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Agricultural Cooperative Formation:

Mississippi



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Fast Find:

- 1) Purpose: [§ 79-19-7](#)
- 2) Power: [§ 79-19-9](#)
- 3) Articles of Incorporation: [§ 79-19-13](#)
- 4) Bylaws: [§ 79-19-17](#)
- 5) Directors and Officers: [§ 79-19-21](#) and [§ 79-19-23](#)
- 6) Membership: [§ 79-19-11](#)
- 7) Capitalization: [§ 79-19-25](#)
- 8) Taxation: [§ 79-19-53](#)

[Miss. Code §§ 79-19-1 to 79-19-65](#)

Section 79-19-7 – Purposes

An association may be organized to engage in any activity in connection with the growing, breeding, handling, shipping, or utilization, or moving or marketing of the byproducts thereof of live stock and poultry of every description, and with the marketing or selling of agricultural products of its members, or with the harvesting, preserving, drying, processing, manufacturing, canning, packing, grading, storing, handling, shipping, or utilization thereof, or the manufacturing or marketing of the byproducts 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.

Section 79-19-9 – Powers

Each association incorporated hereunder shall have the following powers:

(a) To engage in any activity in connection with the growing, breeding, marketing, selling, or buying, or utilization of live stock and poultry of every description and the byproducts thereof, or 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 byproducts 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 in any one or more of the activities specified in this section. The association may also buy, sell and deal in agricultural products of nonmembers to an amount not greater in value than such as are handled by it for its members.

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



- (c) To act as the agent or representative of any member or members in any of the above mentioned activities.
- (d) 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 warehousing or handling or marketing of any of the products handled by the association.
- (e) To establish reserves and to invest the funds thereof in bonds or such other property as may be provided in the bylaws.
- (f) 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 operation of any of the business of the association, or incidental thereto.
- (g) To do each and every thing necessary, suitable, or proper for the accomplishment of any one (1) 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.
- (h) To sue and be sued, and prosecute and be prosecuted to judgment and suit before any court; to contract and be contracted with.

Section 79-19-13 – Articles of Association

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

- (a) The name of the association.
- (b) The purposes for which it is formed.
- (c) The place where its principal business will be transacted.
- (d) The term for which it is to exist, if other than perpetual.
- (e) The number of directors thereof, which must not be less than five (5) and may be any number in excess thereof, and the term of office of such directors.
- (f) If organized without capital stock, whether the property rights and interest of each member shall be equal or unequal; and if unequal, the articles shall set forth the general rule or rules applicable to all members by which property right and interests, respectively, of each member may and 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 such general rule or rules. This paragraph of the articles of association shall not be altered, amended, or repealed except by the written consent of the vote of three-fourths ($\frac{3}{4}$) of the members.
- (g) 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 must be subscribed by the incorporators and acknowledged by one (1) of them before an officer authorized by the laws of this state to take and certify acknowledgments, and shall be filed and recorded in the Office of the Secretary of State.

Section 79-19-17 – Bylaws

Each association incorporated hereunder must, within thirty (30) days after its incorporation, adopt for its government and management a code of bylaws, not inconsistent with the powers granted herein. A majority vote of the members or stockholders, or their written assent, is necessary to adopt such bylaws. The bylaws so adopted may be amended by the vote of a majority of the members present at any membership meeting duly called and held; provided, however, notice of such meeting and a statement of the substance of the proposed bylaw amendment shall be mailed or delivered by hand to all members of the association at least fifteen (15) days prior to the date of such meeting. Each association under its bylaws may also provide for any or all of the following matters:

- (a) The time, place and manner of calling and conducting its meetings.
- (b) The number of stockholders or members constituting a quorum.
- (c) 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.
- (d) The number of directors constituting a quorum.
- (e) The qualifications, and duties and term of office of directors and officers, time of their election and the mode and manner of giving notice thereof.
- (f) Penalties for violations of the bylaws.
- (g) 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.
- (h) The amount which each member or stockholder shall be required to pay annually or from time to time, if at all, to carry on the business of the association; the charge, if any, to be paid by each member or stockholder for service 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.
- (i) The qualification 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 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 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 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, or, at the option of the association, by conclusive appraisal by the board of directors. 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, and the association may pay therefor in cash or by certificate of indebtedness to be thereafter paid from the income of the association.

Section 79-19-21 – Directors; Election

The affairs of the association shall be managed by a board of not less than five (5) directors, elected by the members or stockholders from their own number 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 provisions of this chapter. 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. In such 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 should be held in each district to elect the directors apportioned to such districts and the result of all such primary elections must be ratified by the next regular meeting of the association or may be considered final as to the association.

The bylaws may provide that one or more directors may be appointed by the president of Mississippi State University of Agriculture and Applied Science or such other public official, commission, association or board as may be indicated by such bylaws. Such directors shall represent primarily the interest of the general public in such 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 other directors. Such directors shall not number more than one-fifth ($\frac{1}{5}$) of the entire number of directors.

The directors of an 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.

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.

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 an election of directors by districts. In such a 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 79-19-23 – Election of Officers

The directors shall elect from their number a chairman or board president. The directors also shall elect a chief operating officer of the association, one or more vice presidents, a secretary and treasurer, none of whom need be directors or members of the association. The board may combine the two (2) 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 function 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 79-19-11 – Members

(1) Under the terms and conditions prescribed in its bylaws, an association may admit as members, or issue common stock or certificate of membership, only to 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 part of the crops raised in the leased premises. Certificate of membership and common stock shall not be transferable, and no person shall acquire the same by operation of law or otherwise, except as provided herein.

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

(3) One (1) association organized hereunder may become a member or stockholder of any other association or associations organized hereunder or whose purposes and operations are in harmony with the purposes of this chapter.

(4) The first meeting of persons at interest, unless otherwise provided for, may be called by notice published in some convenient newspaper at least five (5) days before the time appointed for the meeting, which notice shall be signed by one or more persons named in the articles of association; and the meeting when assembled may proceed to organize the association.

Section 79-19-25 – 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, if required, in full he shall receive a certificate of membership.

No association shall issue stock to a member until it has been fully paid for.

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.

No stockholder of a cooperative association shall own more than one-twentieth ($1/20$) of the common stock of the association or more than one-twentieth ($1/20$) of the preferred stock of the association enjoying voting rights, but any one (1) stockholder may own one-twentieth ($1/20$) of each class; and an association, in its bylaws, may limit the amount of common stock or of preferred stock enjoying voting rights which one (1) member may own to any amount less than one-twentieth ($1/20$) of such stock.

Each share of stock shall entitle the holder thereof to one (1) vote in the management of the association; provided, however, if authorized by the articles of association, classes of preferred stock may be issued without voting rights.

Preferred stock may be redeemable or retirable by the association on such terms and conditions as may be provided for by the articles of association and printed on the face of the certificate.

The bylaws shall prohibit the transfer of the common stock or of preferred stock enjoying voting rights to persons not engaged in the production of the agricultural products handled by the association, and such restrictions must be printed upon every certificate of stock subject thereto.

The association may at any time, except when the debts of the association exceed fifty percent (50%) of the assets thereof, buy in or purchase its stock at book value thereof as conclusively determined by the board of directors and pay for it in cash within one (1) year thereafter.

Section 79-19-53 – Exemptions

Each association organized hereunder shall be exempt from the payment of ad valorem taxes on agricultural products and products of farm, grove or garden produced by its members within the State of Mississippi.

