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Agricultural Cooperative Formation:

Nebraska



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Fast Find:

- 1) Purpose: [§ 21-14.02](#)
- 2) Power: [§ 21-14.05](#)
- 3) Articles of Incorporation: [§ 21-14.04](#)
- 4) Bylaws: [§ 21-14.07](#)
- 5) Directors: [§ 21-14.08](#)
- 6) Membership: [§ 21-14.06](#)
- 7) Capitalization: [§ 21-14.01](#)

[Neb. Rev. Stat. §§ 21-14.01 to 21-14.14](#)

Section 21-14.02 – Formation; Purposes

Any number of persons, not less than five, engaged in the production of agricultural products or two or more nonprofit cooperative companies, stock or nonstock, may form a cooperative association without capital stock for the transaction of any lawful business by the adoption of articles of incorporation, as set forth in Chapter 21, article 14.

Section 21-14.05 – Powers

Each association incorporated hereunder shall have the following powers: (1) To enter into contracts with its members for periods not over five years, requiring them to sell or market all or a specified part of their livestock or other products to or through the association, or to buy all, or a specified part, of their farm supplies from or through the association; (2) to act as agent or representative of any member or members or of nonmembers in carrying out the objects of the association; (3) to set aside each year to a surplus fund a portion of the savings of the company which surplus may be used for conducting the business of the corporation; and (4) to adopt articles and bylaws for the management of the association which shall also set the number or percentage of members required to be present in order to constitute a quorum at each members' meeting, which number or percentage shall not be less than ten percent of the members, but not more than fifty members, nor less than five members, except when the total membership is ten or less.

Section 21-14.04 – Articles of Incorporation; Contents

Every nonstock cooperative association organized under the provisions of Chapter 21, article 14, shall provide in its articles of incorporation: (1) That the words nonstock cooperative shall be included in its corporate name and



that it proposes to organize as a cooperative association; (2) the objects or purposes for which it is formed; (3) that the net earnings or savings of the association, if any, shall be distributed on the basis of, or in proportion to, the amount or value of property bought from or sold to members, or members and other patrons, or of labor performed or other services rendered to the corporation, except that this subdivision shall not be so interpreted as to prevent a cooperative company from declaring patronage dividends at different rates upon different classes or kinds or varieties of goods handled; (4) that the articles of incorporation or the bylaws of the company shall give a detailed statement of the method followed in distributing earnings or savings; (5) the registered office and street address of such registered office; (6) the current registered agent and the name and street address of such registered agent. A post office box number may be provided in addition to the street address; and (7) the name and street address of each incorporator.

Section 12-1407 – Bylaws

Each association incorporated hereunder shall make such provision as it may desire for the adoption of its board of directors of a code of bylaws for the government and management of its business consistent herewith.

Section 12-1408 – Directors; Duties and Powers; Annual and Special Meetings; Notice

In its bylaws, each association shall provide for one or more regular meetings annually. The board of directors shall have the right to call a special meeting at any time; and ten percent of the members may file a petition stating the specific business to be brought before the association and demand a special meeting at any time. Such meeting must thereupon be called by the directors. Notice of all meetings, together with a statement of the purposes thereof, shall be mailed to each member at least ten days prior to the meeting; *Provided, however*, that the bylaws may require instead that such notice may be given by publication in a newspaper or newspapers of general circulation, in the territory in which the association has its membership.

Section 12-1406 – Members; Eligibility; Suspension or Withdrawal; Voting; Liability for Corporate Debts; Certificate of Membership

Only persons engaged in the production of the agricultural products, including lessees and landlords receiving such products as rent except as otherwise provided herein, or cooperative associations of such producers, shall be eligible to membership therein, subject to the terms and conditions prescribed in its articles of incorporation or bylaws consistent herewith. Only members of an association shall have the right to vote, and no member shall be entitled to more than one vote upon any question or matter affecting the association or relating to its affairs. Articles of incorporation hereunder may provide that no voting by proxy shall be permitted and such articles or bylaws adopted thereunder may further provide that a written vote received by mail from any absent member, and



signed by him or her, may be read and counted at any regular or special meeting of the association, provided that the secretary shall notify all members in writing of the exact motion or resolution upon which such vote is to be taken, and a copy of same shall be forwarded with and attached to the vote so mailed by the member, and elections may be carried out in a similar manner. No member of an association shall be liable for its debts or obligations beyond the unpaid amount, if any, due by him or her on his or her membership dues. Every association formed hereunder shall issue a certificate of membership to each member which, unless otherwise provided in its articles of incorporation or bylaws, shall be nontransferable. Following the ascertainment through procedure set forth in its bylaws that a member has ceased to be eligible to membership in an association, his or her rights therein may be suspended. In the event of the death, withdrawal or expulsion of a member, the board of directors shall within a reasonable time thereafter equitably and conclusively ascertain the value of such member's membership, if any, which shall be paid him or her or his or her legal representatives by the association within a reasonable time after such ascertainment.

Section 12-14.11 – Federation of Association; Acquisition of Stock or Membership; Agreements

To effectuate the formation of federations of nonprofit associations of producers, any such association of producers whether formed hereunder or not is hereby authorized to acquire membership or stock in any other such association of producers, and any such association is hereby authorized to grant such membership or sell such stock to such associations, and any association may, upon resolution adopted by its board of directors, enter into all necessary and proper contracts and agreements, and make all necessary and proper stipulations, agreements and contracts with any other cooperative corporation, association, or associations, formed in this or in any other state, for the cooperative and more economical carrying out of its business, or any part thereof. Any two or more associations may, by agreement between them, unite in employing and using or may separately employ and use the same methods, means, and agencies for carrying on and conducting their respective business.

