

LD1106677

SENATE BILL NO. 75

Senate Amendments in [] — January 26, 1994

A BILL to amend and reenact §§ 13.1-301, 13.1-302 through 13.1-305, 13.1-307, 13.1-309, 13.1-309.1 and 13.1-311.1 of the Code of Virginia, relating to cooperative associations.

Patrons—Holland, E.M., Calhoun, Chichester, Colgan, Howell, Nolen, Saslaw, Waddell and Woods; Delegates: Almand, Connally, Darner, Fisher, Heilig, Hull, Murphy, Plum and Scott

Referred to the Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That §§ 13.1-301, 13.1-302 through 13.1-305, 13.1-307, 13.1-309, 13.1-309.1 and 13.1-311.1 of the Code of Virginia are amended and reenacted as follows:

§ 13.1-301. Organization of cooperative associations; purposes; name; par value stock required.

Any number of persons, not less than five, may, under the provisions of Article 3 (§ 13.1-618 et seq.) of Chapter 9 of this title or Article 3 (§ 13.1-818 et seq.) of Chapter 10 of this title, associate themselves together as a cooperative association, society, company or exchange, for the purpose of (i) conducting any housing, agricultural, fishing, dairy, mercantile, merchandise, brokerage, water, sewer, manufacturing, service or mechanical business on the cooperative plan or (ii) representing or providing financing for cooperative associations, societies, companies, or exchanges organized pursuant to this section the laws of this Commonwealth or any other state, provided that the word "cooperative" shall be included as a part of the name. Except for a cooperative association organized to conduct business as a water or sewer company, no cooperative association organized under this article shall conduct any business in this Commonwealth as a public service company or exercise any privileges of such company.

The provisions of Chapter 9 (§ 13.1-601 et seq.) and Chapter 10 (§ 13.1-801 et seq.) of this title, as the case may be, shall apply to cooperative associations created under this section or subject to the provisions of this article, except so far as the same are in conflict with the following sections of this article which shall be applicable only to such cooperative associations, and except that no such stock cooperative association shall issue stock without nominal or par value.

§ 13.1-302. Limitation of individual stockholding.

No holder of common stock in any such stock cooperative association shall own shares of a greater par value than \$1,000, except as hereinafter provided, or be entitled to more than one vote.

§ 13.1-303. Investment in other stock.

At any regular meeting or any regularly called special meeting of a stock cooperative association at which at least a majority of all its stockholders shall be present or represented, any such association may by a majority vote of the stockholders present or represented subscribe for shares and invest its capital or reserve fund in the capital stock of any corporation or cooperative association; provided that it shall not so invest a total amount in excess of twenty-five per centum percent of the amount of its capital stock.

§ 13.1-304. Purchase of business by issue of shares of stock.

Whenever any such stock cooperative association shall purchase the business of another association, person or persons, it may pay for the same in whole or in part by issuing to the selling association or person shares of its capital stock to an amount which at par value would equal the fair market value of the business so purchased, and in such case the transfer to the association of such business at such valuation shall be equivalent to payment in cash for the shares of stock so issued. In case the cash value of such purchased business exceeds \$1,000 the directors of the association are authorized to hold the shares in excess of \$1,000 in trust for the vendor and dispose of the same to such persons and within such time, as may be mutually satisfactory to the parties in interest, and to pay the proceeds thereof as currently received to the former owners of such business.

§ 13.1-305. Rights of subscribers before full payment.

Certificates of stock of such an a stock cooperative association shall not be issued to any subscriber until fully paid, but the bylaws of the association may allow subscribers to vote as stockholders provided part of the stock subscribed for has been paid in cash.

§ 13.1-307. Permissible limitation of stock ownership or voting rights.

Any such cooperative association may, either in its charter or by bylaws, provide and require that no membership or share of its stock shall be issued to or owned by any person not a member of a nonstock corporation or nonstock corporations named or designated in such charter or bylaws, or may in like manner provide that memberships or shares of its stock may be issued to or owned by persons not members of such designated nonstock corporation or nonstock corporations, but that when so owned

ENGROSSED

SB75E

60 such stock shall have no voting power.

61 § 13.1-309. Other cooperatives may come under article.

62 Any cooperative marketing association or corporation incorporated under Article 2 (§ 13.1-312 et
63 seq.) of this chapter, or under the general corporation laws of this Commonwealth, may be brought
64 under the provisions of this article, and be entitled to all the benefits thereof, and be subject to all
65 provisions, restrictions and limitations thereof by amending its articles of association or incorporation in
66 the same manner as set out in § 13.1-334, in cases of such associations and corporations existing under
67 Article 2 of this chapter, either by original incorporation or by amendment, and in cases of such
68 associations and corporations existing under the general corporation laws by amending such articles of
69 association or incorporation according to the provisions of Article 11 (§ 13.1-705 et seq.) of Chapter 9
70 of this title *or Article 10 (§ 13.1-884 et seq.) of Chapter 10 of this title, as the case may be*; but when
71 such amendment is had in the case of a corporation or association existing under the provisions of
72 Article 2 of this chapter, all special privileges under such article shall be thereby surrendered.

73 § 13.1-309.1. Foreign cooperatives.

74 A foreign stock cooperative whose stock has a nominal or par value; whose membership, as set out
75 in the bylaws of the cooperative, may be open to any veteran who served honorably in the military or
76 naval forces of the United States during World War II or any armed conflict of the United States of
77 America, including those still serving, their families, successors and any other person approved by the
78 duly elected board of directors of the foreign cooperative; and whose purpose shall include one or more
79 of the purposes recognized; for domestic cooperatives; under this title or any other title of the Code of
80 Virginia shall be authorized to do business under the provisions of this chapter by complying with the
81 laws relating to foreign corporations doing business in the Commonwealth. The foreign cooperative shall
82 deliver to the Commission the documents required by § 13.1-759 *if a stock cooperative, or by*
83 *§ 13.1-921 if a nonstock cooperative* along with a copy of the cooperative's bylaws. Upon such
84 compliance, the foreign cooperative shall have all the rights and privileges of a domestic cooperative. *No*
85 *foreign cooperative association authorized to do business in this Commonwealth under the provisions of*
86 *this article shall conduct any business in this Commonwealth as a public service company or exercise*
87 *any privileges of such company.*

88 § 13.1-311.1. Provisions relating to dissolution of and revocation of certificates of associations.

89 Those provisions of the Virginia Stock Corporation Act (§ 13.1-601 et seq.) and the Virginia
90 Nonstock Corporation Act (§ 13.1-801 et seq.) relating, respectively, to the involuntary dissolution of
91 domestic corporations; *and to the revocation of the certificates of authority to do business in this*
92 *Commonwealth of foreign corporations; and to proceedings by the State Corporation Commission upon*
93 *complaints that corporations are engaging in the unauthorized practice of law in this Commonwealth*
94 *shall apply to every association organized or doing business in this Commonwealth pursuant to the*
95 *provisions of this chapter; but the provisions of this section shall not be construed as a limitation upon*
96 *the application of the provisions of Chapters 9 (§ 13.1-601 et seq.) and 10 (§ 13.1-801 et seq.) of this*
97 *title to such associations under § 13.1-343.*

98 [2. That an emergency exists and this act shall be in force from its passage.]