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Press Release

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New Law Provides Opportunities for Processing Cooperatives

Tennessee farmers have new opportunities under the Tennessee Processing Cooperative Law. The law includes new market opportunities for farm commodities and prospects for investment in a value-added processing business.

“The intent of the law is to encourage business formations that will add value to farm commodities and agricultural resources in Tennessee,” says Rob Holland, University of Tennessee Extension specialist with the *Center for Profitable Agriculture*.

A business organized under the new law can raise start-up capital from farmers (patrons) and investors (non-patrons), both having membership rights in the cooperative. Patron members are those who conduct business with the cooperative by delivering a predefined quantity of raw input commodities to the business for processing. Therefore, a patron member of a processing cooperative has potential benefits from selling commodities to the business as well as possible financial returns on investment in the business from the value of the processed product.

Non-patron members do not have an obligation to deliver commodities for processing. They seek to benefit from their capital investment through dividends and appreciated stock value. Non-patron members may be retired farmers, venture capitalists, current farmers or any other individual interested in an investment position without the commitment of delivery or input commodity for processing.

Additional information about the Tennessee Processing Cooperative Law is available in UT Extension publication PB1748 “Commentary and Overview for the Tennessee Processing Cooperative Law” which can be accessed on line at <http://cpa.utk.edu/pdf/files/PB1748.pdf>

For more information on direct farm sales or value-added agriculture, contact your county’s UT Extension agent.

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