



HOUSE REPUBLICAN STAFF A

Bill: House File 468
Committee: House Agriculture
Date: March 7, 2011
Staff: Lew Olson (1-3096)
Ranking Member: Representative Hein

499 Cooperative removal of 8% Dividend Cap for Pr

House File 468 proposes to eliminate a current Code provisions that caps the r that may be paid to ‘preferred stockholders’ of 499 cooperatives to no more th to make preferred stock a more flexible and useful capital management tool fo requirement that the stock’s dividend cannot exceed eight percent per year. U Cooperative Preferred stock dividends are capped at 8%. Traditionally coops l due to unique and unfavorable tax treatment in the Federal Coop Tax Code (S repealed in Section 312 of the American Jobs Creation Act of 2004 and since cooperatives on capital stock are treated the same as dividends paid by other l considered and passed (as House Study Bill 99, which became HF 468) by the Wednesday, February 23, 2011, by a unanimous 23-aye vote. A Senate comp likewise passed the Senate Agriculture Committee on Wednesday, March 2, 2

Summary of Action

The House Agriculture Committee **PASSED** HF 468 on February 23, 2010 by

Section by Section Analysis

Sections 1 – 8% per Annum cap on Preferred Stock Held by 499 Cooperative

Amendments

None Filed at this Time