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Agricultural Cooperative Formation:

Louisiana



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Agricultural Cooperative Formation: Louisiana

Fast Find:

Agricultural Producers

- 1) Purpose: [§ 3:71](#)
- 2) Power: [§ 3:74](#)
- 3) Articles of Incorporation: [§ 3:76](#)
- 4) Bylaws: [§ 3:78](#)
- 5) Directors and Officers: [§ 3:80 & § 3:81](#)
- 6) Membership: [§ 3:75](#)

Fast Find:

Agricultural Marketing Cooperatives

- 1) Purpose: [§ 3:214](#)
- 2) Power: [§ 3:125](#)
- 3) Articles of Incorporation: [§ 3:127](#)
- 4) Bylaws: [§ 3:129](#)
- 5) Directors and Officers: [§ 3:131 & § 3:132](#)
- 6) Membership: [§ 3:126](#)
- 7) Capitalization: [§ 3:133](#)

[La. Stat. §§ 3:71 to 3:88 \(Agricultural Producers Only\)](#)

[La. Stat. §§ 3:121 to 3:149 \(Agricultural Marketing Cooperatives\)](#)

Section 3:71 – Purpose

The purpose of this Part is to provide for the formation and operation of agricultural co-operative associations and to provide for the rights, powers, liabilities and duties of co-operative associations.

Associations organized hereunder are non-business associations inasmuch as membership therein is limited to producers of agricultural products.

This Part is designed to encourage the intelligent development of agricultural products through co-operation and to rehabilitate farm families of low income on a scientific and co-operative plan.

Section 3:74 – Powers of Association; Activities Permitted

An association may be organized with the following purposes, authority, and powers:

- (1) To engage in any activity in connection with the producing, marketing, selling, harvesting, dairying, preserving, drying, processing, canning, packing, milling, ginning, compressing, storing, handling, or utilization of any agricultural products produced by it or produced or delivered to it by its members; or in connection with the manufacturing or marketing of the by-products thereof; or in connection with the purchase, hiring or use by it or its members of supplies, machinery or equipment; or in connection with the construction or maintenance of houses, barns, sheds or facilities for its use or the use of its members.
- (2) To borrow money and to make advances to members.



- (3) To establish funds in pool for the purpose of indemnifying or replacing damaged, lost, or destroyed livestock or other corporeal movables pertaining to agriculture belonging to members.
- (4) To act as agent or representative of any member, or members, in any of the above mentioned activities.
- (5) To purchase or otherwise acquire, and to hold, own, and exercise all rights of ownership in, and to sell, transfer, or pledge or guarantee the payment of dividends or interest on, or the retirement or redemption of shares of the capital stock or bonds of any corporation or association engaged in any related activity or in the production, warehousing, handling or marketing of any of the products handled by the association.
- (6) To establish reserves and to invest the funds thereof in bonds or such other property as may be provided in the by-laws.
- (7) To purchase or otherwise acquire, or to buy, hold and exercise all privileges of ownership or tenancy over such movable and immovable property as may be necessary or convenient for the conducting and operating of any of the business of the association or incidental thereto.
- (8) To market muskrat furs, trapped, farmed or processed by muskrat farmers.
- (9) To provide medical services and benefits for the members and families of members on fee basis.
- (10) To engage in the construction, acquisition and operation of electric lines and appurtenances thereto for the distribution of electricity to its members; to purchase, generate or otherwise acquire electricity for such distribution and to sell or distribute electricity to its members.
- (11) To do each and everything necessary, suitable or proper for the accomplishment of any of the purposes or the attainment of any one or more of the objects herein enumerated, or conducive to or expedient for the interest or benefit of the association, and to contract accordingly; and in addition to exercise and possess all powers, rights and privileges necessary or incidental to the purposes for which the association is organized, or to the activities in which it is engaged; and to do any such thing anywhere.
- (12) To sue and be sued, prosecute and be prosecuted, to stand in judgment and sue before any court; to contract and be contracted with.

Section 3:76 – Articles of Association

Each association formed under this Part shall prepare and file articles of association, setting forth:

- (1) The name of the association and the place where its principal business will be transacted, which shall be its domicile.
- (2) The purpose for which it is formed.
- (3) The term for which it is to exist, not exceeding ninety-nine years.
- (4) The number of directors which shall not be less than five and may be any number in excess thereof, and the term of office of the directors.
- (5) If organized without capital stock, whether the property rights and interest of members shall be equal or unequal, the articles shall set forth the



general rules applicable to all members by which property rights and interests, respectively, of each member shall be determined and fixed; and provision for the admission of new members who shall be entitled to share in the property of the association with the old members, in accordance with the general rules.

(6) If organized with capital stock, the amount of such stock and the number of shares into which it is divided and the par value thereof. The capital stock may be divided into preferred and common stock. If so divided the articles of association must contain a statement of the number of shares of stock to which preference is granted and the number of shares of stock to which no preference is granted and the nature and definite extent of the preference and privileges granted to each.

The articles shall be subscribed by the incorporators and acknowledged by one of them before an officer authorized by the law of this state to take and certify acknowledgements; and shall be filed and recorded in the office of the Secretary of State.

Section 3:78 – Bylaws; Contents

Each association incorporated under this Part shall, within thirty days after its incorporation, adopt for its government and management, a code of by-laws not inconsistent with the powers granted by this Part. The by-laws shall prescribe the manner and method of removal from office of any officer or director of the association and shall prescribe the manner and method of filling vacancies. A majority vote of the members or stockholders, or their written consent, is necessary, to adopt by-laws. Each association in its by-laws may also provide for any of the following matters:

- (1) The time, place and manner of calling and conducting its meetings.
- (2) The number of stockholders or members constituting a quorum.
- (3) The right of members or stockholders to vote by proxy or by mail, and the conditions, manner, form and effect of the votes.
- (4) The number of directors constituting a quorum.
- (5) The qualifications, duties, and term of office of directors and officers; the time of their election and the mode and manner of giving notice thereof.
- (6) Penalties for violations of the by-laws.
- (7) Form and manner of amendment of by-laws.
- (8) The amount of entrance, organization, and membership fees, if any; manner and method of collection of the fees, and the purposes for which they may be used.
- (9) The amount which each member or stockholder shall be required to pay annually, or from time to time, to carry on the business of the association; the charge to be paid by each member or stockholder for service rendered by the association to him; and the producing, marketing, renting, or leasing contract between the association and its members or stockholders which every member or stockholder shall be required to sign.
- (10) The qualifications of members or stockholders of the association and the conditions precedent to membership or ownership of common stock; the manner, method, and time of allotment and distribution of surpluses; the method, time, and manner of permitting members to withdraw or



permitting the holders of common stock to transfer their stock; the manner of assignment and transfer of the interest of members, and of the shares of common stock; the conditions upon which, and the time when, membership of any member shall cease; the automatic suspension of the rights of a member when he ceases to be eligible to membership in the association; the mode, manner, and effect of the expulsion of a member; the manner of determining the value of a member's interest and provision for its purchase by the association upon the death or withdrawal of a member or stockholder or upon the expulsion of a member or forfeiture of his membership. In case of the withdrawal or expulsion of a member, the board of directors shall equitably and conclusively appraise his property interests in the association and shall fix the amount thereof in money, which shall be paid to him at such time as may be fixed by the board of directors, not to exceed the termination of the current marketing or other agreements.

Section 3:80 – Directors; Executive Committee

A. The affairs of the association shall be managed by a board of not less than five directors, a majority of whom shall be elected by the members or stockholders from their own members and shall have all rights and powers as provided for under the general corporation laws of this state, and such other powers as may be necessary to the proper execution of this Part. The by-laws may provide that the territory in which the association has members shall be divided into districts and that the directors shall be elected according to such districts. In such cases, the by-laws shall specify the number of directors to be elected by each district, the manner and method of reappointing the directors and redistricting the territory covered by the association. The by-laws may provide that primary elections shall be held in each district to elect the directors apportioned to the districts and the results of all primary elections shall be ratified by the next regular meeting of the association, or they may be considered final as to the association.

B. The by-laws may provide that one or more directors may be appointed by the governor of the state, the dean of the college of agriculture of the Louisiana State University and Agricultural and Mechanical College, or the commissioner of agriculture and forestry. The directors appointed in this manner shall represent primarily the interest of the general public in associations. The director or directors so appointed need not be members or stockholders of the association, but shall have the same powers and rights as the other directors. Directors so appointed shall not number more than one-fifth of the entire number of directors.

C. The directors of the association may provide a fair remuneration for the time actually spent by its officers, directors, and employees in its service. No director, during the term of his office, shall be a party to a contract for profit with the association differing in any way from the business relations accorded regular members or holders of common stock of the association.

D. The by-laws may provide for an executive committee and may allot to the committee all the functions and powers of the board of directors, subject to the general direction and control of the board.



E. When a vacancy on the board of directors occurs, other than by expiration of term, the remaining members of the board, by a majority vote, shall fill the vacancy, unless the by-laws provide for an election of directors by districts. In such case, the board of directors shall immediately call a special election to be voted in by the members or stockholders in that district to fill the vacancy.

Section 3:81 – Officers

The directors shall elect from their number a president and one or more vice presidents. They shall also elect a secretary and a treasurer, who need not be directors or members of the association, and they may combine the two latter offices and designate the combined office as secretary-treasurer. The treasurer may be a bank or any depository, and as such shall not be considered as an officer but as a functionary of the board of directors. In such case the secretary shall perform the usual accounting duties of the treasurer, excepting that the funds shall be deposited only as authorized by the board of directors.

Section 3:75 – Membership; Stock Certificates; Association May be Member

Under the terms and conditions prescribed in its by-laws, an association formed under this Part may admit as members and issue certificates of stock or membership only to persons engaged in the production of agricultural products grown by them and to be handled by or through the association, including the lessees and tenants of lands used for production of such products and lessors and landlords who receive as rent all or part of the crop raised on the leased premises.

Certificates of stock or membership shall not be transferable and no persons shall acquire by operation of law or otherwise the benefit of membership except as provided in this Section.

An association organized hereunder may become a member or stockholder of any other association or associations organized hereunder.

Section 3:82 – Stock or Membership Certificates; Liability for Debts; Voting Rights; Transfer of Stocks or Membership

When a member of an association established without capital stock, has paid his membership fee in full, he shall receive a certificate of membership.

Except for debts lawfully contracted between him and the association, no member shall be liable for the debts of the association to an amount exceeding the sum remaining unpaid on his membership fee or his subscription to the capital stock, including any unpaid balance on any promissory note or notes given in payment thereof.

No member or stockholder shall be entitled to more than one vote.

The by-laws shall prohibit the transfer of the membership or stock of the association to persons not engaged in the production of the agricultural products handled by the association, and such restrictions shall be printed upon every certificate of membership or stock subject thereto.



Section 3:84 – License Fee and Tax Liability

Each association organized under this Part shall pay an annual license fee of ten dollars to the secretary of state, and shall be exempt from all franchise or other license taxes, but not from ad valorem property taxes. The provisions of this Section shall likewise apply to associations and corporations organized under the laws of the United States for the sole purpose of extension of credit to farmers and farmers' co-operative associations.

Section 3:124 – Purposes

A. An association may be organized to engage in any activity in connection with the marketing or selling of the agricultural products of its members, or with the harvesting, preserving, drying, processing, manufacturing, canning, packing, grading, storing, handling, shipping, or utilizing thereof, or the manufacturing or marketing of by-products thereof; or in connection with the manufacturing, selling, or supplying to its members of machinery, equipment, or supplies; or more of the activities specified herein; or in the financing of the above enumerated activities; or to represent the interest of its members; or to engage in any lawful activity for which corporations may be formed under the laws of the state of Louisiana.

B. Every group of persons contemplating the organization of an association under this Part is urged to communicate with the dean of the college of agriculture of the Louisiana State University and Agricultural and Mechanical College, who will inform them whatever a survey of the marketing conditions affecting the commodities proposed to be handled may indicate regarding probable success.

Section 3:125 – Powers

Each association incorporated under this Part shall have the following powers:

(1) To engage in any activity in connection with the marketing, selling, harvesting, preserving, drying, processing, manufacturing, canning, packing, grading, storing, handling, or utilization of any agricultural product produced or delivered to it by its members; or the manufacturing or marketing of the by-products thereof; or in connection with the purchase, hiring, or use by its members of supplies, machinery, or equipment, or in the financing of any such activities; or the representation of the interest of its members; or any lawful activity for which any corporation may be formed under the laws of the state of Louisiana. No association shall handle the agricultural products of any non-member, except as necessary and incidental to the handling of the products of the members; and in any case, the value of the products of nonmembers handled, shall not exceed the value of the products handled by the association for its members.

(2) To borrow money and to make advances to members.

(3) To act as agent or representative of any member in any of the above mentioned activities.



(4) To purchase or otherwise acquire, and to hold, own, sell, transfer, pledge, or guarantee the payment of dividends or interest on, or the retirement or redemption of, shares of the capital stock or bonds of any corporation or association engaged in any related activity or in the warehousing, handling, or marketing of any of the products handled by the association.

(5) To establish reserves and to invest the funds thereof in bonds or such other property as may be provided in the by-laws.

(6) To buy, hold, and exercise all privileges of ownership over such real or personal property as may be necessary or convenient for the conducting and operating of any of the business of the association or incidental thereto.

(7) To do each and everything necessary or proper for the accomplishment of any of the purposes or the attainment of any of the objects enumerated in this Part; or conducive to or expedient for the interest or benefit of the association; and in addition to exercise and possess all powers, rights and privileges necessary or incidental to the purposes for which the association is organized, or to the activities in which it is engaged; and to do any such thing anywhere.

(8) To sue and be sued, prosecute and be prosecuted before any court; and to contract.

(9) To have perpetual existence, unless a limited period of duration is stated in its articles of association.

Section 3:127 – Articles of Association

A. Each association formed under this Part shall prepare and file articles of association, setting forth:

(1) The name of the association and the place where its principal business will be transacted.

(2) The purpose for which it is formed.

(3) The term for which it is to exist or that it is to exist in perpetuity.

(4) The number of directors, which shall not be less than five and may be any number in excess thereof, and the term of office of the directors.

(5) If organized without capital stock, whether the property rights and interest of members shall be equal or unequal, the articles shall set forth the general rules applicable to all members by which property rights and interests, respectively, of each member shall be determined and fixed; and provision for the admission of new members who shall be entitled to share in the property of the association with the old members, in accordance with the general rules.

(6) If organized with capital stock the amount of stock and the number of shares into which it is divided and the par value thereof. The capital stock may be divided into preferred and common stock. If so divided the articles of association shall contain a statement of the number of shares of stock to which preference is granted and the number of shares of stock to which no preference is granted and the nature and definite extent of the preference and privileges granted to each.

B. The articles shall be executed by authentic act signed by each of the incorporators or by act under private signature subscribed by the incorporators and acknowledged by one of them before an officer



authorized by the law of this state to take and certify acknowledgments; and shall be filed in accordance with the provisions of Chapter 1 of Title 12 of the Louisiana Revised Statutes of 1950.

Section 3:129 – By-Laws

Each association incorporated under this Part shall within thirty days after its incorporation adopt for its government and management, a code of by-laws, not inconsistent with the powers granted by this Part. A majority vote of the members or stockholders or their duly authorized and qualified representatives or delegates casting a vote thereon, or their written consent, is necessary to adopt or amend by-laws; provided that if the articles so stipulate, the board of directors may make and amend by-laws, subject to the power of the members or stockholders, or their duly authorized and qualified representatives or delegates to change or repeal the by-laws or amendments so made.

Each association under its by-laws may provide for any or all of the following matters:

- (1) The time, place, and manner of calling and conducting its meetings.
- (2) The number of stockholders or members constituting a quorum.
- (3) The right of members or stockholders to vote by proxy or by mail, or both, and the conditions, manner, form and effect of such votes.
- (4) The number of directors constituting a quorum.
- (5) The qualifications, duties, and terms of office of directors and officers; time of their election and the mode and manner of giving notice thereof.
- (6) Penalties for violations of the by-laws.
- (7) The amount of entrance, organization, and membership fees, if any; manner and method of collection of the fees, and the purpose for which they may be used.
- (8) The amount which each member or stockholder shall be required to pay annually, or from time to time, to carry on the business of the association; the charge to be paid by each member or stockholder for services rendered by the association to him; and the marketing contract between the association and its members or stockholders which every member or stockholder shall be required to sign.
- (9) The qualifications of members or stockholders of the association and the conditions precedent to membership or ownership of common stock; the method, time and manner of permitting members to withdraw or permitting the holders of common stock to transfer their stock; the manner of assignment and transfer of the interest of members, and of the shares of common stock; the conditions upon which, and the time when, membership of any member shall cease; the automatic suspension of the rights of a member when he ceases to be eligible to membership in the association; and the mode, manner and effect of the expulsion of a member; manner of determining the value of a member's interest and provision for its purchase by the association upon the death or withdrawal of a member or stockholder or upon the expulsion of a member or forfeiture of his membership.

Section 3:131 – Directors; Election



A. The affairs of the association shall be managed by a board of not less than five directors, elected by the members or stockholders from their own members and shall have all rights and powers as provided for under the general corporation laws of this state, and such other powers as may be necessary to the proper execution of this Part. The by-laws may provide that the territory in which the association has members shall be divided into districts and that the directors shall be elected according to such districts. In such cases, the by-laws shall specify the number of directors to be elected by each district, the manner and method of reappointing the directors and redistricting the territory covered by the association. The by-laws may provide that primary elections shall be held in each district to elect the directors apportioned to such districts and the results of all primary elections shall be ratified by the next regular meeting of the association or may be considered final as to the association.

B. The by-laws may provide that one or more directors may be appointed by the governor of the state, the dean of the college of agriculture of the Louisiana State University and Agricultural and Mechanical College, or the commissioner of agriculture and forestry. The directors appointed in this manner shall represent primarily the interest of the general public in associations. The director or directors so appointed need not be members or stockholders of the association, but shall have the same powers and rights of the other directors. Directors so appointed shall not number more than one-fifth of the entire number of directors.

C. The directors of the association may provide a fair remuneration for the time actually spent by its officers, directors and employees in its service. No director, during the term of his office, shall be a party to a contract for profit with the association differing in any way from the business relations accorded regular members or holders of common stock of the association.

D. The by-laws may provide for an executive committee and may allot to such committee all the functions and powers of the board of directors, subject to the general direction and control of the board.

E. When a vacancy on the board of directors occurs, other than by expiration of term, the remaining members of the board by a majority vote shall fill the vacancy, unless the by-laws provide for an election of directors by districts. In such case, the board of directors shall immediately call a special election to be voted in by the members or stockholders in that district to fill the vacancy.

Section 3:132 – Election of Officers

The board of directors shall elect a president, a secretary, a treasurer and one or more vice-presidents, and may elect or select any other officers, assistant officers and agents as are authorized in the articles or by-laws; provided that if the articles or by-laws so stipulate, the above named officers or agents may be elected by the members or stockholders of the association or their duly authorized and qualified representatives or delegates. The articles or by-laws may prescribe special qualifications for any officer. Unless otherwise provided in the articles or by-laws, only members of the board of directors shall be eligible for election as president or vice-president. The offices of secretary and



treasurer may be combined and designated as secretary-treasurer. The treasurer may be a bank or any depository, and as such shall not be considered as an officer but as a functionary of the board of directors. In such case the secretary shall perform the usual accounting duties of the treasurer, excepting that the funds shall be deposited only as authorized by the board of directors.

Section 3:126 – Members

Under the terms and conditions prescribed in its articles or by-laws, an association may admit as voting members, or issue common stock or certificates of voting membership only to persons engaged in the production of agricultural products, including the lessees and tenants of lands used for production of such products and lessors and landlords who receive as rent all or part of the crop raised on the leased premises, provided that if the articles or by-laws so stipulate, persons not engaged in the production of agricultural products may be admitted as nonvoting members, the titles, classifications and conditions of such nonvoting memberships to be specified in the articles or by-laws.

Certificates of membership of a nonstock association shall not be transferable, and no person shall acquire common stock by operation of law or otherwise, except as provided herein.

If a member of a nonstock association be other than a natural person, the member may be represented by any individual, associate, officer, manager, or member thereof, duly authorized in writing.

If the articles or by-laws so provide, members or stockholders may be represented at annual and special meetings by representatives or delegates, and in such cases, all rights of members and stockholders as defined in this Part shall be exercised by such representatives or delegates to the extent authorized by the articles or by-laws.

One association organized hereunder may become a member or stockholder of any other association organized hereunder.

Section 3:133 – Stock; Membership Certificates; When Issued; Voting; Liability; Limitations on Transfer and Ownership

When a member of an association established without capital stock has paid his membership fee in full, he shall receive a certificate of membership. No association shall issue certificate of stock to a member until it has been fully paid for. The promissory note of the members may be accepted by the association as full or partial payment. The association shall hold the stock as security for the payment of the note, but such retention as security shall not affect the member's right to vote.

Except for debts lawfully contracted between him and the association, no member shall be liable for the debts of the association to an amount exceeding the sum remaining unpaid on his membership fee or his subscription to the capital stock, including any unpaid balance on any promissory note given in payment thereof.

No stockholder of a co-operative association shall own more than one-tenth of the common stock of the association; and an association, in its by-



laws, may limit the amount of common stock which one member may own to any amount less than one-tenth of the common stock.

No member or stockholder shall be entitled to more than one vote.

Any association organized with stock under this Part may issue preferred stock, with or without right to vote. Preferred stock may be redeemable or retirable by the association on such terms and conditions as may be provided by the articles of association and printed on the face of the certificates.

The by-laws shall prohibit the transfer of the common stock of the association to persons not engaged in the production of the agricultural products handled by the association, and the restrictions shall be printed upon every certificate of stock subject thereto.

The association may at any time, except when the debts of the association exceed fifty per cent of the assets thereof, purchase its common stock at book value as conclusively determined by the board of directors and pay for it in cash within thirty days thereafter.

Section 3:147 – Annual License Fee

Each association organized hereunder shall pay an annual license fee of ten dollars, but shall be exempt from all franchise or other license taxes, except upon its real estate, furniture, and fixtures.

