

Sec. 135. Minnesota Statutes 1974, Chapters 202, 203 and 204 and Sections 210.02; 210.03; 210.07; 210.08; 210.09; 210.10; 210.12; 210.13; 210.15; and 210.16 are repealed.

Sec. 136. This act is effective on the date following its final enactment.

Approved February 28, 1975.

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#### CHAPTER 6—H.F.No.145

*An act relating to cooperative associations; authorizing an association's board of directors to set aside part of its net income for the purpose of creating a capital reserve; amending Minnesota Statutes 1974, Section 308.12, Subdivision 1.*

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1974, Section 308.12, Subdivision 1, is amended to read:

**308.12 COOPERATIVE ASSOCIATIONS; NET INCOME; CAPITAL RESERVE; DISTRIBUTION.** Subdivision 1. An association organized under sections 308.05 to 308.18 may set aside such part of its net income ~~during its first two fiscal years~~ as its board of directors deems advisable, for the purpose of creating or maintaining a capital reserve ; ~~and annually thereafter its board of directors shall set aside for the purpose of such reserve at least ten percent of the annual net income until the capital reserve shall equal 50 percent of the paid-up capital stock; and thereafter the capital reserve may be increased from time to time by the board of directors of the association to such an amount as it deems advisable .~~ In addition to such capital reserve the directors of any such association may set aside a sum not to exceed five percent of the annual net income of the association, which shall be used for the purposes of promoting and encouraging cooperative organization, and may establish and accumulate reserves for new buildings, machinery and equipment, depreciation, losses, and other proper purposes. Net income in excess of dividends on capital stock and additions to reserves shall be distributed on the basis of patronage. The stockholders may provide in the bylaws of the association that non-member patrons shall participate in the distribution of net income upon equal terms with member patrons. If the patron is qualified and eligible for membership, the amount of patronage refund due him shall be credited to his individual account, and when such credits shall equal the value of a share of common stock which entitles the holder thereof to vote, or a membership, a share of such stock or a membership shall be issued to him. ~~If the patron is not qualified or eligible for membership, the refund due him may be credited to his individual account, and when such credits shall equal the value of a share of common stock which does~~

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not entitle the holder thereof to vote or preferred stock or a certificate of interest a share of such stock or a certificate of interest may be issued to him, and thereafter such patron may participate in the distribution of income upon the same basis as a stockholder or member.

Approved March 7, 1975.

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### CHAPTER 7—H.F.No.173

*An act relating to cooperatives; content of articles of incorporation; increasing the amount of authorized dividends on capital stock; amending Minnesota Statutes 1974, Section 308.06, Subdivision 2.*

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1974, Section 308.06, Subdivision 2, is amended to read:

Subd. 2. **COOPERATIVE ASSOCIATIONS; CAPITAL STOCK DIVIDENDS.** The incorporators of a cooperative association under sections 308.05 to 308.18 shall sign and acknowledge written articles of incorporation, specifying (1) the name of the association, its purpose, and the principal place of transacting its business. Such name shall distinguish it from all other corporations, domestic or foreign, doing business in the state and shall be preserved to it during its corporate existence; (2) the period of its duration, which may be limited or perpetual; (3) if organized on a capital stock basis the total authorized number of shares and the par value of each share; a description of the classes of shares, if the shares are to be classified; a statement of the number of shares in each class and relative rights, preferences, and restrictions granted to or imposed upon the shares of each class, and a provision that only common stockholders shall have voting power; (4) that individuals owning common stock shall be restricted to one vote in the affairs of the association; (5) that shares of stock shall be transferable only with the approval of the board of directors of the association; (6) that dividends upon capital stock of the association shall not exceed ~~six~~ eight percent annually; (7) the names, post office addresses and terms of office of the first directors; and (8) that net income in excess of dividends and additions to reserves shall be distributed on the basis of patronage, and that the records of the association may show the interest of patrons, stockholders of any classes and members in the reserves. The articles of incorporation shall always contain the provisions above required and may contain any other lawful provision; except that the names, post office addresses and terms of offices of the first directors may be omitted after their successors have been elected by the stockholders or when the articles are amended in their entirety. Cooperative associations may be incorporated for any of the purposes for which an association may also be formed upon a membership basis

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