

things that LB 283 does is under the federal requirements imposed by the Capper-Volstead Act that created the farmer cooperatives was that, one of the requirements was that the members of farmer cooperatives should in actuality be farmers, that the intention was not to create these cooperatives that could be controlled by people other than agricultural producers and as part of the regulations on that, because of the tax exempt statuses that some of the cooperatives have that fall under that type of an operation, if their membership changes so that a certain percentage is not agricultural producers, then they are no longer tax exempt from the IRS provisions imposed by the Capper-Volstead Act. Under our statutes it was not clear that that provision governing cooperatives did make that as a matter of course in consistency with the federal requirements. That is the major reason for 283. The other reason is that stock and nonstock cooperatives were treated a little bit differently also in the statutes and some changes need to be made in that regard. It makes the state law consistent also with federal requirements. The difference between a stock and a nonstock cooperative for those of you that might not know and it was a little bit difficult for me to get this clear in my mind also, stock cooperatives are those cooperatives that sell stock and have stockholders and nonstock cooperatives has members. Now normally in actuality most of the nonstock cooperatives are co-ops made up of co-ops if you will, co-ops that will be a band together to form a nonstock cooperative to purchase railroad cars, trucks or something of this nature, large expenditures that the co-ops then can share the use of. It is really a technical bill and as I say, it puts the statutes more in conformity with the federal requirements governing the co-ops of the State of Nebraska and I might indicate that the co-ops of the State of Nebraska, the farmer cooperatives are a very integral and important part of the agricultural economy of this state and we certainly urge the body's adoption of LB 283.

SPEAKER MARVEL: Senator Dworak.

SENATOR DWORAK: I have a question of Senator Vickers if he would yield.

SPEAKER MARVEL: Senator Vickers.

SENATOR VICKERS: Certainly.

SENATOR DWORAK: Senator Vickers, I have looked at this bill a couple of times and I would be less than candid if I said I understood it completely. My first question is if this bill is not passed due to the nonconformity with federal legislation, what will the results be in the State of Nebraska next year?