ENROLLED SENATE
BILL NO. 518

BY: LONG (Ed) and WILLIAMS (Don) of the SENATE

and

REESE, GLOVER, SULLIVAN and STANLEY of the HOUSE

AN ACT RELATING TO CORPORATIONS; AMENDING 18 O.S. 1981, SECTION 954, AS AMENDED BY SECTION 32, CHAPTER 323, O.S.L. 1988 (18 O.S. SUPP. 1990, SECTION 954), WHICH RELATES TO EXEMPTIONS TO CORPORATE FARMING LAWS; EXPANDING EXEMPTIONS TO CERTAIN POULTRY AND SWINE OPERATORS; AMENDING 18 O.S. 1981, SECTION 951, AS AMENDED BY SECTION 156, CHAPTER 292, O.S.L. 1986 (18 O.S. SUPP. 1990, SECTION 951), WHICH RELATES TO CORPORATE FARMING; MODIFYING SHAREHOLDER LIMITATION FOR CORPORATIONS INCORPORATED FOR CERTAIN PURPOSES; AND DECLARING AN EMERGENCY.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 18 O.S. 1981, Section 954, as amended by Section 32, Chapter 323, O.S.L. 1988 (18 O.S. Supp. 1990, Section 954), is amended to read as follows:

Section 954. The provisions of this act, Section 951 et seq. of this title, shall not apply where a corporation, either domestic or foreign:

1. engages in research and/or feeding arrangements or operations concerned with the feeding of livestock or poultry, but only to the extent of such research and/or feeding arrangements or such livestock or poultry operations; or

2. engages in operations concerned with the production and raising of livestock or poultry for sale or use as breeding stock and including only directly related operations, such as breeding or feeding livestock or poultry which are not selected or sold as breeding stock; or

3. engages in poultry and/or swine operations, including only directly related operations, such as operating hatcheries, facilities for the production of breeding stock, feed mills, processing facilities, and providing supervisory, technical and other assistance to any other persons performing such services on behalf of the corporation; or

4. engages in forestry as defined by Section 1-4 of Title 2 of the Oklahoma Statutes; or

~~4.~~ 5. whose corporate purpose is charitable or eleemosynary.

SECTION 2. AMENDATORY 18 O.S. 1981, Section 951, as amended by Section 156, Chapter 292, O.S.L. 1986 (18 O.S. Supp. 1990, Section 951), is amended to read as follows:

Section 951. A. It is hereby declared to be the public policy of this state and shall be the prohibition of this act that, notwithstanding the provisions of Section 5 of this act, no foreign

corporation shall be formed or licensed under the Oklahoma General Corporation Act for the purpose of engaging in farming or ranching or for the purpose of owning or leasing any interest in land to be used in the business of farming or ranching. A domestic corporation may, however, be formed under the Oklahoma General Corporation Act to engage in such activity if the following requirements are met by that domestic corporation:

1. There shall be no shareholders other than (a) natural persons; (b) estates; (c) trustees of trusts for the benefit of natural persons, if such trustees are either (i) natural persons or (ii) banks or trust companies which either have their principal place of business in Oklahoma or are organized under the laws of the State of Oklahoma; or (d) corporations owned by no shareholders other than those described in paragraph 1 (a), (b) or (c) of this section and meeting the requirements of paragraph 3 of this section.

2. Not more than thirty-five percent (35%) of the corporation's annual gross receipts shall be from any source other than (a) farming or ranching or both, as the case may be, or (b) allowing others to extract from the corporate lands any minerals underlying the same, including, but not limited to, oil and gas. Provided, however, in the event a corporation does not comply with the thirty-five percent (35%) annual gross receipt test, then, in that event the corporation may furnish records of its gross receipts for each of the previous five (5) years, or for each year that it has been in existence if less than five (5) years, and the average of said annual gross receipts shall be used in lieu of the corporation's annual gross receipts for purposes of complying with this section.

3. ~~There~~ Except as otherwise provided in this paragraph, there shall not be more than ten shareholders unless said shareholders in excess of ten are related as lineal descendants or are or have been related by marriage to lineal descendants or persons related to lineal descendants by adoption or any combination of same. For a corporation incorporated for the purpose of breeding horses, there shall not be more than twenty-five shareholders.

4. Certificates of incorporation for domestic corporations which intend to engage in farming or ranching or owning or leasing any interest in land to be used in the business of farming or ranching shall initially be approved by the State Board of Agriculture concerning the purpose prior to filing in the office of the Secretary of State. No stated purpose is to be disapproved by the Board of Agriculture unless such stated purpose violates existing civil or criminal code.

B. The Secretary of State shall provide the State Department of Agriculture a list of corporations registering in the state that list farming or ranching or owning or leasing any interest in land to be used in the business of farming or ranching at least weekly.

SECTION 3. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the Senate the 1st day of April, 1991.

President of the Senate

Passed the House of Representatives the 28th day of March, 1991.

Speaker of the House of Representatives