

AN ACT in relation to agriculture.

Be it enacted by the People of the State of Illinois,
represented in the General Assembly:

Section 5. The Agricultural Co-Operative Act is amended
by changing Sections 2, 5, 8, 9, 13, 21, 25, 32, and 33 as
follows:

(805 ILCS 315/2) (from Ch. 32, par. 441)

Sec. 2. Definitions and short title.

(a) As used in this Act:

The term "Director of Agriculture" means the Director of
the Illinois Department of Agriculture or the Director's
designee.

The term "agricultural products" shall include
horticultural, viticultural, forestry, dairy, live stock,
poultry, bee and any farm and aquatic products and fur
bearing animals raised in captivity and their products.

The term "member" shall include actual members of
associations without capital stock, and holders of common
stock in associations organized with capital stock.

The term "association" means any corporation organized
under this Act, or any corporation formed under any general
or special act of this or any other state as a co-operative
association, organized for the mutual benefit of its members,
and in which the returns on the stock or membership capital
is limited to an amount not to exceed 8% per annum, and in
which during any fiscal year thereof the value of business
done with non-members shall not exceed the business done with
members during the same period, and in which substantially
all of the issued and outstanding shares of capital stock or
memberships are owned, held and controlled directly or
indirectly, by producers of agricultural products.

The term "person", except when used in reference to an officer or member of the board of directors, in which case it means an individual, shall include any individual or any entity, including but not limited to a sole proprietorship, a partnership, a corporation, a cooperative, an association, a limited liability company, an estate, or a trust individuals,
~~firms, partnerships, corporations and associations.~~

(b) Associations organized hereunder shall be deemed "non-profit", inasmuch as they are not organized to make profit for themselves, as such, or for their members, as such, but only for their members as producers.

(c) This Act may be cited as the Agricultural Co-Operative Act.

(Source: P.A. 85-856; 86-1475.)

(805 ILCS 315/5) (from Ch. 32, par. 444)

Sec. 5. Every group of persons contemplating the organization of an association under this Act is urged to communicate with the Director of Agriculture, who will share any information the Department may have regarding inform-
~~whenever--a--survey--of~~ the marketing conditions affecting the commodities proposed to be handled ~~may--indicate--regarding~~
~~probable-suecess.~~

It is here recognized that agriculture is characterized by individual production in contrast to the group or factory system that characterizes other forms of industrial production; and that the ordinary form of corporate organization permits industrial groups to combine for the purpose of group production and the ensuing group marketing and that the public has an interest in permitting farmers to bring their industry to the high degree of efficiency and merchandising skill evidenced in the manufacturing industries; and that the public interest urgently needs to prevent the migration from the farm to the city in order to

keep up farm production and to preserve the agricultural supply of the nation; and that the public interest demands that the farmer be encouraged to attain a superior and more direct system of marketing in the substitution of merchandising for the blind, unscientific and speculative selling of crops; and that for this purpose, the farmers should secure special guidance and instructive data from the Director of Agriculture.

(Source: Laws 1923, p. 286.)

(805 ILCS 315/8) (from Ch. 32, par. 447)

Sec. 8. Each association organized under this Act, shall prepare and file articles of incorporation, setting forth:

(a) The name of the association which may or may not include the word co-operative or any abbreviation thereof.

(b) The purpose for which it is formed.

(c) The place where its principal office within the State will be located.

(d) The term for which it is to exist, which may be perpetual.

(e) The minimum number of directors thereof, which must be not less than 5 and may be any number in excess thereof; the term of office of such directors, and the names and addresses of those who are to serve as incorporating directors for the first term, and/or until the election and qualification of their successors.

(f) If organized without capital stock, whether the property rights and interest of each member shall be equal or unequal; if unequal the general rule or rules applicable to all members by which the property rights and interest, respectively of each member may and shall be determined and fixed, and provision for the admission of new members, who shall be entitled to share in the property of the association with the old members, in accordance with such general rule or

rules. This provision or paragraph of the articles of incorporation may not be altered, amended or repealed, except by the written consent or vote of 3/4 of the members.

(g) If organized with capital stock, the amount of such stock and the number of shares into which the capital stock is to be divided; whether all or part of the same shall have par value, and if so, the par value thereof, which shall not be less than one dollar, nor more than \$1,000 per share, and whether all or part of the same shall have no par value, and if there is to be more than one class of stock created, a description of the different classes, the number of shares in each class, and the relative rights, interest and preferences each class shall represent; and if the same shall be desired, a provision that any or all classes of preferred stock may be issued in series and that dividends shall be payable with respect to any such series at such rate not exceeding 8% per annum, or such lesser amount as may be fixed in the articles of incorporation, or any amendment thereof, and that the shares of such series may be redeemed at such redemption price and bear such particular designation as the board of directors, subject to such restrictions as may be imposed in the articles of incorporation, or any amendment thereof, shall by resolution, determine and fix prior to the issue of any stock of such series. Such articles of incorporation or any amendment thereto, may provide, that in the case of any share of stock in such association, issued thereby, to any bona fide producer of agricultural products, or to any co-operative association as defined in this Act, that such share is subject to the condition, that the directors of such association shall be trustees of such share of stock upon such producer becoming a non-producer of agricultural products, or such co-operative association ceasing to be operated as a co-operative association; and that in the case of any share of stock issued in the first instance to any

non-producer of agricultural products, or to any corporation not operating as a co-operative association, that such share is subject to the condition that the directors of such association shall be the trustees of such share of stock; and that in either of such cases, thereupon the trustees of such share of stock shall be vested with the legal and equitable title thereto, and the stock certificate held by such producer who has become a non-producer, or such non-producer, or such corporation, not operating as a co-operative association, as the case may be, shall legally become or be a participation certificate entitling the holder thereof to any dividends provided for in such certificate, any moneys accruing by virtue thereof, and any pecuniary rights accruing thereunder, under the provisions of this Act; that the trustees of such certificate shall pay over all such dividends and moneys to the certificate holder and protect and execute all such pecuniary rights; that the voting power, and all other legal and beneficial interests, other than those given to the certificate holder as hereinabove provided, shall be held by such trustees and exercised and managed by them by vote of a majority of such trustees; and that in case such certificate holder, thereafter, becomes a bona fide producer of agricultural products, or a co-operative association, that affidavit be made to such effect and filed with the directors thereof, and thereupon, such trustees shall be discharged and the legal and equitable title to such share and all other interests whatsoever, shall vest in such certificate holder and all the powers and privileges pertaining to such share of stock may be exercised thereby.

(h) In addition to the foregoing, the articles of incorporation of any association incorporated hereunder may contain any provision consistent with law with respect to management, regulation, government, financing, indebtedness,

membership, the establishment of voting districts and the election of delegates for representative purposes, the issuance, retirement, and transfer of the stock, if formed with capital stock, or any provisions relative to the way or manner in which it shall operate or with respect to its members, officers or directors and any other provisions relating to its affairs.

The articles shall be subscribed by the incorporators and acknowledged by one of them before an officer authorized by law to take and certify acknowledgments of deeds and conveyances, and shall be filed in the office of the Secretary of State; when so filed, the articles of incorporation, or certified copies thereof, shall be received in all the courts of this State, and other places, as prima facie evidence of the facts contained therein, and of the due incorporation of such association. A certified copy of the articles of incorporation shall also be filed with the Director of Agriculture by the association.

(Source: P.A. 79-207.)

(805 ILCS 315/9) (from Ch. 32, par. 448)

Sec. 9. The articles of incorporation may be altered or amended at any regular meeting, or any special meeting called for that purpose. An amendment may be adopted by the approval of two-thirds of the directors followed by a favorable vote or the written consent thereto representing a majority of all the members and/or shareholders of the association, or by the written consent of two-thirds of all the members of the association without the approval of the directors. Amendments to the articles of incorporation when so adopted, shall be filed in the office of the Secretary of State. A certified copy of every amendment shall be filed with the Director of Agriculture by the association.

(Source: Laws 1931, p. 390.)

(805 ILCS 315/13) (from Ch. 32, par. 452)

Sec. 13. The directors shall elect from their number, a president, and one or more vice-presidents. They shall also elect a secretary and treasurer, who need not be directors or members of the association, and they may combine the two latter offices and designate the combined office as secretary-treasurer, or unite both functions and titles in one person. The treasurer may be a bank or any depository, and as such, shall not be considered as an officer, but as a function of the board of directors. In such case, the secretary shall perform the usual accounting duties of the treasurer, except that the funds shall be deposited only as and where authorized by the board of directors. The by-laws may provide for the election of the president and vice-presidents by the members at annual meetings.

Within 30 days after the first election of officers, the association shall file a report with the Director of Agriculture on forms prescribed by the Director of Agriculture. The report shall contain the following:

- (1) The name of the association.
- (2) The names and addresses of the association's principal officers and directors.
- (3) The association's principal place of business.
- (4) A general statement of the association's proposed business operations.
- (5) The end of the association's proposed fiscal year.

(Source: Laws 1929, p. 280.)

(805 ILCS 315/21) (from Ch. 32, par. 460)

Sec. 21. Each association formed or authorized to do business in Illinois under this Act shall prepare and make out an annual report on forms prescribed ~~to-be-furnished~~ by the Director of Agriculture containing the name of the

association; the names and addresses of its principal officers and directors; its principal place of business; and a general statement of its business operations during the fiscal year, showing the amount of capital stock paid up and the number of stockholders of a stock association or the number of members and amount of membership fees received, if a non-stock association; ~~the total expenses of operations;~~ ~~the amount of its indebtedness or liabilities,~~ and its balance sheets and income statement for the most recently completed fiscal year before the filing of the report.

(Source: Laws 1923, p. 286.)

(805 ILCS 315/25) (from Ch. 32, par. 464)

Sec. 25. Any co-operative association with or without capital stock as defined in this Act heretofore or hereafter organized under laws of another State shall be allowed to carry on any proper activities, operations and functions in this State upon filing with the Secretary of State all necessary certificates as required under the general regulations applicable to foreign corporations, and upon payment of a filing fee of ten dollars (\$10.00) and an annual fee of ten dollars (\$10.00) in lieu of all franchise, license or corporation taxes as required of associations organized hereunder, and all contracts which could be made by any association organized hereunder, made by or with such association shall be legal and valid and enforceable in this State with all of the remedies set forth in this Act. Any foreign co-operative association having qualified to do business within this State ~~shall file with the Director of Agriculture duplicate certificates as filed with the Secretary of State,~~ and shall file annual reports with the Director of Agriculture in the manner and form provided for in Section 21 of this Act. The association shall file with the Director of Agriculture duplicate certificates as filed

with the Secretary of State by a foreign co-operative association qualified to do business within this State under this Act.

(Source: Laws 1931, p. 390.)

(805 ILCS 315/32) (from Ch. 32, par. 471)

Sec. 32. ~~On or before the first day of July of~~ Each year, within 6 months after the end of the association's fiscal year, each association organized hereunder or qualified to do business within this State under this Act shall file an annual report with the Director of Agriculture as required in Section 21 of this Act, and pay the fees hereinafter required. ~~If the fee is not paid by August first a penalty of five per centum per month shall be required until it is paid; provided that an association,~~ associations organized, or qualified to do business in this State under this Act between ~~January first and June thirtieth of each year~~ shall not be required to file a balance sheet or income statement with its an annual report until the association has completed one full fiscal year ~~second--July--following,~~ second--July--following, ~~but--associations organized, or qualified, between January first--and--February twenty-eighth,--inclusive,--shall be required to pay a fee on July first following.~~

Each association organized hereunder or qualified to do business within this State shall pay an annual fee of ten dollars (\$10.00) only, to the Department of Agriculture, in lieu of all franchise or license or corporation taxes or charges upon reserves held by it for members, and in case of failure, neglect or refusal of any such association to either file the annual report or pay the fee as required by this Act, it shall be certified by the Director of the ~~Department of~~ Department of Agriculture to the Secretary of State 9 months after the end of the association's fiscal year ~~Attorney--General--by November--the-fifteenth~~ for dissolution in the same manner as

is required under the provisions of the general corporation laws Act of this State, and the Secretary of State Attorney General shall proceed in like manner to dissolve such association or oust it from doing business within the State as is required under the general corporation laws of this State.

(Source: Laws 1931, p. 390.)

(805 ILCS 315/33) (from Ch. 32, par. 472)

Sec. 33. For filing articles of incorporation, an association organized hereunder shall pay \$100; and for filing an amendment to the articles, \$25. Fees for filing articles of incorporation or an amendment to the articles shall be paid to the Secretary of State.

(Source: P.A. 81-997.)

Section 99. Effective date. This Act takes effect upon becoming law.