

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Rate of tax levy in certain counties.—The county board of any county in this state now or hereafter having a population of not less than 26,000 nor more than 27,000 inhabitants, according to the last preceding federal or state census, and having an area of not less than 27 nor more than 29 Congressional townships, whole and fractional, may levy for county purposes, such amount in excess of existing limitations as may be necessary to defray county revenue expenses, but the total levy for such purpose shall not exceed 7 mills on the dollar of the taxable property of said county, exclusive of money and credits.

Sec. 2. Effective for two years.—This Act shall take effect and be in force for a period of 2 years from and after its passage.

Approved April 1, 1933.

CHAPTER 148—H. F. No. 1092

An act to amend Mason's Minnesota Statutes of 1927, Sections 7834 and 7836, relating to cooperative associations, who may organize, purpose, and powers, capital, limits of interest, and vote.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Cooperative associations—who may organize—purpose—powers.—That Mason's Minnesota Statutes of 1927, Sections 7834 and 7836, be and the same hereby is amended to read as follows:

7834. A co-operative association may be formed for the purpose of conducting any agricultural, dairy, marketing, transportation, warehousing, commission, contracting, building, mining, telephone, manufacturing, or any mechanical, mercantile or electrical heat, light or power business, or for all such purposes or for any other lawful purpose, upon the co-operative plan, and in addition to other powers, such co-operative association, shall have the power either as agent or otherwise to buy, sell, or deal in its own products, the products of its individual members or patrons, the products of any other co-operative association or of its members or patrons, whether such co-operative association be organized under the provisions of this Act or otherwise. It shall be lawful for such co-operative association to sell its own products as well as the products of its members or patrons for them, or the products of any other co-

operative association or of its members or patrons for them, as the case may be, either individually or collectively, and to negotiate the price at which such products may be sold either for itself or for its members or patrons, or such other co-operative association and its members or patrons, individually or collectively, as the case may be; also to enter into or become a party to any contract or agreement either for itself or for its individual members or patrons, or between it and its member. For the purposes above stated such co-operative association shall have the power and authority as a corporation to purchase and hold, lease, mortgage, encumber, sell, exchange and convey such real estate, buildings and personal property as the business of the association may require, also to erect buildings or other structures or facilities upon its own lands or leased grounds, or upon right of way legally acquired by such co-operative association. Such co-operative association shall have the power and authority to issue bonds or other evidence of indebtedness and to borrow money to finance the business of the association, or to make advances to its members or patrons upon produce delivered by such members or patrons to the association provided, however, that the indebtedness so incurred shall not exceed the limit of indebtedness fixed in the articles of incorporation of such co-operative association, as hereinafter required. For the purpose of empowering and authorizing co-operative associations incorporated under the provisions of this Act to join with other co-operative associations in this state or other states, whether incorporated under this Act or under the laws of any other state, to form district, state or national organizations or market-agencies, any co-operative association incorporated under this Act, by vote of the governing board thereof may purchase, acquire, hold or dispose of the stock of any other co-operative association or corporation, whether incorporated under this Act or under the laws of any other state, and assume all rights, interests, privileges, responsibilities and obligations arising out of the ownership of such stock. A co-operative association incorporated under this Act shall also have the power and authority, either for itself or for its individual members or patrons, to do and perform every act and thing necessary or proper, to the conduct of its business or the accomplishment of the purposes set forth in this Act, and in addition any other rights, powers or privileges granted by the laws of this state to ordinary corporations, except such as are inconsistent with the expressed provisions of this Act.

A co-operative association incorporated under this Act, constituted wholly or partially of other co-operative associations organized under this Act or under the laws of this or any other state, shall have the power to accept deposits of money or securities from such co-operative associations, to loan or borrow upon such security

as it may consider sufficient in dealing with its member co-operatives and to exercise any and all fiduciary powers in its relations with such co-operatives as constitute its membership.

For the purpose of this Act a co-operative association shall be defined as *any corporation or association of ultimate producers and/or consumers organized under this Act or any other statute of the State of Minnesota now existing or hereafter enacted providing for the incorporation of co-operative associations; also any central organization composed wholly or in part of such associations.* The plans of organization and the business practices of *any such association* shall be stated in its articles of incorporation and by-laws and shall provide (a) that the ownership of capital stock therein by any individual stockholder shall not exceed the par value of \$1,000.00; and (b) that *individual* stockholders shall be restricted to only one vote in the affairs of the association; and (c) that shares of stock shall not be transferable except with the approval and consent of the governing board of such association; and (d) that interest shall not be paid on outstanding or paid-up capital stock of the association in excess 6% per annum; and (e) that the net income of such association, except such amounts as are required to be set aside as a reserve fund or permanent surplus or may be set aside by vote of the stockholders of the association, available for distribution; among the members, or patrons, or both, as the case may be, shall be distributed only on the basis of patronage. No corporation or association hereafter organized in this state shall be *entitled or permitted to use the term "co-operative" as part of its corporate or business name or title, or to represent itself as a co-operative association, unless it has complied with the provisions of this Act, or any other law of this state now existing or hereafter enacted providing for the incorporation of co-operative associations.* Any corporation or association which violates this provision shall be guilty of a misdemeanor.

7836. The amount of the authorized capital stock of the association shall be fixed by the articles of incorporation. The amount of the authorized capital stock and the number of shares may be increased or diminished at any regular meeting of the stockholders of the association or at any special meeting of the stockholders called for such purpose, in the manner hereinafter provided for amending the articles of incorporation.

Within 30 days after the adoption of an amendment increasing or diminishing the authorized capital stock, a copy of such amendment and a statement of the proceedings and the vote by which such amendment was adopted shall be filed or recorded in the offices where the articles of incorporation were filed or recorded, as provided in Section 2, of this Act. The association may commence

business whenever 20% of the authorized capital stock has been subscribed and paid in and the amount of the capital stock outstanding shall at no time be diminished below 20% of the amount of the authorized capital. No share shall be issued for less than its par value nor until the same has been paid for in cash or its equivalent and such payment has been deposited with the treasurer of the association.

Any association organized under this Act may limit the amount of stock or the number of shares of stock therein, which may be issued to or owned by an individual person or association, which in the case of an individual shall not exceed the amount of \$1,000.00 of the par value of such stock. Any co-operative association organized under this Act may acquire and hold stock in any other corporation organized under any law of this state or of any other state of the United States, the purpose of which may be a federation of co-operative associations or for the purpose of forming a district, state or national marketing, sales or service agency or for the purpose of acquiring marketing facilities at terminal or other markets in this state or other states. A stockholder in any co-operative association organized under this Act shall not be entitled to more than one vote which shall be in person, or by mail as hereinafter provided, and not by proxy, except that any such co-operative association that is a stockholder in any other corporation shall have the power and authority by its board of directors or by its stockholders to elect or appoint any person or persons to represent it at any meeting of the stockholders of any corporation in which it owns stock and the person or persons so elected or appointed shall have full power and authority to represent such co-operative association and also to cast its vote or votes at any such meeting.

Provided however that in co-operative associations wholly or partially constituted of other co-operative associations organized under this Act or under the laws of this or any other state, each affiliated member co-operative shall have an additional vote for a certain stipulated volume of business done by it with its central organization and/or a certain stipulated number of members in such associations, to be determined in either or both cases by the articles and/or by-laws of the central association.

Provided further, that any such co-operative central association organized under this Act or under the laws of this or any other state having at any time more than three thousand (3,000) individual members or stockholders may group such members or stockholders in local units on territorial or other basis as may be determined by the articles and/or by-laws of the central association.

The grouping of such members or stockholders shall be determined by the directors of the central association at their first meeting immediately following the adoption of such provision in the articles and/or by-laws of the central association.

Each of said units shall be entitled to be represented at any and all stockholders' meetings of the central association by a delegate or delegates of their own choosing and such delegates shall exercise the same powers at such stockholders' meetings as any shareholder of the central association may exercise on such basis of voting rights as is provided for in the articles and/or by-laws of the central association pertaining to such shareholders.

The directors of the central association shall have the power to do all things necessary to give full force and effect to this section including the power to fix the time and place and rules of conduct for the holding of meetings by such units for the purpose of their electing a delegate or delegates to all stockholders' meetings of the central association.

Stock in any co-operative association organized under this Act shall be sold or transferred only with the consent and approval of the board of directors and the by-laws of such co-operative association shall provide that it shall have the first privilege of purchasing stock offered for sale by any stockholder. Any stock so acquired by the board of directors for such co-operative association may be held as treasury stock or may be retired and cancelled. Any stockholder who knowingly, intentionally or repeatedly violates a provision of the by-laws adopted by any co-operative association organized under this Act may be required by the board of directors of such co-operative association to forfeit his stock, in which case the association shall refund to such stockholder the par value of his stock or in case the book value of such stock shall be greater or lesser than the par value, such stockholder shall be paid the amount of the book value of such stock. Stock so forfeited shall be retired and cancelled by the board of directors and such stockholders shall thereafter have no rights, privileges or benefits in such co-operative association.

Any stockholder who is absent from any meeting of the stockholders of any association organized under the provisions of this Act, may, as herein provided but not otherwise, vote by mail on the ballot herein prescribed, upon any motion, resolution or amendment to be acted upon at such meeting. Such ballot shall be in the form prescribed by the board of directors of such association and shall contain the exact text of the proposed motion, resolution or amendment to be acted upon at such meeting and the date of the meeting; and shall also contain spaces opposite the text of such motion,

resolution or amendment in which such stockholder may indicate his affirmative or negative vote thereon. Such stockholder shall express his choice by marking an "X" in the appropriate space upon such ballot. Such ballot shall be certified to and signed by the stockholder if an individual, or if a corporation by the president or secretary thereof, and when received by the secretary of the association holding the meeting, shall be accepted and counted as the vote of such absent stockholder at such meeting.

Approved April 1, 1933.

CHAPTER 149—S. F. No. 414

An act to amend Section 1, Chapter 257, Laws of 1927, as amended by Chapter 341, Laws of 1931, forbidding the pledge of assets by banks and trust companies, except in certain instances.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **Banks may not pledge assets—exceptions.**—Chapter 257, Laws of 1927, as amended by Chapter 341, Laws of 1931, is hereby amended to read as follows:

"Section 1. No bank or trust company shall pledge, hypothecate, assign, transfer or create a lien upon or charge against any of its assets except to the state or to secure public deposits or to secure money borrowed in good faith from other banks or trust companies, or from any financial agency created by an Act of Congress, provided, that this section shall not be construed to permit the use of any assets as security for public deposits other than the securities made eligible by law for that purpose."

Sec. 2. This act shall take effect and be in force from and after its passage.

Approved April 4, 1933.

CHAPTER 150—S. F. No. 558

An act to validate certain bonds heretofore purchased by the State Board of Investment with the funds of the State of Minnesota.