

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCB ANRS 11-03 Limited Agricultural Associations

SPONSOR(S): Agriculture & Natural Resources Subcommittee

TIED BILLS: None **IDEN./SIM. BILLS:** None

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Agriculture & Natural Resources Subcommittee	13 Y, 0 N	Kaiser	Blalock

SUMMARY ANALYSIS

Limited agricultural associations (LAA) were created in the early 1940's as a way to promote and encourage more efficient and progressive agriculture, as well as to enable agricultural producers in the state to benefit from a collective effort without personal liability and the expense and technical involvements typical of corporate structure. Today, many agricultural producers rely on state and national associations, such as the Beef Checkoff Program, to provide technical expertise, as well as marketing assistance.

The bill repeals current law establishing a LAA. It does not appear that LAA's are used any longer in the state and, therefore, these statutes are obsolete.

The bill does not appear to have a fiscal impact on state or local governments.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Limited agricultural associations (LAA) were created in the early 1940's as a way to promote and encourage more efficient and progressive agriculture, as well as to enable agricultural producers in the state to benefit from a collective effort without personal liability and the expense and technical involvements typical of corporate structure.

Current law allows for any three or more persons engaged in agricultural pursuits to form a LAA. The LAA may adopt bylaws to provide for membership in the LAA. No member may be held personally liable for any claims against or indebtedness and obligations of the LAA.

The articles of association must be subscribed by the original members and acknowledged by one of the original members before an officer of the state authorized to take acknowledgements and administer oaths. Two copies of the articles of association, together with a certificate of the Department of State stating that there is no other LLA within the state having the same name, is required to be filed with the clerk of the circuit court in the county where the principal place of business of the association is to be located. The proposed articles of association must be endorsed and approved by the circuit judge. Upon endorsement by the circuit judge, the articles of association must be recorded by the clerk of the circuit court. The clerk of the circuit court must then transmit a copy of the articles of association to the Department of State for filing. The Department of State and the clerk of the court are entitled to a fee of \$5.25 for services rendered in connection with the formation of the LAA.

The articles of association must set forth:

- The name of the LAA and the location of the principal place of business.
- The purpose for which the LAA is formed.
- The term of existence for the LAA.
- Which officers will conduct the business of the LAA, as well as the names of the officers who will conduct the business until their successors are eligible to serve.¹
- The number, to be not less than three, of the LAA's managing committee members.²
- The fact that the members may not be held personally liable for any claims against or indebtedness and obligations of the LAA.

The name of the proposed LAA must be different from that of any other LLA in the state and must include the words "Limited Agricultural Association" or the letters "LAA" to distinguish it from a natural person, firm, co-partnership or corporation.

Each LAA must adopt bylaws within 30 days after organization. The bylaws must provide for such matters as the acceptance of memberships, the issuance of certificates of membership, the fixing of the voting and participation rights of the owners of such certificates, the assignability of such certificates, the election of a managing committee and the determination of its powers, the time and place of meetings of the LAA and the election, powers, and duties of its officers.

A LAA may be dissolved upon the presentation by its members of a petition for dissolution to the circuit judge in the county where the principal place of business of the association is located. The judge may make all orders necessary to the preservation of the rights of the members and creditors and the conclusion of the affairs of the LAA. The notice of hearing of the petition for dissolution must be given by the judge as he/she deems appropriate.

¹ Officers must be members of the LAA.

² Managing committee members must be members of the LAA.

Effect of Proposed Changes

The bill repeals the Limited Agricultural Association (LAA) law. It does not appear that LAA's are used any longer in the state and, therefore, these statutes are obsolete.

B. SECTION DIRECTORY:

Section 1: Repeals ss. 604.09, relating to the purpose of a limited agricultural association; repealing s. 604.10, F.S.; relating to the powers and membership of a limited agricultural association; repealing s. 604.11, F.S.; relating to the formation and fees of a limited agricultural association; repealing s. 604.12, F.S.; relating to the articles of association and name of a limited agricultural association; repealing s. 604.13, F.S.; relating to the bylaws of a limited agricultural association; and, repealing s. 604.14, F.S.; relating to the dissolution of a limited agricultural association.

Section 2: Provides an effective date of July 1, 2011.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

2. Expenditures:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

D. FISCAL COMMENTS:

None

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county of municipal governments.

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES