

CHAPTER 132.

[H. B. 498.]

AGRICULTURAL COOPERATIVE ASSOCIATIONS.

AN ACT relating to agricultural cooperative associations; amending section 5, chapter 115, Laws of 1921, as amended by section 1, chapter 16, Laws of 1931 and RCW 24.32.050; amending section 7, chapter 115, Laws of 1921, as amended by section 2, chapter 16, Laws of 1931 and RCW 24.32.070; amending section 8, chapter 115, Laws of 1921, as amended by section 3, chapter 16, Laws of 1931 and RCW 24.32.080; amending section 15, chapter 115, Laws of 1921, as last amended by section 7, chapter 16, Laws of 1931 and RCW 24.32.210; amending section 21, chapter 115, Laws of 1921, as amended by section 8, chapter 16, Laws of 1931 and RCW 24.32.290; and amending section 23, chapter 115, Laws of 1921 and RCW 24.32.310.

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

SECTION 1. Section 5, chapter 115, Laws of 1921, as amended by section 1, chapter 16, Laws of 1931 and RCW 24.32.050 are each amended to read as follows:

RCW 24.32.050 amended.

Each association incorporated under this chapter shall have the following powers:

Powers of association.

(1) To engage in any activity in connection with the marketing, selling, harvesting, preserving, drying, processing, canning, packing, storing, handling or utilization of any agricultural products produced or delivered to it by its members; or the manufacturing or marketing of the by-products thereof; or in connection with the purchase, hiring, or use by its members of supplies, machinery, or equipment, or in the financing of any such activities; or in any one or more of the activities specified in this section; or transact such business with or for nonmembers of the association to an amount in any one fiscal year, not to exceed the amount transacted with members in such year.

**Powers of
association.**

(2) To borrow money and to make advances to members.

(3) To act as the agent or representative of any member or members in any of the above mentioned activities.

(4) To purchase or otherwise acquire, and to hold, own, and exercise all rights of ownership in, and to sell, transfer, or pledge shares of the capital stocks or bonds of any corporation or association engaged in any related activity or in the handling or marketing of any of the products handled by the association or corporate obligations eligible for the investment of trust funds by trust companies as provided by law.

(5) To establish reserves and to invest the funds thereof in bonds or such other property as may be provided in the bylaws.

(6) To buy, hold and exercise all privileges of ownership, over such real or personal property as may be necessary or convenient for the conducting and operation of any of the business of the association or incidental thereto.

(7) To do each and everything necessary, suitable or proper for the accomplishment of any one of the purposes or the attainment of any one or more of the objects herein enumerated; or conducive to or expedient for the interest or benefit of the associations; and to contract accordingly; and in addition to exercise and possess all powers, rights and privileges necessary or incidental to the purposes for which the association is organized or to the activities in which it is engaged; and in addition any other rights, powers and privileges granted by the laws of this state to ordinary corporations, except such as are inconsistent with the express provisions of this chapter; and to do any such thing anywhere.

(8) To continue as a corporation for the time

limited in its articles of incorporation or if no such time limit is specified, then perpetually.

SEC. 2. Section 7, chapter 115, Laws of 1921, as amended by section 2, chapter 16, Laws of 1931 and RCW 24.32.070 are each amended as follows:

RCW 24.32.070
amended.

Each association formed under this chapter must prepare and file articles of incorporation, setting forth:

Articles of
incorporation.

- (1) The name of the association.
- (2) The purpose for which it is formed.
- (3) The place where its principal business will be transacted.
- (4) The term for which it is to exist, which may be perpetual.
- (5) The number of directors thereof, which must not be less than five and may be any number in excess thereof, and the term of office of such directors, which term shall not exceed three years as may be provided by the bylaws of the association.
- (6) If organized without capital stock, whether the property rights and interest of each member shall be equal or unequal; and if unequal, the articles shall set forth the general rule or rules applicable to all members by which the property rights and interests, respectively, of each member may and shall be determined and fixed; and the association shall have the power to admit 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 of the articles of incorporation shall not be altered, amended, or repealed except by the written consent or the vote of two-thirds of the members voting upon such change after notice of the proposed change shall have been given to all members entitled to vote thereon, in the manner provided by the bylaws: *Provided*, That if the total vote upon the proposed change shall be less

than twenty-five percent of the total membership of the association, such change shall fail of adoption.

(7) If organized with capital stock, the amount of such stock and the number of shares into which it is divided. The capital stock may be divided into preferred and common stock which stock may be of a fixed par value or nonpar value. If so divided, the articles of incorporation must contain a statement of the number of shares of stock to which preference is granted and the number of shares of stock to which no preference is granted and the nature and extent of the preference and privileges granted to each.

(8) The articles must be subscribed by the incorporators and acknowledged by three or more of such incorporators before an officer authorized by the law of this state to take and certify acknowledgments of deeds and conveyances; and shall be filed in accordance with the provisions of the general corporation law of this state; and when so filed the said 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.

RCW 24.32.080
amended.

SEC. 3. Section 8, chapter 115, Laws of 1921, as amended by section 3, chapter 16, Laws of 1931 and RCW 24.32.080 are each amended to read as follows:

Amendment
of articles.

The articles of incorporation may be altered or amended in any respect so as to include any provision authorized by this chapter or so as to extend the period of its duration for a further definite time or perpetually at any regular meeting or at any special meeting called for that purpose. An amendment must first be approved by a majority of the directors and then adopted by a vote of two-thirds of the members voting upon such amendment after notice of the proposed amendment shall have been given to all members entitled to vote thereon, in the manner

provided by the bylaws: *Provided*, That if the total vote upon the proposed amendment shall be less than twenty-five percent of the total membership of the association, such amendment shall fail of adoption. Amendments to the articles of incorporation when so adopted shall be filed in accordance with the provisions of the general corporation law of this state.

SEC. 4. Section 15, chapter 115, Laws of 1921, as last amended by section 7, chapter 16, Laws of 1931 and RCW 24.32.210 are each amended to read as follows:

RCW 24.32.210
amended.

The association and its members may make and execute marketing contracts, requiring the members to sell, for any period of time, all or any specified part of their agricultural products or specified commodities exclusively to or through the association or any facilities to be created by the association. Any party to such a contract shall have the right to terminate it at the end of the tenth or any subsequent year after its effective date by giving the other parties to the contract notice of termination in the manner and at the time specified by the contract, but if such contract does not provide for such notice then by giving the other parties not less than sixty days advance notice of such termination. The contract may provide that the association may sell or resell the products of its members, with or without taking title thereto; and pay over on a proportional basis or otherwise to its members the resale price, after deducting all necessary selling, overhead and other costs and expenses, including interest on preferred stock, not exceeding eight percent per annum, and reserves for retiring the stock, if any; and other proper reserves; and interest not exceeding eight percent per annum on common stock: *Provided*, That the form of such contract shall be approved by the director of agriculture, who may require that

Marketing
contracts.

such contract set the maximum amount of any such reserves to be deducted from the sale price of the products of the members of such association: *Provided, further,* That in contracts involving the marketing of an annual crop, the director of agriculture may require that said contract shall contain a date upon which settlement will be made between the association and each of its members for the crop or product marketed by said association. The bylaws and the marketing contract may fix as liquidated damages specific sums to be paid by the member or stockholder to the association upon the breach by him of any provision of the marketing contract regarding the sale or delivery or withholding of products; and may further provide that the member will pay all costs, premiums for bonds, expenses and fees in case any action is legally maintained under the contract by the association; and any such provisions shall be valid and enforceable in the courts of this state. In the event of any such breach or threatened breach of such marketing contract by a member, the association shall be entitled to an injunction to prevent the further breach of the contract, and to a decree of specific performance thereof. Pending the adjudication of such an action and upon filing a verified complaint showing the breach or threatened breach, and upon filing a sufficient bond, the association shall be entitled to a temporary restraining order and after notice and hearing, to a temporary injunction against the member.

Enforcement provisions.

Injunctive relief.

RCW 24.32.290 amended.

Associations organized under previous statutes.

SEC. 5. Section 21, chapter 115, Laws of 1921, as amended by section 8, chapter 16, Laws of 1931, and RCW 24.32.290 are each amended to read as follows:

Any corporation or association organized under other statutes, may by a two-thirds majority vote of its stockholders or members voting upon the question after notice of the proposed question shall have been given to all members entitled to vote

thereon, in the manner provided by the bylaws of such corporation or association, be brought under the provisions of this chapter by limiting its membership and adopting the other restrictions as provided herein: *Provided*, That if the total vote upon the proposed question shall be less than twenty-five percent of the total membership of the association, such question shall fail of adoption. It shall make out in duplicate a statement signed and sworn to by a majority of its directors, to the effect that the corporation or association has, by a two-thirds majority vote of its stockholders or members voting on the question, decided to accept the benefits and be bound by the provisions of this chapter. Amendments to articles of incorporation shall be filed as required in RCW 24.32.040 and 24.32.070, except that they shall be signed by a majority of the members of the board of directors. The filing fee shall be the same as for filing an amendment to articles of incorporation: *Provided*, That any such corporation or association organized prior to the approval of this chapter shall be admitted to the benefits hereof, subject to all of the requirements of this chapter except that the marketing contract between such association and its members need not be approved by the director of agriculture.

SEC. 6. Section 23, chapter 115, Laws of 1921 and RCW 24.32.310 are each amended to read as follows:

The provisions of the general corporation laws of this state, and all powers and rights thereunder, shall apply to the associations organized hereunder, except where such provisions are in conflict with or inconsistent with the express provisions of this chapter. However, (1) the voting provisions of RCW 24.32.080 shall apply with respect to the increase or decrease of shares, the sale, lease or exchange of all or substantially all assets and the

RCW 24.32.310 amended.

General incorporation laws applicable.

merger or consolidation of corporations organized under this chapter, (2) the value of shares of corporations organized under this chapter shall not be worth more and shall not be appraised at more than par, and (3) the voting provisions of RCW 24.32.290 shall apply to the merger or consolidation of any association or corporation organized under other statutes into a resultant corporation organized under this chapter.

Passed the House March 6, 1959.

Passed the Senate March 5, 1959.

Approved by the Governor March 16, 1959.

CHAPTER 133.

[H. B. 111.]

PUBLIC LIBRARIES.

AN ACT relating to public libraries; amending section 5, chapter 75, Laws of 1947 and RCW 27.12.130; and amending section 8, chapter 119, Laws of 1935 as last amended by section 12, chapter 75, Laws of 1947 and RCW 27.12.190.

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

RCW 27.12.130
amended.

SECTION 1. Section 5, chapter 75, Laws of 1947 and RCW 27.12.130 are each amended to read as follows:

Board of
trustees.

Immediately following the establishment of an intercounty rural library district the boards of county commissioners of the counties affected shall jointly appoint a board of five or seven trustees for the district in accordance with RCW 27.12.190. The board of trustees shall appoint a librarian for the district.

RCW 27.12.190
amended.

SEC. 2. Section 8, chapter 119, Laws of 1935 as last amended by section 12, chapter 75, Laws of 1947 and RCW 27.12.190 are each amended to read as follows: