

STATE OF OKLAHOMA

1st Session of the 47th Legislature (1999)

SENATE BILL NO. _____

By: Laughlin

AS INTRODUCED

An Act relating to corporations; amending 18 O.S. 1991, Sections 951 and 954, as amended by Section 2, Chapter 61, O.S.L. 1994 (18 O.S. Supp. 1997, Section 954), which relate to corporations and to farming or ranching business; expanding prohibitions of forming corporations for certain purpose; limiting shareholders in certain corporations; modifying exceptions; providing an effective date; and declaring an emergency.

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

SECTION 654. AMENDATORY 18 O.S. 1991, 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~~ 1005 of this ~~act~~ title, no foreign corporation shall be formed or licensed under the Oklahoma Limited Liability Company Act or 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)~~:
 - a. natural persons; ~~(b)~~ residing in the State of Oklahoma,
 - b. estates; ~~(c)~~ of natural persons who upon their death were residents of the State of Oklahoma,

c. trustees of trusts for the benefit of natural persons residing in the State of Oklahoma, if such trustees are either ~~(i)~~:

(1) natural persons, or ~~(ii)~~

(2) 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)~~

d. corporations owned by no shareholders other than those described in ~~paragraph 1 (a), (b) or (c)~~ subparagraphs a, b or c of this ~~section~~ paragraph 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)~~:

a. farming or ranching or both, as the case may be, or ~~(b)~~

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. 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 1. AMENDATORY 18 O.S. 1991, Section 954, as amended by Section 2, Chapter 61, O.S.L. 1994 (18 O.S. Supp. 1998, Section 954), is amended to read as follows:

Section 954. A. 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~~ of such livestock or poultry operations; ~~or~~

2. Engages in contract feeding operations with:

a. natural persons,

b. estates,

c. trustees of trusts for the benefit of natural persons,

if such trustees are either:

(1) natural persons, or

(2) 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:

(1) natural persons residing within the State of
Oklahoma,

(2) estates of natural persons who upon their death
were residents of the State of Oklahoma, or

(3) trustees of trusts for the benefit of natural
persons who reside within the State of Oklahoma,
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;

3. 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 originally intended for
breeding stock but which are not ultimately 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 the operation of hatcheries, facilities for the
production of breeding stock, feed mills, and/or provides
supervisory, technical and other assistance to any other persons
performing such services on behalf of the corporation;

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

~~5.~~ 6. Whose corporate purpose is charitable or eleemosynary; or

~~6.~~ 7. Presently engages in fluid milk processing within the State of Oklahoma or leases to a fluid milk processor so engaged; provided, this exception is limited to such dairy operations as are necessary to meet such processor's needs.

B. This act shall not require any foreign or domestic corporation to dispose of any interest in land or to cease or desist any operations otherwise in derogation hereof, which property was purchased prior to February 1, 1999, or which operations were begun or for which a substantially completed Concentrated Animal Feeding Operation license application was filed prior to February 1, 1999, provided however, no such corporation shall enlarge or expand its operations otherwise in derogation of this act after February 1, 1999.

SECTION 2. This act shall become effective July 1, 1999.

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.

47-1-481

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