

SENATE BILL No. 127

By Committee on Federal and State Affairs

2-5

1 AN ACT concerning utilities; relating to cooperatives; member refunds;
2 amending K.S.A. 17-4623 and repealing the existing section.

3
4 *Be it enacted by the Legislature of the State of Kansas:*

5 Section 1. K.S.A. 17-4623 is hereby amended to read as follows: 17-
6 4623. (a) Revenues of a cooperative for any fiscal year in excess of the
7 amount thereof necessary to:

8 ~~(a) To~~ (1) Defray the expenses of the operation and maintenance of
9 the facilities of the cooperative during such fiscal year;

10 ~~(b) to~~ (2) pay interest and principal obligations of the cooperative
11 coming due in such fiscal year;

12 ~~(c) to~~ (3) finance, or to provide a reserve for the financing of, the
13 construction or acquisition by the cooperative of additional facilities to the
14 extent determined by the board of trustees;

15 ~~(d) to~~ (4) provide a reasonable reserve for working capital; and

16 ~~(e) to~~ (5) provide a reserve for the payment of indebtedness of the
17 cooperative in an amount not less than the total of the interest and
18 principal payments in respect thereof required to be made during the next
19 following fiscal year shall, unless otherwise determined by a vote of the
20 members, be distributed by the cooperative to its members and to other
21 persons to whom the cooperative supplies electric energy or other services,
22 as patronage refunds prorated in accordance with the patronage of the
23 cooperative by the respective members of the cooperative and such other
24 persons, paid for during such fiscal year: ~~Provided, however, That such~~ .
25 Distribution shall not be made to any such other person until ~~he~~ *such*
26 *person* has become a member of the cooperative.

27 If such other person does not become a member of the cooperative
28 within one year after the amount of ~~his~~ *the* distributive share or
29 accumulated distributive shares equal the membership fee required by the
30 bylaws of the cooperative, or if no membership fee is required, within two
31 years after the declaration of any such patronage refund, ~~he~~ *such other*
32 *person* shall cease to be entitled to such share or shares.

33 (b) Nothing ~~herein~~ contained *herein* shall be construed to:

34 (1) Prohibit the payment by a cooperative of all or any part of its
35 indebtedness prior to the date when the same shall become due; or

36 (2) authorize a cooperative or nonprofit membership corporation to

1 *retain a deceased member's paid in member patronage funds or*
2 *contributed capital. If the member's legal executor or administrator*
3 *requests the patronage funds or contributed capital be distributed, such*
4 *cooperative or nonprofit membership corporation, upon the provision of a*
5 *certificate of death, shall promptly refund such patronage funds or*
6 *contributed capital in full without interest to the estate of the deceased*
7 *member.*

8 Sec. 2. K.S.A. 17-4623 is hereby repealed.

9 Sec. 3. This act shall take effect and be in force from and after its
10 publication in the statute book.