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Chapter 185 revisions: What you need to know

Proposed comprehensive update to cooperative statute benefits cooperatives, member-owners

MADISON, Wis. [August 30, 2017] – Earlier this year, Cooperative Network worked with a bipartisan group of legislators to introduce AB 353 and SB 281 – the Cooperative Statute Modernization Bill. This member-driven legislation is the first major proposed revision of the statute in over 30 years and serves as a way to broaden opportunities for both cooperatives and their member-owners.

Two components of the bill that have generated the most questions to-date are the ability to elect appointed directors and patronage-based voting for cooperative holding companies.

If Chapter 185 is updated, cooperative members would be enabled to have *option* of nominating appointed directors to serve on their cooperative's board. During formative discussions of this bill, the Cooperative Network-led working group noted that allowing for an appointed director role lets the individual be fully engaged in decision making, broadens the areas of expertise available to the board and will perhaps even encourage young members to experience how the board operates.

If a cooperative's member-owners voted to adopt this change, they would not be required to forfeit seats currently held by member-owners. This proposed legislation would instead offer them the chance to add additional seats to accommodate that outside perspective, while maintaining a board majority of member-owners. In addition, appointed directors would be expected to have the same breadth of duties and loyalty to the cooperative as their fellow board members – this is not a requirement for current board advisors.

The bill also addresses allowing cooperative holding companies to have the option of voting based on patronage. A number of other states have followed this model for decades. This update only applies to cooperative holding companies, of which there is currently only one in Wisconsin: Cooperative Resources International. The holding company would have to receive approval from their member delegates in order to implement this change.

It is important to note that this proposed legislation only broadens possibilities and provides cooperative member-owners with additional options to consider. Individual cooperatives would still require member action to enact a bylaw revision allowing for these provisions.

Cooperative Network is dedicated to supporting legislative action that provides its member cooperatives with the freedom and flexibility to best serve their member-owners.

Cooperative Network serves approximately 400 Wisconsin and Minnesota member-cooperatives by providing advocacy, education, public awareness, and development services to a wide variety of cooperatives including agricultural marketing and processing, credit unions, dairy, electric, Farm Credit, farm supply, health care, mutual insurance, housing, service, telecommunications, worker-owned cooperatives, and more. For more information about Cooperative Network, visit www.cooperativenetwork.coop.

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