CHAPTER 712

AN ACT relating to cooperative corporations, constituting chapter seventy-seven of the consolidated laws

Became a law April 11, 1951, with the approval of the Governor. Passed by a majority vote, three-fifths being present.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

CHAPTER 77 OF THE CONSOLIDATED LAWS

COOPERATIVE CORPORATIONS LAW

Article 1. Short title; policy; definitions. (§§ 1-5.)
2. Formation and dissolution of cooperative corporations; classes; powers; by-laws. (§§ 10-18.)
3. Members and meetings. (§§ 40-47.)
4. Directors, officers and employees. (§§ 60-65.)
5. Miscellaneous provisions. (§§ 70-77.)
5-A. Worker cooperative corporations. (§§ 80-94.)
6. Agricultural cooperative corporations. (§§ 110-113.)
7. Provisions as to credit and agency corporations. (§§ 120-123.)
8. Repeals and savings clauses. (§§ 130-134.)

ARTICLE 1

SHORT TITLE; POLICY; DEFINITIONS

Section 1. Short title.
2. Declaration of policy.
3. Definitions.
4. Applicability.
5. Applicability of business corporation law to cooperative corporations.

Section 1. Short title. This chapter shall be known as the "cooperative corporations law."

§ 2. Declaration of policy. It is the declared policy of this state, as one means of improving the economic welfare of its people, particularly those who are producers, marketers or consumers of food products, to encourage their effective organization in cooperative associations for the rendering of mutual help and service.

§ 3. Definitions. (a) The term "agricultural product" means any product of cultivating land, and includes floricultural, horticultural, viticultural, forestry, nut, dairy, livestock, poultry, bee and any farm products or by-products thereof.

(b) The terms "feed," "food," and "food products" mean any substance capable of human, animal or poultry consumption, including all articles of drink, confectionery or condiment, whether simple, mixed or compound, and all substances or ingredients added to food for any purpose.

(c) The terms "cooperative," "cooperative association" and "cooperative corporation" mean a corporation organized under this chapter, or heretofore organized under any special or general law of this state, for the cooperative rendering of mutual help and service to its members. A cooperative shall be either a general cooperative, a membership cooperative, an agricultural cooperative as defined in article six of this chapter or a worker cooperative as defined in section eighty-one of this chapter.

(d) A cooperative corporation shall be classed as a non-profit corporation, since its primary object is not to make profits for itself as such, or to pay dividends on invested capital, but to provide service and means whereby its members may have the economic advantage of cooperative action, including a reasonable and fair return for their product and service.

(e) The term "member" means the holder of a membership in a cooperative, whether evidenced by a certificate of membership or by a certificate of stock or by other authorized means of identification. The term includes a member association or corporation as provided in this chapter.

(f) The term "person" includes an individual, a partnership, a corporation, an association, or two or more individuals acting together.

(g) The term "net margins" or "net retained proceeds" means the amount by which the undistributed receipts from operations exceed the expenses thereof.

(h) The term "patron" refers to persons, partnerships, associations and corporations who transact business with the cooperative either as producers or purchasers, whether members or not.

(i) A cooperative corporation does not include any corporation which is formed or may be formed under the banking law, the insurance law, the railroad law or the transportation corporations law. Except as otherwise expressly provided in this chapter, no cooperative corporation shall do any business for which a corporation may be formed under any such law; but the lawful operations of a cooperative credit corporation as authorized in this chapter shall not be deemed banking or violation of any provisions of law as to banking.

(j) The term "cooperative," "cooperation" or any abbreviation, variation or similitude thereof, shall not be used as or in a name except by a corporation defined in this chapter. Any cooperative corporation may sue for an injunction against such prohibited use of the term. A violation of this prohibition is a misdemeanor, punishable by a fine of not more than five hundred dollars.

(k) A membership cooperative is a non-stock cooperative which admits only natural persons to membership, which provides services only to its members and which makes no distribution of net retained proceeds other than to its members on the basis of their patronage.

(l) The terms "buying, selling or leasing homes for its members" and "conducting housing" shall include but not be limited to, the purposes and uses of residential facilities for the mentally disabled licensed by the office of mental health or the office for people with developmental disabilities.

§ 4. Applicability. This chapter applies to (a) every corporation heretofore or hereafter formed under this chapter, or under any other general statute or special act of this state, which would, if it were to be formed currently under the laws of this state, be formed under this chapter, and (b) every corporation formed under laws other than the statutes of this state to the extent provided in section five and section seventy-six of this chapter.

§ 5. Applicability of business corporation law to cooperative corporations. 1. The business corporation law applies to every corporation heretofore or hereafter formed under this chapter, or under any other statute or special act of this state, or under laws other than the statutes of this state, which has as its purpose or among its purposes the cooperative rendering of mutual help and service to its members and which, if formed under laws other than the statutes of this state, would, if it were to be formed currently under the laws of this state, be formed under this chapter except a membership cooperative as defined in section three of this chapter, to which the not-for-profit corporation law shall apply. Any corporation to which the business corporation law is made applicable by this section shall be treated as a "corporation," "domestic corporation," or "foreign corporation," as such terms are used in the business corporation law; provided, however, that neither the purposes for which any such corporation may be formed under this chapter nor its classification as a non-profit corporation shall thereby be extended or affected. Any corporation to which the not-for-profit corporation law is made applicable by this section shall be a type D not-for-profit corporation.

(a) If any provision of the business corporation law conflicts with any provision of this chapter, the provision of this chapter shall prevail, and the conflicting provision of the business corporation law shall not apply in such case. If any provision of this chapter relates to a matter embraced in the business corporation law but is not in conflict therewith, both provisions shall apply.

(b) The following provisions of the business corporation law shall not apply to cooperative corporations: section two hundred one (a), section four hundred three, the final clause of section five hundred one (a) which reads "and no limitation or definition of dividend or liquidation rights shall be effective unless at the time one or more classes of outstanding shares, singly or in the aggregate, are entitled to unlimited dividend and liquidation rights", section five hundred five, section five hundred eighteen (c), section six hundred eight (a) and (b), section six hundred nine, section six hundred fourteen (a), section six hundred eighteen, section six hundred twenty-one, section six hundred twenty-two, section six hundred thirty (a) (except as provided in section forty-seven of this chapter), section seven hundred three (a), section seven hundred four, and section eight hundred three (a).

(c) In applying the business corporation law to non-stock cooperative corporations, unless the context requires otherwise, the terms "shareholder" and "holder of shares" shall mean "member," and the terms "shareholders" and "holders of shares" shall mean "members".

(d) In applying the business corporation law to corporations subject to this chapter, unless the context requires otherwise, references to the holders of a stated percentage or fraction of "all outstanding shares," "all outstanding shares entitled to vote thereon," "the shares entitled to vote," and "the outstanding shares, whether or not entitled to vote," shall mean the stated percentage or fraction of the members or delegates present and voting; provided, however, that this paragraph shall not apply to shares of stock not evidencing membership.

2. For the purpose of this section and elsewhere in this chapter, the effective date of the business corporation law shall be September first, nineteen hundred sixty-seven.

3. Sections five hundred eight and five hundred fifteen of the not-for-profit corporation law notwithstanding, a membership cooperative shall be permitted to distribute any portion or all of its net retained proceeds to its members pro rata on the basis of their patronage.

ARTICLE 2

FORMATION AND DISSOLUTION OF COOPERATIVE CORPORATIONS; CLASSES; POWERS; BY-LAWS

Section 10. Classes of corporations.
11. Certificate of incorporation.
12. Amendments to certificate of incorporation.
13. Purposes for which general cooperative corporations may be formed.
14. General powers.
15. Filing certificate.
16. By-laws.
17. Voluntary dissolution.

18. Jurisdiction of the supreme court.

§ 10. Classes of corporations. A cooperative corporation shall be either stock or non-stock. A stock cooperative shall issue to members shares of stock evidencing membership and may issue, to members or others, shares of stock of a different class or classes not evidencing membership.

§ 11. Five or more persons may form a corporation, under this chapter, by making, acknowledging and filing a certificate of incorporation which shall state:

1. Its name. The name shall include the word "Cooperative."

2. Its purposes, as permitted by this chapter.

3. Its duration.

4. The city, village or town and the county in which its office is to be located.

5. The names and post office addresses of its incorporators.

6. The number of its directors, or that the number of directors shall be within a stated minimum and maximum as the by-laws may from time to time provide. In either case, the number shall be not less than five.

7. The names and post office addresses of the directors until the first annual meeting.

8. Whether organized with or without capital stock. If organized with stock, the total amount thereof, the total number, if any, of the shares without par value, and the total number and par value of any shares having a par value. If the shares are to be classified, the number of shares to be included in each class and all of the designations,

preferences, privileges, and voting rights or restrictions and qualifications of the shares of each class.

9. That all of the subscribers are of full age; that at least two-thirds of them are citizens of the United States; that at least one of them is a resident of the state of New York; and that of the persons named as directors at least one is a citizen of the United States and a resident of the state of New York.

10. A designation of the secretary of state as agent of the corporation upon whom process against it may be served and the post office address within or without this state to which the secretary of state shall mail a copy of any process against it served upon him.

11. If the corporation is to have a registered agent, his name and address within this state and a statement that the registered agent is to be the agent of the corporation upon whom process against it may be served.

§ 12. Amendments to certificate of incorporation. The certificate of incorporation of any cooperative corporation may be amended as approved by the affirmative vote of two-thirds of the members voting thereon at any regular or special meeting, or, if the corporation permits its members to vote on the basis of patronage, by the affirmative vote of a majority of the members and of two-thirds of the patronage, voting thereon, provided that the certificate as amended be authorized by the provisions of this chapter applicable to such corporation. A written or printed notice of the proposed amendment and of the time and place of the meeting to vote thereon shall be delivered to each member, or mailed to his last known address as shown by the books of the corporation, or published in a periodical issued by the corporation and mailed to all members, at least twenty days prior to any such meeting. If the amendment adversely affects the preferential rights of any outstanding shares, any holder of such shares not voting in favor of such change may object to it at or before such meeting by filing his written objection with the secretary of the corporation and demanding payment for his shares of stock at their fair value as provided in section six hundred twenty-three of the business corporation law. No amendment affecting the preferential rights of any member or class of members, or any shareholder or class of shareholders, as set forth in the certificate of incorporation, shall be adopted until the written consent of the holders of two-thirds of such preferential rights has been obtained and filed with the corporation. In the case of a cooperative corporation which has adopted the delegate plan of voting at a convention, the vote to be taken as provided herein may be taken at a convention meeting and the required vote shall be two-thirds of the delegates present and voting. The amended certificate shall be subscribed and acknowledged by the president or a vice-president and the secretary or an assistant secretary, who shall annex an affidavit stating that they have been authorized to execute and file such certificate by the votes required by this section and in the manner herein prescribed.

§ 13. Purposes for which general cooperative corporations may be formed. A cooperative corporation may be created under this chapter primarily for mutual help, not conducted for profit, for the purposes of assisting its members, including other cooperatives with which it is affiliated, by performing services connected with the purchase, financing, production, manufacture, warehousing, cultivating, harvesting, preservation, drying, processing, cleansing, canning, blending, packing, grading, storing, handling, utilization, shipping, marketing, merchandising, selling, financing or otherwise disposing of the agricultural and food products of its members or of any by-products thereof, including livestock waste or other organic agricultural wastes and the capture of methane and other gases for the generation and use or sale of energy, as defined in section 1-103 of the energy law, or connected with the acquisition for its members of labor, supplies and articles of common use, including livestock, equipment, machinery, food products, family or other household and personal supplies, to be used or consumed by the members, their families or guests, or for carrying on any other household operation or educational work in home economics and cooperation by or for its members, or for buying, selling or leasing homes or farms for its members, or building or conducting housing or eating places cooperatively, or for furnishing medical expense indemnity, dental expense indemnity, or hospital services to persons who become subscribers under contracts with such corporations in the manner provided in article forty-three of the insurance law, or for the purpose of organizing agency or credit corporations as provided in article seven of this chapter, but a corporation so organized as a credit corporation shall not have power to engage in any other activities. A certificate of incorporation, which includes the purpose of carrying on educational work, shall have attached thereto the consent of the commissioner of education. A worker cooperative may be formed for any lawful business purpose and may be conducted for profit.

§ 14. General powers. In addition to the powers and rights set out in the business corporation law or, in the case of a membership cooperative, the not-for-profit corporation law and subject thereto and subject to the provisions of this chapter, a cooperative corporation shall have the following additional specific powers to be exercised for the furtherance of its lawful purposes and business:

(a) To define or limit its activities as set forth in its certificate of incorporation or in its by-laws.

(b) To handle the products of non-members, except that, in the case of a producers' cooperative corporation, such non-member products handled in any year must not exceed the total of similar products handled for its own members.

(c) To make advance payments or loans to members.

(d) To act as the agent or representative of any member, including other cooperatives with which it is affiliated in any of the activities of the member or other cooperative.

(e) To acquire, own, sell, transfer or pledge shares of capital stock or bonds or other securities of any corporation or association engaged in any directly related activity or in the warehousing, handling or marketing of any of the products handled by the corporation.

(f) To establish reserves, and to invest the funds thereof in bonds or in such other property as may be provided in the by-laws.

(g) To establish, secure, own and develop patents, trademarks and copyrights.

(h) To set forth in its certificate of incorporation, by-laws or member contracts the number, qualifications, classifications, obligations and relative rights of its members; and general rules as to the property and funds of the corporation, the property rights, voting rights and interests of members and of its several classes of members, the admission of new members, the resignation or removal of members, the transfer, suspension, termination, forfeiture, retirement and purchase of membership and membership certificates (including shares of stocks), the methods thereof, the distribution to members, the making of contracts with its members and with others, the holding of meetings and elections, the establishment of voting districts, and the election of delegates to represent the members in such districts or to represent affiliated corporations or associations.

(i) To adopt and amend by-laws, consistent with law and the certificate of incorporation, including emergency by-laws made pursuant to subdivision seventeen of section twelve of the state defense emergency act, relative to the foregoing subjects, the conduct and management of the affairs of the corporation, the calling and conduct of meetings, the amount of stock or the number or proportion of members or delegates which must be represented at meetings of the shareholders, members or delegates to constitute a quorum, the manner of voting, the election, appointment, removal, powers, duties, terms and compensation of its officers, directors and committees, and the fixing of procedures and liabilities in case of violations of the by-laws or of the obligations of members, officers or directors.

(j) To become a member of any other cooperative corporation with such rights, powers and representations as may be prescribed in the certificate of incorporation or the by-laws of the latter corporation.

(k) To act as agent for a non-member in the performance of such services as are permitted under this chapter for its members.

(l) To enter into all proper contracts and agreements with any other cooperative corporation for the cooperative and more economical carrying on of its business or any portion thereof, or for the employment of common facilities or agencies.

(m) To act as an agency for, or subsidiary of, any other cooperative corporation or corporations.

(n) To act as a holding corporation for the properties of any other cooperative corporation or corporations.

(o) To borrow money and contract debts, when necessary for the exercise of its corporate rights and purposes; to issue and dispose of its obligations for any amount so borrowed; and to pledge its property and franchises to secure the payment of its debts.

(p) To limit the amount of indebtedness which may be incurred by it or on its behalf.

(q) To possess and exercise all powers, rights and privileges, including the acquisition of real property, necessary, suitable or incidental to the purposes or activities for which the corporation is organized or in which it is engaged.

§ 15. Filing certificate. No certificate of incorporation, and no amendment thereof, and no certificate of merger or consolidation shall take effect until it has been filed with the secretary of state. The secretary of state shall provide copies of such certificates or amendments to the commissioner of agriculture and markets or his or her designee upon request by corporation name.

§ 16. By-laws. The by-laws may provide for their amendment by the board of directors; but any amendment adopted by the board shall be reported to the annual meeting of the corporation and, if not affirmatively approved thereat, shall cease to be in effect. By-laws may be adopted, repealed or amended on the affirmative vote of two-thirds of the members, stockholders or delegates voting thereon at a meeting held after due written notice setting forth the proposed action and the purpose of the meeting.

§ 17. Voluntary dissolution. A cooperative corporation may, at any meeting and upon due and express notice previously given, by vote of two-thirds of all of the members or stockholders voting thereon, discontinue its operations and settle its affairs.

Thereupon it shall designate a committee of three members who shall, on behalf of the corporation and within a time fixed in their designation or any extension thereof, liquidate its assets, pay its debts and expenses, and divide the net assets among the members, patrons or stockholders, as they may be entitled under the certificate of incorporation or by-laws. Upon final settlement by such committee, the corporation shall be deemed dissolved. The committee shall make a report in duplicate of the proceedings had under this section, which shall be signed by its members, acknowledged by them before an officer duly authorized to administer oaths in this state, and filed in the offices in which its certificate of incorporation is filed.

In the case of a cooperative corporation which has adopted the delegate plan of voting at a convention, as provided in this chapter, the vote to be taken as provided herein may be taken at a convention meeting and the required vote shall be two-thirds of the delegates present and voting.

After the payment of the corporation's debts and after provision has been made for the retirement of its capital stock outstanding, if any, at par, or other stated dissolution value, and accruals thereon, and other fixed obligations, if any, held by members, the net assets remaining may be distributed to members and/or patrons by distribution based on dollar volume of purchases by members or patrons or other unit of measure or on products marketed as shown by its books of account over the preceding six fiscal years or in case the estimated cost of making distribution by the foregoing method shall, in the opinion of the committee, approximate fifty per centum of the amount available for distribution, the corporation may dispose of its net assets by pricing its inventory downward or raising its advances to members or both to the extent deemed desirable to finally wind up its affairs in the current fiscal year.

§ 18. Jurisdiction of the supreme court. In the case of a corporation dissolving as provided in this chapter, the supreme court, upon the petition of the committee or a majority of them, or in a proper case, upon the petition of a creditor or member, or upon the petition of the attorney-general, upon notice to all of the committee and to such other interested persons as the court may specify from time to time may order and adjudge in respect to the following matters:

1. The giving of notice by publication or otherwise of the time and place for the presentation of all claims and demands against the corporation, which notice may require all creditors of and claimants against the corporation to present in writing and in detail at the place specified their respective accounts and demands to the committee by a day therein specified, which shall not be less than forty days from the service or first publication of such notice.

2. The payment or satisfaction in whole or in part of claims and demands against the corporation, or the retention of moneys for such purpose.

3. The presentation and filing of intermediate and final accounts of the committee, the hearing thereon, the allowance and disallowance thereof, and the discharge of the committee or any of them, from their duties and liabilities.

4. The administration of any trust or the disposition of any property held in trust by or for the corporation.

5. The sale and dispostion of any remaining property of the corporation and the distribution of such property or its proceeds among the members or persons entitled thereto.

6. Such matters as justice may require.

All orders and judgments shall be binding upon the corporation, its property and assets, its committee, members, creditors and all claimants against it.

ARTICLE 3

MEMBERS AND MEETINGS

Section 40. Certificate of membership.
41. Representation of members.
42. Forfeiture of membership.
43. Resignation of members.
44. Voting by members.
45. Voting by delegates.
46. Proportionate voting.
47. Liability of members.

§ 40. Certificate of membership. Every corporation shall issue to each member, upon full payment therefor, a certificate of membership (whether evidenced by stock or otherwise) which shall not be transferable otherwise than as may be prescribed in this chapter, the certificate of incorporation and by-laws. The corporation may accept as full or partial payment a member's promissory note, but shall hold the certificate as security for payment, without, however, affecting the member's right to vote unless such note is past due.

§ 41. Representation of members. If a member be other than a natural person, such member may be represented by any individual duly authorized in writing filed with the corporation.

§ 42. Forfeiture of membership. In accordance with provisions therefor in the by-laws, any person shall forfeit his membership upon proof that he has ceased to be engaged in the occupation or occupations for the servicing of which the corporation was formed, or has ceased to have the qualifications requisite for membership; and shall upon such notice and terms as may be prescribed in the by-laws, surrender his membership certificate or his shares of stock upon payment of the par or otherwise designated value thereof and of any accrued dividends thereon, as may appear in the accounting at the end of the current fiscal year.

§ 43. Resignation of members. Any member of a non-stock corporation may, subject to fulfilling the liability, contractural or otherwise, then incurred by him as a member of such corporation, resign and withdraw from such corporation, in accordance with provisions therefor in the by-laws.

§ 44. Voting by members. Except as otherwise provided in this chapter and section two hundred fifty-eight-l of the agriculture and markets law, each member shall be entitled to one vote only. Vote by proxy shall be permitted only to the extent provided by the by-laws which are consistent with the provisions of this chapter, provided, however, vote by proxy may not be utilized where the certificate of incorporation permits proportionate or unequal voting. Except as otherwise required by this chapter or by the by-laws, directors shall be elected by a plurality of the votes cast at a meeting by the members entitled to vote in the election.

§ 45. Voting by delegates. A cooperative corporation may, by by-law, provide for a method of voting for the election of a delegate or delegates from each of its designated districts or local associations, and for voting by such delegates. As provided in the by-laws, each delegate may have one vote in the affairs of the corporation; or one vote for each member in his designated district or local association; or one vote for each member who was present and voted in person at meetings in the respective districts or local associations; or the number of votes may be apportioned according to patronage.

§ 46. Proportionate voting. A corporation incorporated under this chapter may provide in its certificate of incorporation for proportionate or unequal voting rights of all its members, based upon the patronage of said members, which shall be exercised when and as provided in the by-laws of the corporation, except that no members shall be entitled to more than one vote in any case in which a statute requires the affirmative vote of a majority or more of the members. The certificate of incorporation shall state the method by which such proportionate voting rights shall be determined and fixed.

§ 47. Liability of members. 1. Members of a cooperative corporation shall not be personally liable for its debts, unless otherwise provided in its certificate of incorporation; provided, however, that each member and director shall jointly and severally be personally liable for all debts due to any of its laborers, servants or employees, other than contractors, for services performed by them for it as defined by section six hundred thirty (b) of the business corporation law. The liability imposed by this paragraph shall be subject to the notice and limitation of action provisions, set out in section six hundred thirty (a) of the business corporation law, and shall be subject to section six hundred thirty (c) of such law.

2. Every contract, made by the corporation with third parties, for the sale or other disposition of products which the corporation has contracted with members or non-members to market for them, shall in all respects be deemed to be the obligation of the corporation, whether the corporation made such contract as principal or as agent.

ARTICLE 4

DIRECTORS, OFFICERS AND EMPLOYEES

Section 60. Directors; terms; election; duties.
61. Directors from districts.
62. Salaries.
63. Removal of directors.
64. Officers.
65. Officers and employees to be bonded.

§ 60. Directors; terms; election; duties. Except as otherwise provided in this chapter, the board of directors shall be divided, as nearly equally as practicable, into three classes. At the first annual meeting, the members shall elect from among themselves a director or directors of the first class for a term of one year; of the second class for a term of two years; and of the third class for a term of three years. At the expiration of the respective terms, successors shall be elected for terms of three years. Successor directors of corporations to which this chapter applies, which were formed under the stock corporation law prior to January first, nineteen hundred fifty-four, need not be members.

§ 61. Directors from districts. The by-laws may provide for the use of one or more of the following: (a) that the territory in which the corporation has members shall be divided into designated districts, and that directors shall be nominated or elected therefrom in a designated number and manner, either by the members therein or by district delegates elected by such members or by the membership at large; (b) that primary nominations or elections shall be held in each district to nominate the directors apportioned to such districts and that the result of all such primary elections may be ratified by the next regular meeting of the corporation or may be considered final as to the corporation; (c) that, in the case of a corporation having local associations, incorporated or otherwise, affiliated with it or a member of it, election of a designated number of directors may be by the members of such local association at a meeting thereof, followed by transmission of the ballots and of a certified canvass thereof to the annual meeting of the corporation; (d) that one or more directors may be appointed by any public official or commission or by the other directors. Directors so appointed shall represent primarily the interest of the general public in such corporation; need not be members of the corporation; and shall not constitute more than one-fifth of the entire number of directors.

§ 62. Salaries. The corporation may provide a fair remuneration for its officers and directors and for members of its executive committee. No officer or director or member of the executive committee shall be a party to a contract for profit with the corporation which in substance shall differ in any way from similar contracts by it with members or with others, or which shall vary from terms generally current in the district.

§ 63. Removal of directors. Any member may bring charges against a director by filing them in writing with the secretary, together with a petition signed by five per centum of the members, requesting removal. The corporation may thereupon remove the director by the affirmative vote of three-fourths of the members voting thereon at a meeting promptly held after due notice in writing setting forth accurately the purpose for which such meeting is called, provided that at such meeting not less than ten per centum of the entire membership vote, personally or by mail. The director involved shall be given a copy of the charges reasonably in advance of the meeting, and he and the complainant shall have an opportunity at the meeting to be heard in person or by counsel and to present and cross examine witnesses.

In case the by-laws provide for election of directors by districts with primary elections in each district, then the petition for removal of a director must be signed by twenty per centum of the members residing in the district from which he was elected. The board of directors must call a special meeting of the members residing in that district to consider the removal of the director in the manner above provided; and, by a concurrent vote of a majority of the members of that district voting thereon, such director shall be removed from office.

§ 64. Officers. The officers of every corporation shall include a president, one or more vice-presidents, secretary and treasurer who shall be elected annually by the board of directors. The president and a first vice-president shall be members of the corporation or of a member corporation, and shall be elected from among the directors. Other officers need not be directors or members of the corporation. The offices of secretary and treasurer may be combined.

§ 65. Officers and employees to be bonded. Before handling funds or securities of the corporation, amounting to one thousand dollars or more in any one year, the officer or employee shall be covered by an adequate bond to be approved by the board of directors.

ARTICLE 5

MISCELLANEOUS PROVISIONS

Section 70. Marketing contract.
71. Purchasing business of other corporations or persons.
72. Reserves, net margins, net retained proceeds, distributions, and patronage refunds.
73. Misdemeanor to spread false reports about the finances or management thereof.
74. Liability for damages for encouraging or permitting delivery of products in violation of marketing agreements.
75. Audit and annual report.
76. Foreign corporations.
77. Annual license fee.

§ 70. Marketing contract. 1. The certificate of incorporation or the by-laws may obligate the members to sell all or any part of their specified commodities exclusively to or through the corporation or any facilities created by it, during any designated period of time, subject to the right of any member to be released at a designated period in each year, by giving a prescribed notice.

2. The certificate or by-laws or the marketing contract may fix specific sums to be paid by the member, or contracting non-member, as liquidated damages upon a breach of the marketing obligation, which sums shall not be regarded as penalties; and may further provide that such member pay all the costs, premiums for bonds, expenses and fees in case the corporation recovers judgment therefor.

3. In the event of a breach or threatened breach by a member, or contracting non-member, of such marketing obligation, the corporation shall be entitled to an injunction to prevent any further breach and to a decree of specific performance; and, upon filing of a verified complaint showing such breach and of a bond approved by the court, the

corporation shall be entitled to a temporary restraining order.

4. The marketing contract may provide that the corporation may sell or resell the products delivered by its members, with or without taking title thereto; and may pay over to its members the resale-price, or the pool price in case of pooling of sales, after deducting all necessary selling, overhead and other costs and expenses, including interest or distribution on stock, not exceeding six per centum per annum, and any other deductions authorized by the by-laws or marketing contract.

§ 71. Purchasing business of other corporations or persons. Whenever a corporation shall purchase the business of another corporation or person, it may make payment wholly or partly by the issue of shares or other securities to an amount which at par value would equal the fair market value of the business so purchased; and such securities shall thereupon be deemed fully paid for.

§ 72. Reserves, net margins, net retained proceeds, distributions, and patronage refunds. The directors shall periodically set aside reasonable sums for reserves. The net margins or net retained proceeds may, in the discretion of the directors, be distributed at least once every twelve months to members or patrons, by uniform distribution and calculated on such bases as the by-laws or marketing contract may prescribe. Distributions may be credited on account of the issuance to members or patrons of capital stock or other securities of the corporation. In the case of cooperatives with capital stock, dividends shall not exceed twelve per centum per annum on any class of stock.

§ 73. Misdemeanor to spread false reports about the finances or management thereof. Any person who maliciously and knowingly spreads false reports about the finances or management or activity of any cooperative corporation incorporated under or subject to this chapter or organized under a similar statute of another state, and operating in this state under due authority, shall be guilty of a misdemeanor and be subject to a fine of not less than one hundred dollars and not more than one thousand dollars for each such offense; and shall be liable to the corporation aggrieved in a civil suit in the penal sum of five hundred dollars for each such offense.

§ 74. Liability for damages for encouraging or permitting delivery of products in violation of marketing agreements. Any person, firm or corporation who solicits or persuades or aids or abets any member of any cooperative corporation incorporated under or subject to this chapter to breach his marketing contract with the corporation by accepting or receiving such member's products for sale, marketing, manufacturing or processing thereof contrary to the terms of any marketing agreement of which said person or any officer or manager of the said corporation has knowledge or notice, shall be liable in the penal sum of one hundred dollars for each contract, to the cooperative corporation aggrieved in a civil suit for damages; and such cooperative corporation shall be entitled to an injunction against such person, firm or corporation to prevent further breaches.

§ 75. Audit and annual report. Immediately after the close of each fiscal year, every cooperative corporation shall cause an audit to be made of its operations for such fiscal year. A written report of the audit, including a statement of services rendered by the corporation, with total amount of business transacted, balance sheet, income and expenses shall be submitted to the annual meeting of the corporation and shall at all times be available for inspection by any member. Such audit shall be made by an experienced bookkeeper or accountant or firm of accountants not regularly employed by the corporation, provided that in the case of a cooperative corporation, the annual business of which amounts to less than one hundred thousand dollars, the audit may be made by an auditing committee of three members or stockholders of the corporation who shall not be directors, officers, or employees thereof. Any person violating or failing to comply with the provisions of this section shall be deemed guilty of a misdemeanor.

§ 76. Foreign corporations. Any cooperative corporation organized as such under the laws of another state, or any foreign corporation of any type or kind which has as its purpose or among its purposes the cooperative rendering of mutual help and services to its members and which would, if it were to be formed currently under the laws of this state, be formed under this chapter, may, in furtherance of such purposes as are permitted by this chapter, do business, and make and enforce contracts, in this state upon compliance with all the applicable provisions of this chapter and of the laws applicable to foreign corporations desiring to do business in this state.

§ 77. Annual license fee. 1. Each cooperative corporation organized, with or without capital stock, for the purpose of cooperative marketing of agricultural products or for the purpose of making loans to its members producing agricultural products or for the purpose of purchasing food products for sale to its members, such a purchasing cooperative corporation having gross receipts from such sales of less than five hundred thousand dollars in a calendar year, shall pay to the commissioner of taxation and finance an annual fee of ten dollars, in lieu of all franchise or license or corporation taxes.

2. Each cooperative corporation organized without capital stock, with federal internal revenue code section 501(c)12 status, for the purpose of producing and/or distributing district heating and/or cooling service solely for the use of its members where: (a) the heating or cooling facility of such cooperative corporation is located in a city with a population of more than two hundred thousand and less than three hundred thousand and (b) either (i) at least thirty-five percent of such heating and/or cooling service as measured by relative thermal usage is distributed to and used by members which qualify as organizations described in paragraph one, two or four of subdivision (a) of section eleven hundred sixteen of the tax law, or which qualify as cooperative corporations organized without capital stock with federal internal revenue code section 501(c)12 status, or (ii) is a member of a cooperative corporation organized without capital stock which satisfies

the requirements of clause (a) and item (i) of clause (b) of this subdivision shall pay to the commissioner of taxation and finance an annual fee of ten dollars, in lieu of all franchise, license or corporation taxes, or the tax imposed under section one hundred eighty-six-a of the tax law.

3. Such annual fee shall be paid for each calendar year on the fifteenth day of March next succeeding the close of such calendar year but shall not be payable after January first, two thousand twenty; provided, however, that cooperative corporations described in subdivisions one or two of this section shall continue to not be subject to the franchise, license, and corporation taxes referenced in such subdivisions or, in the case of cooperative cooperations described in subdivision two of this section, the tax imposed under section one-hundred eighty-six-a of the tax law.

ARTICLE 5-A
WORKER COOPERATIVE CORPORATIONS

Section 80. Legislative findings.
81. Definitions.
82. Corporations organized under the business corporation law; election to be governed as worker cooperative.
83. Status as profit-making corporation.
84. Applicability of the business corporation law.
85. Applicability of the cooperative corporations law.
86. Revocation of election.
87. Corporate name.
88. Members; membership shares; fees; rights and responsibilities.
89. Voting shares; by-laws; amendment of certificate of incorporation.
90. Net retained proceeds or losses; distribution and payment.
91. Directors; officers.
92. Internal capital accounts; recall or redemption of shares; interest; collective reserve account.
93. Internal capital account cooperatives.

94. Conversion of membership shares and internal capital accounts upon revocation of election; consolidation or merger.

§ 80. Legislative findings. The legislature hereby finds and declares that it is the policy of this state to promote the creation of worker cooperatives. Worker cooperatives provide a means by which enterprises may be democratically controlled and operated by their own workers. It is expected that such cooperative ownership will result in increased job satisfaction and increased productivity and will enable workers to receive the fullest economic benefits from their endeavors. It is also expected that the establishment of cooperatives under this article will result in the creation of new jobs in all economic sectors, will offer greater economic stability in the communities of this state and will discourage the movement of capital and jobs out of this state.

§ 81. Definitions. As used in this article the following words shall, unless the context clearly requires otherwise, have the following meanings:

1. "Worker cooperative," a corporation which has elected to be governed by the provisions of this article.

2. "Member," a natural person who has been accepted in and owns a membership share issued by a worker cooperative.

3. "Patronage", the amount of work performed as a member of a worker cooperative, measured in accordance with the certificate of incorporation and by-laws.

4. "Written notice of allocation", a written instrument which discloses to a member the stated dollar amount of such member's patronage allocation and the terms for payment of the amount by the worker cooperative.

5. "Paid-in capital", money or other property, exclusive of the membership fee, contributed by a member to a worker cooperative.

§ 82. Corporations organized under the business corporation law; election to be governed as worker cooperative. Any corporation organized under the business corporation law may elect to be governed as a worker cooperative under the provisions of this article, by so stating in its certificate of incorporation filed in accordance with article four of the business corporation law or amendments to its certificate of incorporation filed in accordance with article eight of the business corporation law.

§ 83. Status as profit-making corporation. Notwithstanding any inconsistent provisions of this chapter, no worker cooperative shall be classed as a non-profit or not-for-profit corporation.

§ 84. Applicability of the business corporation law. 1. A corporation electing to be governed as a worker cooperative in accordance with section eighty-two of this article shall be governed by all provisions of the business corporation law, except as otherwise provided in this article.

2. Notwithstanding the provisions of paragraph (b) of subdivision (1) of section five of this chapter, the following sections of the business corporation law shall apply to worker cooperatives, except where otherwise provided in this article: section four hundred three, section five hundred five, paragraph (c) of section five hundred eighteen, paragraph (a) of section six hundred eight, paragraph (a) of section seven hundred three, section seven hundred four and paragraph (a) of section eight hundred three.

3. The following sections of the business corporation law shall not apply to membership shares in a worker cooperative as defined in section eighty-one of this article: section five hundred three, section five

hundred four, section five hundred nine, paragraph (c) of section five hundred twelve, section six hundred twelve, section six hundred seventeen, section six hundred twenty-two, section six hundred twenty-three, section six hundred twenty-five and section six hundred twenty-eight.

§ 85. Applicability of the cooperative corporations law. Except where limited or excluded in this article, all provisions of this chapter shall apply to worker cooperatives. The following sections of the cooperative corporations law shall not apply to worker cooperatives: paragraph (e) of section three, section eleven, section twelve, section fifteen, section sixteen, section seventeen, section eighteen, section forty-six, section seventy, section seventy-one, section seventy-two, section seventy-four, section seventy-five, section seventy-six and section seventy-seven.

§ 86. Revocation of election. A worker cooperative may revoke its election under section eighty-two of this article by a vote of two-thirds of the members and through a certificate of amendment filed in accordance with article eight of the business corporation law.

§ 87. Corporate name. A worker cooperative shall include the word "cooperative", "corporation", "incorporated" or "limited" in its corporate name, or an abbreviation of one of such words, notwithstanding inconsistent provisions in this chapter or in article three of the business corporation law.

§ 88. Members; membership shares; fees; rights and responsibilities. 1. The certificate of incorporation or the by-laws shall establish qualifications and the method of acceptance and termination of members. Upon completion of his or her probationary period, all regular full-time or part-time employees shall be offered membership in the worker cooperative. Acceptance as a member in a worker cooperative shall be evidenced by a membership share, which shall be issued for a fee to be paid in such terms and conditions as are provided in the by-laws.

2. A worker cooperative shall issue a class of voting stock designated as "membership shares". Each member shall own only one such membership share, and only members may own such shares.

3. Notwithstanding section forty of this chapter acceptance as a member in a worker cooperative shall be evidenced by a membership share, which shall be issued for a fee to be paid in such terms and conditions as are provided in the by-laws.

4. The redemption price of membership shares may be determined by reference to internal capital accounts as defined in section ninety-two of this article, notwithstanding section six hundred twenty-three of the business corporation law.

5. The stockholders in a worker cooperative shall have all the rights and responsibilities of stockholders of a corporation formed under the provisions of the business corporation law, except as otherwise provided in this article and chapter.

§ 89. Voting shares; by-laws; amendment of certificate of incorporation. 1. No capital stock other than membership shares shall be given voting power in a worker cooperative, except as otherwise provided in this article.

2. In accordance with section six hundred one of the business corporation law, the power to amend or repeal by-laws of a worker cooperative shall be in the members only, except to the extent the directors are authorized to amend or repeal the by-laws in accordance with said section six hundred one.

3. The provisions of article eight of the business corporation law shall be construed to limit voting on any amendment of the certificate of incorporation of a worker cooperative to the members, except that

non-member stockholders shall participate in such voting in accordance with section eight hundred three of the business corporation law where a proposed amendment would adversely affect the rights of such non-member stockholders as provided in subparagraphs two and three of paragraph (a) and paragraph (b) of section eight hundred four of such law.

§ 90. Net retained proceeds or losses; distribution and payment. 1. The net retained proceeds or losses of a worker cooperative shall be apportioned and distributed at such times and in such manner as the certificate of incorporation or by-laws shall specify. Net retained proceeds declared as patronage allocations with respect to a period of time, and paid or credited to members, shall be apportioned among the members in accordance with the ratio which each member's patronage during the period involved bears to total patronage by all members during that period. As used in this article, "patronage" means the amount of work performed as a member of a worker cooperative, measured in accordance with the certificate of incorporation and by-laws.

2. The apportionment, distribution and payment of net retained proceeds required by subdivision one of this section may be in cash, credits, written notices of allocation, or capital stock issued by the worker cooperative.

§ 91. Directors; officers. 1. The by-laws of a worker cooperative shall provide for the election, terms, classifications, if any, and removal of directors and officers in accordance with the provisions of this chapter or the provisions of the business corporation law.

2. Non-members may serve as directors or officers of a worker cooperative but at no time shall there be a majority of non-member directors.

3. Notwithstanding section sixty-four of this chapter, non-members may serve as president and first vice-president of a worker cooperative.

4. Vacancies in director positions resulting from death, resignation or removal shall be filled by vote of the member directors.

§ 92. Internal capital accounts; recall or redemption of shares; interest; collective reserve account. 1. Any worker cooperative may establish through its certificate of incorporation or by-laws a system of internal capital accounts, to reflect the book value and to determine the redemption price of membership shares, capital stock and written notices of allocation. As used in this article, "written notice of allocation" means a written instrument which discloses to a member the stated dollar amount of such member's patronage allocation and the terms for payment of that amount by the worker cooperative.

2. The certificate of incorporation or by-laws of a worker cooperative may permit the periodic redemption of written notices of allocation and capital stock, and must provide for recall and redemption of the membership share upon termination of membership in the cooperative. No redemption shall be made if such redemption would result in the liability of any director or officer of the worker cooperative under section seven hundred nineteen and section seven hundred twenty of the business corporation law.

3. The certificate of incorporation or by-laws may provide for the worker cooperative to pay or credit interest on the balance in each member's internal capital account.

4. The certificate of incorporation or by-laws may authorize assignment of a portion of net retained proceeds and net losses to a collective reserve account. Net retained proceeds assigned to the collective reserve account may be used for any and all corporate purposes as determined by the board of directors.

§ 93. Internal capital account cooperatives. 1. A worker cooperative may provide in its by-laws that it shall operate as an internal capital account cooperative. An internal account cooperative is a worker cooperative whose entire net book value is reflected in internal capital accounts, one for each member, and a collective reserve account, and in which no persons other than members own capital stock. In an internal capital account cooperative, each member shall have one and only one vote in any matter requiring voting by stockholders.

2. An internal capital account cooperative shall credit the paid-in membership fee and additional paid-in capital of a member to the member's internal capital account, and shall also record the apportionment of net retained proceeds or net losses to the members in accordance with patronage by appropriately crediting or debiting the internal capital accounts of members. The collective reserve account in an internal capital account cooperative shall reflect any paid-in capital, net losses and net retained proceeds not allocated to individual members.

3. In an internal capital account cooperative, the balances in all the individual internal capital accounts and collective reserve account, if any, shall be adjusted at the end of each accounting period so that the sum of the balances is equal to the net book value of the worker cooperative.

4. Section six hundred twenty-three of the business corporation law shall not apply to an internal capital account cooperative.

§ 94. Conversion of membership shares and internal capital accounts upon revocation of election; consolidation or merger. When any worker cooperative revokes its election in accordance with section eighty-six of this article, an amendment of the certificate of incorporation shall provide for conversion of membership shares and internal capital accounts or their conversion to securities or other property in a manner consistent with the provisions of the business corporation law.

ARTICLE 6

AGRICULTURAL COOPERATIVE CORPORATION

Section 110. Declaration of policy.
111. Definitions.
112. Incorporation.
113. Reserves.

§ 110. Declaration of policy. It is the declared policy of this state to promote the effective production and merchandising of agricultural commodities by providing the means by which farmers may act together in manufacturing, processing, preparing for market, handling and/or marketing their farm products and by enabling farmers to act together in purchasing, testing, grading, processing, distributing and/or furnishing farm supplies and/or farm business services through cooperatives operated for the mutual benefit of the members thereof as producers and purchasers.

§ 111. Definitions. For the purposes of this article: (a) the term "agricultural cooperative" means a cooperative, either stock or non-stock, operated for the mutual benefit of the members in which (1) no member is allowed more than one vote because of the amount of stock or membership capital he or she may own therein, and (2) the cooperative does not pay dividends on stock or membership capital in excess of twelve per centum per annum, and (3) the cooperative does not deal in farm products, agricultural waste products or agricultural compost, farm supplies, farm business services and the capture of methane and other gases for the generation and use or sale of energy, as defined in section 1-103 of the energy law with or for non-members in an amount greater in value than the total amount of such business transacted by it with or for members.

Only persons engaged in the production of agricultural products, or cooperative corporations of such producers organized under the laws of this or any other state, shall be eligible for membership in any agricultural marketing or purchasing corporation formed or operated under the provisions of this article. The terms and conditions of membership shall be prescribed in the by-laws. The board of directors shall be chosen at the time and place and for terms fixed by the by-laws, but at least one-fourth of the directors must be elected annually.

The by-laws may provide for their amendment by the board of directors; but any amendment adopted by the board which affects the preferential rights or obligations of the members or stockholders shall be reported to the next annual meeting of the corporation, and if not affirmatively approved thereat shall cease to be in effect. Such by-laws reported to the annual meeting may be adopted, repealed or amended on the affirmative vote of two-thirds of the members, stockholders or delegates voting thereon at a meeting held after due written notice setting forth the proposed action and the purpose of the meeting.

(b) The term "agricultural products" shall mean horticultural, viticultural, dairy, livestock, poultry, bee and any other farm products.

(c) The terms "feed", "food", and "food products" mean any substance, capable of human, animal or poultry consumption, whether simple, mixed or compound, and all substances or ingredients added to food for such purpose.

(d) The term "agricultural waste products" means livestock manure and crop residues.

(e) The term "agricultural compost" means organic waste derived principally from farm operations and which has been subjected to aerobic, thermophilic decomposition to produce a stable, humus-like material.

§ 112. Incorporation. Five or more producers of agricultural products may form a cooperative agricultural corporation with or without capital stock, under this article. If the principal activities of such a corporation are connected with the marketing, processing, manufacture, sale or other dispositions of agricultural products, agricultural waste product, or agricultural compost including the capture of methane and other gases for the generation and use or sale of energy, as defined in section 1-103 of the energy law, it may be termed a cooperative marketing corporation and incorporated as such. If its principal activities relate to the purchase of supplies for producers of agricultural products, it may be termed a cooperative purchasing association and incorporated as such, but in either case such a corporation may engage in both such lines of activity. Nothing in this section or article shall be deemed to prohibit the incorporation of a cooperative corporation under article two of this chapter or affect the existing powers of any existing cooperative corporation not within section one hundred eleven of this article.

§ 113. Reserves. In addition to reserves for depreciation, depletion, obsolescence and bad debts, agricultural cooperatives shall create and maintain minimum general purpose reserves. Such reserves shall be set aside periodically until or unless they total an aggregate minimum amount computed in accordance with one of the following optional methods.

The aggregate minimum amount of such general purpose reserve shall be computed and equal either (1) at least two per centum of the average annual gross receipts of the preceding five years to be accumulated at a rate of not less than two-fifths of one per centum of the gross receipts per annum or such part thereof as may be necessary to establish and maintain such reserves, or (2) at least the total amount of paid up capital stock or membership capital contributed to the corporation accumulated at a rate of not less than ten per centum of the net margins in each year or such part thereof as may be necessary to establish and to maintain such reserve, or (3) at least an amount necessary to establish a sixty per centum net worth wherein the paid in capital and surplus (including the general purpose reserve) shall equal sixty per centum of the total assets of the cooperative. Such a reserve shall be accumulated at a rate of not less than ten per centum of the net margins in each year or such part thereof as may be necessary to establish and to maintain such reserves.

The general purpose reserve created, accumulated and maintained in accordance with this article six shall be deemed to be a required statutory reserve for each agricultural cooperative as defined in this article.

ARTICLE 7
PROVISIONS AS TO CREDIT AND AGENCY CORPORATIONS

Section 120. Organization.
121. Special powers.
122. Purchase of stock, assets or business of other corporations.
123. Credit and agency corporations; ownership of voting common stock; directors.

§ 120. Organization. A cooperative corporation may be organized as an agency, subsidiary or holding corporation to assist, further and finance other cooperative corporations in their corporate purposes and activities. A credit corporation may be organized solely for the purpose of acting as an agency to enable cooperative corporations, organized or operating under this chapter and the members or stockholders thereof, to obtain loans from the federal intermediate credit bank under and pursuant to an act of congress approved March fourth, nineteen hundred and twenty-three, known as the agricultural credits act of nineteen hundred and twenty-three, same being chapter eight of title twelve of the code of laws of the United States as adopted by congress June thirtieth, nineteen hundred and twenty-six, and amendments thereto. A credit corporation may also be organized by a cooperative corporation for the purpose of financing the ordinary crop operations of the members of such cooperative corporation, through funds obtained by loans from any sources or through the issue and sale of common or preferred stock, bonds, debentures or other obligations of the credit corporation, and the payment of such loans or obligations may be guaranteed by the cooperative corporation whose members are being so financed.

§ 121. Special powers. Any credit corporation organized under this chapter may make loans to members of a cooperative corporation owning in whole or in part the stock of the credit corporation; and no loans shall be otherwise made. No loans shall be made for more than ten years; nor for other than the agricultural, dairy, or horticultural purposes of the borrower. In all cases, there shall be a written statement by the borrower in the note, collateral agreement or signed application to the effect that the loan will be used only for such purposes; and such statement may be relied upon by the credit corporation. The credit corporation may discount or pledge such note with a federal intermediate credit bank, or other banks or banking institutions, with its guaranty or endorsement, if required.

A credit corporation may invest its capital funds in bonds or obligations of the United States or of any state or municipality, or such other bonds as are authorized for investment by a savings bank or in federal intermediate credit bank obligations, and may deposit or hypothecate such securities with a federal intermediate credit bank, or other banks or banking institutions, as security for notes discounted by it.

§ 122. Purchase of stock, assets or business of other corporations. An agency corporation organized under this article may purchase stock or property or any interest in any property of any person, firm, corporation or association, and may discharge the obligations so incurred wholly or in part, by exchanging for the acquired interest shares of its preferred capital stock to an amount which at par value would equal the fair market value of the stock or interest so purchased as determined by the board of directors.

A corporation organized under the provisions of this article shall have the right to hold, own and exercise all rights of ownership in, and to sell, transfer or pledge, shares of capital stock or bonds of any other corporation engaged in any related activity including, but not as a limitation, the warehousing, handling or marketing, in whole or in part, of any of the products handled by the corporation.

§ 123. Credit and agency corporations; ownership of voting common

stock; directors. All the voting common stock of a cooperative credit or agency corporation must be owned by one or more cooperative corporations organized or operating under the provisions of this chapter. The directors must be members or stockholders of one or more of the cooperative corporations which own the voting common stock.

ARTICLE 8

REPEALS AND SAVINGS CLAUSES

Section 130. Constitutionality.
131. Laws repealed.
132. Existing actions.
133. Existing cooperative corporations or associations.
134. When to take effect.

§ 130. Constitutionality. If any portion of this chapter shall be declared unconstitutional for any reason, the remaining portions shall not be affected thereby.

§ 131. Laws repealed. Chapter two hundred and thirty-one of the laws of nineteen hundred and twenty-six, entitled "An act relating to cooperative corporations, constituting chapter seventy-seven of the consolidated laws," and all acts amendatory thereof, are hereby repealed.

§ 132. Existing actions. Any action or proceeding begun before this chapter takes effect, under or pursuant to any section, article or act repealed by this chapter, may be conducted and completed in the manner provided thereby.

§ 133. Existing cooperative corporations or associations. A cooperative corporation or association heretofore formed under or subject to a law repealed by this chapter or under article three of the business corporations law heretofore repealed, shall continue under and be subject to the provisions of this chapter as if incorporated hereunder; but all rights of property and by contract, which accrued before this chapter took effect, shall continue to be governed by the law under which such rights accrued. Also it may continue to use existing name, type of operations, by-laws, forms of marketing contracts, methods of financing and requirements as to reserves in so far as valid under prior laws unless expressly contrary to the provisions of this chapter.

§ 134. When to take effect. This act shall take effect immediately.