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Agricultural Cooperative Formation:

South Carolina



This material is based upon work supported by the National Agricultural Library, Agricultural Research Service, U.S. Department of Agriculture

A National Agricultural Law Center Research Publication

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S.C. Code §§ 33-47-10 to 33-47-1159

Section 33-47-80 – Purposes for Which Associations May be Formed

An association may be organized to engage in any activity in connection with:

- (1) The producing, marketing or selling of the agricultural products of its members;
- (2) The harvesting, preserving, drying, processing, canning, packing, storing, handling, shipping or utilization thereof;
- (3) The manufacturing or marketing of the by-products thereof;
- (4) The manufacturing, selling or supplying to its members of machinery, equipment or supplies;
- (5) The financing of the above-enumerated activities; or
- (6) More than one of the activities specified herein.

Section 33-47-230 – Powers of Association

Each association incorporated under this chapter shall, in addition to the powers conferred on all private corporations by Section 33-3-102, have the following powers:

- (1) To engage in any activity in connection with
 - (a) the producing, marketing, selling, harvesting, preserving, drying, processing, canning, packing, storing, handling or utilization of any agricultural products produced or delivered to it by its members,



- (b) the manufacturing or marketing of the by-products thereof,
 - (c) the purchase, hiring or use by its members of supplies, machinery or equipment,
 - (d) the financing of any such activities or
 - (e) more than one of the activities specified in this section;
- (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 and exercise all rights of ownership in and to sell, transfer or pledge shares of the capital stock or bonds of any corporation or association engaged in any related activity or in the 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 bylaws;
 - (6) To buy, 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; and
 - (7) To do each and everything necessary, suitable or proper for the accomplishment of any of the purposes or the attainment of any of the objects herein enumerated or conducive to or expedient for the interest or benefit of the association and to contract accordingly; 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 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; and to do any such thing anywhere.

Section 33-47-210 – Articles of Incorporation

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

- (1) The name of the association;
- (2) The purpose for which it is formed;
- (3) The place where its principal business will be transacted;
- (4) The term for which it is to exist, not exceeding fifty years;



(5) The names and addresses of those (not less than five) who are to serve as directors for the first term or until the election of their successors;

(6) If organized without capital stock, 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; and

(7) 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. If the capital stock be divided into preferred and common stock the articles of incorporation 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 extent of the preference and privileges granted to each.

In addition to the foregoing the articles of incorporation may contain any provisions consistent with law with respect to the corporation's management, regulation, government, financing, indebtedness, membership, establishment of voting districts and election of delegates for representative purposes, the issuance, retirement and transfer of its stock, if formed with capital stock, the way or manner in which the association shall operate with respect to its members, officers or directors or any other provisions relating to its affairs.

Section 33-47-810 – Bylaws

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 a quorum of the members or stockholders attending a meeting, prior to which notice of the proposed bylaw or bylaws shall have been given, is sufficient to adopt or amend the bylaws. Each association under its bylaws may also 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 rights of members or stockholders to vote by proxy or by mail or both and the conditions, manner, form and effects of such votes;

(4) The number of directors constituting a quorum;

(5) The qualifications, compensation, duties and terms 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;
- (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 or stockholder 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 or stockholder for services rendered by the association to him, the time of payment and the manner of collection;
- (10) The marketing contract between the association and its members or stockholders which every member or stockholder may be required to sign;
- (11) The number and qualification of members or stockholders of the association and the conditions precedent to membership or ownership of common stock;
- (12) The method, time and manner of permitting members to withdraw or the holders of common stock to transfer their stock;
- (13) The manner of assignment and transfer of the interest of members and of the shares of common stock and the conditions upon which and time when membership of any member shall cease;
- (14) The automatic suspension of the rights of a member when he ceases to be eligible for membership in the association and the mode, manner and effect of the expulsion of a member; and
- (15) 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 or, at the option of the association, by conclusive appraisal by the board of directors.

Section 33-47-910 – Directors

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 number. 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 a case the bylaws shall specify the number of directors to be elected by each district and 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 that the result of all such primary elections must be ratified by the next meeting of the association. The



bylaws may provide that one or more directors may be appointed by the director of the extension service of Clemson University. 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.

Section 33-47-940 – Officers

The directors shall elect from their number a president and one or more vice-presidents. They shall also elect a secretary and treasurer who need not be directors and they may combine the two latter officers and designate the combined office as secretary-treasurer. The treasurer, who shall be a bonded official, 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 except that the funds shall be deposited only as authorized by the board of directors.

Section 33-47-410 – Membership

Under the terms and conditions prescribed in its bylaws an association may admit as members or issue common stock 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 crop raised on the leased premises.

Section 33-47-610 – Issuance of Stock

No association shall issue stock to a member until it has been fully paid for. The promissory notes 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 members' right to vote.

Section 33-47-640 – Limitation on Amount of Stock Held

No stockholder of a cooperative association shall own more than one half of the issued common stock of the association. And an association, in its bylaws, may limit the amount of common stock which one member may own to any amount less than one twentieth of the issued common stock.

Section 33-47-120 – Annual License Fee; Exemption from Franchise and License Tax

Each association organized hereunder and all production credit associations organized under the act of Congress known as the Farm Credit Act of 1933 shall pay an annual license fee of ten dollars but shall be exempt from all franchise or license taxes.

