

AN ACT

ENTITLED, An Act to revise certain provisions related to cooperatives.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 47-15-1 be amended to read:

47-15-1. Terms used in chapters 47-15 to 47-20, inclusive, mean:

- (1) "Articles," articles of incorporation;
- (2) "Cooperative," a cooperative corporation which is subject to the provisions of chapters 47-15 to 47-20, inclusive;
- (3) "Corporation," a corporation which is not a cooperative;
- (4) "Electronic transmission" or "electronically transmitted," any process of communication not directly involving the physical transfer of paper that is suitable for the retention, retrieval, and reproduction of information by the recipient;
- (5) "Entity," a domestic and foreign corporation, limited liability company, partnership, cooperative or other legal entity, trust, domestic and foreign unincorporated entity or association, and bodies politic;
- (6) "Foreign cooperative," a cooperative association organized and operated on a cooperative basis under the laws of any other state, territory, or possession of the United States, or of the District of Columbia or any foreign state, province, or country;
- (7) "Individual," any natural person;
- (8) "Member," a person who has been qualified and accepted for membership in a cooperative;
- (9) "Patron," any person who purchases products or services provided in the normal course of the business of a cooperative. The term "patron" does not include a telecommunications company which purchases any products or services from a telecommunications

cooperative or pays any fees or settlements to a telecommunications cooperative, other than local telecommunications services; and

(10) "Person," an entity or individual entity.

Section 2. That § 47-15-3 be amended to read:

47-15-3. Three or more individuals of legal age, one of whom must be a resident, may form a cooperative by signing, acknowledging, filing, and recording articles of incorporation.

Section 3. That § 47-15-47 be amended to read:

47-15-47. If notice is required by chapters 47-15 to 47-20, inclusive, to be given to any person, the notice shall be given either personally, by mail, or electronic transmission. If mailed, the notice is given when deposited in the United States mail, with postage prepaid, addressed to the person's address as it appears on the records of the cooperative. If electronically transmitted, the notice is given when sent.

A signed waiver is equivalent to personal notice to the person so signing.

Section 4. That § 47-16-10 be amended to read:

47-16-10. At any member meeting of a cooperative composed of individual members and entity members, each individual member or entity member is entitled to only one vote.

Section 5. That § 47-16-14 be amended to read:

47-16-14. An absent member of a cooperative may submit a signed vote by mail or electronic means if the member has been previously notified in writing of the exact motion or resolution upon which the vote is taken. The bylaws may limit use of signed votes.

Section 6. That § 47-16-15 be amended to read:

47-16-15. In the absence of written notice that a person has been designated to represent an entity member of a cooperative, the member may be represented by any of its principal officers. Unless the bylaws provide otherwise, an individual may represent more than one entity member, and may also

vote as an individual if the individual is a member.

Section 7. That § 47-16-56 be amended to read:

47-16-56. If the name and address of any person entitled to receive the money or property mentioned in § 47-16-54 is shown on the records of the cooperative, and the money or property is of the value of fifty dollars or more, a notice shall be mailed or electronically transmitted to each person at the last known address. The notice shall describe the money or property referred to, state the name of each person who appears to be entitled to money or property as shown by the records of the cooperative, and state that the money or property will be forfeited to the cooperative six months from the date the notice is mailed or electronically transmitted unless the money or property is claimed and proper evidence of ownership is submitted within that time. The notice shall be dated and signed and mailed or electronically transmitted on behalf of the cooperative by its secretary or any other duly authorized individual.

Section 8. That § 47-17-1 be amended to read:

47-17-1. The business and affairs of a cooperative shall be managed by a board of directors. Each director shall be a member or a representative of a member who is an entity member. The bylaws shall prescribe any other qualifications for directors and may provide that directors be from specified territorial districts.

Section 9. That § 47-17-10 be amended to read:

47-17-10. A signed waiver of notice of a meeting of the board of directors of a cooperative is equivalent to personal notice to the individual signing the waiver. Attendance at a meeting is a waiver of notice of the meeting, except when a director attends the meeting and objects to the transaction of business because the meeting was not lawfully convened.

Section 10. That § 47-17-14 be amended to read:

47-17-14. The principal officers of a cooperative are a president, one or more vice-presidents as

prescribed in the bylaws, a secretary, and a treasurer. The principal officers shall be elected annually by the board of directors at a time and manner pursuant to the bylaws. Each principal officer except the secretary and the treasurer shall be a director of the cooperative. The offices of secretary and treasurer may be combined in one individual.

Section 11. That § 47-20-4 be amended to read:

47-20-4. Within nine months after the close of its fiscal year, each cooperative organized under chapters 47-15 to 47-20, inclusive, shall mail or electronically transmit to each of its stockholders or members, at the stockholder's or member's last known address, a financial report signed by a principal officer, managing agent, or a public accountant, showing its assets and liabilities and proceeds or loss for the preceding fiscal year.

An Act to revise certain provisions related to cooperatives.

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I certify that the attached Act
originated in the

HOUSE as Bill No. 1136

\_\_\_\_\_  
Chief Clerk

\_\_\_\_\_  
Speaker of the House

Attest:

\_\_\_\_\_  
Chief Clerk

\_\_\_\_\_  
President of the Senate

Attest:

\_\_\_\_\_  
Secretary of the Senate

House Bill No. 1136

File No. \_\_\_\_\_

Chapter No. \_\_\_\_\_

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Received at this Executive Office
this \_\_\_\_ day of \_\_\_\_\_ ,

20\_\_ at \_\_\_\_\_ M.

By \_\_\_\_\_  
for the Governor

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The attached Act is hereby
approved this \_\_\_\_\_ day of
\_\_\_\_\_, A.D., 20\_\_

\_\_\_\_\_  
Governor

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STATE OF SOUTH DAKOTA,
ss.
Office of the Secretary of State

Filed \_\_\_\_\_, 20\_\_
at \_\_\_\_\_ o'clock \_\_ M.

\_\_\_\_\_  
Secretary of State

By \_\_\_\_\_  
Asst. Secretary of State