

CHAPTER 99.

[S. H. B. 149.]

COOPERATIVE MARKETING ASSOCIATIONS.

AN Act relating to cooperative marketing associations and cooperative associations and the rights of and limitations upon the members and stockholders thereof, and amending section 6, chapter 115, Laws of 1921, as amended by chapter 102, Laws of 1925, Extraordinary Session, as amended by chapter 195, Laws of 1941 (section 2883, Remington's Revised Statutes Supp.) and amending section 13, chapter 115, Laws of 1921, as amended by section 6, chapter 16, Laws of 1931 (section 2890, Remington's Revised Statutes); and amending section 13, chapter 19, Laws of 1913 (section 3916, Remington's Revised Statutes).

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

SECTION 1. That section 6, chapter 115, Laws of 1921, as amended by chapter 102, Laws of 1925, Extraordinary Session, as amended by chapter 195, Laws of 1941, (section 2883, Remington's Revised Statutes Supp.), be amended to read as follows: Amendments.

Section 6. (a) Under the terms and conditions prescribed in its by-laws, any association may admit as members, or issue common stock only to persons engaged in the production of agricultural products, or may at its option limit the issuance of common stock or membership to persons only engaged in the production of agricultural products, to be handled by or through the association, including the lessees and tenants of land used for the production of such products and any lessors and landlords who receive as rent part of the crop raised on the leased premises. Membership limited to farmers.

(b) If a member of a non-stock association be other than a natural person, such member may be represented by any individual, officer or member thereof, duly authorized in writing. Non-personal membership.

(c) Any association organized hereunder may become a member or stockholder of any other association or associations organized hereunder. Association membership.

Associate membership.

(d) Any member of an association organized under this Act who for a period of 30 days, or such longer period, not to exceed six months, as may be prescribed by the by-laws, shall cease to produce agricultural products for such association, and, if the association is engaged in furnishing supplies, machinery and equipment to members, shall cease, for a like period, to purchase from such association, shall be classified as an associate member. Any member who resigns from active membership may be classified as an associate member. Voting rights of associate members may be prohibited or restricted as prescribed in the by-laws of the association.

Voting rights.

Preferred stockholders.

Preferred stockholders engaged in the production of agricultural products may have all the rights and privileges of active members.

Association may buy stock of associate member.

(e) Any association organized under the provisions of this Act may purchase the stock or the membership of any associate member with any available funds of the association, whether surplus or not.

Amendments.

SEC. 2. That section 13, chapter 115, Laws of 1921, as amended by section 6, chapter 16, Laws of 1931 (section 2890, Remington's Revised Statutes), be amended to read as follows:

Certificate of membership.

Section 13. When a member of an association established without capital stock has paid his membership fee in full, he shall receive a certificate of membership. No association shall issue stock to a member until it has been fully paid for. Except for debts lawfully contracted between him and the association, no member shall be liable for the debts of the association to an amount exceeding the sum remaining unpaid on his membership fee or his subscription to the capital stock, including any unpaid balance on any promissory notes given in payment thereof. No stockholder of a cooperative association

Must be fully paid for.

Limited liability.

shall own more than 1/10 of the issued common stock of the association; and an association in its by-laws may limit the amount of common stock which any one member may own to any amount less than one-tenth of the issued common stock. Any association organized with stock under this Act may issue preferred stock, with or without the right to vote. Unless the articles otherwise provide, no member or stockholder shall be entitled to more than one vote. Such stock may be redeemable or retirable by the association on such terms and conditions as may be provided for by the articles of incorporation and printed on the face of the certificate. The by-laws shall prohibit the transfer of the common stock of the association to persons not engaged in the production of agricultural products, and the by-laws or articles may prohibit the transfer of common stock to persons not active members of such association, and such restrictions must be printed upon every certificate of stock subject thereto. The by-laws and the marketing agreement, of the association, may provide for the retiring of the common or preferred stock of the association. Any shares of common or preferred stock redeemed, but not retired, may, from time to time, by order of the board of directors, without the vote of the members of the association, be reissued.

Stock holding limited.

Preferred stock.

Limitation of voting.

Preferred stock may be redeemed.

Transfer limitations.

Retirement of stock.

May reissue redeemed stock.

SEC. 3. That section 13, chapter 19, Laws of 1913 (section 3916, Remington's Revised Statutes), be and the same is hereby amended to read as follows:

Amendments.

Section 13. The trustees shall apportion the net earnings by first paying dividends on the paid-up capital stock at a rate not exceeding eight per cent per annum; then setting aside not less than ten per cent nor more than twenty-five per cent of the remainder annually of the net profits for a reserve fund and the remainder of said net profits by dividends proportioned upon the amount of business transacted with said association and proportioned upon the

Apportionment of net earnings.

Reserve fund.

Dividend
limitation.

wages and salaries of employees: *Provided*, That no dividend shall be paid out or declared on any business transacted with the association by any person, persons, firm or corporation engaged in the buying, selling, or handling of agricultural products for profit or to any sale to said association by any person or persons, firm or corporation engaged as a wholesaler or jobber in the distribution of manufactured products. Dividends remaining uncalled for six months after the same have been declared shall revert to the association.

Passed the House February 25, 1943.

Passed the Senate March 4, 1943.

Approved by the Governor March 16, 1943.

CHAPTER 100.

[H. B. 188.]

SEWERS.

AN ACT relating to sewers in cities and towns; and making it unlawful and prescribing penalties for making or maintaining connections therewith without permission of the city or town.

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

Permission
to connect.

SECTION 1. It is unlawful and a misdemeanor to make or cause to be made or to maintain any sewer connection with any sewer of any city or town, or with any sewer which is connected directly or indirectly with any sewer of any city or town without having permission to make or maintain such connection from the city or town.

Passed the House February 16, 1943.

Passed the Senate March 8, 1943.

Approved by the Governor March 16, 1943.