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Agricultural Cooperative Formation:

Rhode Island



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Section 7-7-2 – Power to Form Associations

Five (5) or more persons of lawful age engaged in the production of agricultural products, or two (2) or more nonprofit cooperative associations of producers, organized under the provisions of this chapter, may form a nonprofit cooperative association with or without capital stock for the purpose of producing, handling, processing, preparing for market, warehousing, financing, preserving, drying, canning, packing, manufacturing, utilizing, and marketing the agricultural products of its members or for engaging in any activity pertaining to any of the things enumerated, including the financing, purchasing, or otherwise securing for its members supplies, equipment, machinery, or commodities of any character.

Section 7-7-6 – General Powers of Associations

Each association incorporated under this chapter has power and authority to:

- (1) Have perpetual succession in its corporate name unless a period for its duration is limited in its articles of association;
- (2) Sue and be sued in its corporate name;
- (3) Have and use a common seal and alter the seal at pleasure;
- (4) Elect any officers and appoint any agents that its business requires and to fix their compensation and define their duties;
- (5) Issue shares of capital stock or certificates of membership to its members, and to transfer, retire, or cancel them, as authorized by law, or by the articles of association or bylaws adopted in conformity with law;



- (6) Buy, lease, or hold any real or personal property necessary or convenient for the conduct and operation of the business or incidental to it;
- (7) Enter into contracts with its members for periods not over ten (10) years requiring them to sell or market all or a specified part of their products to or through the association;
- (8) Employ any lawful means or methods for financing its transactions or operations;
- (9) Borrow money and to make advance payments and other advances to members;
- (10) Act as agent or representative of any member or members in carrying out the objects of the association;
- (11) Receive and employ warehouse receipts or other written instruments covering products of members stored on farms or elsewhere under suitable conditions issued or executed by any warehouseman, warehousing association, or other entity, which products may or may not have been inspected by inspectors licensed or authorized to inspect, sample, classify, grade, or weigh agricultural products under state or federal laws and which warehouse receipts or other written instruments may or may not be accompanied by the certificate or certificates issued by the inspectors on the products;
- (12) Form or become a member or stockholder of other nonprofit associations of producers, and to admit to membership or to sell stock to, other nonprofit associations of producers;
- (13) Adopt bylaws consistent with law providing for any matter or thing relative to the control, operation, maintenance, management, regulation, government, financing, indebtedness, the establishment of voting districts and the election of delegates for representative purposes; membership, the termination of it; stock (if formed with capital stock), its issuance, retirement, purchase, or transfer; or with respect to members, directors, or officers; and any other bylaws pertaining to its affairs;
- (14) Do everything necessary, suitable, or proper for the accomplishment of any one or more of the purposes; or the attainment of any one or more of the objects enumerated in these provisions; or the objects or purposes for which formed, and to contract and act accordingly.

Section 7-7-3 – Contents and Filing of Articles of Association

The persons shall sign and file in duplicate written articles of association, which shall be signed by all of the incorporators and which shall be acknowledged by them in the manner in which deeds of real estate are required to be acknowledged within this state, and the residences of the incorporators shall be stated opposite their names. In the articles of association, the



incorporators shall recite that they desire to become incorporated under the provisions of this chapter and shall state:

(1) The name of the association, which shall contain the word "cooperative" and which shall not be the same as that of any other association or corporation formed or doing business in this state or so similar in name as to be likely to be confused with it.

(2) The objects or purposes for which it is formed.

(3) The place where its principal office is to be located.

(4) The term for which it is to exist.

(5) Whether formed with or without capital stock, and if formed with capital stock, the total amount of the authorized capital stock of the corporation, the number of shares into which the stock is divided and the par value of each share, except in the case of a corporation having stock or any class of stock without par value, in which case the articles of association regarding the stock, in lieu of the above, shall state the total number of shares authorized and that they are without par value; the restrictions, if any, imposed on the transfer of stock; and, if there be two (2) or more classes of stock, a description of the different classes and a statement of the terms on which they are created.

(6) In addition to the above, the articles of incorporation of any association incorporated under this chapter may contain any provision consistent with law with respect to management, regulation, government, financing, indebtedness, membership, the establishment of voting districts and the election of delegates for representative purposes, the issuance, retirement, and transfer of its stock, if formed with capital stock, or any provisions relative to the manner in which it operates or as to its members, officers, or directors and any other provisions relating to its affairs.

Section 7-7-7 – Bylaws

Each association incorporated under this chapter shall, within thirty (30) days after its incorporation, adopt for its government and management a code of bylaws consistent with these provisions. A two-thirds ($\frac{2}{3}$) vote of the members present at any meeting at which a quorum is present is necessary to adopt bylaws or make any change or amendment of them if notice of the adoption, change, or amendment was included in the call of the meeting.

Section 7-7-14 – Directors; Meetings of Association

The bylaws of each association shall provide for the management of the association by a board of not less than five (5) directors, who shall be elected by the members in any manner, at any times, and for any terms that the bylaws prescribe. Regular meetings of the association shall be held at



any places and at any times that the bylaws prescribe. The board of directors may hold special and adjourned meetings and may call a special meeting of the association at any time. Ten percent (10%) 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. The meeting must at that time be called by the directors. Notice of all meetings, together with a statement of the purposes of the meeting, shall be mailed to each member at least five (5) days prior to the meeting. However, the bylaws may require instead that the 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 7-7-8 – Qualifications of Members

Only persons, or associations of persons, engaged in the production of the agricultural products as the association is authorized to handle, including lessees and landlords receiving these products as rent, shall be eligible to membership therein, subject to the terms and conditions prescribed in its articles of incorporation or bylaws consistent herewith. 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.

Section 7-7-12 – Transfer of Stock

The transfer of common stock of an association is restricted to persons engaged in the production of the products handled by an association subject to any provisions in its articles or bylaws consistent with this chapter. An association may provide in its articles or bylaws that it is to have the prior right to purchase, on any terms that it determines, any of its common stock that may be offered for sale.

Section 7-7-21 – Annual Tax

Each association organized under the provisions of this chapter shall pay to the state an annual tax of five dollars (\$5.00) that shall be assessed by the tax administrator at the same time and in the same manner, and is due and payable to, and may be collected by, the general treasurer at the same time and in the same manner as the annual corporation franchise tax provided for by § 44-12-1 [repealed] is assessed, due, payable, and collected; and the association is exempt from all state taxes except the one prescribed in this section.

