



**House Bill No. 5442**

**Public Act No. 18-27**

**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:

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 Section 33-418g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

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

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

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

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

[(d)] (4) "Written notice of allocation" means a written instrument which discloses to a member the stated dollar amount of such member's patronage allocation and the terms for payment of that amount by the worker cooperative.

**House Bill No. 5442**

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

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 Section 33-418i of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

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

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

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

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

Approved May 29, 2018