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# A BILL FOR AN ACT

RELATING TO AGRICULTURE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Chapter 421, Hawaii Revised Statutes, is  
2 amended by adding three new sections to be appropriately  
3 designated and to read as follows:

4           "§421-    Volunteers exempted. Section 421C-33 shall apply  
5 to associations formed under this chapter.

6           §421-    Operation as an agent on nonprofit basis. (a) A  
7 cooperative may operate as an agent to sell the products of its  
8 members or nonmember patrons on a nonprofit basis by contracting  
9 to pay the members or nonmember patrons the resale price for  
10 products sold by them to or through the cooperative, less a  
11 uniform charge to cover the expenses involved in the handling of  
12 these products; provided that:

13           (1) The resale price shall be the actual resale price or a  
14           price based upon the average price during any period  
15           for products of the same type and quantity; and

16           (2) The uniform charge for expenses shall be:

17           (A) Specified in the contract;



1           (B) Made otherwise ascertainable; or

2           (C) Left for determination by the directors.

3           (b) A cooperative that desires to purchase goods or obtain  
4 or perform services under this chapter may operate on a  
5 nonprofit basis in a manner similar to that described in this  
6 section.

7           §421- General cooperative status. An association formed  
8 under this chapter may convert to a cooperative association or  
9 remain an agricultural cooperative."

10           SECTION 2. Chapter 421C, Hawaii Revised Statutes, is  
11 amended by adding three new sections to be appropriately  
12 designated and to read as follows:

13           "§421C- Referendum. Section 421-17 shall apply to  
14 associations formed under this chapter.

15           §421C- Operation as an agent on nonprofit basis. (a) A  
16 cooperative may operate as an agent to sell the products of its  
17 members or nonmember patrons on a nonprofit basis by contracting  
18 to pay the members or nonmember patrons the resale price for  
19 products sold by them to or through the cooperative, less a  
20 uniform charge to cover the expenses involved in the handling of  
21 these products; provided that:



1       (1) The resale price shall be the actual resale price or a  
2       price based upon the average price during any period  
3       for products of the same type and quantity; and

4       (2) The uniform charge for expenses shall be:

5       (A) Specified in the contract;

6       (B) Made otherwise ascertainable; or

7       (C) Left for determination by the directors.

8       (b) A cooperative that desires to purchase goods or obtain  
9       or perform services under this chapter may operate on a  
10       nonprofit basis in a manner similar to that described in this  
11       section.

12       §421C- General cooperative status. An association  
13       formed under this chapter may convert to a cooperative  
14       association or remain a consumer cooperative."

15       SECTION 3. Section 421-2, Hawaii Revised Statutes, is  
16       amended to read as follows:

17       "**§421-2 Purposes.** An association may be organized for the  
18       purpose of engaging in any cooperative activity for producers of  
19       agricultural products in connection with:

20       (1) Producing, assembling, marketing, buying or selling  
21       agricultural products or harvesting, preserving,



1 drying, processing, manufacturing, blending, canning,  
2 packing, ginning, grading, storing, warehousing,  
3 handling, shipping, or utilizing the products, or  
4 manufacturing or marketing the byproducts, thereof;  
5 provided seventy-five per cent of such agricultural  
6 products shall be of Hawaiian origin;

7 (2) Manufacturing, buying for or supplying to its members  
8 machinery, equipment, feed, fertilizer, fuel, seeds,  
9 and other agricultural supplies;

10 (3) Performing or furnishing business or educational  
11 services, on a cooperative basis, or to its members;

12 (4) Leasing land to its members; and

13 [~~4~~] (5) Financing any of the above enumerated activities  
14 for its members."

15 SECTION 4. Section 421-17, Hawaii Revised Statutes, is  
16 amended to read as follows:

17 "~~§421-17~~ **Referendum.** The articles or bylaws may provide  
18 that upon demand of two-fifths of all the directors, or by the  
19 affirmative vote of two-thirds of the members voting thereon at  
20 any regular meeting or at a special meeting called for that  
21 purpose, any matter of policy that has been approved or passed



1 by the board must be referred to the members for their approval  
2 before it becomes effective. [~~No referendum shall be allowed~~  
3 ~~unless it is demanded by the required number of directors at the~~  
4 ~~meeting at which the matter of policy in question is adopted.] "~~

5 SECTION 5. This Act does not affect rights and duties that  
6 matured, penalties that were incurred, and proceedings that were  
7 begun before its effective date.

8 SECTION 6. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10 SECTION 7. This Act shall take effect upon its approval.



**Report Title:**

Agricultural Cooperative Associations; Consumer Cooperative Associations

**Description:**

Updates the laws on agricultural cooperative associations and consumer cooperative associations with regard to, among other things, operations as resale agents, and conversions. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

