



General Assembly

February Session, 2018

**Raised Bill No. 5442**

LCO No. 2219



Referred to Committee on COMMERCE

Introduced by:  
(CE)

***AN ACT CONCERNING THE PARTICIPATION OF NONPROFIT ENTITIES IN WORKER COOPERATIVES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 33-418g of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2018*):

3 As used in this chapter, unless the context otherwise requires:

4 [(a)] (1) "Worker cooperative" means a corporation which has  
5 elected to be governed by the provisions of this chapter.

6 [(b)] (2) "Member" means a natural person who or nonprofit  
7 organization that has been accepted for membership in, and owns a  
8 membership share issued by a worker cooperative.

9 [(c)] (3) "Patronage" means the amount of work performed as a  
10 member of a worker cooperative, measured in accordance with the  
11 articles of organization and bylaws of that cooperative.

12 [(d)] (4) "Written notice of allocation" means a written instrument  
13 which discloses to a member the stated dollar amount of such

14 member's patronage allocation and the terms for payment of that  
15 amount by the worker cooperative.

16 (5) "Nonprofit organization" means any organization that is exempt  
17 from taxation under Section 501(c)(3) of the Internal Revenue Code of  
18 1986, or any subsequent corresponding internal revenue code of the  
19 United States, as amended from time to time.

20 Sec. 2. Section 33-418i of the general statutes is repealed and the  
21 following is substituted in lieu thereof (*Effective October 1, 2018*):

22 (a) The certificate of incorporation or bylaws of a worker  
23 cooperative shall establish qualifications and the method of acceptance  
24 and termination of members. No person may be accepted as a member  
25 unless such person is (1) employed by the worker cooperative on a  
26 full-time or part-time basis, or (2) a nonprofit organization, provided  
27 no less than fifty per cent of all employees shall be members.

28 (b) A worker cooperative shall issue a class of voting stock  
29 designated as "membership shares". Each member shall own only one  
30 such membership share, and only members may own such shares.

31 (c) Membership shares shall be issued for a fee as shall be  
32 determined from time to time by the board of directors. Section 33-671  
33 and subdivision (6) of subsection (b) of section 33-683 shall not apply  
34 to such membership shares. Sections 33-855 to 33-872, inclusive, shall  
35 not apply to membership shares whose redemption price is  
36 determined by reference to internal capital accounts, as defined in  
37 section 33-418m.

38 (d) Members of a worker cooperative shall have all the rights and  
39 responsibilities of stockholders of a corporation formed under chapter  
40 601, except as otherwise provided in this chapter.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2018</i>	33-418g
Sec. 2	<i>October 1, 2018</i>	33-418i

**CE**      *Joint Favorable*

**JUD**     *Joint Favorable*