

# Alaska Cooperative Corporations Act

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This research is intended to provide detailed information on specific provisions of the Alaska Cooperative Corporations. Act. The table of contents provides a list of provision topics addressed. The descriptions of the statute provisions include legal citations to the specific part of the statute where the topic is addressed so users can easily look at the statute language. A URL for the statute is also provided when it is available.

This research has been provided by private individuals and does not represent official policy of the U.S. Department of Agriculture or any other government agency. The research is presented only to provide summary information to persons interested in the state statutory treatment of Alaska cooperatives. Individuals considering organizing a cooperative are advised to seek professional advice from an expert on cooperative law who is acquainted with the facts of the individual's particular situation.

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# 1. Cooperative Statute: Policy, Purposes, Powers

1.1. State and Statute Title. Please name the state and the title of the cooperative organization law. Provide a nickname for the cooperative law using the state abbreviation hyphenated with a brief statute descriptor

- Alaska Cooperative Corporations Act (Alaska Statute AS 10.15.600); AK-Coop.

1.2. Statute Nickname, Legal Citation, and URL. Please provide a full legal citation to the statute and, if available, a uniform resource locator (URL) address where the statute may be accessed for free.

- [Alaska Cooperative Corporation Act Statutes \(AS 10.15.005 – 10.15.600\)](#)

1.3. Application of General Law. Briefly describe whether general corporate law or general limited liability company law applies to cooperatives organized under the statute.

- Alaska Cooperative Corporations are governed by Chapter 15 a unique part of TITLE 10. CORPORATIONS AND ASSOCIATIONS of the Alaska Statutes. In Alaska cooperatives are organized as corporations.

1.4. Conflict of Laws. Briefly describe any provisions addressing any conflict between the cooperative statute and general corporate or general limited liability company law.

- AK-Coop: NA.

1.5. Construction of Law. Briefly describe any reference to how the statute should be construed.

- AK-Coop 10.15.595 provides a list of definitions unique to the act.

**1.6. Declaration of Statutory Policy.** Briefly state any broad declaration of statutory policy (i.e., description of conditions in agriculture or in the economy prompting the enactment of the cooperative statute).

- AK-Coop 10.15.005: "A cooperative may be formed under this chapter for any lawful purpose, except for the purpose of banking, or insurance or the furnishing of electric power or telephone service."

**1.7. Statutory Qualification as a Cooperative.** Briefly describe any statement indicating that a cooperative is an entity that qualifies under this particular statute.

- AK-Coop 10.15.005: Any business organized under the act. AK-Coop 10.15.585 "Application of this Chapter" Act applies to cooperatives incorporated under previous law, but does not apply to electric power cooperatives or telephone cooperatives.

**1.8. Cooperative Operational Description.** Briefly describe any provision that gives a general, operational description of a cooperative.

- AK-Coop: NA.

**1.9. "Nonprofit" Nature of Cooperative.** Briefly describe any reference to the "nonprofit" nature of the cooperative inasmuch as it is organized to pass margins to users rather than to make profit for itself.

- AK-Coop: NA.

**1.10. Cooperative Purpose.** List any specific purpose(s) of the cooperative.

- AK-Coop 10.15.005: Co-op can be formed for any lawful purpose other than banking, insurance, furnishing electric power or telephone service.

**1.11. Perpetual Duration and Succession.** Does a cooperative have perpetual duration and succession?

- AK-Coop 10.15.010 (1): Yes, duration as stated in Articles of Incorporation.

1.12. General Powers. State briefly any general power mentioned (e.g., the power to do all things necessary or convenient to carry out the cooperative's business).

- AK-Coop 10.15.010: General Powers with 15 powers enumerated including (15) "have and exercise all powers necessary or convenient to carry out the purposes for which the cooperative is organized."

1.13. Specific Powers. Please list any specific powers mentioned (e.g. buy/sell/produce/process products, handle byproducts, make purchases for members, manufacture, enter contracts, act as agent, own property, sue and be sued, develop and own patents, trademarks, and copyrights, borrow and lend money, invest, etc.).

- AK-Coop 10.15.010: General Powers enumerates 15 powers: perpetual succession, sue and be sued, adopt seal, buy take hold real and personal property, sell or dispose of property, buy take hold interests in other entities, make contracts and incur liabilities, lend money, conduct business affairs, elect officers, donate to public welfare, indemnify directors and officers, cease activities and surrender franchise.

1.14. Inter-Association Agreements. Briefly describe any provision that permits activities between or among two or more cooperatives.

- AK-Coop 10.15.225: Contracts between two or more cooperatives. "Two or more cooperatives may contract and act in association, corporate or otherwise, to perform collectively any of their powers or purposes authorized by this chapter."

1.15. Prohibited Powers. State briefly (list) powers denied to the cooperative. briefly (list) powers denied to the cooperative.

- AK-Coop: NA.

1.16. Prohibited Lines of Business. State briefly (list) prohibited lines of business.

- AK-Coop 10.15.005: Purposes for which a cooperative may be organized. Under the Act cooperatives are prohibited from banking, insurance, and from furnishing electric power or telephone service.

1.17. Emergency Powers. State briefly any emergency powers.

- AK-Coop: NA.

1.18. Ultra Vires. Briefly describe any provision addressing when a cooperative exceeds its legal purpose.

- AK-Coop 10.15.040: Defense of ultra vires. The Act provides a blanket protection for actions brought based on ultra vires with three exceptions: a cooperative's actions can be enjoined if the action is part of a contract to which the cooperative is a party and court finds it equitable, it is part of a suite against officers or directors, the attorney general invokes ultra vires in an action to dissolve the cooperative.

1.19. Quo Warranto Proceeding. Describe briefly any provision addressing any inquiry into the legitimacy of an association's operation as a cooperative.

- AK-Coop: NA.

1.20. Miscellaneous. Describe any other provision(s) that address cooperative powers or their limits.

- AK-Coop 10.15.570: Declaration of public policy that cooperatives are not in restraint of trade. AK-Coop 10.15.575 Use of the term "cooperative" can only be used by persons incorporate under the Act or a previous law, except for electric and telephone cooperatives. Cooperatives may sue to enjoin a violation of this section.

## **2. Cooperative Association Formation**

2.1. Specific Cooperative Forms. Name any specific cooperative forms mentioned by the statute (e.g., worker cooperative, agricultural cooperative, value-added producer cooperative, etc.).

- AK-Coop: NA.

2.2. Number of Organizers. Is a minimum number of organizers required?

- AK-Coop 10.15.335: Procedure for Incorporation. "Three or more natural persons 19 years of age..."

2.3. Requirements for Organizers. Are there any other requirements for organizers (e.g. an organizer must be a "person," a "natural person," an "association," must be a state resident, must be a certain age, must produce agricultural products, etc.)?

- AK 10.15.335: Procedure for Incorporation. "Three or more natural persons 19 years of age..."

2.4. Promoter Activities, Expenses. Briefly describe any provisions that address the activities and/or expenses of individuals ("promoters") engaged in assisting in the organization of the cooperative.

- AK-Coop: NA.

2.5. State Filing Requirements. Briefly state where and how to file the articles of incorporation or organization.

- AK-Coop 10.15.335: Procedure for Incorporation. "in duplicate to the commissioner {of the Department of Commerce, Community , and Economic Development - see AK 10.15.595: Definitions}.

2.6. State Fees. State the fee amount for starting a cooperative.

- AK-Coop 10.15.535: License fee for cooperative. The license fee of each cooperative shall be established by the department by regulation." AK 10.15.560: Payment required for filing. The current fee is \$250.

2.7. Start of Legal Existence. When does the cooperative's legal existence begin?

- AK-Coop 10.15.345: Effect of certificate of incorporation. "Upon the issuance of the certificate of incorporation, the corporate existence begins . . ."

2.8. Cooperative Name. Is "cooperative" or another term of art required as part of the association's name?

- AK-Coop 10.15.575: Use of the term "cooperative". Entities not incorporated under the act may not use the term "cooperative."

2.9. Additional Name Requirements. Is the cooperative's name required to be unique?

- AK-Coop 10.15.575: Distinguishable name. The cooperative's name must be distinguishable from any other organized entity and from registered or reserved names. Alaska Statute 10.35.040: gives definitions of organized entity, and reserved or registered name.

2.10. Permitted Businesses. Are there restrictions on types of business entities that can be called a cooperative?

- AK-Coop 10.15.575: Use of the term "cooperative". Entities not incorporated under the act may not use the term "cooperative."

2.11. Nonstock Cooperatives. Are nonstock cooperatives permitted?

- AK-Coop 10.15.350: Contents of articles of incorporation. Yes. The articles must set forth (4) "whether the cooperative is organized with or without membership stock....."

2.12. Stock Cooperatives. Are stock cooperatives permitted?

- AK-Coop 10.15.350: Contents of articles of incorporation. Yes. The articles must set forth (4) "whether the cooperative is organized with or without membership stock....."

2.13. Prerequisites to Formation. State briefly any special prerequisites to forming a cooperative (e.g. requirement of certain percentage of capital paid prior to organization/incorporation or requirement that a permit be obtained).

- AK-Coop 10.15.340: Filing of articles. All fees prescribed by this chapter must be paid. AK-Coop 10.15.545: License fee for cooperative. AK-Coop 10.15.555: Miscellaneous fees and charges. The Department shall establish by regulation fees for filing (1) articles of incorporation. AK 10.15.560: Payment required for filing. The Department may not file a document until fees are paid.

2.14. Annual Renewal. Is an annual renewal of the organization/incorporation required?

- AK-Coop: NA.

**2.15. Annual Report.** Is an annual report required?

- AK-Coop 10.15.320: Biennial report required.

**2.16. Annual Report Content.** Briefly describe any provisions stating the required content in the annual report.

- AK-Coop 10.15.320: Biennial report. Includes: Name, address, registered agent, principal officers, general manager, a brief statement of the character of the co-op's business. For co-ops that have issued stock: number of shares subscribed, number of shares subscribed but not paid, number of paid up shares itemized by class. For cooperatives without capital stock - amount of membership fee, number of members.

**2.17. Failure to File.** Briefly describe any provision that addresses consequences for failure to file an annual report.

- AK-Coop 10.15.325: Form of biennial report; delinquent reports. "A corporation that is delinquent is subject to involuntary dissolution under AK-Coop 10.15.505."

**2.18. State Assistance.** Briefly describe any provision that allows for state assistance to individuals contemplating forming a cooperative.

- AK-Coop State provides form articles of incorporation on its [website](#).

**2.19. Foreign Cooperatives.** Briefly describe any provisions on permission for an out-of-state cooperative to do business in the state.

- AK-Coop 10.15.525: Rights, exemptions, and privileges of foreign cooperatives. If a foreign cooperative has members in the state it has the same rights and privileges as domestic cooperatives "if it is authorized to do business in the state as provided in AS 10.06 (Alaska Corporations Code). See also: AS 10.15.440 Merger or consolidation of cooperatives and domestic and foreign corporations.

2.20. Domestic Cooperatives. Briefly describe any provision allowing a domestic cooperative to do business in another state.

- AK-Coop 10.15.585: Application of Chapter. Alaska Cooperative Corporations Act applies to the fullest extent permitted by the laws and constitution of the United States.

2.21. Miscellaneous. Briefly describe any other provision addressing the start of a cooperative that was not addressed by the previous questions.

- AK-Coop 10.15.400 - 455 (Article 4 Merger, Consolidation, and Conversion of Corporation into Cooperative) provides for cooperatives to be formed by merger. AK-Coop 10.15.450 Conversion of corporation into cooperative. Was repealed in 2013.