, lease, transfer, or otherwise dispose of  
20 all or substantially all of the cooperative's property not in the usual and regular  
21 course of the cooperative's business if all of the following apply:

22 (a) The cooperative's accountant has given the board an opinion that the  
23 cooperative cannot continue as an ongoing business and is under financial duress.

24 (b) The board has given notice to the members of the impending or potential  
25 disposition prior to the disposition.

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1 (c) The board has determined that failure to proceed with the disposition would  
2 be adverse to the interests of the members and the cooperative.

3 (3) SECURITY INTERESTS. The board may grant a security interest in all or  
4 substantially all of the cooperative's property whether or not in the usual and regular  
5 course of the cooperative's business.

6 (4) TRANSFER TO CERTAIN AFFILIATES. The board may transfer any or all of the  
7 cooperative's property to a business entity all the ownership interests of which are  
8 owned by the cooperative.

9 (5) ASSET SECURITIZATION. For purposes of debt financing, the board may  
10 transfer any or all of the cooperative's property to a special purpose entity owned or  
11 controlled by the cooperative for an asset securitization.

12 **193.445 Audit committee.** The board shall establish an audit committee,  
13 consisting of members who will ensure an independent review of the cooperative's  
14 finances, to review the financial information and accounting reports of the  
15 cooperative. The board shall present audited financial statements to the members  
16 unless all of the following apply:

17 (1) The articles or bylaws permit financial statements that are not audited.

18 (2) The financial statements clearly state that they are not audited and a  
19 statement is included in the financial statement describing the difference between  
20 the financial statements and audited financial statements that are prepared  
21 according to generally accepted accounting processes.

22 **193.451 Committees. (1) GENERALLY; SPECIAL LITIGATION COMMITTEE.** The  
23 board, by resolution, may establish committees having the authority of the board in  
24 the management of the business of the cooperative to the extent described in the  
25 resolution. The board, by resolution, may establish a special litigation committee of

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1 specified duration under this subsection, consisting of one or more independent  
2 directors or other independent persons, to consider the legal rights of and remedies  
3 available to the cooperative and whether those rights should be enforced and those  
4 remedies should be pursued. Any committee established under this subsection,  
5 other than a special litigation committee, is subject at all times to the direction and  
6 control of the board. The board may amend a resolution establishing a special  
7 litigation committee.

8 (2) MEMBERSHIP. A committee established under sub. (1) shall consist of one or  
9 more individuals. Unless the articles or bylaws provide otherwise, committee  
10 members need not be directors.

11 (3) COMMITTEE PROCEDURE. The procedures for a board meeting apply to a  
12 meeting of a committee established under sub. (1) and to committee members to the  
13 same extent as those procedures apply to a board meeting and directors.

14 (4) MINUTES. The chairperson of a committee established under sub. (1) shall  
15 ensure that minutes, if any, of committee meetings are provided, upon request, to  
16 members of the committee and to any director.

17 (5) STANDARD OF CONDUCT FOR DIRECTORS. Establishment of, delegation of  
18 authority to, and action by a committee under sub. (1) does not alone constitute  
19 compliance by a director with s. 193.455 (1).

20 (6) DUTIES OF COMMITTEE MEMBERS; LIMITATION OF LIABILITY. Sections 193.455,  
21 193.461, and 193.465 apply to members of committees established under sub. (1) to  
22 the same extent as those sections apply to directors.

23 **193.455 Conduct and liability of directors. (1) STANDARD AND LIABILITY.**

24 (a) A director shall discharge the duties of the office of director in good faith, in a  
25 manner the director reasonably believes to be in the best interests of the cooperative,



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1 and with the care an ordinarily prudent person in a like position would exercise  
2 under similar circumstances. A director who so performs his or her duties may not  
3 be held liable by reason of being or having been a director.

4 (b) In discharging his or her duties to the cooperative and in determining what  
5 he or she believes to be in the best interests of the cooperative, a director may  
6 consider any of the following:

7 1. The effects of the action on employees, suppliers, creditors, and customers  
8 of the cooperative.

9 2. The effects of the action on communities in which the cooperative operates.

10 3. The effects of the action on members and stockholders.

11 4. The economy of this state.

12 5. The long-term and short-term interests of the cooperative and its patron  
13 members, including the possibility that these interests may be best served by the  
14 continued independence of the cooperative.

15 6. Any other factors the director considers pertinent.

16 **(2) RELIANCE.** (a) A director may rely on information, opinions, reports, or  
17 statements, including financial statements and other financial data, if prepared or  
18 presented by any of the following:

19 1. One or more officers or employees of the cooperative whom the director  
20 reasonably believes to be reliable and competent in the matters presented.

21 2. Counsel, public accountants, or other persons as to matters that the director  
22 reasonably believes are within the person's professional or expert competence.

23 3. A committee established under s. 193.445 or 193.451 (1) on which the  
24 director does not serve, as to matters within its designated authority, if the director  
25 reasonably believes the committee to merit confidence.

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1 (b) Paragraph (a) does not apply to a director who has knowledge concerning  
2 the matter in question that makes the director's reliance under par. (a) unwarranted.

3 **(3) PRESUMPTION OF ASSENT.** A director who is present at a meeting of the board  
4 when an action is approved by the board is presumed to have assented to the action  
5 approved, unless the director is prohibited by a conflict of interest from voting on the  
6 action or does any of the following:

7 (a) Objects at the beginning of the meeting to the transaction of business  
8 because the meeting is not lawfully called or convened and fails to participate in the  
9 meeting after the objection.

10 (b) Votes against the action at the meeting.

11 **193.461 Director conflicts of interest. (1) CONFLICT VOIDING CERTAIN**  
12 **CONTRACTS AND TRANSACTIONS.** A contract or transaction between a cooperative and  
13 a director, as determined under sub. (2) (b) 1., or between a cooperative and a  
14 business entity of which at least one of the cooperative's directors is a governor,  
15 director, manager, officer, or legal representative, as determined under sub. (2) (b)  
16 2., or in which at least one of the cooperative's directors has a material financial  
17 interest, as determined under sub. (2) (a), is void unless any of the following apply:

18 (a) The contract or transaction was fair and reasonable as to the cooperative  
19 at the time it was authorized or ratified by the cooperative; the material facts as to  
20 the contract or transaction and as to the director's interest are disclosed or known  
21 to the members before the contract or transaction is authorized or ratified by the  
22 cooperative; and the material facts as to the contract or transaction and as to the  
23 director's interest are fully disclosed or known to the board or a committee  
24 established under s. 193.445 or 193.451 (1), and the board or committee in good faith  
25 authorizes or ratifies the contract or transaction. The interested director may not

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1 be counted in determining the presence of a quorum at a meeting where the contract  
2 or transaction may be authorized or ratified and may not vote on the authorization  
3 or ratification. The person asserting the validity of the contract or transaction has  
4 the burden of establishing that the contract or transaction was fair and reasonable  
5 as to the cooperative at the time it was authorized or ratified by the cooperative.

6 (b) The contract or transaction is a distribution, or is a contract or transaction  
7 that is made available to all members or patron members as part of the cooperative's  
8 business.

9 (c) The contract or transaction results from a resolution fixing the  
10 compensation of a director or of another officer, employee, or agent of the cooperative.

11 **(2) MATERIAL FINANCIAL INTEREST; TRANSACTIONS INVOLVING THIRD PARTIES.** (a) For  
12 purposes of sub. (1), a director has a material financial interest in each organization  
13 in which that director, that director's spouse, parent, child, or sibling, the spouse of  
14 that director's child or sibling, or the sibling of that director's spouse has a material  
15 financial interest.

16 (b) 1. For purposes of sub. (1), a contract or transaction between a cooperative  
17 and a director or that director's spouse, parent, child, or sibling, the spouse of that  
18 director's child or sibling, or the sibling of that director's spouse, is considered to be  
19 a transaction between the cooperative and the director.

20 2. For purposes of sub. (1), a contract or transaction between a cooperative and  
21 a business entity of which a director or that director's spouse, parent, child, or  
22 sibling, the spouse of that director's child or sibling, or the sibling of that director's  
23 spouse, is a governor, director, manager, officer, or legal representative is considered  
24 to be a transaction between the cooperative and a business entity of which the  
25 director is a governor, director, manager, officer, or legal representative.

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1           **193.465 Limitation of director’s liability in articles or bylaws.** The  
2 articles or bylaws may eliminate or limit a director’s personal liability to the  
3 cooperative or its members for monetary damages for violating s. 193.455 (1) (a),  
4 except that neither the articles nor the bylaws may eliminate or limit the liability of  
5 a director for any of the following:

6           (1) A breach of the director’s duty of loyalty to the cooperative or its members.

7           (2) An act or omission not in good faith or that involves intentional misconduct  
8 or a knowing violation of law.

9           (3) A transaction from which the director derived an improper personal benefit.

10          (4) An act or omission occurring before the date on which the provision in the  
11 articles or bylaws eliminating or limiting liability becomes effective.

12          (5) A knowing violation of ch. 408, subject to s. 193.605, or illegal distributions  
13 of cooperative assets.

14           **193.471 Indemnification. (1) DEFINITIONS.** In this section:

15          (a) “Official capacity” means any of the following:

16           1. A person’s capacity as an officer, employee, or agent of a cooperative or  
17 predecessor cooperative.

18           2. A person’s capacity as a member of a committee of a cooperative under s.  
19 193.445 or 193.451 (1) or of a committee of a predecessor cooperative.

20           3. With respect to a director, chief executive officer, member, or employee of a  
21 cooperative who, at the request of the cooperative, serves as a governor, director,  
22 manager, officer, member, partner, trustee, employee, or agent of another  
23 organization or employee benefit plan, that person’s capacity as a governor, director,  
24 manager, officer, member, partner, trustee, employee, or agent, as applicable, of the  
25 other organization or employee benefit plan.

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1           4. With respect to a person who was a director, chief executive officer, member,  
2 or employee of a predecessor cooperative and who, at the request of the predecessor  
3 cooperative, served as a governor, director, manager, officer, member, partner,  
4 trustee, employee, or agent of another organization or employee benefit plan, that  
5 person's capacity as a governor, director, manager, officer, member, partner, trustee,  
6 employee, or agent, as applicable, of the other organization or employee benefit plan.

7           (b) "Potential litigant" means a person made or threatened to be made a party  
8 to a proceeding by reason of the person's former or present official capacity.

9           (c) "Predecessor cooperative" means a domestic or foreign cooperative that was  
10 the predecessor of a cooperative in a merger or other transaction in which the  
11 predecessor's existence ceased upon consummation of the transaction.

12           (d) "Proceeding" means a threatened, pending, or completed civil, criminal,  
13 administrative, arbitration, or investigative proceeding, including a proceeding by  
14 or in the right of the cooperative.

15           (e) "Special legal counsel" means counsel who has not represented any of the  
16 following:

17           1. The cooperative or an affiliate.

18           2. The director, manager, member of a committee under s. 193.445 or 193.451  
19 (1), or employee whose indemnification is in issue.

20           **(2) INDEMNIFICATION.** (a) Subject to sub. (4), a cooperative shall indemnify a  
21 potential litigant against judgments, penalties, and fines applicable to a proceeding,  
22 against excise taxes assessed against the person with respect to an employee benefit  
23 plan, and against settlements and reasonable expenses, including attorney fees and  
24 disbursements, incurred by the potential litigant in connection with the proceeding,

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1 if, with respect to the acts or omissions of the potential litigant complained of in the  
2 proceeding, all of the following apply:

3 1. The potential litigant has not been indemnified against the same amounts  
4 by another person.

5 2. The potential litigant acted in good faith.

6 3. The potential litigant did not receive an improper personal benefit or commit  
7 an act for which liability cannot be eliminated or limited under s. 193.465 (2).

8 4. In the case of a criminal proceeding, the potential litigant had no reasonable  
9 cause to believe the acts or omissions were unlawful.

10 5. In the case of acts or omissions committed in an official capacity, as defined  
11 in sub. (1) (a) 1. or 2., the potential litigant reasonably believed that the acts or  
12 omissions were in the best interests of the cooperative or predecessor cooperative, as  
13 applicable, and, in the case of acts or omissions committed in an official capacity, as  
14 defined in sub. (1) (c) 3. or 4., the potential litigant reasonably believed that the  
15 conduct was not opposed to the best interests of the cooperative or predecessor  
16 cooperative, as applicable. If the acts or omissions relate to conduct as a director,  
17 officer, trustee, employee, or agent of an employee benefit plan, the conduct is not  
18 considered to be opposed to the best interests of the cooperative or predecessor  
19 cooperative if the potential litigant reasonably believed that the conduct was in the  
20 best interests of the participants or beneficiaries of the employee benefit plan.

21 (b) The termination of a proceeding by judgment, order, settlement, or  
22 conviction or upon a plea of no contest or its equivalent does not, of itself, establish  
23 that the potential litigant did not meet the applicable criteria under par. (a).

24 **(3) ADVANCES.** Subject to sub. (4), a potential litigant is entitled, upon written  
25 request to the cooperative, to payment or reimbursement by the cooperative of

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1 reasonable expenses, including attorney fees and disbursements, incurred by the  
2 potential litigant in advance of the final disposition of the proceeding if the potential  
3 litigant delivers to the cooperative a written statement that the potential litigant  
4 believes in good faith that the applicable criteria for indemnification under sub. (2)  
5 (a) have been satisfied and a written undertaking by the potential litigant to repay  
6 all amounts so paid or reimbursed by the cooperative if a court determines under sub.  
7 (6) (c) that the potential litigant is ineligible for indemnification. The written  
8 undertaking is an unlimited general obligation of the potential litigant but need not  
9 be secured, and the cooperative shall accept the written undertaking without  
10 reference to the potential litigant's financial ability to make the repayment.

11 **(4) PROHIBITION, CONDITIONS, AND LIMITATIONS ON INDEMNIFICATION OR ADVANCES.**

12 The articles or bylaws may prohibit indemnification or advances of expenses  
13 otherwise required by subs. (2) and (3). The articles or bylaws may impose  
14 limitations on indemnification or advances of expenses or conditions on  
15 indemnification or advances of expenses in addition to the conditions contained in  
16 subs. (2) and (3), if the limitations or conditions apply equally to all persons or to all  
17 persons within a given class. A prohibition, limitation, or condition contained in the  
18 articles or bylaws under this subsection does not apply to any person seeking  
19 indemnification or advancement of expenses under sub. (2) or (3) with respect to any  
20 acts or omissions of the person committed before the effective date of the provision  
21 in the articles or the date of adoption of the provision in the bylaws, as applicable,  
22 establishing the prohibition, limitation, or condition.

23 **(5) REIMBURSEMENT TO WITNESSES.** This section does not require, or limit the

24 ability of, a cooperative to reimburse expenses, including attorney fees and

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1 disbursements, incurred by a person in connection with an appearance as a witness  
2 in a proceeding at a time when the person is not a potential litigant.

3 (6) DETERMINATION OF ELIGIBILITY. (a) Except as otherwise provided in this  
4 subsection, all determinations whether indemnification of a person is required under  
5 sub. (2) and whether payment or reimbursement of expenses is required under sub.  
6 (3) shall be made as follows:

7 1. By the board, except as otherwise provided in this paragraph. The directors  
8 who are, at the time, parties to the proceeding may not vote on the question of a  
9 determination under this subdivision and may not be counted in determining the  
10 presence of a quorum at a meeting at which such a question is voted upon.

11 2. If a quorum under subd. 1. cannot be obtained because of the number of  
12 directors that are parties to the proceeding and except as otherwise provided in this  
13 paragraph, by a majority of a committee under s. 193.451 (1) that consists of 2 or more  
14 directors not at the time parties to the proceeding and that is duly designated to act  
15 in the matter by a majority of all directors, including those who are parties.

16 3. If a determination is not made under subd. 1. or 2. and except as otherwise  
17 provided in this paragraph, by special legal counsel, selected either by the board or  
18 a committee under s. 193.451 (1). If selected by the board, the vote and determination  
19 of the presence of a quorum shall be made as described in subd. 1. If selected by a  
20 committee, the committee shall be designated to act and shall vote in the manner  
21 described in subd. 2.

22 4. Except as otherwise provided under this paragraph, if a determination is not  
23 made under subd. 1. or 2. and if a quorum of the board cannot be obtained and a  
24 committee cannot be established as required under subd. 3., by special legal counsel,



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1 selected by a majority of all directors, including directors who are parties to the  
2 proceeding.

3 5. If a determination is not made under subds. 1. to 4., by the affirmative vote  
4 of the members. The membership interests held by parties to the proceeding may  
5 not be counted in determining the presence of a quorum at a meeting at which the  
6 question of a determination under this subdivision is voted upon and parties holding  
7 such membership interests may not vote on the determination.

8 (b) Except as provided in par. (c), with respect to a person who is not, and was  
9 not at the time of the acts or omissions complained of in the proceedings, a director,  
10 chief executive officer, or person possessing, directly or indirectly, the power to direct  
11 or cause the direction of the management or policies of the cooperative, the  
12 determination whether indemnification of the person is required under sub. (2) and  
13 whether the payment or reimbursement of expenses is required under sub. (3) shall  
14 be made by an annually appointed committee under s. 193.451 (1), having at least  
15 one member who is a director. Any such committee shall report at least annually to  
16 the board concerning its actions.

17 (c) Within 60 days after the termination of the applicable proceeding or the  
18 receipt of a written request for indemnification by the cooperative, whichever occurs  
19 earlier, a person seeking indemnification under sub. (2) or payment or  
20 reimbursement of expenses under sub. (3) may petition the circuit court for a  
21 determination of the person's eligibility for indemnification, payment, or  
22 reimbursement, if a determination is made under par. (a) or (b) that the person is  
23 ineligible, or if no determination is made under par. (a) or (b). The court shall order  
24 the cooperative to indemnify the person if indemnification is required under sub. (2)  
25 and, if applicable, shall order the cooperative to pay or reimburse the person's

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1 expenses if the payment or reimbursement is required under sub. (3). In addition,  
2 if the person is a director or officer of the cooperative, the court shall order the  
3 cooperative to indemnify the person if, in view of all the relevant circumstances, the  
4 person is fairly and reasonably entitled to indemnification, regardless of whether  
5 indemnification is required under sub. (2). In a proceeding under this paragraph, the  
6 person seeking indemnification, payment, or reimbursement has the burden of  
7 establishing that indemnification is required or that the person is entitled to  
8 payment or reimbursement of expenses.

9 **(7m)** EXPENSES OF OBTAINING COURT-ORDERED INDEMNIFICATION. If the court, in  
10 a proceeding under sub. (6) (c), determines that the cooperative unreasonably  
11 refused a director's or officer's request for indemnification under sub. (2), the court  
12 shall order the cooperative to pay the officer's or director's reasonable expenses  
13 incurred to obtain the court-ordered indemnification.

14 **(9)** INSURANCE. A cooperative may purchase and maintain insurance on behalf  
15 of a person in that person's official capacity against any liability asserted against and  
16 incurred by the person in or arising from that capacity, whether or not the  
17 cooperative would be required to indemnify the person against the liability under  
18 sub. (2).

19 **(10)** DISCLOSURE. A cooperative that indemnifies or advances expenses to a  
20 person under sub. (2) or (3) shall report to the members in writing the amount of the  
21 indemnification or advance and to whom and on whose behalf it was paid not later  
22 than the date of the first members' meeting occurring after the payment.

23 **(11)** INDEMNIFICATION OF OTHER PERSONS. This section does not limit the power  
24 of a cooperative to indemnify persons who do not act in an official capacity.

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1           **193.475 Officers.** (1) REQUIRED OFFICERS. (a) The board shall elect a  
2 chairperson and one or more vice-chairpersons.

3           (b) Except as provided in sub. (3), the board shall elect or appoint a records  
4 officer and a financial officer.

5           (2) CHIEF EXECUTIVE AND ADDITIONAL OFFICERS. The board may employ a chief  
6 executive officer to manage the day-to-day affairs and business of the cooperative.  
7 The board may elect additional officers as the articles or bylaws authorize or require.

8           (3) RECORDS OFFICER AND FINANCIAL OFFICER MAY BE COMBINED. The offices of  
9 records officer and financial officer may be combined.

10          (4) OFFICERS THAT SHALL BE DIRECTORS AND MEMBERS. The chairperson and first  
11 vice-chairperson shall each be a director and member. The financial officer, records  
12 officer, and additional officers need not be directors or members.

13          **193.478 Director Education.** A director shall annually attend a course in at  
14 least 2 of the following topics offered by a recognized provider of cooperative director  
15 education:

16           (1) Duties and responsibilities of a cooperative director.

17           (2) Board and management relations.

18           (3) The board's role in defining and developing cooperative policies.

19           (4) Understanding cooperative governance and structure.

20           (5) Understanding financial statements, key financial ratios, and control tools.

21           (6) Cooperative finance and equity redemption.

22           (7) Cooperative strategic planning.

23           (8) Cooperative membership communication and education.

24           (9) Selecting and evaluating principal cooperative management.

25           (10) Board evaluation.



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1 value of the membership interest or rights, as applicable, payable in not more than  
2 7 years from the date of surrender.

3 2. If the board requires a patron member to surrender the patron member's  
4 rights described in par. (a) 2., the board may transfer all of those rights to a class of  
5 financial rights held by members who are not patron members, or to a certificate of  
6 interest that carries liquidation rights on par with membership interests and that  
7 must be redeemed within 7 years after the transfer as provided in the certificate.

8 (c) The board may reissue or retire and cancel any membership interests  
9 required to be surrendered under par. (a).

10 **(4) INSPECTION OF COOPERATIVE RECORDS BY MEMBER.** (a) Except as otherwise  
11 provided in this paragraph and pars. (d) and (e), a member may inspect and copy any  
12 of the records described in s. 193.245 if the member meets the requirements of par.  
13 (b). A member's agent or attorney has the same inspection and copying rights under  
14 this paragraph as the member. No member may inspect or copy any records of the  
15 cooperative relating to the amount of equity capital in the cooperative held by any  
16 person or any accounts receivable or other amounts due the cooperative from any  
17 person, or any personnel records or employment records relating to any employee of  
18 the cooperative, unless the member is a director or officer acting pursuant to  
19 authority of the board. Except as provided under par. (e), records shall be inspected  
20 and copied under this paragraph during regular business hours at a reasonable  
21 location specified by the cooperative.

22 (b) A member may inspect and copy records under par. (a) if all of the following  
23 apply:

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1           1. The member has been a member for at least one year immediately preceding  
2 the demand to inspect or copy or holds at least 5 percent of all of the outstanding  
3 equity interests in the cooperative as of the date the demand is made.

4           2. The member gives the cooperative a written demand to inspect or copy at  
5 least 5 business days before the date on which the member wishes to inspect or copy  
6 the records.

7           3. The written demand describes with reasonable particularity the purpose for  
8 which the demand is made and the records the member desires to inspect or copy.

9           4. The demand is made in good faith and for a proper cooperative business  
10 purpose.

11           5. The records are directly connected with the described purpose.

12           (d) This section does not affect any of the following:

13           1. The right of a member to inspect records to the same extent as any other  
14 litigant if the member is in litigation with the cooperative.

15           2. The power of a court to compel the production of the cooperative's records for  
16 examination.

17           (e) If records to be inspected or copied under par. (a) are in active use or storage  
18 and, therefore, not available at the time otherwise provided under par. (a) for  
19 inspection or copying, the cooperative shall so notify the member and establish a date  
20 and time for the inspection or copying that is within 3 business days of the date  
21 otherwise provided under par. (a) for inspection or copying.

22           (f) The right to copy records under par. (a) includes, if reasonable, the right to  
23 receive copies from the cooperative. The cooperative may impose a reasonable charge  
24 for copies of any records provided to the member. The charge may not exceed the

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1 estimated cost of production and reproduction of the records. Any copies made by the  
2 member shall be made at the member's expense.

3 (g) If a cooperative refuses to allow a person to inspect or copy records that the  
4 person is entitled to inspect or copy under par. (a) within any time period prescribed  
5 under par. (e) or, if none, within a reasonable time, the person may petition the circuit  
6 court for the county where the cooperative's principal office is located or, if it has no  
7 principal office in this state, for the county in which the cooperative's registered office  
8 is located, for an order compelling the cooperative to permit the inspection or copying.  
9 A court that issues an order under this paragraph may impose reasonable  
10 restrictions on the use or distribution of the records by the person. A court that issues  
11 an order under this paragraph may do any of the following, unless the cooperative  
12 proves that it refused inspection or copying in good faith because it had a reasonable  
13 basis for doubt about the right of the person to inspect or copy the records under par.  
14 (a):

15 1. Order the cooperative to pay the person's reasonable costs in obtaining the  
16 order, including reasonable attorney fees.

17 2. Order the cooperative to pay the person for any damages the person incurred  
18 by reason of the cooperative's refusal to permit inspection or copying.

19 3. Order the cooperative to pay the member's inspection and copying expenses,  
20 notwithstanding par. (f).

21 5. Impose reasonable restrictions on the use or distribution of the records by  
22 the person.

23 **193.505 Member liability.** A person is not personally liable for the acts,  
24 debts, liabilities, or obligations of a cooperative merely because of the person's status  
25 as a member. A member is liable for any unpaid subscription for the member's

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1 membership interest, unpaid membership fees, or any debt for which the member  
2 has separately contracted with the cooperative.

3 **193.511 Regular members' meetings.** (1) ANNUAL MEETING. A regular  
4 members' meeting shall be held annually at a time determined by the board, unless  
5 the articles or bylaws provide otherwise.

6 (2) LOCATION. The regular members' meeting shall be held at the principal  
7 place of business of the cooperative or at another conveniently located place as  
8 determined by the board or under the articles or bylaws.

9 (3) BUSINESS AND FISCAL REPORTS. The officers shall submit reports to the  
10 members at the regular members' meeting covering the business of the cooperative  
11 for the previous fiscal year and indicating the condition of the cooperative at the close  
12 of the fiscal year.

13 (5) NOTICE. Except as otherwise provided in this subsection, sub. (6), and s.  
14 193.553, the cooperative shall mail a notice of the regular members' meeting to each  
15 member at the member's last known address. The cooperative shall deposit the  
16 notice in the mail at least 15 days before the date of the meeting. In lieu of mailing,  
17 the cooperative may provide notice of the meeting by any means approved by the  
18 board and agreed to by the members. The cooperative shall provide any such notice  
19 at least 2 weeks before the date of the meeting. Any notice provided to an entity  
20 under this subsection shall be addressed or directed to an officer of the entity.

21 (6) WAIVER AND OBJECTION. A member may waive notice of a regular members'  
22 meeting. A waiver is effective whether given before, at, or after the meeting, and  
23 whether given in writing, orally, or by attendance. Attendance by a member at a  
24 regular members' meeting is a waiver of notice of that meeting, except where the  
25 member objects at the beginning of the meeting to the transaction of business



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1 because the meeting is not lawfully called or convened and does not participate in the  
2 meeting after the objection, or objects before a vote on an item of business at the  
3 meeting because the item may not lawfully be considered at the meeting and does  
4 not participate in the consideration of the item at the meeting.

5 **193.515 Special members' meetings. (1) CALLING A MEETING.** A special  
6 members' meeting may be called by any of the following means:

7 (a) By the board.

8 (b) By petition of the members under this paragraph. Except as otherwise  
9 provided in this paragraph, the chairperson of the board shall call a special members'  
10 meeting if a written petition requesting the meeting is signed by at least 20 percent  
11 of the patron members and is submitted to the chairperson. Unless the articles or  
12 bylaws provide otherwise and except as otherwise provided in this paragraph, the  
13 chairperson of the board shall call a special members' meeting if a written petition  
14 requesting the meeting is signed by at least 20 percent of the nonpatron members,  
15 20 percent of all members, or members representing 20 percent of all membership  
16 interests and is submitted to the chairperson. A special members' meeting held  
17 under this paragraph shall be held within 30 days after submission of the petition  
18 to the chairperson. This paragraph does not authorize any meeting that is unrelated  
19 to a proper cooperative purpose.

20 **(2) NOTICE.** Except as otherwise provided in this subsection, sub. (3), and s.  
21 193.553, the cooperative shall mail a notice of any special members' meeting to each  
22 member at the member's last known address. In lieu of mailing, the cooperative may  
23 provide notice of the meeting by any means approved by the board and agreed to by  
24 the members. Any notice provided to an entity under this subsection shall be  
25 addressed or directed to an officer of the entity. Any notice provided under this

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1 subsection shall state the time, place, and purpose of the meeting. Any notice  
2 provided under this subsection shall be given at least 10 days before the date of the  
3 meeting.

4 **(3) WAIVER AND OBJECTION.** A member may waive notice of a special members'  
5 meeting. A waiver is effective whether given before, at, or after the meeting, and  
6 whether given in writing, orally, or by attendance. Attendance by a member at a  
7 special members' meeting is a waiver of notice of that meeting, except where the  
8 member objects at the beginning of the meeting to the transaction of business  
9 because the meeting is not lawfully called or convened and does not participate in the  
10 meeting after the objection, or objects before a vote on an item of business at the  
11 meeting because the item may not lawfully be considered at the meeting and does  
12 not participate in the consideration of the item at the meeting.

13 **193.518 Effect of insufficient notice.** Failure of a member to receive a notice  
14 required under s. 193.511 (5) or 193.515 (2) does not invalidate any action that is  
15 taken at the applicable meeting.

16 **193.521 Certification of notice. (1) CERTIFICATE REQUIRED.** After mailing  
17 or otherwise providing notices required under s. 193.511 (5) or 193.515 (2), the  
18 cooperative shall execute a certificate containing the date of mailing or provision of  
19 the notices and a statement that the notices were mailed or provided as required  
20 under s. 193.511 (5) or 193.515 (2), as applicable.

21 **(2) MATTER OF RECORD.** The cooperative shall include the certificate under sub.  
22 (1) in the record of the meeting to which the certificate relates.

23 **193.523 Electronic notice. (1) EFFECTIVE DATE OF ELECTRONIC NOTICE.** Any  
24 notice given by a cooperative to members in electronic format takes effect as follows:

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1 (a) If by facsimile communication, when directed to a telephone number at  
2 which the member has consented to receive notice.

3 (b) If by electronic mail, when directed to an electronic mail address at which  
4 the member has consented to receive notice.

5 (c) If by a posting on an electronic network on which the member has consented  
6 to receive notice, upon the later to occur of the posting and the giving of a separate  
7 notice to the member of the specific posting.

8 (d) If by any other means to which the member has consented, when directed  
9 to the member pursuant to that means.

10 **(2) AFFIDAVIT.** An affidavit of the secretary of the board, other authorized  
11 officer, or authorized agent of the cooperative, indicating that a notice has been given  
12 in electronic format under sub. (1) is, in the absence of fraud, prima facie evidence  
13 that the notice was so given.

14 **(3) CONSENT.** If a member consents to the receipt of notice in electronic format,  
15 the member shall deliver a statement to that effect in writing to the cooperative. A  
16 statement under this subsection is effective until it is revoked by the member. A  
17 revocation under this subsection does not affect the validity of any notice given before  
18 receipt by the cooperative of the revocation.

19 **193.524 Revocation of electronic communication.** A member may revoke  
20 any vote, authorization, or consent submitted in electronic format by the member to  
21 a cooperative under this chapter by delivering a notice of revocation to a director or  
22 the chief executive officer of the cooperative before the vote is counted or the  
23 authorization or consent is relied upon.

24 **193.525 Quorum at members' meeting.** **(1) GENERALLY; PRESENCE OF**  
25 **OBJECTING MEMBER.** Unless the articles or bylaws provide otherwise and except as

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1 provided in sub. (2m), a quorum for the transaction of business at a members'  
2 meeting is 10 percent of the total number of members for a cooperative with 100 or  
3 less members and 15 percent of the total number of members for all other  
4 cooperatives. The attendance of a sufficient number of members to constitute a  
5 quorum shall be established by a registration of the members present at the meeting.  
6 The registration shall be verified by the chairperson of the board or the records officer  
7 of the cooperative and shall be reported in the minutes of the meeting. Any member  
8 who objects at the beginning of a members' meeting to the transaction of business  
9 because the meeting is not lawfully called or convened and who fails to participate  
10 in the meeting after the objection may not be considered as present at the meeting  
11 for purposes of determining whether a quorum is present.

12 **(2) QUORUM FOR VOTING BY MAIL OR ALTERNATIVE BALLOT.** Except as provided in  
13 s. 193.531 (2), in determining whether a quorum is present at a members' meeting  
14 for purposes of conducting a vote on a question that members may vote on by mail  
15 or alternative ballot, the number of members physically present at the meeting shall  
16 be added to the number of members voting by mail or alternative ballot.

17 **(2m) QUORUM FOR VOTES BY CLASS OR SERIES.** Except as otherwise provided in  
18 the articles or bylaws or a member control agreement, if a vote at a members' meeting  
19 is open only to holders of a particular class or series of membership interests, a  
20 quorum for conducting the vote is a number of members holding 10 percent of the  
21 voting power of the class or series for a cooperative with 100 or less members and a  
22 number of members holding 15 percent of the voting power of the class or series for  
23 all other cooperatives.

24 **(3) MEETING ACTION INVALID WITHOUT QUORUM.** An action taken or approved at  
25 a members' meeting by vote of the members is invalid if a quorum is not present at

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1 the time of the vote, unless approval of the members is not required under this  
2 chapter, the articles, or the bylaws.

3 **193.531 Virtual members' meetings and attendance. (1) CONSTRUCTION**  
4 **AND APPLICATION.** This section shall be construed and applied as follows:

5 (a) To facilitate remote communication consistent with other applicable law.

6 (b) To be consistent with reasonable practices concerning remote  
7 communication and with the continued expansion of those practices.

8 **(2) VIRTUAL MEMBERS' MEETINGS AND ATTENDANCE.** To the extent authorized in  
9 the articles or bylaws or, unless prohibited by the articles or bylaws, in a member  
10 control agreement, and as determined by the board, a members' meeting may be held  
11 such that all members participate in the meeting by a means of communication  
12 rather than by being physically present at the meeting. To the extent authorized in  
13 the articles or bylaws or, unless prohibited by the articles or bylaws, in a member  
14 control agreement, and as determined by the board, a member may participate in a  
15 members' meeting at which other members are physically present by a means of  
16 communication rather than by being physically present at the meeting. A meeting  
17 may be held or a member may participate in a meeting as authorized under this  
18 subsection only if the requirements of sub. (4) are satisfied. The number of members  
19 physically present at a meeting, if any, shall be added to the number of members  
20 otherwise participating in the meeting under this subsection to determine whether  
21 a quorum is present under s. 193.525, except that any member who objects at the  
22 beginning of the meeting to the transaction of business because the meeting is not  
23 lawfully called or convened and who fails to participate in the meeting after the  
24 objection may not be considered as present at the meeting for purposes of  
25 determining whether a quorum is present.

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1           **(4) REQUIREMENTS FOR VIRTUAL MEETINGS AND ATTENDANCE.** All of the following  
2 apply to any meeting held under sub. (2):

3           (a) The cooperative shall implement reasonable measures to verify that each  
4 person participating in the meeting by a means of communication is a member.

5           (b) The cooperative shall implement reasonable measures to provide each  
6 member participating in the meeting by a means of communication with a  
7 reasonable opportunity to actively participate, including an opportunity to do all of  
8 the following:

9           1. Read or hear the proceedings of the meeting substantially concurrently with  
10 those proceedings.

11           2. If allowed by the procedures governing the meeting, have the member's  
12 remarks heard or read by other participants in the meeting substantially  
13 concurrently with the making of those remarks.

14           3. If otherwise entitled, vote on matters submitted to the members.

15           **193.535 Actions of the members. (1) GENERALLY.** Unless this chapter  
16 provides otherwise and except as provided in sub. (2m) and s. 193.545 (1) (a) and (4),  
17 the members shall take action by the affirmative vote of the greater of the following:

18           (a) A majority of the voting power of the membership interests present and  
19 entitled to vote on that item of business.

20           (b) A majority of the voting power that would constitute a quorum for the  
21 transaction of business at the meeting or for conducting the vote.

22           (c) The proportion of voting power specified in this chapter, the articles or  
23 bylaws, or a member control agreement as necessary for that item of business.

24           **(2m) EXCEPTION FOR OBJECTING MEMBER.** Any member who objects at the  
25 beginning of a members' meeting to the transaction of business because the meeting

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1 is not lawfully called or convened and who fails to participate in the meeting after  
2 the objection may not be considered as present at the meeting for purposes of sub.  
3 (1).

4 **193.541 Actions without a members' meeting. (1) GENERALLY.** (a) Unless  
5 the articles or bylaws provide otherwise, any action required or permitted by this  
6 chapter to be authorized at a members' meeting may be authorized without a  
7 meeting if that action is authorized by all members and is evidenced by one or more  
8 written statements, signed by each member, describing and consenting to the action.  
9 Such an action has the same effect as an action authorized by unanimous vote at a  
10 members' meeting at which all members are present and may be described as such  
11 in any document.

12 (b) The articles or bylaws may allow the members to authorize any other action  
13 on behalf of the cooperative, other than an action requiring board approval, without  
14 a members' meeting, if the action is authorized by the number of members that would  
15 be required to approve the action at a members' meeting at which all members were  
16 present and if the action is evidenced by one or more written statements, signed by  
17 each authorizing member, describing and consenting to the action. Such an action  
18 has the same effect as an action authorized by vote of the number of authorizing  
19 members at a meeting at which all members are present and may be described as  
20 such in any document.

21 **(2) EFFECTIVE DATE.** Any action authorized under sub. (1) is effective when the  
22 last member necessary for authorization signs the statement evidencing his or her  
23 consent, unless the statement specifies a different effective date.

24 **(3) NOTICE AND LIABILITY.** When an action is taken under sub. (1) (b) with the  
25 authorization of less than all members, the board shall ensure that all other

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1 members are notified immediately of the action and its effective date. Failure to  
2 provide the notice does not invalidate the action. A member who does not authorize  
3 an action taken under sub. (1) (b) may not be held liable as a result of the action.

4 (4) RECORDS. A cooperative shall retain all statements signed by its members  
5 under sub. (1).

6 **193.545 Member voting rights. (1) GENERALLY.** (a) Each patron member  
7 has one vote on each issue that patron members may vote upon. Nonpatron  
8 members, if authorized by the patron members, may or may not have voting rights  
9 relating to being a nonpatron member or holding nonpatron membership interests.  
10 If voting rights are granted to nonpatron members or to nonpatron membership  
11 interests, patron members may not have less voting rights than provided in this  
12 section. The collective vote of the patron members shall be determined by the vote  
13 of the majority of patron members voting on the issue. Except as provided under s.  
14 193.551, in determining the collective vote of patron members, each patron member  
15 has one vote on the issue. Unless the articles or bylaws provide otherwise, no issue  
16 that patron members may vote upon may be approved unless, in determining the  
17 collective vote of the patron members, the number of patron members voting to  
18 approve the issue is a majority of all members voting on the issue. The articles or  
19 bylaws may not reduce the collective patron member vote to less than 51 percent of  
20 the total member vote.

21 (b) Except as otherwise provided in this chapter, a nonpatron member has the  
22 voting rights granted to members holding nonpatron membership interests in the  
23 articles or bylaws.



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1           **(2) VOTING AT A MEMBERS' MEETING.** A member may vote at a members' meeting  
2           at any time from the time the member arrives at the meeting to the time the meeting  
3           is adjourned, unless the articles or bylaws specify an earlier time for closing the vote.

4           **(3) VOTING METHOD.** (a) Except as otherwise provided in this paragraph, a  
5           member may vote only by casting a ballot at a meeting, by delegate as provided under  
6           sub. (4), by proxy as provided under s. 193.565, or, if authorized by the board, by  
7           mailing a ballot or by using an alternative ballot.

8           (b) The ballot shall be in a form prescribed by the board.

9           (c) To cast a ballot by mail, a member shall mark the member's choice on the  
10          ballot, seal the ballot in a plain envelope bearing the member's name and the words  
11          "BALLOT ENCLOSED," or similar words, and enclose that envelope in another  
12          envelope addressed to the cooperative. To cast an alternative ballot, a member shall  
13          follow the procedure prescribed by the board.

14          (d) If the ballot of a member is received by the cooperative on or before the date  
15          of the election, or as otherwise prescribed for alternative ballots, and if all other  
16          applicable requirements are satisfied, the cooperative shall accept and count the  
17          ballot as the vote of the absent member.

18          **(4) MEMBERS REPRESENTED BY DELEGATES.** For a cooperative with districts or  
19          other units, the articles or bylaws may provide that members from the districts or  
20          other units be represented at members' meetings by delegates chosen by those  
21          members. A delegate representing patron members shall be a patron member.  
22          Except as provided in s. 193.551 (2) and as otherwise provided in this subsection, a  
23          delegate may vote in the same manner as and to the same extent as the members  
24          collectively whom the delegate represents are otherwise authorized to vote.

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1           **193.551 Patron member voting based on patronage. (1)** ADDITIONAL VOTE  
2 PERMITTED. (a) The articles or bylaws may authorize patron members to have an  
3 additional vote in determining the collective vote of patron members under s.  
4 193.545 (1) (a) as provided in this subsection.

5           (b) The articles or bylaws may grant a patron member an additional vote under  
6 par. (a) if the issue to be voted upon relates to a specified amount of business  
7 transacted between the patron member and the cooperative.

8           (c) The articles or bylaws may grant additional votes under par. (a) to a  
9 specified number of patron members who are also patron members of another  
10 cooperative that is itself a member of the cooperative.

11           (d) The articles or bylaws may grant additional votes under par. (a) to a patron  
12 member that is a cooperative, based on the amount of equity allocated to or held by  
13 the patron member in the cooperative.

14           **(2) ADDITIONAL VOTES FOR DELEGATES.** (a) For a cooperative with districts or  
15 other units of patron members, the articles or bylaws may authorize a delegate  
16 elected by patron members to have additional votes as provided in this subsection  
17 in determining the collective vote of patron members under s. 193.545 (1) (a).

18           (b) The articles or bylaws may grant a delegate an additional vote under par.  
19 (a) based on a specified amount of business transacted between the patron members  
20 represented by the delegate and the cooperative.

21           (c) The articles or bylaws may grant a delegate an additional vote under par.  
22 (a) based upon the amount of equity allocated to or held by the patron members  
23 represented by the delegate.

24           **193.553 Voting rights limited to members as of date certain.** The board  
25 may establish a date for the determination of membership interests entitled to notice

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1 of and entitled to vote at a members' meeting. The date established by the board may  
2 not be more than 60 days before the date of the meeting. If a date is established under  
3 this subsection, only members as of that date are entitled to notice of and may vote  
4 at that meeting.

5 **193.555 Voting rights of nonmembers.** The articles or bylaws may  
6 authorize any nonmember or class of nonmembers to vote at a members' meeting in  
7 the same manner as patron members are permitted to vote. The articles or bylaws  
8 may prescribe the manner by which persons are authorized to vote under this  
9 section.

10 **193.557 Voting of jointly owned membership interests.** If a membership  
11 interest is owned jointly by 2 or more persons, any one of the owners may vote based  
12 upon that membership interest, unless the cooperative receives written notice from  
13 any of the owners denying the authority of that person to vote based upon that  
14 membership interest.

15 **193.559 Cumulative voting by members.** Except as provided in ss. 193.411  
16 (4m) and 193.557, a member with more than one vote that is entitled to vote may  
17 allocate the member's votes in any way the member chooses. If such a member votes  
18 without designating an allocation, the member is considered to have voted all of the  
19 member's votes in that way.

20 **193.561 Voting by business entities, subsidiaries, legal**  
21 **representatives, and holders of security interests. (1) MEMBERSHIP INTERESTS**  
22 **HELD BY A BUSINESS ENTITY.** If a member entitled to vote is a business entity, the  
23 chairperson of the board, chief executive officer, or other authorized agent of the  
24 member may cast the member's votes.

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1           **(2) MEMBERSHIP INTEREST HELD BY SUBSIDIARY OF COOPERATIVE.** Except as  
2 provided in the articles or bylaws or sub. (3), if a member is a subsidiary of the  
3 cooperative, the member may not vote.

4           **(3) MEMBERSHIP INTEREST HELD IN FIDUCIARY CAPACITY BY COOPERATIVE.**  
5 Membership interests held in a fiduciary capacity by the cooperative or a subsidiary  
6 of the cooperative are not entitled to vote, except to the extent that the settlor or  
7 beneficiary is entitled to vote and either exercises the right to vote or instructs the  
8 cooperative or subsidiary on how to vote.

9           **(4) MEMBERSHIP INTEREST CONTROLLED BY CERTAIN REPRESENTATIVES.** Except as  
10 provided in subs. (3) and (5), if a person, in the capacity of a personal representative,  
11 administrator, executor, guardian, or conservator, or in a similar capacity, controls  
12 the membership interest of a member entitled to vote, the person may vote on behalf  
13 of the member.

14           **(5) MEMBERSHIP INTEREST CONTROLLED BY TRUSTEE IN BANKRUPTCY OR RECEIVER.**  
15 If a trustee in bankruptcy or a receiver controls the membership interest of a member  
16 entitled to vote, the trustee or receiver may vote on behalf of the member if  
17 authorized to do so by the court appointing the trustee or receiver.

18           **(7) HOLDERS OF SECURITY INTEREST.** The granting of a security interest in a  
19 membership interest does not entitle the holder of the security interest to vote.

20           **193.565 Voting by proxy. (1) AUTHORIZATION AND APPOINTMENT OF PROXY. (a)**  
21 A member entitled to vote may do so by proxy appointed under this paragraph.  
22 Except as provided in sub. (7), a member may grant a proxy to vote by giving the  
23 board or an authorized agent of the cooperative an appointment of a proxy, in writing,  
24 before the meeting at which the appointment is to be effective. If the appointment  
25 of proxy is given in electronic format, the appointment is effective only if an

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1 authorized agent of the cooperative determines that the appointment is authorized  
2 by the member. The authorized agent shall record the information upon which he  
3 or she relied to make the determination. A proxy appointed under this paragraph  
4 may vote in the same manner as and to the same extent as the appointing member  
5 is otherwise authorized to vote, consistent with subs. (5) and (7).

6 (b) A reproduction of the original written appointment under par. (a) may be  
7 substituted or used in lieu of the original for any purpose for which the original could  
8 be used, if the reproduction is a complete, legible, and accurate reproduction of the  
9 entire original.

10 (c) If a membership interest is owned jointly by 2 or more members, any one  
11 of the owners may appoint a proxy under par. (a), unless the cooperative receives  
12 written notice from any of the owners denying the authority of that person to appoint  
13 a proxy or appointing a different proxy.

14 **(2) DURATION OF APPOINTMENT.** The appointment of a proxy under sub. (1) (a)  
15 is valid for 11 months, unless a longer period is expressly provided in the  
16 appointment or unless the appointment is terminated under sub (3).

17 **(3) TERMINATION.** An appointment of a proxy under sub. (1) (a) may be  
18 terminated at will by the appointing member or the proxy, unless the appointment  
19 is conditioned upon ownership of or subject to terms and conditions of a membership  
20 interest. Except as provided in sub. (4), an appointment that is coupled with a  
21 membership interest as described in this subsection is irrevocable and may not be  
22 terminated, unless an agreement between the appointing member and the proxy  
23 specifies otherwise. A termination under this subsection is effective upon filing  
24 written notice of the termination with an authorized agent of the cooperative or filing  
25 a new appointment under sub. (1) (a), whichever occurs first.

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1           **(4) REVOCATION BY DEATH OR INCAPACITY.** The death or incapacity of a member  
2           appointing a proxy under sub. (1) (a) does not revoke the appointment, unless written  
3           notice of the death or incapacity is received by an authorized agent of the cooperative  
4           before the proxy exercises the authority under the appointment.

5           **(5) MULTIPLE PROXIES.** Except as provided in sub. (7), all of the following apply  
6           if 2 or more persons are appointed as proxies for a member under sub. (1) (a):

7           (a) Only one of them may vote on behalf of the member on each item of business  
8           in accordance with specific instructions contained in the appointment.

9           (b) If no specific instructions are contained in the appointment with respect to  
10          a particular item of business, the vote of the member shall be cast as a majority of  
11          the proxies determine. If the proxies are equally divided in determining how such  
12          a vote shall be cast, no vote may be cast.

13          **(6) LIABILITY OF PROXY.** A proxy appointed under sub. (1) (a) is liable to the  
14          appointing member for damages resulting from the proxy's failure to exercise his or  
15          her authority or from the proxy's acting in violation of the authority granted in the  
16          appointment.

17          **(7) LIMITATIONS ON PROXIES.** (a) A patron member may only appoint another  
18          patron member as a proxy under sub. (1) (a).

19          (b) No member may vote by proxy under sub. (1) (a) if the member is  
20          represented by a delegate under s. 193.545 (4).

21          (c) No member may vote by proxy under sub. (1) (a) in an election of directors  
22          under s. 193.411 (3) or (4).

23          (d) If an appointment of a proxy under sub. (1) (a) gives the proxy authority to  
24          vote on less than all items of business considered at a meeting, the appointing

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1 member may vote by proxy only with respect to those items of business for which the  
2 proxy has authority to vote.

3 (e) An appointment of a proxy under sub. (1) (a) may restrict or limit the  
4 authority of the proxy or reserve authority for the appointing member.

5 **193.571 Member authority concerning certain cooperative property.**  
6 Except as provided in s. 193.443, a cooperative may sell, lease, transfer, or otherwise  
7 dispose of all or substantially all of its property and assets, including its good will,  
8 not in the usual and regular course of its business, upon those terms and conditions  
9 that the board considers expedient, when approved by the affirmative vote of the  
10 members owning a majority of the voting power of the interests entitled to vote and  
11 by the board. Notwithstanding s. 193.511 (6), 193.515 (3), and 193.553, written  
12 notice of any members' meeting at which a vote will be taken under this section shall  
13 be given to all members. The written notice shall state that a purpose of the meeting  
14 is to consider the sale, lease, transfer, or other disposition of all or substantially all  
15 of the property and assets of the cooperative.

16 SUBCHAPTER VI

17 MEMBERSHIP INTERESTS

18 **193.601 Membership interests. (1) AMOUNTS AND DIVISIONS OF MEMBERSHIP**  
19 **INTERESTS.** To the extent permitted under this chapter, a cooperative may increase,  
20 decrease, establish, or alter the authorized amount and divisions of membership  
21 interests by amending the articles under s. 193.221 or the bylaws under s. 193.241.

22 **(2) ISSUANCE AND ACQUISITION OF MEMBERSHIP INTERESTS GENERALLY.** A  
23 cooperative may issue authorized membership interests on terms and conditions  
24 prescribed in the articles or bylaws or, if authorized in the articles or bylaws, on terms  
25 and conditions determined by the board. The cooperative shall disclose to any person

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1 to whom a membership interest is issued, before issuance, the organizational and  
2 capital structure of the cooperative, known business prospects and risks of the  
3 cooperative, and the nature of the governance and financial rights of the membership  
4 interest being acquired and of other classes of membership and membership  
5 interests. The cooperative shall notify all members, before issuance, of any  
6 membership interest issued by the cooperative. The cooperative may not issue a  
7 membership interest to any person unless the subscription price of the membership  
8 interest has been paid for in money or property. If the subscription price is paid for  
9 in property, the value of the property to be contributed shall be approved by the  
10 board.

11 **(3) TRANSFERRING OWNERSHIP OF MEMBERSHIP INTERESTS.** After issuance by the  
12 cooperative, ownership of a membership interest may be transferred only with the  
13 approval of the board. The board may adopt resolutions prescribing procedures to  
14 approve transfers prospectively.

15 **(4) PATRON MEMBERSHIP INTERESTS.** Except as otherwise provided in this  
16 subsection, if nonpatron membership interests are authorized by the patron  
17 members, all patron membership interests, collectively, shall have not less than 51  
18 percent of the cooperative's financial rights to profit allocations and distributions.  
19 The patron members by majority vote may authorize that the patron membership  
20 interests, collectively, may have less than 51 percent, but not less than 30 percent,  
21 of the cooperative's financial rights to profit allocations and distributions, and this  
22 change must be included in the bylaws. Notwithstanding s. 193.221 (1) and (3), an  
23 amendment of the articles under this subsection may be adopted only if approved by  
24 the affirmative vote of the patron members.



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1           **(5) FIRST PRIVILEGE TO PURCHASE MEMBERSHIP INTERESTS.** The articles or bylaws  
2 may provide the patron members, individually or collectively, or the cooperative with  
3 the first privilege of purchasing the membership interests of any class of  
4 membership interests offered for sale. If the articles or bylaws provide patron  
5 members with a first privilege to purchase membership interests under this  
6 subsection, the articles or bylaws shall include a procedure by which patron  
7 members may proceed to acquire the membership interests. If the cooperative  
8 acquires a membership interest under this subsection, the cooperative may hold the  
9 interest to be reissued or may retire and cancel the interest.

10           **(6) NONPATRON MEMBERSHIP INTERESTS.** If nonpatron membership interests are  
11 authorized by the patron members, each person to whom a nonpatron membership  
12 interest is issued shall sign a member control agreement or a statement agreeing to  
13 abide by any applicable conditions imposed under the bylaws. Unless the bylaws  
14 contain a sufficient description, the cooperative shall provide to a person to whom a  
15 nonpatron membership interest is issued, before issuance, a description of the rights  
16 and obligations applicable to holders of that nonpatron membership interest, the  
17 transferability of that nonpatron membership interest, and the manner in which  
18 profits and losses are divided and allocated among the membership interests and  
19 membership classes.

20           **(6m) ALLOCATION OF PROFITS, LOSSES, AND DISTRIBUTIONS.** If the articles or bylaws  
21 do not otherwise provide for the allocation of the profits and losses between patron  
22 membership interests and any authorized nonpatron membership interests, then  
23 the allocation of profits and losses among nonpatron membership interests  
24 individually and patron membership interests collectively shall be allocated based  
25 on the value of contributions to capital made according to the patron membership

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1 interests collectively and the nonpatron membership interests individually to the  
2 extent the contributions have been accepted by the cooperative. Distributions of cash  
3 or other assets of the cooperative shall be allocated among the membership interests  
4 as provided in the articles and bylaws, subject to the provisions of this chapter. If not  
5 otherwise provided in the articles or bylaws, distributions shall be made on the basis  
6 of value of the capital contributions of the patron membership interests collectively  
7 and the nonpatron membership interests to the extent the contributions have been  
8 accepted by the cooperative.

9 (7) REACQUISITION OF NONPATRON MEMBERSHIP INTERESTS AFTER DISSENT. Unless  
10 the articles or bylaws provide otherwise, a nonpatron member may force the  
11 cooperative to acquire the member's nonpatron membership interests as provided  
12 under this subsection if the articles or bylaws are amended in a manner that  
13 materially and adversely affects the rights and preferences applicable to the  
14 nonpatron membership interests of the nonpatron member. If approval of the  
15 amendment is not required of the members, the nonpatron member shall file a notice  
16 of dissent and intent to demand fair value of the membership interests with the  
17 cooperative within 30 days after the date on which notice of the amendment is given  
18 to members. If approval of the amendment is required of the members, the  
19 nonpatron member shall file a notice of dissent and intent to demand fair value of  
20 the membership interests with the cooperative before the vote on the proposed  
21 amendment and shall not vote in favor of the proposed amendment. After receipt of  
22 a notice under this subsection and, if applicable, after approval of the amendment,  
23 the cooperative shall rescind the amendment within 60 days after receipt of the  
24 notice or acquire the membership interests by paying the fair value of the  
25 membership interests to the dissenting member within 180 days after receipt of the

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1 notice. Upon acquiring the membership interests, the cooperative may hold the  
2 interests to be reissued or may retire and cancel the interests.

3 **193.605 Cooperative securities. (1) APPLICABILITY OF CH. 408 TO COOPERATIVE**  
4 **SECURITIES.** To the extent that the provisions of this chapter concerning the  
5 authorization, issuance, control, use, and rights of membership interests or  
6 concerning the stock of a cooperative are inconsistent with ch. 408, the provisions of  
7 this chapter apply.

8 **(2) LIABILITY OF COOPERATIVE FOR WRONGFUL TRANSFERS OF ITS SECURITIES.** (a) In  
9 this subsection:

10 1. "Proper person" means the registered owner or last prior transferee, whether  
11 or not described as fiduciary for another, or his or her authorized agent or legal  
12 representative or the successor to his or her interest by operation of law.

13 2. "Transfer" includes a redemption or recall of stock.

14 3. "Wrongful transfer" means a transfer which is in excess of the authorization  
15 or capacity of the transferor, or which is made in breach of the transferor's fiduciary  
16 duty.

17 (b) A cooperative may not be held liable for acting upon wrongful transfers of  
18 its securities which are not "securities" as defined in s. 408.102, unless it has notice  
19 that the certificate was not transferred by a proper person or has notice that the  
20 transfer was a wrongful transfer.

21 **(3) MISSING SECURITIES OR RECORDS.** (a) When a security issued by a cooperative,  
22 which is not a "security" as defined in s. 408.102, is missing, the cooperative shall  
23 issue a duplicate security if the owner so requests and furnishes an indemnity  
24 acceptable to the cooperative.

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1 (b) When records showing ownership of securities or apportionment of equity  
2 or membership interests are missing and the information therein contained is  
3 necessary to a proposed redemption of the interest, the cooperative may give notice  
4 and redeem by satisfying all of the following:

5 1. The cooperative shall set aside an amount equal to the value of the interests  
6 to be redeemed.

7 2. The cooperative shall give notice of such redemption to all owners of interests  
8 of which the cooperative has knowledge.

9 3. If there are interests, the ownership of which is unknown to the cooperative,  
10 it shall publish notice of the redemption at least once a month for 4 months in a  
11 publication circulated among members of cooperatives in the area, and also publish  
12 a class 3 notice, under ch. 985.

13 **193.611 Assignment of financial rights. (1) ASSIGNMENT OF FINANCIAL**  
14 **RIGHTS PERMITTED.** Except as provided in sub. (3), a member's financial rights in a  
15 cooperative are transferable in whole or in part.

16 **(2) EFFECT OF ASSIGNMENT OF FINANCIAL RIGHTS.** An assignment of a member's  
17 financial rights under sub. (1) entitles the assignee to receive, to the extent assigned,  
18 only the share of profits and losses and the distributions to which the assignor would  
19 otherwise be entitled. An assignment of a member's financial rights under sub. (1)  
20 does not dissolve the cooperative and does not entitle or empower the assignee to  
21 become a member, to exercise any governance rights, to receive any notices from the  
22 cooperative, or to cause dissolution. The assignment may not allow the assignee to  
23 control the member's exercise of governance or voting rights.

24 **(3) RESTRICTIONS ON ASSIGNMENT OF FINANCIAL RIGHTS.** (a) A restriction on the  
25 assignment of financial rights in a cooperative may be imposed in the articles, in the

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1 bylaws, in a member control agreement, by a resolution adopted by the members at  
2 a members' meeting, or by an agreement among members and the cooperative. A  
3 restriction is not binding with respect to financial rights reflected in the required  
4 records of the cooperative before the adoption of the restriction, unless the owners  
5 of those financial rights are parties to the agreement or voted in favor of the  
6 restriction.

7 (b) Subject to par. (c), a restriction under par. (a) is enforceable only if the  
8 restriction is not manifestly unreasonable under the circumstances and is noted  
9 conspicuously in the required records of the cooperative. Such a restriction may be  
10 enforced against the owner of the restricted financial rights or a successor or  
11 transferee of the owner, including a pledgee or a legal representative.

12 (c) A restriction on an assignment of financial rights under par. (a) which is  
13 otherwise valid and in effect at the time of the issuance of a statement of membership  
14 interest issued by the cooperative under s. 193.615 but which is not reflected in that  
15 statement is ineffective against an assignee who takes an assignment in reliance on  
16 the statement.

17 (d) A security interest in a member's financial rights may be foreclosed and  
18 otherwise enforced, and a secured party may assign a member's financial rights in  
19 accordance with ch. 408, without the consent or approval of the member whose  
20 financial rights are subject to the security interest.

21 **193.615 Nature and terms of a membership interest and statement of**  
22 **interest owned. (1) GENERALLY.** A membership interest is personal property. A  
23 membership interest does not give the owner of the interest any interest in specific  
24 cooperative property. All property of the cooperative is property of the cooperative  
25 itself.

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1           **(2) STATEMENT OF MEMBERSHIP INTEREST.** At the request of any member, the  
2 cooperative shall state in writing the particular membership interest owned by that  
3 member as of the date the cooperative makes the statement. The statement shall  
4 describe the member's rights to vote, if any, and to share in profits, losses, and  
5 distributions, restrictions on assignments of the member's financial rights under s.  
6 193.611 (3) or voting rights under s. 193.555, and any assignment of the member's  
7 rights then in effect other than a security interest.

8           **(3) TERMS OF MEMBERSHIP INTERESTS GENERALLY.** (a) All the membership  
9 interests of a cooperative shall satisfy all of the following:

10           1. Unless the articles or bylaws provide otherwise, the membership interests  
11 shall be of one class, without series.

12           2. The membership interests shall be patron membership interests and, if  
13 authorized, nonpatron membership interests subject to this chapter entitled to vote  
14 as provided in s. 193.555, and have equal rights and preferences in all matters not  
15 otherwise provided for by the board unless and to the extent that the articles or  
16 bylaws have fixed the relative rights and preferences of different classes and series.

17           (b) All of the following apply to the rights and preferences of a class or series  
18 of membership interests:

19           1. The rights and preferences may be made dependent upon facts ascertainable  
20 outside the articles or bylaws, or outside the resolution or resolutions under sub. (5)  
21 establishing the class or series, if the manner in which the facts operate upon the  
22 rights and preferences is clearly and expressly set forth in the articles or bylaws or  
23 in the resolution or resolutions establishing the class or series.

24           2. The rights and preferences may include by reference some or all of the terms  
25 of any agreements, contracts, or other arrangements entered into by the cooperative

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1 in connection with the establishment of the class or series if the cooperative retains  
2 at its principal office a copy of the agreements, contracts, or other arrangements or  
3 the portions thereof included by reference.

4 (c) If specified in the articles or bylaws, or the resolution under sub. (5)  
5 establishing the class or series, all of the following apply to membership interests of  
6 a class or series:

7 1. The membership interests are subject to the right of the cooperative to  
8 redeem any of those membership interests at a price fixed in the articles or bylaws  
9 or by the board.

10 2. Owners of the membership interests may receive cumulative, partially  
11 cumulative, or noncumulative distributions.

12 3. The membership interests may have preference over any other class or series  
13 of membership interests for the payment of distributions.

14 4. The membership interests may be convertible into membership interests of  
15 any other class or series.

16 5. The membership interests may have full, partial, or no voting rights, except  
17 as provided in s. 193.555.

18 **(4) RIGHTS OF JUDGMENT CREDITOR.** On application to the circuit court by any  
19 judgment creditor of a member, the court may order the payment of the unsatisfied  
20 amount of the judgment from a member's or an assignee's financial rights. Such a  
21 judgment creditor has only the rights of an assignee of a member's financial rights  
22 under s. 193.611. This subsection is the sole and exclusive remedy of a judgment  
23 creditor with respect to the judgment debtor's membership interest. This subsection  
24 does not deprive any member or assignee of financial rights of the benefit of any  
25 exemption under s. 815.18 applicable to the membership interest.

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1           **(5) BOARD AUTHORITY TO FIX TERMS.** (a) If permitted under the bylaws, the board  
2 may adopt a resolution establishing a class or series of membership interests, setting  
3 forth the designation of the class or series, and fixing the relative rights and  
4 preferences of the class or series, consistent with this chapter. A resolution under  
5 this paragraph takes effect on the 3rd day after the date on which the statement  
6 required under par. (b) is given to the members, as determined by the board.

7           (b) The cooperative may not accept contributions for any membership interests  
8 established by resolution under par. (a) until the board gives the members a  
9 statement setting forth the name of the cooperative, the text of the resolution, and  
10 the date on which the resolution was adopted.

11           **(7) SECURITY INTEREST IN COOPERATIVE SECURITIES.** For the purpose of any law  
12 relating to security interests, a membership interest, governance or voting rights,  
13 and financial rights are each to be characterized as provided in s. 408.103 (3).

14           **(8) POWERS OF ESTATE OF A DECEASED OR INCOMPETENT MEMBER AND OTHER**  
15 **FIDUCIARIES.** (a) Except as provided in par. (b), if a member who is an individual dies  
16 or a court adjudges the member to be incompetent to manage his or her person or  
17 property, or an order for relief under a judgment of bankruptcy is entered with  
18 respect to the member, the member's executor, administrator, guardian, conservator,  
19 trustee, or other legal representative may exercise all of the rights applicable to the  
20 member's membership interest for the purpose of settling the estate or  
21 administering the member's property. Except as provided in par. (b), if a member is  
22 not an individual and is dissolved, terminated, or placed by a court in receivership  
23 or bankruptcy, the member's legal representative or successor may exercise all of the  
24 rights applicable to the member's membership interest.



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1 (b) Subject to the articles and bylaws, if an event described in par. (a) causes  
2 the termination of a member's membership interest and the termination does not  
3 result in dissolution of the cooperative, the terminated member's interest is  
4 considered to be that of an assignee of financial rights under s. 193.611 and the rights  
5 to be exercised by the executor, administrator, guardian, conservator, trustee, legal  
6 representative, or successor are limited accordingly.

7 **(9) LIABILITY OF SUBSCRIBERS AND MEMBERS WITH RESPECT TO MEMBERSHIP**  
8 **INTERESTS.** A subscriber for membership interests or a member of a cooperative is  
9 under no obligation to the cooperative or its creditors with respect to the membership  
10 interests subscribed for or owned, except to pay to the cooperative the full  
11 consideration for which the membership interests are issued or to be issued.

12 **193.621 Certificated membership interests. (1) CERTIFICATED INTERESTS**  
13 **AUTHORIZED.** A membership interest of a cooperative may be certificated. The  
14 cooperative shall provide each holder of a certificated membership interest with a  
15 certificate of membership interest under sub. (2).

16 **(2) REQUIREMENTS OF CERTIFICATE; GENERALLY.** (a) A certificate of membership  
17 interest shall be signed by an agent or officer authorized in the articles or bylaws to  
18 sign the certificate or, in the absence of such an authorization, by the chairperson of  
19 the board or the records officer of the cooperative. If the person who signs the  
20 certificate subsequently ceases to have the capacity to sign the certificate before the  
21 certificate is issued, the cooperative may issue the certificate with the same effect as  
22 if the person had that capacity on the date of its issue.

23 (b) A certificate of membership interest shall contain all of the following  
24 information on the certificate's face:

- 25 1. The name of the cooperative.

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1           2. A statement that the cooperative is organized under the laws of this state  
2 and this chapter.

3           3. The name of the person to whom the certificate is issued.

4           4. The number and class of membership interests, and the designation of the  
5 series, if any, that the certificate represents.

6           5. A statement that membership interests are subject to the articles and  
7 bylaws.

8           6. Any restrictions on transfer of the membership interests that the certificate  
9 represents, including any requirement for the approval of the board and first rights  
10 to purchase by the cooperative. Notwithstanding any other provision of this  
11 subsection, the information required under this subdivision may be stated by  
12 reference to the back of the certificate or to another document.

13           **(3) REQUIREMENTS OF CERTIFICATE; MULTIPLE SERIES OR CLASSES.** A certificate of  
14 membership interest representing a membership interest issued by a cooperative  
15 that is authorized to issue membership interests of more than one class or series shall  
16 set forth upon the face or back of the certificate, or shall state that the cooperative  
17 will furnish to any member upon request and without charge, a full statement of the  
18 designations, preferences, limitations, and relative rights of the membership  
19 interests of each class or series authorized to be issued, so far as they have been  
20 determined, and the authority of the board to determine the relative rights and  
21 preferences of subsequent classes or series.

22           **(4) PRIMA FACIE EVIDENCE.** A certificate of membership interest issued under  
23 this section is prima facie evidence of the ownership of the membership interest that  
24 the certificate represents.

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1           **(5) UNCERTIFICATED MEMBERSHIP INTERESTS AUTHORIZED.** Unless uncertificated  
2 membership interests are prohibited by the articles or bylaws, the board may adopt  
3 a resolution permitting uncertificated membership interests. Such a resolution does  
4 not apply to a membership interest represented by a certificate until the certificate  
5 is surrendered to the cooperative. Within a reasonable time after the issuance or  
6 transfer of an uncertificated membership interest, the cooperative shall send to the  
7 new member a statement containing the information required under sub. (2) (b) and  
8 (3) to be stated on certificates, unless the cooperative is publicly held and has adopted  
9 a system of issuance, recordation, and transfer of its membership interests by  
10 electronic or other means not involving an issuance of certificates, in compliance  
11 with section 17A of the Securities Exchange Act of 1934.

12           **(6) COMPARABLE RIGHTS.** Except as otherwise provided under this chapter, the  
13 rights and obligations of holders of certificated membership interests are identical  
14 to the rights and obligations of holders of uncertificated membership interests of the  
15 same class and series.

16           **193.625 Replacement certificates. (1) ISSUANCE.** A cooperative may issue  
17 a replacement certificate of membership interest under s. 193.621 using the  
18 procedure specified in s. 408.405 (1), if the owner of the membership interest  
19 represented in a certificate claims that the certificate has been lost, destroyed or  
20 wrongfully taken.

21           **(2) NOT AN OVERISSUE.** The issuance of a replacement certificate under sub. (1)  
22 is not an overissue of the membership interest it represents.

23           **193.631 Restriction on transfer or registration of membership**  
24 **interests. (1) HOW IMPOSED.** A restriction on the transfer, including registration,  
25 of a membership interest may be imposed in the articles, in the bylaws, in a member

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1 control agreement, by a resolution adopted by the members, or by an agreement  
2 among or other written action by members or among them and the cooperative. A  
3 restriction imposed by a member control agreement or other written action of  
4 members is effective only against the parties to the agreement or written action or  
5 the members who assent pursuant to a member resolution. A restriction is not  
6 binding with respect to membership interests issued prior to the adoption of the  
7 restriction, unless the holders of those membership interests are parties to the  
8 agreement or voted in favor of the restriction.

9 (2) RESTRICTIONS PERMITTED. (a) A restriction under sub. (1) is enforceable only  
10 if the restriction is not manifestly unreasonable under the circumstances and any of  
11 the following apply:

12 1. The restriction is noted conspicuously on a certificate of membership interest  
13 representing the membership interest or the existence of the restriction is noted on  
14 the certificate and reference is made to a separate document creating or describing  
15 the restriction.

16 2. The restriction is imposed under this chapter or is included in the articles  
17 or bylaws.

18 3. The restriction relates to an uncertificated membership interest and is  
19 included in information sent to the holders of such a membership interest.

20 (b) A restriction that is enforceable under par. (a) may be enforced against the  
21 holder of the restricted membership interest or a successor or transferee of the  
22 holder, including a pledgee or a legal representative.

**SUBCHAPTER VII****CONTRIBUTIONS, ALLOCATIONS,****AND DISTRIBUTIONS**

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1           **193.701 Authorization, form, and acceptance.** (1) BOARD MAY AUTHORIZE.  
2           If authorized by the board, a cooperative may accept contributions, make  
3           contribution agreements under s. 193.711, and make contribution rights agreements  
4           under s. 193.715.

5           (2) PERMISSIBLE FORMS. A person may make a contribution to a cooperative by  
6           any of the following means:

7           (a) By paying money or transferring the ownership of an interest in property  
8           to the cooperative, or performing services to or for the benefit of the cooperative.

9           (b) Through a written obligation that is signed by the person and requires the  
10          person to pay money or transfer ownership of an interest in property to the  
11          cooperative or to perform services to or for the benefit of the cooperative.

12          (3) ACCEPTANCE OF CONTRIBUTIONS. No purported contribution is to be treated  
13          as or considered to be a contribution, unless all of the following apply:

14          (a) The board accepts the contribution on behalf of the cooperative and in that  
15          acceptance describes the contribution, including terms of future performance, if any,  
16          and states the value being accorded to the contribution.

17          (b) The acceptance of the contribution and the contribution's accorded value are  
18          both reflected in the required records of the cooperative.

19          **193.702 Valuation; presumption and liability.** The determinations of the  
20          board as to a contribution's accorded value under s. 193.701 (3) (a) and the fairness  
21          to the cooperative of a contribution and any terms of payment or performance  
22          applicable to the contribution, the terms of any contribution agreement under s.  
23          193.711, and the terms of any contribution rights agreement under s. 193.715 are  
24          presumed to be proper if the determinations are made in good faith and on the basis  
25          of methods that are reasonable under the circumstances. Directors who are present

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1 and entitled to vote, and who, intentionally or without reasonable investigation, fail  
2 to vote against approving a consideration that is unfair to the cooperative, or who  
3 overvalue property or services received or to be received by the cooperative as a  
4 contribution, are jointly and severally liable to the cooperative for the benefit of the  
5 members then existing who did not consent to and are damaged by the consideration  
6 or overvaluing of property or services, to the extent of the damages to those members.  
7 A director against whom a claim is asserted pursuant to this section, except in a case  
8 of knowing participation in a deliberate fraud, is entitled to contribution on an  
9 equitable basis from other directors who are liable under this section.

10 **193.705 Restated value of previous contributions. (1) DEFINITION.** In this  
11 section, "old contributions" means all contributions reflected in the required records  
12 of a cooperative immediately before the time the cooperative accepts a new  
13 contribution.

14 **(2) RESTATEMENT REQUIRED.** If a cooperative accepts a new contribution, the  
15 board shall restate the value of all old contributions.

16 **(3) RESTATEMENT METHOD FOR SAME SERIES OR CLASS. (a)** Unless otherwise  
17 provided in the articles or bylaws, the board shall restate the value of old  
18 contributions of the same series or class of the new contribution by following all of  
19 the following steps in numerical order:

20 1. State the value accorded to the new contribution under s. 193.701 (3) (a).

21 2. Determine what the total value will be, after the restatement under this  
22 subsection, of all contributions of same series or class as the new contribution.

23 3. Subtract the value stated under subd. 1. from the value determined under  
24 subd. 2., yielding the total value, after the restatement under this subsection, of all  
25 the old contributions of the particular series or class.

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1           4. Subtract the value, as reflected in the required records before the  
2 restatement under this subsection, of the old contributions from the value  
3 determined under subd. 3., yielding the value to be allocated among and added to the  
4 old contributions of the particular series or class.

5           5. Allocate the value determined under subd. 4. proportionally among the old  
6 contributions of the particular series or class, add the allocated values to the values  
7 of those old contributions, and change the required records accordingly.

8           (b) The values determined under par. (a) 4. and allocated and added under par.  
9 (a) 5. may be positive, negative, or zero.

10           **(4) RESTATEMENT METHOD FOR DIFFERENT SERIES OR CLASS.** Unless otherwise  
11 provided in the articles or bylaws, the board shall restate the value of old  
12 contributions of a series or class different from that of the new contribution by  
13 following all of the following steps in alphanumerical order:

14           (a) Determine the percentage by which any restatement under sub. (3) has  
15 changed the total contribution value reflected in the required records for the series  
16 or class of the new contribution.

17           (b) As to each old contribution of a different series or class, change the value  
18 reflected in the required records by the percentage determined under par. (a). The  
19 percentage determined under par. (a) may be positive, negative, or zero.

20           **(5) AGGREGATING NEW CONTRIBUTIONS.** If a cooperative accepts more than one  
21 new contribution of the same series or class at the same time, then for the purpose  
22 of the restatement required by this section the board may consider all such new  
23 contributions as if they were a single contribution.

24           **193.711 Contribution agreements. (1g) CONTRIBUTION AGREEMENTS**  
25 **PERMITTED.** Pursuant to s. 193.701 (1), a cooperative and a member or potential

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1 member may enter into an agreement requiring the member or potential member to  
2 contribute goods, services, or money to the cooperative as a condition of membership  
3 or receipt of a membership interest.

4 **(1r)** SIGNED WRITING REQUIRED. A contribution agreement shall be in writing  
5 and signed by each person required to make a contribution under the agreement.

6 **(2)** AGREEMENT IRREVOCABLE FOR DEFINITE PERIOD; EXCEPTIONS. A contribution  
7 agreement is irrevocable for a period of 6 months, unless otherwise provided in the  
8 contribution agreement or unless each person required to make a contribution under  
9 the agreement and, if in existence, the cooperative, consents to a different period of  
10 irrevocability.

11 **(3)** TIME OF PERFORMANCE UNDER AGREEMENT. Unless the contribution  
12 agreement provides otherwise, all payments or other actions required under the  
13 agreement shall be made or taken at the time or times determined by the board,  
14 except that a call made by the board for a person to make a payment or perform an  
15 action required under the agreement shall be uniform for all membership interests  
16 of the same class or series.

17 **(4)** FAILURE TO PERFORM; REMEDIES. (a) Unless the contribution agreement  
18 provides otherwise, if a person fails to make a payment required under the  
19 contribution agreement, the cooperative may bring an action for breach of contract,  
20 sell any membership interests that are subject to the contribution agreement  
21 pursuant to par. (b) and bring an action to collect any deficiency, or cancel the  
22 contribution agreement pursuant to par. (c). If a person fails to make a required  
23 contribution of property or services, the person shall pay to the cooperative an  
24 amount equal to that portion of the value of the contribution that has not been made,  
25 as stated in the cooperative's required records.



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1           (b) To the extent provided in par. (a), the cooperative may cancel the  
2 membership interests of any person who defaults on a contribution agreement and  
3 sell any membership interests that are subject to a contribution agreement if the  
4 amount due under the contribution agreement relating to those membership  
5 interests remains unpaid for a period of 20 days after the cooperative gives written  
6 notice of demand for payment to the person required to make the payment. The total  
7 offering price of the membership interests in such a sale shall be at least the amount  
8 of the balance owed by the person, plus the expenses incidental to the sale. If  
9 membership interests are sold pursuant to this paragraph, the cooperative shall pay  
10 to the person, or that person's legal representative, the lesser of the following:

11           1. The amount by which the proceeds of the sale, less the expenses incident to  
12 the sale and any additional amounts the person is required to pay under the terms  
13 of the contribution agreement as a result of the default, exceeds the amount of the  
14 payment the person failed to make.

15           2. The total amount paid by the person under the contribution agreement.

16           (c) To the extent provided in par. (a), the cooperative may cancel a contribution  
17 agreement if the amount due under the contribution agreement remains unpaid for  
18 a period of 20 days after the cooperative gives written notice of demand for payment  
19 to the person required to make the payment. Unless the contribution agreement  
20 provides otherwise, if the cooperative cancels a contribution agreement pursuant to  
21 this paragraph, the cooperative may retain any payments made as provided in the  
22 contribution agreement.

23           **(5) RESTRICTIONS ON ASSIGNMENT.** Unless the articles or bylaws provide  
24 otherwise, a person may not assign, in whole or in part, that person's rights under

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1 a contribution agreement to a person who is not a member at the time of the  
2 assignment, unless all the members consent to the assignment in writing.

3 **193.715 Contribution rights agreements. (1) CONTRIBUTION RIGHTS**  
4 **AGREEMENTS PERMITTED.** Pursuant to s. 193.701 (1) and subject to any restrictions in  
5 the articles or bylaws, a cooperative may enter into an agreement that provides a  
6 person rights to contribute goods, services, or money to the cooperative.

7 **(2) WRITING REQUIRED; TERMS INCLUDED BY REFERENCE.** A contribution rights  
8 agreement shall be in writing. Terms of the agreement may be included by reference.

9 **(3) RESTRICTIONS ON ASSIGNMENT.** Unless the articles or bylaws provide  
10 otherwise, a person may not assign, in whole or in part, that person's rights under  
11 a contribution rights agreement to a person who is not a member at the time of the  
12 assignment, unless all the members consent to the assignment in writing.

13 **193.721 Allocations of profits and distributions of cash and other**  
14 **assets. (1) ALLOCATION OF PROFITS AND LOSSES.** Except as otherwise provided in this  
15 subsection and the articles or bylaws, profits and losses shall be allocated between  
16 patron membership interests collectively and nonpatron membership interests  
17 collectively on the basis of the value of contributions received from patron  
18 membership interests collectively and nonpatron membership interests collectively.  
19 The allocation of profits to patron membership interests collectively in a fiscal year  
20 may not be less than 51 percent of the total profits for that fiscal year, except that the  
21 allocation of profits to patron membership interests collectively in a fiscal year may  
22 not be less than 30 percent of the total profits for that fiscal year if any of the following  
23 apply:

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1 (a) The articles were amended to provide for the reduced percentage and,  
2 notwithstanding s. 193.221 (1) and (3), the amendment was approved by the  
3 affirmative vote of the patron members.

4 (b) The bylaws provide for the reduced percentage and were approved by an  
5 affirmative vote of the patron members.

6 (c) The bylaws were amended to provide for the reduced percentage and the  
7 amendment was approved by the affirmative vote of the patron members.

8 **(2) DISTRIBUTION OF CASH OR OTHER ASSETS.** If not stated in the articles, the  
9 bylaws shall prescribe the distribution of cash or other assets of the cooperative  
10 among the membership interests of the cooperative. Unless the articles or bylaws  
11 provide otherwise, the cooperative shall distribute cash or other assets to patron  
12 membership interests collectively and nonpatron membership interests collectively  
13 on the basis of the value of contributions received by the cooperative from patron  
14 membership interests collectively and nonpatron membership interests collectively.  
15 The distributions to patron membership interests collectively in any fiscal year may  
16 not be less than 51 percent of the total distributions for that fiscal year, except that  
17 distributions to patron membership interests collectively in a fiscal year may not be  
18 less than 30 percent of the total distributions for that fiscal year if any of the following  
19 apply:

20 (a) The articles provide for the reduced percentage and that provision was not  
21 included in the articles via amendment under s. 193.221 (3).

22 (b) The bylaws provide for the reduced percentage and were adopted by an  
23 affirmative vote of the members.

24 (c) The bylaws were amended to provide for the reduced percentage and the  
25 amendment was adopted by the affirmative vote of the members.

**ASSEMBLY BILL 327****SECTION 89****1 193.725 Allocations and distributions of profits to patron members. (1)**

2 CAPITAL RESERVES. A cooperative may set aside any portion of profits allocated to the  
3 patron membership interests that the board determines is advisable for the purpose  
4 of creating or maintaining a capital reserve.

5 (2) OTHER RESERVES. The board may do any of the following with regard to  
6 profits allocated to the patron membership interests:

7 (a) Set aside an amount not to exceed 5 percent of the annual profits of the  
8 cooperative for promoting and encouraging cooperative organization.

9 (b) Establish and accumulate reserves for new buildings, machinery and  
10 equipment, depreciation, losses, and other proper purposes.

11 (3) PATRONAGE DISTRIBUTIONS. Profits allocated to patron members in excess of  
12 dividends on equity and additions to reserves shall be allocated and distributed to  
13 patron members on the basis of patronage and, if the bylaws provide, to nonmember  
14 patrons as so provided. A cooperative may establish allocation units and pooling  
15 arrangements and may account for and distribute profits to patrons on the basis of  
16 allocation units and pooling arrangements. A cooperative may offset the losses of an  
17 allocation unit or pooling arrangement against the profits of other allocation units  
18 or pooling arrangements.

19 (4) FREQUENCY OF DISTRIBUTION. A cooperative shall make distributions under  
20 sub. (3) at least annually.

21 (5) FORM OF DISTRIBUTION. A cooperative may make distributions under sub. (3)  
22 in the form of cash, capital credits, allocated patronage equities, revolving fund  
23 certificates, or its own or other securities.

24 (7) PATRONAGE CREDITS FOR INELIGIBLE MEMBERS. If a nonmember patron with  
25 patronage credits is not qualified or eligible for membership, the cooperative may

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1 credit to the nonmember patron's account a refund due to the nonmember patron.  
2 The board may issue a certificate of interest to reflect any such credit and, after the  
3 board issues such a certificate, the patron may receive distributions of profits in the  
4 same manner as a patron member.

5 **193.731 Member control agreements. (1) AUTHORIZATION AND EXECUTION.**  
6 Except as otherwise provided in this subsection, any person who has entered into a  
7 contribution agreement under s. 193.711 or an agreement to purchase cooperative  
8 securities, or any member, may enter into a written agreement with the cooperative  
9 that relates to the control of or the liquidation, dissolution, or termination of the  
10 cooperative, or any phase of the business and affairs of the cooperative. Such an  
11 agreement may not take effect unless signed by all persons who are then members  
12 and all persons who have entered into contribution agreements. An agreement  
13 under this subsection may not relate to patron member voting control under s.  
14 193.545 or patron member allocation and distribution provisions under s. 193.721.

15 **(2) SAME EFFECT AS ARTICLES AND BYLAWS.** Wherever this chapter provides that  
16 a particular result may or shall be obtained through a provision in the articles or  
17 bylaws, the same result may be accomplished through a provision in an agreement  
18 under sub. (1) or a procedure established in such an agreement.

19 **(3) OTHER AGREEMENTS NOT AFFECTED.** This section does not limit the authority  
20 of persons to enter into agreements otherwise valid, nor is the procedure set forth in  
21 this section the exclusive method of agreement among members or between the  
22 members and the cooperative with respect to any of the matters described.

23 **193.735 Distribution of unclaimed property. (1) ALTERNATE PROCEDURE TO**  
24 **DISTRIBUTE PROPERTY.** Notwithstanding s. 177.17 (4) (a) 2. and (b), a cooperative may  
25 distribute any property required to be reported under s. 177.17 (1) to an entity that

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1 is exempt from taxation under section 501 (a) of the Internal Revenue Code. A  
2 cooperative making a distribution under this subsection shall file all of the following  
3 with the state treasurer before making the distribution:

4 (a) A verified written description and explanation of the distribution.

5 (c) The name, address, and exemption number of the entity to which the  
6 property is to be distributed.

7 (d) The approximate date of the distribution.

8 **(2) REPORTING PROCEDURE NOT AFFECTED.** Subsection (1) does not affect the  
9 requirement that a cooperative report property under s. 177.17 (1).

10 **(3) OWNER'S RIGHT EXTINGUISHED ON DISBURSEMENT.** The articles or bylaws may  
11 provide that a distribution under sub. (1) extinguishes all rights of the owner in and  
12 to the distributed property.

### SUBCHAPTER VIII

#### MERGER AND CONSOLIDATION

15 **193.801 Merger and consolidation. (1) AUTHORIZATION.** Unless otherwise  
16 prohibited and except as otherwise provided in this subsection, a cooperative may  
17 merge or consolidate with a business entity by complying with this section and the  
18 applicable law of the jurisdiction under whose laws the surviving business entity will  
19 be organized. A cooperative may not merge or consolidate with a business entity  
20 organized under the laws of this state, other than an association, unless the law  
21 governing the business entity specifically authorizes merger or consolidation with  
22 a cooperative.

23 **(2) PLAN.** To initiate a merger or consolidation, the board shall prepare a  
24 written plan stating all of the following:

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1 (a) The name of the cooperative and each business entity that is party to the  
2 merger or consolidation.

3 (b) The name of the business entity that will survive the merger or  
4 consolidation.

5 (c) The manner and basis of converting membership or ownership interests in  
6 the cooperative and each business entity that is party to the merger or consolidation  
7 into membership or ownership interests in the surviving business entity, money, or  
8 other property.

9 (d) The terms of the merger or consolidation.

10 (e) The proposed effect of the merger or consolidation on the members of each  
11 association that is party to the merger or consolidation.

12 (f) For a consolidation, the contents of the articles or other organizational  
13 documents of the surviving business entity which will be filed with the jurisdiction  
14 in which the surviving business entity is organized.

15 **(3) NOTICE.** (a) The board shall give notice of the merger or consolidation to  
16 each member. The notice shall contain all of the following:

- 17 1. The full text of the plan under sub. (2).
- 18 2. The time and place of the meeting at which the plan will be considered.

19 (b) A cooperative with more than 200 members may provide the notice in the  
20 same manner as notice of a regular members' meeting.

21 **(4) ADOPTION OF PLAN; ARTICLES OF MERGER OR CONSOLIDATION.** (a) If a quorum  
22 of the members eligible to vote is registered as being present or represented by  
23 alternative vote at the meeting specified in the notice under sub. (3), the plan of  
24 merger or consolidation may be adopted by the following means, as applicable:

- 25 1. By a majority of the votes cast.

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1           2. For a cooperative with articles or bylaws requiring more than majority  
2 approval or other conditions for approval, by a sufficient vote as required under the  
3 articles or bylaws or by satisfying the other conditions for approval.

4           (b) If a plan is adopted under par. (a), the chairperson, vice-chairperson,  
5 records officer, or documents officer of each association that is party to the merger  
6 or consolidation shall execute articles of merger or consolidation which state the plan  
7 and the fact that the plan was adopted. The business entity surviving the merger  
8 or consolidation shall file the articles of merger with the department. If the business  
9 entity surviving the merger or consolidation is organized under the laws of this state,  
10 the department shall issue a certificate of organization to the business entity.

11           **193.805 Merger of subsidiary or parent. (1) WHEN AUTHORIZED; PLAN OF**  
12 **MERGER.** (a) Except as otherwise provided in this paragraph, a parent cooperative  
13 that owns at least 90 percent of the outstanding ownership interests of each class and  
14 series of a subsidiary business entity, other than ownership interests that, absent  
15 this section, would not be entitled to vote on a merger, may merge the subsidiary into  
16 the parent or the parent into the subsidiary without a vote of the members of the  
17 parent or the members of the subsidiary by complying with this section and the  
18 applicable law of the jurisdiction under whose laws the business entity surviving the  
19 merger will be organized. Except as otherwise provided in this paragraph, a parent  
20 cooperative that owns at least 90 percent of the outstanding ownership interests of  
21 each class and series of 2 or more subsidiary business entities, other than ownership  
22 interests that, absent this section, would not be entitled to vote on a merger, may  
23 merge the subsidiaries into one another without a vote of the members of the parent  
24 or the members of the subsidiaries by complying with this section and the applicable  
25 law of the jurisdiction under whose laws the business entity surviving the merger



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1 will be organized. This paragraph does not permit a cooperative to merge with a  
2 business entity organized under the laws of this state, other than an association,  
3 unless the law governing the business entity specifically authorizes merger with a  
4 cooperative.

5 (b) To initiate a merger under par. (a), the board shall prepare a written plan  
6 stating all of the following:

7 1. The name of each subsidiary that is party to the merger, the name of the  
8 parent, and the name of the business entity surviving the merger.

9 2. Except as provided in subd. 3., the manner and basis of converting  
10 membership or ownership interests in the parent and each subsidiary that is party  
11 to the merger, as applicable, into membership or ownership interests in the surviving  
12 business entity, money, or other property.

13 3. If the parent is party to the merger but is not the surviving business entity  
14 and if the surviving business entity is a cooperative, a provision for the pro rata  
15 issuance of membership interests of the surviving business entity to the holders of  
16 membership interests in the parent on surrender of any certificates for shares of the  
17 parent.

18 4. If the surviving business entity is a subsidiary cooperative, a statement of  
19 any amendments to the articles of the surviving business entity that will be part of  
20 the merger.

21 (c) If the parent is party to the merger but is not the surviving business entity,  
22 the plan under par. (b) shall be approved by the affirmative vote of the holders of a  
23 majority of the voting power of all membership interests of the parent entitled to vote  
24 at a regular or special meeting.

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1           **(2) NOTICE.** No later than 10 days after the effective date of the merger, the  
2 board of the parent shall give notice of the merger, including a copy of the plan of  
3 merger, to each member of each subsidiary that is party to the merger.

4           **(3) ARTICLES OF MERGER.** The board of the parent shall file with the department  
5 articles of merger, signed by the chairperson or his or her designee, containing all of  
6 the following:

7           (a) The plan of merger.

8           (b) The number of outstanding membership interests of each class and series  
9 of each subsidiary that is party to the merger, other than the classes or series that,  
10 absent this section, would not be entitled to vote on a merger, and the number of such  
11 membership interests owned by the parent.

12           (c) A statement that the plan of merger has been approved by the parent under  
13 this section.

14           **(5) CERTIFICATE.** If the business entity surviving the merger is organized under  
15 the laws of this state, the department shall issue a certificate of organization to the  
16 business entity upon receipt of the articles of merger.

17           **(6) RIGHTS OF DISSENTING OWNERS.** If, immediately prior to a merger under this  
18 section, a business entity that is party to the merger is owned, at least in part, by  
19 persons other than the parent or an affiliate of the parent, those persons have  
20 dissenters' rights under the law governing that business entity's organization.

21           **(7) NONEXCLUSIVITY.** Mergers authorized under sub. (1) (a) may instead be  
22 accomplished under s. 193.801, in which case this section does not apply.

23           **193.807 Effective date; effect of merger or consolidation. (1) EFFECTIVE**  
24 **DATE.** Unless a later date is provided in the plan of merger or consolidation or is

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1 required under other applicable law, a merger or consolidation is effective when the  
2 articles of merger or consolidation are filed with the department.

3 (2) EFFECT OF MERGER OR CONSOLIDATION. All of the following occur when a  
4 merger or consolidation takes effect:

5 (a) All business entities that are party to the merger or consolidation become  
6 the business entity surviving the merger or consolidation, as designated in the plan,  
7 and the separate existence of every business entity that is party to the merger or  
8 consolidation, except the business entity surviving the merger or consolidation,  
9 ceases.

10 (b) The title to all property owned by each business entity that is party to the  
11 merger or consolidation is vested in the surviving business entity without reversion  
12 or impairment.

13 (c) If, under the laws applicable to a business entity that is a party to the merger  
14 or consolidation, one or more of the owners thereof is liable for the debts and  
15 obligations of such business entity, such owner or owners shall continue to be liable  
16 for the debts and obligations of the business entity, but only for such debts and  
17 obligations accrued during the period or periods in which such laws are applicable  
18 to such owner or owners. This paragraph does not affect liability under any taxation  
19 laws.

20 (d) If, under the laws applicable to the surviving business entity, one or more  
21 of the owners thereof is liable for the debts and obligations of such business entity,  
22 the owner or owners of a business entity that is party to the merger, other than the  
23 surviving business entity, who become subject to such laws shall be liable for the  
24 debts and obligations of the surviving business entity to the extent provided in such  
25 laws, but only for such debts and obligations accrued after the merger or

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1 consolidation. The owner or owners of the surviving business entity prior to the  
2 merger shall continue to be liable for the debts and obligations of the surviving  
3 business entity to the extent provided in par. (c). This paragraph does not affect  
4 liability under any taxation laws.

5 (e) The surviving business entity has all liabilities of each business entity that  
6 is party to the merger or consolidation.

7 (f) A civil, criminal, administrative, or investigatory proceeding pending by or  
8 against any business entity that is a party to the merger or consolidation may be  
9 continued as if the merger or consolidation did not occur, or the surviving business  
10 entity may be substituted in the proceeding for the business entity whose existence  
11 ceased.

12 (g) The articles or other similar governing document of the surviving business  
13 entity shall be amended to the extent provided in the plan.

14 (h) The interests of each business entity that is party to the merger that are to  
15 be converted into shares, interests, obligations, or other securities of the surviving  
16 business entity or any other business entity or into cash or other property are  
17 converted, and the former holders of the interests are entitled only to the rights  
18 provided in the articles of merger or consolidation to their dissenters' rights under  
19 the laws applicable to each business entity that is party to the merger.

20 **193.835 Abandonment of merger. (1) AUTHORITY AND PROCEDURE.** A merger  
21 may be abandoned before it takes effect by any of the following means:

22 (b) An abandonment may be approved at a meeting by the affirmative vote of  
23 the holders of a majority of the voting power of the membership interests of each  
24 cooperative that is party to the merger who are entitled to vote on the approval of the  
25 plan of merger, except that the board of a cooperative that is party to the merger may

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1 approve the abandonment if no members of that cooperative are entitled to vote. In  
2 addition to the other requirements of this paragraph, if a business entity other than  
3 a cooperative is party to the merger, an abandonment may only be approved by  
4 taking any actions to approve the abandonment that are required by the laws under  
5 which the business entity is organized.

6 (c) An abandonment may be approved as provided in the plan of merger.

7 (d) An abandonment may be approved by adoption, by the board of any  
8 cooperative that is party to the merger, of a resolution abandoning the merger,  
9 subject to the contract rights of any other person under the plan of merger. If a  
10 business entity other than a cooperative is party to the merger, an abandonment may  
11 be approved by a resolution of the governing body of the business entity adopted  
12 according to the laws under which the business entity is organized, subject to the  
13 contract rights of any other person under the plan of merger.

14 **(2) ARTICLES OF ABANDONMENT.** The board or other governing body of any  
15 business entity that approves an abandonment under sub. (1) shall file with the  
16 department articles of abandonment that contain all of the following:

17 (a) The names of the business entities that were party to the proposed merger.

18 (b) The provisions under sub. (1) under which the proposed merger is  
19 abandoned.

20 (c) If the proposed merger is abandoned under sub. (1) (d), the text of the  
21 resolution approving the abandonment.

**SUBCHAPTER IX****DISSOLUTION**

24 **193.905 Voluntary dissolution; winding up. (1) NOTICE OF DISSOLUTION.**

25 To initiate a voluntary dissolution the board shall file with the department a notice

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1 of intent to dissolve. The board may not file a notice under this subsection unless the  
2 notice is approved by affirmative vote of the members.

3 **(1m) COLLECTION AND PAYMENT OF DEBTS.** After a notice is filed under sub. (1),  
4 the board shall proceed as soon as possible to collect, or make provision for the  
5 collection of, all unpaid subscriptions for shares and all other debts owing to the  
6 cooperative and pay, or make provision for the payment of, all debts, obligations, and  
7 liabilities of the cooperative according to the priority accorded to the debts,  
8 obligation, and liabilities, by law.

9 **(2) TRANSFER OF ASSETS.** After a notice is filed under sub. (1), the board may  
10 lease or dispose of all or substantially all of the property and assets of the cooperative  
11 without a vote of the members.

12 **(3) DISTRIBUTION TO MEMBERS AND FORMER MEMBERS.** Any property of the  
13 cooperative remaining after discharge of the cooperative's debts, obligations, and  
14 liabilities may be distributed to the members and former members as provided in the  
15 bylaws.

16 **(4) UNCLAIMED ASSETS.** (a) If the articles or bylaws so provide, assets  
17 distributable in the course of the dissolution of a cooperative that remain unclaimed  
18 as provided in this paragraph may be forfeited to the cooperative in the manner set  
19 forth in s. 185.03 (10), except that the board, a committee designated by the board  
20 to liquidate the cooperative's assets, or a court, trustee, or other person authorized  
21 to liquidate the assets of the cooperative may declare the funds forfeited, give the  
22 notice, determine the purpose or purposes, and dedicate the funds as provided under  
23 s. 185.03 (10) and except that any of these persons may declare the funds forfeited  
24 no earlier than 2 years and no later than 5 years after the funds are first made  
25 available to their owners in the course of the liquidation of the cooperative.

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1 (b) Assets distributable in the course of the dissolution of a cooperative that are  
2 not forfeited under par. (a) shall be reported and delivered to the state treasurer as  
3 provided under ch. 177.

4 **(5) ARTICLES OF DISSOLUTION.** After payment of all debts, obligations, and  
5 liabilities of the cooperative has been made or provided for as required under sub.  
6 (1m) and the remaining property of the cooperative has been distributed as provided  
7 under sub. (3) or otherwise disposed of under sub. (4), the board shall file with the  
8 department articles of dissolution. The articles of dissolution shall state all of the  
9 following, as applicable:

10 (a) That all debts, obligations, and liabilities of the cooperative have been paid  
11 or adequate provisions have been made for their payment or time periods during  
12 which claims may be made against the cooperative have expired and no other claims  
13 are outstanding.

14 (b) That the remaining assets of the cooperative have been distributed to the  
15 members, pursuant to a liquidation authorized by the members, or as provided under  
16 sub. (4).

17 (c) That legal, administrative, or arbitration proceedings by or against the  
18 cooperative are not pending or adequate provision has been made for the satisfaction  
19 of a judgment, order, or decree that may be entered against the cooperative in such  
20 a pending proceeding.

21 **(6) EFFECTIVE DATE.** A cooperative is dissolved upon the filing of the articles of  
22 dissolution as required under sub. (5).

23 **(7) CERTIFICATE.** Upon accepting articles of dissolution for filing, the  
24 department shall issue to the dissolved cooperative or its legal representative a  
25 certificate of dissolution that contains all of the following:

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1 (a) The name of the dissolved cooperative.

2 (b) The date the articles of dissolution were filed with the department.

3 (c) A statement that the cooperative is dissolved.

4 **193.911 Revocation of dissolution proceedings. (1) AUTHORITY TO REVOKE.**

5 Dissolution proceedings under s. 193.905 may be revoked before the articles of  
6 dissolution are filed with the department as required under s. 193.905 (5).

7 **(2) REVOCATION BY MEMBERS.** The chairperson may call a members' meeting to  
8 submit to the members the question of revoking dissolution proceedings under s.  
9 193.905. The dissolution proceedings are revoked if the proposed revocation is  
10 approved at the members' meeting by a majority of the votes cast or, for a cooperative  
11 with articles or bylaws requiring more than majority approval or other conditions for  
12 approval, by a sufficient vote as required under the articles or bylaws or by satisfying  
13 the other conditions for approval.

14 **(3) FILING WITH THE DEPARTMENT.** The chairperson of the board or the records  
15 officer shall file with the department a notice of revocation promptly after the  
16 revocation is approved as provided under sub. (2). The revocation is effective upon  
17 filing of the notice under this subsection.

18 **193.925 Court-supervised voluntary dissolution.** After a notice of intent  
19 to dissolve is filed as required under s. 193.905 (1) and before a certificate of  
20 dissolution is issued under s. 193.905 (7), the cooperative or, for good cause shown,  
21 a member or creditor of the cooperative may petition the circuit court for the county  
22 where the registered address of the cooperative is located to have the dissolution  
23 conducted under the supervision of the court. Section 193.905 does not apply to a  
24 dissolution conducted under the supervision of the court under this section. Section  
25 193.911 applies to a dissolution conducted under the supervision of the court under



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1 this section. The court may grant equitable relief that it deems appropriate in a  
2 dissolution conducted under its supervision under this section, if the supervision  
3 resulted from an application by the cooperative.

4 **193.931 Involuntary dissolution. (1) CAUSES OF ACTION.** (a) A member may  
5 bring an action against a cooperative for dissolution, liquidation, and equitable relief  
6 if any of the following apply:

7 1. The directors or the persons having the authority otherwise vested in the  
8 board are deadlocked in the management of the cooperative's affairs and the  
9 members are unable to break the deadlock.

10 2. The directors or those in control of the cooperative have acted fraudulently,  
11 illegally, or in a manner unfairly prejudicial toward one or more members in their  
12 capacities as members, directors, or officers.

13 3. For a period that includes the time when 2 consecutive regular members'  
14 meetings were held, the members failed to elect successors to directors whose terms  
15 expired or would have expired upon the election and qualification of their successors.

16 4. The cooperative's assets are being misapplied or wasted.

17 5. The cooperative's period of duration as provided in the articles has expired  
18 and has not been lawfully extended.

19 (b) A creditor may bring an action against a cooperative for dissolution,  
20 liquidation, and equitable relief if any of the following apply:

21 1. The creditor has obtained a money judgment against the cooperative and an  
22 execution on that judgment has been returned unsatisfied.

23 2. The cooperative has admitted in writing that a claim of the creditor against  
24 the cooperative is due and owing and that the cooperative is unable to pay its debts  
25 in the ordinary course of business.

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1 (c) Except as provided in sub. (1m), the attorney general may bring an action  
2 against a cooperative for dissolution and liquidation, and for equitable relief for  
3 persons other than the attorney general, if any of the following apply:

4 1. The articles and certificate of organization of the cooperative were procured  
5 through fraud.

6 2. The cooperative was organized for a purpose prohibited by state law or not  
7 permitted by this chapter.

8 3. The cooperative has knowingly, with intentional disregard of the harm that  
9 the provision is intended to avert, violated a provision of this chapter, has violated  
10 a provision of this chapter more than once, or has violated more than one provision  
11 of this chapter.

12 4. The actions of the cooperative, or its failure to act, constitutes surrender or  
13 abandonment of the business of the cooperative.

14 **(1m) NOTICE TO COOPERATIVE BY ATTORNEY GENERAL.** The attorney general may  
15 not commence an action under sub. (1) (c) until 30 days after giving notice to the  
16 cooperative of the reason for the action. If the reason for the action is an act that the  
17 cooperative has done or failed to do and the act or omission may be corrected by  
18 amending the articles or bylaws or by performing or abstaining from the act, the  
19 attorney general shall give the cooperative 30 additional days to make the correction  
20 before filing the action. If the cooperative makes the correction before the expiration  
21 of the 30 additional days, the attorney general may not bring an action under sub.  
22 (1) (c) based upon that act or omission.

23 **(2) FINANCIAL CONDITION OF COOPERATIVE.** In determining whether to order a  
24 remedy in an action under sub. (1), the court shall consider the financial condition

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1 of the cooperative. The court may not refuse to order a remedy solely on the ground  
2 that the cooperative has accumulated operating profits or current operating profits.

3 (3) ALTERNATIVE REMEDIES. In deciding whether to order dissolution in an action  
4 under sub. (1), the court shall consider whether other relief suggested by one or more  
5 parties would permanently remedy the cause of the action and, if so, may order such  
6 other relief.

7 (4) EXPENSES. If the court finds that a party to an action under sub. (1) has acted  
8 arbitrarily, vexatiously, or in bad faith, the court may award reasonable expenses,  
9 including attorney fees and disbursements, to any of the other parties.

10 (5) VENUE. An action under sub. (1) shall be brought in the circuit court for the  
11 county where the registered address of the cooperative is located.

12 (6) PARTIES. It is not necessary to make members parties to an action under sub.  
13 (1).

14 **193.935 Procedure in involuntary or court-supervised voluntary**  
15 **dissolution. (1) ACTION BEFORE HEARING.** In a dissolution conducted under the  
16 supervision of a court under s. 193.925 or in any action under s. 193.931 (1) the court  
17 may take any of the following actions before an initial hearing is completed:

18 (a) Issue injunctions.

19 (b) Appoint receivers temporarily, until the conclusion of a hearing under sub.  
20 (2), with all powers and duties that the court directs.

21 (c) Take actions required to preserve the cooperative's assets wherever located.

22 (d) Carry on the business of the cooperative.

23 (2) APPOINTMENT OF RECEIVER. In a dissolution conducted under the supervision  
24 of a court under s. 193.925 or in any action under s. 193.931 (1) the court may appoint  
25 a receiver after a hearing is completed, following notice to the parties as directed by

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1 the court. The receiver shall collect the cooperative's assets and amounts owing to  
2 the cooperative by subscribers on account of an unpaid portion of the consideration  
3 for the issuance of shares. Subject to the order of the court, the receiver may continue  
4 the business of the cooperative and lease or dispose of the property and assets of the  
5 cooperative at public or private sale.

6 **(3) DISTRIBUTION OF ASSETS.** In a dissolution conducted under the supervision  
7 of a court under s. 193.925 or in any action under s. 193.931 (1), the court shall apply  
8 the assets of the cooperative and the proceeds resulting from the lease or disposition  
9 of the cooperative's property by following all of the following steps, in alphanumeric  
10 order:

11 (a) Applying the assets and proceeds to cover attorney fees and disbursements  
12 made in connection with the proceedings and the other costs and expenses of the  
13 proceedings.

14 (b) Applying the assets and proceeds to cover debts, taxes, and assessments  
15 owing to the United States, this state, and other states, in that order.

16 (c) Applying the assets and proceeds to cover worker's compensation claims for  
17 which the cooperative is liable under ch. 102, except that this paragraph does not  
18 apply to a claim if, at the time of injury, as defined in s. 102.01 (2) (g), the cooperative  
19 had in force a policy of worker's compensation insurance as required under s. 102.28  
20 (2) (a).

21 (d) Applying the assets and proceeds to cover claims of employees for services  
22 performed within 3 months preceding the appointment of the receiver, if any.

23 (e) Applying the assets and proceeds to cover other claims proved and allowed.

24 (f) Distributing the assets and proceeds to the members or pursuant to a  
25 liquidation plan approved by the members.

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1           **193.941 Receiver qualifications and powers. (1) QUALIFICATIONS.** A  
2 receiver appointed under s. 193.935 (1) or (2) shall be an individual, a domestic  
3 business entity, or a foreign business entity authorized to transact business in this  
4 state and shall give a bond as directed by the court with the sureties required by the  
5 court.

6           **(2) POWERS.** A receiver may bring and defend suits.

7           **193.951 Filing claims in involuntary or court-supervised voluntary**  
8 **dissolution proceedings. (1) FILING UNDER OATH.** In a dissolution conducted under  
9 the supervision of a court under s. 193.925 or in any action under s. 193.931 (1), the  
10 court may require all creditors and claimants of the cooperative to file their claims,  
11 under oath and in a form prescribed by the court, with the court or with a receiver  
12 appointed under s. 193.935 (1) or (2).

13           **(2) DATE TO FILE A CLAIM; NOTICE.** If the court requires the filing of claims in a  
14 dissolution conducted under the supervision of a court under s. 193.925 or in any  
15 action under s. 193.931 (1), the court shall do all of the following:

16           (a) Set a date at least 120 days after the date the order is filed, as the last day  
17 for the filing of claims.

18           (b) Prescribe a notice of the fixed date that shall be given to creditors and  
19 claimants.

20           **(3) CLAIMS BARRED; EXTENSION OF TIME FOR FILING.** The court may prohibit any  
21 person who fails to file a claim before the date established under sub. (2) (a) from  
22 claiming an interest in or receiving payment out of the property and assets of the  
23 cooperative. At any time before the date established under sub. (2) (a), the court may  
24 extend the time for filing claims beyond the date established under sub. (2) (a).

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2 A dissolution conducted under the supervision of a court under s. 193.925 or any  
3 action under s. 193.931 (1) may be discontinued at any time during the dissolution  
4 proceedings if it is established that cause for dissolution does not exist. The court  
5 shall dismiss the proceedings and direct the receiver appointed under s. 193.935 (1)  
6 or (2), if any, to deliver to the cooperative its remaining property and assets.

7 **193.961 Order of dissolution. (1) ISSUANCE; EFFECTIVE DATE.** After  
8 distribution of a cooperative's assets and proceeds under s. 193.935 (3), the court  
9 shall issue an order dissolving the cooperative. The dissolution is effective upon  
10 issuance of the order.

11 **(2) FILING.** After the court issues an order under sub. (1), the court shall file  
12 a certified copy of the order with the department. The department may not charge  
13 a fee for filing the order.

14 **193.971 Barring of claims. (1) CLAIMS BARRED.** Except as provided in s.  
15 193.951 (3), a creditor or claimant who does not file a claim or bring an action during  
16 the pendency of the dissolution proceedings or has not brought an action before the  
17 commencement of the dissolution proceedings, and all those claiming through or  
18 under the creditor or claimant, are forever barred from bringing an action to collect  
19 on that claim or otherwise enforcing it, except as provided in this section.

20 **(2) CERTAIN CLAIMS ALLOWED FOR GOOD CAUSE.** Except as provided in s. 193.951  
21 (3), within one year after the date on which the articles of dissolution are filed under  
22 s. 193.905 (5) or an order of dissolution is issued under s. 193.961, a creditor or  
23 claimant who shows good cause for not having previously filed the claim may apply  
24 to the circuit court to allow a claim against the cooperative's undistributed assets or,  
25 if the undistributed assets are not sufficient to satisfy the claim, against a person to

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1 the extent of the distributions received by that person in the dissolution by virtue of  
2 that person's status as a member.

3 **(3)** CERTAIN OMITTED CLAIMS ALLOWED. A person to whom is owed a debt,  
4 obligation, or liability incurred during an action under s. 193.931 (1), but who is not  
5 paid before the distribution of assets and proceeds under s. 193.935 (3) (f), may bring  
6 an action to recover on the claim against the officers, directors, or members of the  
7 cooperative before the expiration of the applicable statute of limitations.

8 **SECTION 90.** 196.01 (5) (b) 1. of the statutes is amended to read:

9 196.01 **(5)** (b) 1. A cooperative association organized under ch. 185 or 193 for  
10 the purpose of producing or furnishing heat, light, power or water to its members  
11 only.

12 **SECTION 91.** 196.01 (10) of the statutes is amended to read:

13 196.01 **(10)** "Telecommunications utility" means any person, corporation,  
14 company, cooperative, unincorporated cooperative association, partnership,  
15 association and lessees, trustees or receivers appointed by any court that owns,  
16 operates, manages or controls any plant or equipment used to furnish  
17 telecommunications services within the state directly or indirectly to the public.  
18 "Telecommunications utility" does not include a telecommunications carrier.

19 **SECTION 92.** 196.02 (2) of the statutes is amended to read:

20 196.02 **(2)** DEFINITION; CLASSIFICATION. In this subsection, "public utility" does  
21 not include a telecommunications cooperative, an unincorporated  
22 telecommunications cooperative association, or a small telecommunications utility  
23 except as provided under s. 196.205 or 196.215 (2) and does not include an alternative  
24 telecommunications utility. The commission shall provide for a comprehensive  
25 classification of service for each public utility. The classification may take into

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1 account the quantity used, the time when used, the purpose for which used, and any  
2 other reasonable consideration. Each public utility shall conform its schedules of  
3 rates, tolls and charges to such classification.

4 **SECTION 93.** 196.025 (5) (ag) of the statutes is amended to read:

5 196.025 (5) (ag) In this subsection, “electric cooperative” means a cooperative  
6 association organized under ch. 185 or 193 for the purpose of generating, distributing  
7 or furnishing electric energy at retail or wholesale to its members only.

8 **SECTION 94.** 196.09 (1) of the statutes is amended to read:

9 196.09 (1) In this section, “public utility” does not include a  
10 telecommunications cooperative or an unincorporated telecommunications  
11 cooperative association except as provided under s. 196.205. In subs. (2) to (7),  
12 “public utility” does not include a telecommunications utility. Subsection (9) only  
13 applies to a telecommunications utility. Every public utility shall file with the  
14 commission, within such time as may be required by the commission, its estimate of  
15 the annual rate of depreciation required for each of its classes of fixed capital used  
16 for public utility purposes, and of the composite annual rate of depreciation required  
17 for such fixed capital as an aggregate, which shall constitute the public utility’s  
18 estimates of the amount which should be returned to it out of its rates for service, to  
19 meet the depreciation of its property.

20 **SECTION 95.** 196.11 (2) of the statutes is amended to read:

21 196.11 (2) Any arrangement under this section shall be under the supervision  
22 and regulation of the commission. The commission may order any rate, charge or  
23 regulation which the commission deems necessary to give effect to the arrangement.  
24 The commission may make any change in a rate, charge or regulation as the  
25 commission determines is necessary and reasonable and may revoke its approval



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1 and amend or rescind all orders relative to any arrangement. This subsection does  
2 not apply to telecommunications cooperatives, unincorporated telecommunications  
3 cooperative associations, or telecommunications utilities.

4 **SECTION 96.** 196.20 (3) of the statutes is amended to read:

5 196.20 (3) Except as provided in subs. (1m) and (5) (a), this section does not  
6 apply to telecommunications cooperatives, unincorporated telecommunications  
7 cooperative associations, or small telecommunications utilities unless made subject  
8 to this section under s. 196.205 or 196.215 (2).

9 **SECTION 97.** 196.20 (4) (a) 2. of the statutes is amended to read:

10 196.20 (4) (a) 2. "Electric public utility" means a public utility whose purpose  
11 is the generation, transmission, delivery or furnishing of electric power but does not  
12 include a public utility owned and operated wholly by a municipality or, cooperative,  
13 or an unincorporated cooperative association and does not include any public utility  
14 which purchases, under federal or state approved wholesale rates, more than 50%  
15 of its electric power requirements from other than an affiliated interest as defined  
16 under s. 196.52. "Electric public utility" does not include any Class A utility, as  
17 defined under s. 199.03 (4), whose electric generation equipment has a total capacity  
18 of less than 30 megawatts.

19 **SECTION 98.** 196.205 (1m) of the statutes is amended to read:

20 196.205 (1m) A telecommunications cooperative or an unincorporated  
21 telecommunications cooperative association may elect to be subject to ss. 196.28 and  
22 196.37 as they apply to any rate, toll or charge and to ss. 196.02 (2), 196.09 (1), 196.11  
23 (2), 196.20 and 196.26 in any of the following ways:

24 (a) By amendment of the articles of incorporation of the cooperative under s.  
25 185.51 or the articles of organization of the association under s. 193.221.

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1 (c) By a majority of the voting members of the board of directors of the  
2 cooperative or association.

3 **SECTION 99.** 196.205 (2) of the statutes is amended to read:

4 196.205 (2) Notwithstanding sub. (1m), a telecommunications cooperative or  
5 an unincorporated telecommunications cooperative association shall be subject to s.  
6 196.26 if it is a party in a proceeding on a complaint specified in s. 196.26 (1) (b) or  
7 (c).

8 **SECTION 100.** 196.26 (4) (a) of the statutes is amended to read:

9 196.26 (4) (a) This section does not apply to any rate, toll, charge or schedule  
10 of any telecommunications cooperative or unincorporated telecommunications  
11 cooperative association, except as provided under s. 196.205 or unless at least 5% of  
12 the customers of the telecommunications cooperative or association file a complaint  
13 with the commission that the rate, toll, charge or schedule is in any respect  
14 unreasonable, insufficient or unjustly discriminatory.

15 **SECTION 101.** 196.28 (4) of the statutes is amended to read:

16 196.28 (4) This section does not apply to rates, tolls or charges of a  
17 telecommunications cooperative, an unincorporated telecommunications  
18 cooperative association, or a small telecommunications utility except as provided in  
19 s. 196.205 or 196.215 (2).

20 **SECTION 102.** 196.37 (4) of the statutes is amended to read:

21 196.37 (4) This section does not apply to rates, tolls or charges of a  
22 telecommunications cooperative, an unincorporated telecommunications  
23 cooperative association, or a small telecommunications utility except as provided in  
24 s. 196.205 or 196.215 (2).

25 **SECTION 103.** 196.374 (1) (c) of the statutes is amended to read:

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1           196.374 (1) (c) “Utility” means a Class A gas or electric utility, as defined by the  
2           commission, but does not include a municipal utility, as defined in s. 16.957 (1) (q),  
3           a municipal electric company, as defined in s. 66.0825 (3) (d), or a cooperative  
4           association organized under ch. 185 or 193.

5           **SECTION 104.** 196.378 (1) (k) of the statutes is amended to read:

6           196.378 (1) (k) “Retail electric cooperative” means a cooperative association  
7           organized under ch. 185 or 193 that sells electricity at retail to its members only. For  
8           purposes of this paragraph, a cooperative association is not considered to sell  
9           electricity at retail solely on the basis of its ownership or operation of a retail electric  
10          distribution system.

11          **SECTION 105.** 196.485 (1) (b) of the statutes is amended to read:

12          196.485 (1) (b) “Cooperative” means a cooperative association organized under  
13          ch. 185 or 193.

14          **SECTION 106.** 196.49 (2) of the statutes is amended to read:

15          196.49 (2) No public utility may begin the construction, installation or  
16          operation of any new plant, equipment, property or facility, nor the construction or  
17          installation of any extension, improvement or addition to its existing plant,  
18          equipment, property, apparatus or facilities unless the public utility has complied  
19          with any applicable rule or order of the commission and with s. 281.35, if applicable.  
20          If a cooperative association has been incorporated under ch. 185 or 193 for the  
21          production, transmission, delivery or furnishing of light or power and has filed with  
22          the commission a map of the territory to be served by the association and a statement  
23          showing that a majority of the prospective consumers in the area are included in the  
24          project, no public utility may begin any such construction, installation or operation  
25          within the territory until after the expiration of 6 months from the date of filing the

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1 map and notice. If the cooperative association has entered into a loan agreement  
2 with any federal agency for the financing of its proposed system and has given  
3 written notice of the agreement to the commission, no public utility may begin any  
4 construction, installation or operation within the territory until 12 months after the  
5 date of the loan agreement.

6 **SECTION 107.** 196.491 (1) (bm) of the statutes is amended to read:

7 196.491 (1) (bm) "Cooperative association" means a cooperative association  
8 organized under ch. 185 or 193 for the purpose of generating, distributing or  
9 furnishing electric energy at retail or wholesale to its members only.

10 **SECTION 108.** 196.491 (4) (b) 1. of the statutes is amended to read:

11 196.491 (4) (b) 1. The person is not a public utility or a cooperative association  
12 organized under ch. 185 or 193 for the purpose of generating, distributing or  
13 furnishing electric energy at retail or wholesale to its members only.

14 **SECTION 109.** 196.495 (1m) (intro.) of the statutes is amended to read:

15 196.495 (1m) (intro.) No public utility, and no cooperative association  
16 organized under ch. 185 or 193 for the purpose of furnishing electric service to its  
17 members only, may:

18 **SECTION 110.** 196.495 (2) of the statutes is amended to read:

19 196.495 (2) If a public utility is rendering electric service under an  
20 indeterminate permit to a city or village, no cooperative association or  
21 unincorporated cooperative association may extend any new electric service to the  
22 premises of any person inside the corporate limits, existing on January 1, 1961, of  
23 the city or village without the written consent of the public utility. Within any area  
24 annexed to a city or village after January 1, 1961, in which annexed area a  
25 cooperative association, an unincorporated cooperative association, or a public

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1 utility, other than the public utility serving the city or village under an indeterminate  
2 permit, has electric distribution facilities at the time of the annexation, the  
3 cooperative association or other public utility may make a primary voltage extension  
4 or a secondary voltage extension in the annexed area, subject to sub. (1m).

5 **SECTION 111.** 196.495 (2m) of the statutes is amended to read:

6 196.495 (2m) The distribution service facilities of a cooperative association, an  
7 unincorporated cooperative association, or a public utility rendering electric service  
8 in an annexed area under sub. (2) shall be subject to acquisition under ch. 197 by a  
9 city or village if the city or village operates or proposes to operate its own electric  
10 public utility.

11 **SECTION 112.** 196.495 (3) of the statutes is amended to read:

12 196.495 (3) Nothing in this section shall preclude any public utility or any  
13 cooperative association or unincorporated cooperative association from extending  
14 electric service to its own property or facilities or to another cooperative association  
15 or unincorporated cooperative association for resale.

16 **SECTION 113.** 196.495 (4) of the statutes is amended to read:

17 196.495 (4) To avoid duplication of facilities, a public utility and a cooperative  
18 association or an unincorporated cooperative association may enter into a written  
19 agreement governing the extension of electric distribution lines and the right to  
20 serve customers. The commission shall enforce an agreement if the agreement has  
21 been filed with the commission and approved by the commission as being in the  
22 public interest.

23 **SECTION 114.** 196.495 (5) of the statutes is amended to read:

24 196.495 (5) If an interested party files a complaint with the commission that  
25 an electric public utility or a cooperative association or an unincorporated

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1 cooperative association has made a primary voltage extension that requires approval  
2 or consent under this section without obtaining approval or consent, the commission  
3 shall hear the complaint upon notice to the interested parties. If the commission  
4 determines that the primary voltage extension was made in violation of this section,  
5 it shall order the prompt removal of the primary voltage extension.

6 **SECTION 115.** 196.495 (6) of the statutes is amended to read:

7 196.495 (6) A cooperative association or an unincorporated cooperative  
8 association shall be subject to the authority of the commission to enforce the  
9 provisions of this section and to issue rules and orders relating to the provisions.

10 **SECTION 116.** 196.495 (7) of the statutes is amended to read:

11 196.495 (7) A cooperative association or an unincorporated cooperative  
12 association shall be subject to the authority of the commission to allocate, assess and  
13 collect expenditures of the commission against a cooperative association or an  
14 unincorporated cooperative association involved in a proceeding under this section  
15 in the same manner as provided for public utilities under s. 196.85.

16 **SECTION 117.** 196.50 (2) (b) of the statutes is amended to read:

17 196.50 (2) (b) A certificate, franchise, license or permit, indeterminate or  
18 otherwise, in effect on September 1, 1994, for a telecommunications utility shall  
19 remain in effect and shall have the effect of a certificate of authority. A  
20 telecommunications utility is not required to apply for a new certificate of authority  
21 to continue offering or providing service to the extent of the prior authorization. Each  
22 telecommunications utility, including telecommunications cooperatives and  
23 unincorporated telecommunications cooperative associations, shall have on file with  
24 the commission under s. 196.19 a tariff that sets forth the rates, terms and conditions

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1 for all services provided and a map that defines the geographical limits of the service  
2 territory that the telecommunications utility is obliged to serve.

3 **SECTION 118.** 196.52 (9) (g) of the statutes is amended to read:

4 196.52 (9) (g) Nothing in this subsection prohibits a cooperative association  
5 organized under ch. 185 or 193, a municipal utility, as defined in s. 196.377 (2) (a) 3.,  
6 or a municipal electric company, as defined in s. 66.0825 (3) (d), from acquiring an  
7 interest in an electric generating facility that is constructed pursuant to a leased  
8 generation contract or from acquiring an interest in land on which such an electric  
9 generating facility is located.

10 **SECTION 119.** 196.595 (1) (c) of the statutes is amended to read:

11 196.595 (1) (c) "Public utility" in this section means any public utility, as  
12 defined in s. 196.01, engaged in the transmission, delivery or furnishing of natural  
13 gas by means of pipes or mains, heat, light or power. "Public utility" does not include  
14 any cooperative association organized under ch. 185 or 193.

15 **SECTION 120.** 196.605 (1) of the statutes is amended to read:

16 196.605 (1) A public utility which is a cooperative association incorporated  
17 under ch. 185 or 193 to furnish telecommunications service in rural areas on a  
18 nonprofit basis with a telecommunications utility financed in part through a loan  
19 from the United States under the rural electrification act of 1936, 7 USC 901 to  
20 950aaa-5, as amended, may require each of its local service telecommunications  
21 patrons to deposit with the association the amount of the membership fee or other  
22 form of capital representing the proportional share of the total equity capital of the  
23 association required as a condition of federal financing. The membership fee or other  
24 form of equity capital attributable to each local service patron may be collected by  
25 the association in installments in connection with billings for service. The required

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1 deposits of equity capital shall be segregated in the billing from service charges and  
2 shall be credited when received on the membership or equity capital account of the  
3 patron.

4 **SECTION 121.** 196.795 (7) (a) 1. b. of the statutes is amended to read:

5 196.795 (7) (a) 1. b. Any public utility or member of a cooperative association  
6 organized under ch. 185 or 193 which reports or has reported information to the  
7 commission under the rules promulgated under s. 196.491 (2) (ag).

8 **SECTION 122.** 196.796 (1) (hm) of the statutes is amended to read:

9 196.796 (1) (hm) "Public utility" means every corporation, company, individual  
10 or association and their lessees, trustees, or receivers appointed by any court or state  
11 or federal agency, that may own, operate, manage, or control all or any part of a plant  
12 or equipment, within the state, for the production, transmission, delivery, or  
13 furnishing of electricity directly to or for the public, except that "public utility" does  
14 not include any municipal utility or municipal electric company, as defined in s.  
15 66.0825 (3) (d), or any cooperative association organized under ch. 185 or 193 for the  
16 purpose of producing or furnishing heat, light, power, or water to its members only.

17 **SECTION 123.** 196.807 (1) (a) of the statutes is amended to read:

18 196.807 (1) (a) "Affiliate or utility" means a nonutility affiliate, holding  
19 company system, public utility or cooperative association organized under ch. 185 or  
20 193.

21 **SECTION 124.** 196.857 (1g) (c) of the statutes is amended to read:

22 196.857 (1g) (c) The commission shall conduct classroom and on-farm stray  
23 voltage training sessions for public utilities, cooperatives, unincorporated  
24 cooperative associations, electricians or other interested parties.

25 **SECTION 125.** 196.857 (2m) of the statutes is amended to read:



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1           196.857 **(2m)** ADDITIONAL INVESTIGATIONS. If the commission, at the request of  
2           an electric cooperative organized under ch. 185 or 193 or any public utility which is  
3           not assessed under sub. (1m), conducts an investigation of the causes of stray voltage  
4           on any farm receiving electrical service from that electric cooperative or public  
5           utility, that electric cooperative or public utility shall pay reasonable fees assessed  
6           by the commission in accordance with a standardized schedule of fees established by  
7           the commission by rule. The amounts received under this subsection shall be  
8           credited to the appropriation account under s. 20.155 (1) (L).

9           **SECTION 126.** 199.03 (12) of the statutes is amended to read:

10           199.03 **(12)** “Public utility” means any person, except a town, village, city or  
11           sanitary district, who owns, operates, manages or controls any plant or equipment  
12           or any part of a plant or equipment, within the state for the production, transmission,  
13           delivery or furnishing of heat, light, water, telecommunications service or power  
14           either directly or indirectly to or for the public. “Public utility” includes any person  
15           engaged in the transmission or delivery of natural gas for compensation within this  
16           state by means of pipes or mains. “Public utility” does not include a cooperative  
17           association organized under ch. 185 or 193 for the purpose of generating, distributing  
18           or furnishing telecommunications service or electric energy to its members only.

19           **SECTION 127.** 201.01 (3) (d) of the statutes is amended to read:

20           201.01 **(3)** (d) Any securities issued by a corporation organized under ch. 185  
21           or 193 for the purpose of furnishing telecommunications service in rural areas.

22           **SECTION 128.** 223.105 (1) (b) of the statutes is amended to read:

23           223.105 **(1)** (b) “Organization” means any corporation, unincorporated  
24           cooperative association, limited liability company, association, partnership or  
25           business trust, other than a national bank, state or federal savings and loan

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1 association, state or federal savings bank or federal credit union or other than a  
2 corporation, limited liability company, association or partnership, all of whose  
3 shareholders or members are licensed under SCR 40.02.

4 **SECTION 129.** 231.35 (2) (b) of the statutes is amended to read:

5 231.35 (2) (b) A cooperative organized under ch. 185 or 193 that consists of one  
6 or more rural hospitals, each with no more than 100 beds.

7 **SECTION 130.** 234.59 (1) (d) 3. of the statutes is amended to read:

8 234.59 (1) (d) 3. A dwelling unit in a condominium ~~or, a cooperative, or an~~  
9 unincorporated cooperative association, together with an interest in common areas,  
10 if the unit is or will be the principal residence of an applicant.

11 **SECTION 131.** 234.622 (7) of the statutes is amended to read:

12 234.622 (7) “Qualifying dwelling unit” means a dwelling unit, not including a  
13 mobile home as defined in s. 66.0435, located in this state, habitable as a permanent  
14 residence and to which property taxes or special assessments are, or may  
15 conveniently be, allocated and up to one acre of land appertaining to it held in the  
16 same ownership as the dwelling unit. For purposes of ss. 234.621 to 234.626,  
17 “qualifying dwelling unit” includes a unit in a condominium or in a cooperative or an  
18 unincorporated cooperative association or in a multi-unit dwelling with 4 or fewer  
19 units, but in all of these 3 cases only the portion of taxes or special assessments  
20 allocable to the unit lived in by the participant may qualify for loans under ss.  
21 234.621 to 234.626.

22 **SECTION 132.** 285.41 (1) (f) of the statutes is amended to read:

23 285.41 (1) (f) “Major utility” means a Class A utility, as defined under s. 199.03  
24 (4), which generates electricity or an electrical cooperative association organized  
25 under ch. 185 or 193, if the total sulfur dioxide emissions from all stationary air

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1 contaminant sources in this state under the ownership or control of the utility or  
2 association exceeded 5,000 tons in any year after 1979.

3 **SECTION 133.** 289.41 (1) (d) of the statutes is amended to read:

4 289.41 (1) (d) "Public utility" means a public utility as defined in s. 196.01 (5)  
5 or an electric cooperative organized under ch. 185 or 193.

6 **SECTION 134.** 346.50 (1) (c) of the statutes is amended to read:

7 346.50 (1) (c) The vehicle of a public utility, as defined in s. 196.01 (5), a  
8 telecommunications carrier, as defined in s. 196.01 (8m), or a rural electric  
9 cooperative or an unincorporated rural electric cooperative association is stopped or  
10 left standing and is required for maintenance, installation, repair, construction or  
11 inspection of its facilities by the public utility or a rural electric cooperative or an  
12 unincorporated rural electric cooperative association when warning signs, flags,  
13 traffic cones, or flashing yellow lights or barricades, have been placed to warn  
14 approaching motorists of any obstruction to the traveled portion of the highway.

15 **SECTION 135.** 347.26 (9) of the statutes is amended to read:

16 347.26 (9) WARNING LAMPS ON PUBLIC UTILITY AND COOPERATIVE VEHICLES. Any  
17 vehicle of a public utility as defined in s. 196.01 (5), of a telecommunications carrier,  
18 as defined in s. 196.01 (8m), or of a cooperative association organized under ch. 185  
19 or 193 for the purpose of producing or furnishing heat, light, power or water to its  
20 members, which by reason of its use upon a highway creates a vehicular traffic  
21 hazard requiring the exercise of unusual care in approaching, overtaking or passing  
22 may be equipped with a flashing amber lamp of the dome type or with 2 flashing  
23 amber lamps, one showing to the front and one showing to the rear. Such lamps shall  
24 be mounted approximately midway between the extremities of the width of the  
25 vehicle and at the highest practicable point and shall be used only for the purpose

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1 of warning operators of other vehicles of the presence of the traffic hazard. Should  
2 such vehicle be of a type so as to make impractical the mounting of such lamps  
3 midway between the extremities of the width of the vehicle then such mountings  
4 shall be made at or near the upper left front and rear corners of such vehicle.

5 **SECTION 136.** 421.202 (3) of the statutes is amended to read:

6 421.202 (3) Charges for delayed payment and any discount allowed for early  
7 payment in transactions under public utility or common carrier tariffs if a  
8 subdivision or agency of this state or of the United States regulates such charges or  
9 discounts, or if such charges or discounts are made in connection with the furnishing  
10 of electric service by an electric cooperative organized and operating on a nonprofit  
11 basis under ch. 185 or 193;

12 **SECTION 137.** 421.301 (28) of the statutes is amended to read:

13 421.301 (28) "Organization" means a corporation, government or  
14 governmental subdivision or agency, trust, estate, limited liability company,  
15 partnership, cooperative or association other than a cooperative organized under ch.  
16 185 or 193 which has gross annual revenues not exceeding \$5 million.

17 **SECTION 138.** 445.01 (8) of the statutes is amended to read:

18 445.01 (8) "Person" includes firm, corporation, partnership, cooperative,  
19 unincorporated cooperative association, and association of individuals.

20 **SECTION 139.** 445.12 (3) (a) of the statutes is amended to read:

21 445.12 (3) (a) The solicitation of memberships or the sale of stock or  
22 memberships in any association organized under ch. 185 or 193 by any person who  
23 is not a licensed funeral director.

24 **SECTION 140.** 551.22 (12) of the statutes is amended to read:

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1           551.22 **(12)** Any securities of a cooperative corporation organized under ch. 185  
2 or 193.

3           **SECTION 141.** 560.16 (1) (c) (intro.) of the statutes is amended to read:

4           560.16 **(1)** (c) (intro.) “Employee-owned business” means a business located in  
5 this state which is organized in a manner determined by the secretary to involve  
6 substantial employee participation or a cooperative organized under ch. 185 or 193  
7 or a corporation in which the employees own the stock of the corporation through an  
8 employee stock ownership plan as defined under 26 USC 4975 (e) (7) and in which:

9           **SECTION 142.** 560.17 (1) (b) of the statutes is amended to read:

10          560.17 **(1)** (b) “Business” includes cooperatives organized under ch. 185 or 193.

11          **SECTION 143.** 560.9801 (1) (b) of the statutes is amended to read:

12          560.9801 **(1)** (b) A nonprofit cooperative organized under ch. 185 or 193.

13          **SECTION 144.** 560.9801 (3) (a) 7. of the statutes is amended to read:

14          560.9801 **(3)** (a) 7. If the housing is owned and occupied by members of a  
15 cooperative or an unincorporated cooperative association, fees paid to a person for  
16 managing the housing.

17          **SECTION 145.** 560.9804 (2) (e) of the statutes is amended to read:

18          560.9804 **(2)** (e) A cooperative organized under ch. 185 or 193, if the articles of  
19 incorporation, articles of organization, or bylaws of the cooperative limit the rate of  
20 dividend that may be paid on all classes of stock.

21          **SECTION 146.** 609.01 (2) of the statutes is amended to read:

22          609.01 **(2)** “Health maintenance organization” means a health care plan  
23 offered by an organization established under ch. 185 or 193, 611, 613 or 614 or issued  
24 a certificate of authority under ch. 618 that makes available to its enrollees, in

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1 consideration for predetermined periodic fixed payments, comprehensive health  
2 care services performed by providers participating in the plan.

3 **SECTION 147.** 609.01 (4) of the statutes is amended to read:

4 609.01 (4) "Preferred provider plan" means a health care plan offered by an  
5 organization established under ch. 185 or 193, 611, 613, or 614 or issued a certificate  
6 of authority under ch. 618 that makes available to its enrollees, without referral and  
7 for consideration other than predetermined periodic fixed payments, coverage of  
8 either comprehensive health care services or a limited range of health care services,  
9 regardless of whether the health care services are performed by participating or  
10 nonparticipating providers.

11 **SECTION 148.** 616.09 (1) (c) 1. of the statutes is amended to read:

12 616.09 (1) (c) 1. Plans authorized under s. 616.06 are subject to ch. 185 or 193,  
13 as applicable, except that ss. 185.03 (5) and (6), 185.05 (1) (c), 185.55, 185.61, 185.62,  
14 185.63, 185.64, 185.71 to 185.76 and, 185.81, 193.151, 193.215 (2) (a) 2., 193.225,  
15 193.301 (9), 193.801, 193.805, 193.905 to 193.971, and those provisions applicable to  
16 cooperatives or unincorporated cooperative associations with stock do not apply.

17 **SECTION 149.** 706.05 (2m) (b) 2. of the statutes is amended to read:

18 706.05 (2m) (b) 2. Descriptions of property that is subject to liens granted on  
19 property thereafter acquired by a rural electric cooperative, or a telephone  
20 cooperative, organized under ch. 185 or 193, by a pipeline company under s. 76.02  
21 (5), by a public utility under s. 196.01 (5) or by a railroad under s. 195.02 (1) or (5).

22 **SECTION 150.** 706.09 (3) (a) of the statutes is amended to read:

23 706.09 (3) (a) *Public service corporations, railroads, electric cooperatives,*  
24 *trustees, governmental units.* While owned, occupied or used by any public service  
25 corporation, any railroad corporation as defined in s. 195.02, any electric cooperative

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1 organized and operating on a nonprofit basis under ch. 185 or 193, or any trustee or  
2 receiver of any such corporation or electric cooperative, or any mortgagee or trust  
3 deed trustee or receiver thereof; nor any such interest while held by the United  
4 States, the state or any political subdivision or municipal corporation thereof; or

5 **SECTION 151.** 815.18 (2) (c) of the statutes is amended to read:

6 815.18 (2) (c) "Debtor" means an individual. "Debtor" does not include an  
7 association, a corporation, a partnership, a cooperative, an unincorporated  
8 cooperative association, or a political body.

9 **SECTION 152.** 893.28 (2) of the statutes is amended to read:

10 893.28 (2) Continuous use of rights in real estate of another for at least 10 years  
11 by a domestic corporation organized to furnish telegraph or telecommunications  
12 service or transmit heat, power or electric current to the public or for public purposes,  
13 or a cooperative association organized under ch. 185 or 193 to furnish telegraph or  
14 telecommunications service or transmit heat, power or electric current to its  
15 members, establishes the prescriptive right to continue the use, except as provided  
16 by s. 893.29. A person who has established a prescriptive right under this subsection  
17 may commence an action to establish prescriptive rights under ch. 843.

18 **SECTION 153.** 893.33 (5) of the statutes is amended to read:

19 893.33 (5) This section bars all claims to an interest in real property, whether  
20 rights based on marriage, remainders, reversions and reverter clauses in covenants  
21 restricting the use of real estate, mortgage liens, old tax deeds, death and income or  
22 franchise tax liens, rights as heirs or under will, or any claim of any nature, however  
23 denominated, and whether such claims are asserted by a person sui juris or under  
24 disability, whether such person is within or without the state, and whether such  
25 person is natural or corporate, or private or governmental, unless within the 30-year

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1 period provided by sub. (2) there has been recorded in the office of the register of  
2 deeds some instrument expressly referring to the existence of the claim, or a notice  
3 pursuant to this section. This section does not apply to any action commenced or any  
4 defense or counterclaim asserted, by any person who is in possession of the real  
5 estate involved as owner at the time the action is commenced. This section does not  
6 apply to any real estate or interest in real estate while the record title to the real  
7 estate or interest in real estate remains in a railroad corporation, a public service  
8 corporation as defined in s. 201.01, an electric cooperative organized and operating  
9 on a nonprofit basis under ch. 185 or 193, or any trustee or receiver of a railroad  
10 corporation, a public service corporation or an electric cooperative, or to claims or  
11 actions founded upon mortgages or trust deeds executed by that cooperative or  
12 corporation, or trustees or receivers of that cooperative or corporation. This section  
13 also does not apply to real estate or an interest in real estate while the record title  
14 to the real estate or interest in real estate remains in the state or a political  
15 subdivision or municipal corporation of this state.

16 **SECTION 154.** 946.69 (1) (c) of the statutes is amended to read:

17 946.69 (1) (c) A cooperative association organized under ch. 185 or 193 to  
18 furnish or provide telecommunications service, gas, electricity, power or water.

19 **SECTION 155.** 990.01 (14) of the statutes is amended to read:

20 990.01 (14) HOMESTEAD EXEMPTION. “Exempt homestead” means the dwelling,  
21 including a building, condominium, mobile home, house trailer or cooperative or an  
22 unincorporated cooperative association, and so much of the land surrounding it as  
23 is reasonably necessary for its use as a home, but not less than 0.25 acre, if available,  
24 and not exceeding 40 acres, within the limitation as to value under s. 815.20, except



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1 as to liens attaching or rights of devisees or heirs of persons dying before the effective  
2 date of any increase of that limitation as to value.

3 **SECTION 156. Nonstatutory provisions.**

4 (1) Notwithstanding section 990.001 (11) of the statutes, if a court finds that  
5 the amendment of section 11.38 (8) (b) (by SECTION 7) of the statutes by this act, or  
6 any part of the laws specified in 2001 Wisconsin Act 109, section 9115 (2y) (b) is  
7 unconstitutional, the amendment of section 11.38 (8) (b) (by SECTION 7) of the statutes  
8 by this act is void.

9 **SECTION 157. Effective date.**

10 (1) This act takes effect on September 1, 2005, or on the day after publication,  
11 whichever is later.

12

(END)