1 Strike everything after the enacting clause and insert:
2 "Section 1.  Section 10-2001, Arizona Revised Statutes, is amended to
3 read:
4 10-2001.  Definitions
5 In this article, unless the context otherwise requires:
6 1. "Active member" is a member growing, PRODUCING, MANUFACTURING,
7 MARKETING, DISTRIBUTING OR SELLING a product handled by the association at
8 the time of the membership meeting, or who during the previous year,
9 delivered products to the association.
10 2. "Agricultural products" includes horticultural, viticultural,
11 forestry, dairy, livestock, poultry, bee and any farm products.
12 3. "Association" means a corporation organized under the provisions of
13 this article.
14 4. "Marketing agreement" OR "MARKETING CONTRACT" means any agreement
15 entered into between an association organized under this article and its
16 members, by the terms of which a subscribing grower, PRODUCER, MANUFACTURER,
17 MARKETER, DISTRIBUTOR OR SELLER and all other growers, PRODUCERS,
18 MANUFACTURERS, MARKETERS, DISTRIBUTORS OR SELLERS signing similar agreements,
19 agree to sell their agricultural products, GOODS FOR IMPORT OR EXPORT
20 PURPOSES OR HYDROPONIC GREENHOUSES to or through such association.
21 5. "Member" includes members of associations AND, FOR ASSOCIATIONS
22 ORGANIZED PURSUANT TO SECTION 10-2003, SUBSECTION A, PARAGRAPH 3, ALSO
23 INCLUDES INVESTORS.
Sec. 2. Section 10-2003, Arizona Revised Statutes, is amended to read:

10-2003. Requirements for formation; limitation on association profits

A. Five or more persons engaged in the production of agricultural products THE FOLLOWING may form a nonprofit, cooperative association without capital stock under the provisions of this article: —

1. FIVE OR MORE PERSONS ENGAGED IN THE PRODUCTION OF AGRICULTURAL PRODUCTS.

2. FIVE OR MORE SMALL BUSINESSES, INDIVIDUALS OR ENTITIES ENGAGED IN THE MARKETING AND DISTRIBUTION OF MANUFACTURED GOODS FOR IMPORT AND EXPORT PURPOSES.

3. FIVE OR MORE PERSONS FOR THE PURPOSE OF PRODUCING, MANUFACTURING AND SELLING HYDROPONIC GREENHOUSES OR FOR THE PURPOSE OF GROWING FOOD.

B. Associations organized under this article shall not make profits for themselves or for their members, but only for their members as producers AND FOR ASSOCIATIONS ORGANIZED PURSUANT TO SUBSECTION A, PARAGRAPH 3 OF THIS SECTION FOR THEIR MEMBERS AS INVESTORS.

Sec. 3. Section 10-2005, Arizona Revised Statutes, is amended to read:

10-2005. Powers of association

An association incorporated under this article may:

1. Engage in any activity in connection with the marketing, harvesting, processing, storing, handling or utilization of agricultural products or their by-products delivered to it, or the providing of labor, or in connection with the purchase, hiring or use by its patrons of supplies, machinery or equipment, or in the financing of any such activities, but the associations shall not deal in the products of nonmembers to an amount greater in value than that of products handled for members.

2. Borrow money and make advances on products delivered.

3. Act as the agent or representative of any member or patron in such activities.

4. Acquire, hold, own and exercise all rights of ownership in, and sell, transfer or pledge shares of the capital stock or bonds, or become a member or a stockholder of any corporation or association engaged in a
related activity or in the handling, marketing or financing of any products
handled by the association, but stocks, bonds or other securities owned by a
subsidiary may not be pledged, sold or otherwise disposed of until thirty
days notice has been given to all members of the association in the manner
provided by its bylaws. Such stock, bonds and other securities of a
subsidiary may be placed with the state treasurer for safe keeping, and he
shall not surrender them until proof of notice as required by this article
has been given.

5. Establish reserves and invest the funds thereof in stocks and bonds
of any corporation or association engaged in a related activity, or in the
handling, marketing, processing or financing of the products handled by the
association, or in such other property as the board of directors of the
association deems satisfactory.

6. Do any act necessary to carry out the specific powers conferred by
this article, and do such acts within or without the state.

7. Possess the powers, rights and privileges of corporations organized
under the general law of the state, unless inconsistent with this article.

8. ENGAGE IN ANY ACTIVITY IN CONNECTION WITH THE MARKETING OR
DISTRIBUTION OF MANUFACTURED GOODS FOR IMPORT AND EXPORT PURPOSES OR THE
PROVIDING OF LABOR, IN CONNECTION WITH THE PURCHASE, HIRING OR USE BY THE
ASSOCIATION’S PATRONS OF SUPPLIES, MACHINERY OR EQUIPMENT, OR IN CONNECTION
WITH THE FINANCING OF ANY SUCH ACTIVITIES, BUT THE ASSOCIATION MAY NOT DEAL
IN THE PRODUCTS OF NONMEMBERS TO AN AMOUNT GREATER IN VALUE THAN THAT OF
PRODUCTS HANDLED FOR MEMBERS.

9. ENGAGE IN ANY ACTIVITY INVOLVING THE HARVESTING, PROCESSING,
STORING, HANDLING OR USE OF PRODUCTS FOR THE PRODUCTION, MANUFACTURING AND
SALE OF HYDROPONIC GREENHOUSES OR THE PROVIDING OF LABOR, IN CONNECTION WITH
THE PURCHASE, HIRING OR USE BY THE ASSOCIATION’S PATRONS OF SUPPLIES,
MACHINERY OR EQUIPMENT, OR IN CONNECTION WITH THE FINANCING OF ANY SUCH
ACTIVITIES, BUT THE ASSOCIATION MAY NOT DEAL IN THE PRODUCTS OF NONMEMBERS TO
AN AMOUNT GREATER IN VALUE THAN THAT OF PRODUCTS HANDLED FOR MEMBERS.
Sec. 4. Section 10-2008, Arizona Revised Statutes, is amended to read:

10-2008. **Eligibility for membership**

A. Under the terms and conditions prescribed in its by-laws, an association may admit as members persons engaged in production of the agricultural products to be handled by or through the association, including lessees and tenants of land used for production of such products, lessors and landlords who receive as rent part of the crop raised on the leased premises and persons or corporations regularly engaged in financing production of the agricultural commodities.

B. IN ADDITION TO THE REQUIREMENTS PRESCRIBED BY SUBSECTION A OF THIS SECTION, AN INVESTOR MAY BE A MEMBER OF AN ASSOCIATION THAT IS ESTABLISHED PURSUANT TO SECTION 10-2003, SUBSECTION A, PARAGRAPH 3.

Sec. 5. Section 10-2016, Arizona Revised Statutes, is amended to read:

10-2016. **Marketing contracts; remedies for breach**

A. The association and its members may make and execute marketing contracts requiring the members to sell, for any period of time not over ten years, all or any specified part of their agricultural products, or specified commodities, THEIR MANUFACTURED GOODS FOR IMPORT AND EXPORT PURPOSES OR THEIR HYDROPONIC GREENHOUSES exclusively to or through the association or its facilities.

B. The membership contract may provide for membership for a longer period than ten years but not exceeding thirty years, if the contract provides opportunity to the members for withdrawal at least once each year.

C. The contract may provide that the association may sell the products of its members, with or without taking title thereto, and pay to its members the average sale price based on grade and quantity, after deducting all necessary selling, overhead and other costs and expenses.

D. When provided in the by-laws, the marketing contract may fix, as liquidated damages, specific sums to be paid by the members 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 that the member will pay all costs, premiums for bonds, expenses and fees if an action
is brought upon the contract by the association, and such provision shall be valid and enforceable in the courts.

E. In event of a breach, or threatened breach, of the marketing contract by a member, the association may apply for an injunction to prevent the further breach of the contract, and to enforce specific performance thereof.

Sec. 6. Section 10-2018, Arizona Revised Statutes, is amended to read:

10-2018. Investments; limitation; disposition of profits

A. An association may organize, form, operate, own, control, have an interest in, own stock of or be a member of any other corporation, with or without capital stock, engaged in processing, handling, utilizing, manufacturing, marketing, financing or selling 

agricultural

products handled by the association, or the by-products thereof.

B. Profits or income received from the investments provided for in subsection A may be added to the reserves of the association to be distributed or handled according to the discretion of the board of directors.

C. An association may enter into agreements and arrangements with another cooperative corporation or association formed in this or any other state for the cooperative and more economical carrying on of its business, or any part thereof. Any two or more associations may by agreement unite in employing and using the same methods, means and agencies for conducting their businesses.

Sec. 7. Section 10-2026, Arizona Revised Statutes, is amended to read:

10-2026. Merger, interest exchange, conversion, domestication or division; definitions

A. A domestic cooperative marketing association may be a party to or otherwise undertake a merger, an interest exchange, a conversion, a domestication or a division by complying with chapter 34 of this title and title 29, chapter 6.

B. If a domestic cooperative marketing association is to be created in a merger, a conversion, a domestication or a division, the initial members of the association must consist of ANY OF THE FOLLOWING:
1. Five or more persons engaged in the production of agricultural
products in accordance with PURSUANT TO section 10-2003, subsection A.

2. FIVE OR MORE SMALL BUSINESSES, INDIVIDUALS OR ENTITIES ENGAGED IN
THE MARKETING AND DISTRIBUTION OF MANUFACTURED GOODS FOR IMPORT AND EXPORT
PURPOSES.

3. FIVE OR MORE PERSONS FOR THE PURPOSE OF PRODUCING, MANUFACTURING
AND SELLING HYDROPONIC GREENHOUSES OR FOR THE PURPOSE OF GROWING FOOD.

C. For the purposes of this section, references in chapter 34 of this
title to a "corporation" are deemed references to a domestic cooperative
marketing association.

D. For the purposes of this section:
1. "Conversion" means a transaction authorized by title 29, chapter 6,
article 4.

2. "Division" means a transaction authorized by title 29, chapter 6,
article 6.

3. "Domestication" means a transaction authorized by title 29, chapter
6, article 5.

4. "Interest exchange" means a transaction authorized by title 29,
chapter 6, article 3.

5. "Merger" means a transaction authorized by title 29, chapter 6,
article 2."

Amend title to conform