

By: Representative Howell

To: Agriculture; Ways and Means

HOUSE BILL NO. 914
(As Sent to Governor)

1 AN ACT TO AMEND SECTION 79-19-9, MISSISSIPPI CODE OF 1972, TO
2 REVISE THE POWERS OF COOPERATIVE MARKETING ASSOCIATIONS TO ALLOW
3 THE PURCHASE, SELL AND DEAL IN AGRICULTURAL PRODUCTS OF NONMEMBERS
4 UP TO A CERTAIN AMOUNT; TO AMEND SECTION 79-19-13, MISSISSIPPI
5 CODE OF 1972, TO AMEND THE ARTICLES OF ASSOCIATION TO REMOVE THE
6 99-YEAR LIMITATION PERIOD DURING WHICH AN ASSOCIATION MAY EXIST,
7 IF NOT FOR A PERPETUAL PERIOD; TO AMEND SECTION 79-19-15,
8 MISSISSIPPI CODE OF 1972, TO REQUIRE THAT ANY AMENDMENTS MADE TO
9 THE ARTICLES OF ASSOCIATION BE ADOPTED BY A MAJORITY VOTE OF THE
10 MEMBERS OF THE ASSOCIATION AFTER A TWO-THIRDS APPROVAL OF THE
11 BOARD OF DIRECTORS; TO PRESCRIBE THE PROCESS FOR RECESSING THE
12 MEETING AND PROVIDING NOTICE OF A SUBSEQUENT MEETING TO TAKE PLACE
13 NOT LESS THAN THREE WEEKS FROM THE RECESS FOR MEMBERS TO ADOPT THE
14 AMENDMENTS; TO AMEND SECTION 79-19-23, MISSISSIPPI CODE OF 1972,
15 TO REQUIRE THE BOARD OF DIRECTORS TO ELECT A CHAIRMAN OR BOARD
16 PRESIDENT AND CHIEF OPERATING OFFICER OF THE ASSOCIATION; TO AMEND
17 SECTION 79-19-25, MISSISSIPPI CODE OF 1972, TO REVISE THE
18 CONDITION UPON WHICH AN INDIVIDUAL IS ENTITLED TO RECEIPT OF A
19 CERTIFICATE OF MEMBERSHIP; TO AMEND SECTION 79-19-55, MISSISSIPPI
20 CODE OF 1972, TO INCREASE THE FEE FOR FILING ARTICLES OF
21 ASSOCIATION TO FIFTY DOLLARS AND REMOVE THE FEE FOR FILING AN
22 AMENDMENT TO THE ARTICLES; TO CREATE NEW SECTION 79-19-65,
23 MISSISSIPPI CODE OF 1972, TO PROVIDE FOR THE APPLICABILITY OF
24 GENERAL LAWS GOVERNING NONPROFIT CORPORATIONS; AND FOR RELATED
25 PURPOSES.

26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

27 **SECTION 1.** Section 79-19-9, Mississippi Code of 1972, is
28 amended as follows:



29 79-19-9. Each association incorporated hereunder shall have
30 the following powers:

31 (a) To engage in any activity in connection with the
32 growing, breeding, marketing, selling, or buying, or utilization
33 of live stock and poultry of every description and the byproducts
34 thereof, or with the marketing, selling, harvesting, preserving,
35 drying, processing, manufacturing, canning, packing, grading,
36 storing, handling, or utilization of any agricultural product
37 produced or delivered to it by its members; or the manufacturing
38 or marketing of the byproducts thereof; or in connection with the
39 purchase, hiring, or use by its members of supplies, machinery, or
40 equipment; or in the financing of any such activities; or in any
41 one or more of the activities specified in this section. * * *

42 The association may also buy, sell and deal in agricultural
43 products of nonmembers to an amount not greater in value than such
44 as are handled by it for its members.

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

46 (c) To act as the agent or representative of any member
47 or members in any of the above mentioned activities.

48 (d) To purchase or otherwise acquire, and to hold, own,
49 and exercise all rights of ownership in, and to sell, transfer, or
50 pledge, or guarantee the payment of dividends or interest on, or
51 the retirement or redemption of shares of the capital stock or
52 bonds of any corporation or association engaged in any related



53 activity, or in the warehousing or handling or marketing of any of
54 the products handled by the association.

55 (e) To establish reserves and to invest the funds
56 thereof in bonds or such other property as may be provided in the
57 bylaws.

58 (f) To buy, hold, and exercise all privileges of
59 ownership over such real or personal property as may be necessary
60 or convenient for the conducting and operation of any of the
61 business of the association, or incidental thereto.

62 (g) To do each and every thing necessary, suitable, or
63 proper for the accomplishment of any one (1) of the purposes, or
64 the attainment of any one or more of the objects herein
65 enumerated, or conducive to or expedient for the interest or
66 benefit of the association; and to contract accordingly; and in
67 addition to exercise and possess all powers, rights, and
68 privileges necessary or incidental to the purposes for which the
69 association is organized, or to the activities in which it is
70 engaged; and to do any such thing anywhere.

71 (h) To sue and be sued, and prosecute and be prosecuted
72 to judgment and suit before any court; to contract and be
73 contracted with.

74 **SECTION 2.** Section 79-19-13, Mississippi Code of 1972, is
75 amended as follows:

76 79-19-13. Each association formed under this chapter must
77 prepare and file articles of association, setting forth:



78 (a) The name of the association.

79 (b) The purposes for which it is formed.

80 (c) The place where its principal business will be
81 transacted.

82 (d) The term for which it is to exist, * * * if other
83 than perpetual.

84 (e) The number of directors thereof, which must not be
85 less than five (5) and may be any number in excess thereof, and
86 the term of office of such directors.

87 (f) If organized without capital stock, whether the
88 property rights and interest of each member shall be equal or
89 unequal; and if unequal, the articles shall set forth the general
90 rule or rules applicable to all members by which property right
91 and interests, respectively, of each member may and shall be
92 determined and fixed; and provision for the admission of new
93 members who shall be entitled to share in the property of the
94 association with the old members, in accordance with such general
95 rule or rules. This paragraph of the articles of association
96 shall not be altered, amended, or repealed except by the written
97 consent of the vote of three-fourths (3/4) of the members.

98 (g) If organized with capital stock, the amount of such
99 stock and the number of shares into which it is divided and the
100 par value thereof. The capital stock may be divided into
101 preferred and common stock. If so divided the articles of
102 association must contain a statement of the number of shares of



103 stock to which preference is granted and the number of shares of
104 stock to which no preference is granted and the nature and
105 definite extent of the preference and privileges granted to each.

106 The articles must be subscribed by the incorporators and
107 acknowledged by one (1) of them before an officer authorized by
108 the laws of this state to take and certify acknowledgments, and
109 shall be filed and recorded in the Office of the Secretary of
110 State.

111 **SECTION 3.** Section 79-19-15, Mississippi Code of 1972, is
112 amended as follows:

113 79-19-15. (1) Any amendment to the articles of association
114 must first be approved by a vote of not less than two-thirds (2/3)
115 of all the members of the board of directors and then adopted by a
116 vote representing a majority of all the members of the
117 association. * * *

118 (2) However, if a majority of the members are not present at
119 a meeting of the members of the association to a proposed
120 amendment that has been submitted, then those present shall recess
121 the meeting to a time and place certain, but not sooner than three
122 (3) weeks from the time of recess. Prior to the reconvening of
123 the recessed meeting, notices shall be published each week for
124 three (3) consecutive weeks in a newspaper of general circulation
125 in the place where the principal office of the association is
126 located. These notices shall state the time, place, and purpose
127 of the recessed meeting. When the meeting reconvenes, the members



128 present shall constitute a quorum, and may take action on the
129 proposed amendment by a majority vote of those present, even if
130 members present are fewer than a majority of the total membership
131 of the association.

132 (3) Amendments to the articles of association when so
133 adopted shall be certified to by the president and secretary of
134 the association and shall be filed with the Secretary of State.
135 Such certification and filing shall be conclusive evidence of the
136 validity of such amendment.

137 **SECTION 4.** Section 79-19-23, Mississippi Code of 1972, is
138 amended as follows:

139 79-19-23. The directors shall elect from their number a
140 chairman or board president * * *. The directors also shall elect
141 a chief operating officer of the association, one or more vice
142 presidents * * *, a secretary and treasurer, * * * none of whom
143 need * * * be directors or members of the association * * *. The
144 board may combine the two (2) latter offices and designate the
145 combined office as secretary-treasurer. The treasurer may be a
146 bank or any depository, and as such shall not be considered as an
147 officer but as a function of the board of directors. In such case
148 the secretary shall perform the usual accounting duties of the
149 treasurer, excepting that the funds shall be deposited only as
150 authorized by the board of directors.

151 **SECTION 5.** Section 79-19-25, Mississippi Code of 1972, is
152 amended as follows:



153 79-19-25. When a member of an association established
154 without capital stock has paid his membership fee, if required, in
155 full he shall receive a certificate of membership.

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

158 Except for debts lawfully contracted between him and the
159 association, no member shall be liable for the debts of the
160 association to an amount exceeding the sum remaining unpaid on his
161 membership fee.

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

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

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



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

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

188 **SECTION 6.** Section 79-19-55, Mississippi Code of 1972, is
189 amended as follows:

190 79-19-55. For filing articles of association and amendments
191 to the articles, an association organized * * * under this chapter
192 shall pay to the Secretary of State * * * Fifty Dollars (\$50.00).

193 **SECTION 7.** The following shall be codified as Section
194 79-19-65, Mississippi Code of 1972:

195 79-19-65. The general nonprofit corporation laws and all
196 powers and rights under those laws apply to the associations
197 organized under this chapter, except where such provisions are in
198 conflict or inconsistent with the express provisions of this
199 chapter.

200 **SECTION 8.** This act shall take effect and be in force from
201 and after July 1, 2014.

