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Agricultural Cooperative Formation:

Missouri



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Section 274.030 – Nonprofit Cooperative Associations; Purposes; Owners or Operators of a Family Farm or Family Farm Corporation May Engage in Production of Livestock

1. Eleven or more persons, except corporations excluded from engaging in farming pursuant to the provisions of section 350.015, a majority of whom are residents of this state, engaged in the production of agricultural products, may form a nonprofit cooperative association without capital stock, under the provisions of this chapter, for the following purpose or purposes: 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, canning, packing, grading, storing, handling, shipping or utilization thereof or the manufacturing or marketing of the by-products thereof; or in connection with the manufacturing, selling or supplying to its members of machinery, equipment or supplies; or in the financing of the above enumerated activities; or in any one or more of the activities specified herein.

2. Five or more owners or operators of a family farm or a family farm corporation as those terms are defined in section 350.010, all of whom are residents of this state, engaged in the production of agricultural products, may form a nonprofit cooperative association without capital stock, pursuant to the provisions of this chapter, to engage in the production of livestock.

Section 274.060 – Powers of Association

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

(1) To engage in any activity in connection with the marketing, selling, preserving, harvesting, drying, processing, manufacturing, canning,



packing, grading, storing, handling or utilization of any agricultural products produced or delivered to it by its members; the manufacturing or marketing of the by-products thereof; any activity in connection with the purchase, hiring or use by its members of supplies, machinery or equipment; in the financing of any such activities; or in any one or more of the activities specified in this section. The association shall do at least twenty-five percent of its business with its members;

(2) To borrow money without limitation as to amount of corporate indebtedness or liability; and to make advance payments and advances to members;

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

(4) To buy, lease, hold and exercise all privileges of ownership, over such real or personal property as may be necessary or convenient for the conduct and operation of any of the business of the association, or incidental thereto;

(5) To establish, secure, own and develop patents, trademarks and copyrights;

(6) To do each and everything necessary, suitable or proper for the accomplishment of any one 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; 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 or any other rights, powers, and privileges granted by the laws of this state to ordinary corporations, except such as are inconsistent with the express provisions of this chapter.

Section 274.070 – Articles of Incorporation

1. Each association formed under this chapter must prepare and file articles of incorporation, setting forth:

(1) The name of the association;

(2) The purposes for which it is formed;

(3) The place where its principal business will be transacted;

(4) The term for which it is to exist, which may be for any number of years or may be perpetual;

(5) The number of directors thereof, which must be not less than five and may be any number in excess thereof; the term of office of such directors; and the names and addresses of those who are to serve as incorporating



directors for the first term, and until the election and qualification of their successors;

(6) Whether the property rights and interest of each member shall be equal or unequal; and if unequal, the general rule or rules applicable to all members by which the property rights and interests, respectively, of each member may and shall be determined and fixed; 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 such general rule or rules; the qualifications for membership, and if more than one class of membership is provided for, the number of directors to be elected by each class of membership. The provision or paragraph of the articles of incorporation shall not be altered, amended, or repealed except by the written consent or vote of three-fourths of the members voting thereon.

2. The articles must 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 acknowledgments of deeds and conveyances; and shall be filed in accordance with the provisions of the general corporation law of this state; and when so filed the said articles of incorporation, or certified copies thereof, shall be received in all the courts of this state and other places as prima facie evidence of the facts contained therein and of the due and legal incorporation of such association.

Section 274.090 – Bylaws of Association

1. Each association incorporated under this chapter must, within thirty days after its incorporation, adopt for its government and management, a code of bylaws, not inconsistent with the powers granted by this chapter. A majority vote of the members voting thereon, or their written assent, is necessary to adopt such bylaws. Each association, under its bylaws, 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 members constituting a quorum;

(3) The right of members to vote by proxy or by mail or by both; and the conditions, manner, form, and effect of such votes; and may provide for the representation of the members by delegates at meetings, and if so, then the method of apportionment of representation, the manner of the election or appointment of such delegates, the right of such delegates to vote by proxy or by mail or by both, and the condition, manner, form and effect of such votes;

(4) The number of directors constituting a quorum;

(5) The qualifications, compensation, 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 violation of the bylaws; the mode, manner and vote required for amending the bylaws;

(7) The amount of entrance, organization and membership fees, if any; the manner and method of collection of the same; and the purposes for which they may be used;

(8) The amount which each member shall be required to pay annually or from time to time, if at all, to carry on the business of the association;

(9) The charge, if any, to be paid by each member for services rendered by the association to him and the time of payment and the manner of collection;

(10) The marketing contract between the association and its members which every member may be required to sign;

(11) The number and qualifications of members of the association and the conditions precedent to membership;

(12) The method, time and manner of permitting members to withdraw;

(13) The manner of assignment of the interests of the members;

(14) The conditions upon which and time when membership of any member shall cease;

(15) The automatic suspension of the rights of a member when he ceases to be eligible to membership in the association;

(16) The mode, manner and effect of the expulsion of a member;

(17) The manner of determining the value of a member's interests and provision for its purchase by the association upon the death or withdrawal of a member, or upon the expulsion of a member or forfeiture of his membership.

2. In case of death, withdrawal or expulsion of a member, the board of directors shall, when authorized by its membership, equitably and conclusively appraise his property interests in the association and shall fix the amount thereof in money, which shall be paid to him, his legal representatives or assigns at such time as may be authorized by the board of directors, and in no event later than same would have been payable in the usual course of business, had such member continued his membership.

Section 274.110 – Directors to Manage Affairs of Association

1. The affairs of the association shall be managed by a board of not less than five directors, elected by the members from their own number.



2. The bylaws 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, either directly or by district delegates elected by the members of that district. In such a case the bylaws shall specify the number of directors to be elected by each district, the manner and method of reapportioning the directors and of redistricting the territory covered by the association. The bylaws may provide that primary elections shall be held in each district to elect the directors apportioned to such districts and that the result of all such primary elections may be ratified by the next regular meeting of the association or may be considered final as to the association.
3. The bylaws may provide that one or more directors may be appointed by any public official or commission or by the other directors selected by the members or their delegates. Such directors shall represent primarily the interest of the general public in such associations. The directors so appointed need not be members of the association, but shall have the same powers and rights as other directors. Such directors shall not number more than one-fifth of the entire number of directors.
4. An association may provide a fair remuneration for the time actually spent by its officers and directors in its service and for the service of the members of its executive committee.
5. 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 of the association, or differing from terms generally current in that district. The bylaws may provide that no director shall occupy any position in the association, except the president and secretary on regular salary or substantially full-time pay.
6. The bylaws 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.
7. 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 bylaws provide for the election of directors by district. In such a case the board of directors shall immediately call a special meeting of the members or stockholders in that district to fill the vacancy.

Section 274.120 – Officers Elected by Directors

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; or unite both functions and titles in one person. The bylaws may provide for the election of the president and vice president by the members, or their delegates, at annual meetings.



Section 274.040 – Members; Qualifications; Proxies; Joint Associations

1. Under the terms and conditions prescribed in the bylaws adopted by it, any association may admit as members, only persons engaged in the production of the agricultural products to be handled by or through the association, including the lessees and tenants of land used for the production of such products and any lessors and landlords who receive as rent all or any part of the crop raised on the leased premises.
2. If a member of a nonprofit cooperative association be other than a natural person, such members may be represented by any individual, associate, officer, manager or member thereof, duly authorized in writing.
3. One association organized hereunder may become a member of any other association or associations organized hereunder.

Section 274.180 – Fee Paid in Lieu of Other License of Tax

Each association organized hereunder shall pay an annual fee of ten dollars only, in lieu of all franchise or license or corporation or other taxes, including state sales taxes, or taxes or charges upon reserves held by it for members.

