

SENATE BILL 85

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(PRE-FILED)

4r1225

CF 4r1227

By: **Senator M. Washington**

Requested: October 28, 2023

Introduced and read first time: January 10, 2024

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Corporations and Associations – Limited Worker Cooperative Associations –**
3 **Authorization**
4 **(Maryland Limited Cooperative Association Act)**

5 FOR the purpose of authorizing the formation of limited worker cooperative associations;
6 establishing rules and procedures for the formation, governance, conversion, and
7 dissolution of limited worker cooperative associations; and generally relating to
8 limited worker cooperative associations.

9 BY repealing and reenacting, without amendments,
10 Article – Corporations and Associations
11 Section 1–101(a) and 1–203(a)
12 Annotated Code of Maryland
13 (2014 Replacement Volume and 2023 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article – Corporations and Associations
16 Section 1–101(p), 1–203(b)(3) through (5) and (8), 1–401, 1–404, and 1–503(a)
17 Annotated Code of Maryland
18 (2014 Replacement Volume and 2023 Supplement)

19 BY adding to
20 Article – Corporations and Associations
21 Section 1–502(g); and 4A–12A–01 through 4A–12A–21 to be under the new subtitle
22 “Subtitle 12A. Maryland Limited Worker Cooperative Association Act”
23 Annotated Code of Maryland
24 (2014 Replacement Volume and 2023 Supplement)

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
26 That the Laws of Maryland read as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Corporations and Associations

1–101.

(a) In this article, unless the context clearly requires otherwise, the following words have the meanings indicated.

(p) “Governing document” means:

(1) The charter and the bylaws of a Maryland corporation or a foreign corporation;

(2) The articles of organization or certificate of formation and the operating agreement or limited liability company agreement of a domestic limited liability company or a foreign limited liability company;

(3) The partnership agreement of an other entity that is a partnership or limited partnership, any statement of partnership authority of a partnership, the certificate of limited partnership of a limited partnership, and the certificate of limited liability partnership of a limited liability partnership;

(4) The declaration of trust or governing instrument of a business trust or a real estate investment trust; [or]

(5) THE ARTICLES OF ORGANIZATION AND THE COOPERATIVE AGREEMENT OF A LIMITED WORKER COOPERATIVE ASSOCIATION; OR

[(5)] (6) A similar governing document or instrument of any other type of entity.

1–203.

(a) In addition to any organization and capitalization fee required under § 1–204 of this subtitle, subject to subsection (c) of this section, the Department shall collect the fees specified in subsection (b) of this section.

(b) (3) (i) For each of the following documents which are filed but not recorded, the nonrefundable processing fee is as indicated:

Reservation of a corporate, limited partnership, limited liability partnership [or], limited liability company, **OR LIMITED WORKER COOPERATIVE ASSOCIATION** name..... \$25

Original registration of name of a foreign corporation to end of calendar year..... \$100

1	Renewal of registration of name of a foreign corporation for 1 calendar	
2	year.....	\$100
3	Documents in connection with the qualification of a foreign corporation to do	
4	intrastate business in this State.....	\$100
5	Application for registration of a foreign limited partnership, a foreign limited	
6	liability partnership, or a foreign limited liability company.....	\$100
7	Other documents.....	\$6
8	(ii) Except as provided in paragraph (13) of this subsection, for each	
9	of the following documents which are filed but not recorded, the filing fee is as indicated:	
10	Annual report of a Maryland corporation, except a charitable or benevolent	
11	institution, nonstock corporation, savings and loan corporation, credit union, family farm,	
12	and banking institution.....	\$300
13	Annual report of a foreign corporation subject to the jurisdiction of this State, except	
14	a national banking association, savings and loan association, credit union, nonstock	
15	corporation, and charitable and benevolent institution.....	\$300
16	Annual report of a Maryland savings and loan association, banking institution, or	
17	credit union or of a foreign savings and loan association, national banking association, or	
18	credit union that is subject to the jurisdiction of this State.....	\$300
19	Annual report of a Maryland limited liability company, limited liability partnership,	
20	limited partnership, OR LIMITED WORKER COOPERATIVE ASSOCIATION , or of a foreign	
21	limited liability company, foreign limited liability partnership, or foreign limited	
22	partnership, except a family farm.....	\$300
23	Annual report of a business trust.....	\$300
24	Annual report of a real estate investment trust or foreign statutory trust doing	
25	business in this State.....	\$300
26	Annual report of a family farm.....	\$100

27 (4) For each of the following documents recorded or filed the nonrefundable
 28 processing fee is \$100:

29 (i) Certificate of limited partnership, certificate of limited liability
 30 partnership, articles of organization of a limited liability company, **ARTICLES OF**
 31 **ORGANIZATION OF A LIMITED WORKER COOPERATIVE ASSOCIATION**, certificate of
 32 trust of a business trust, including certificates of amendment, certificates of reinstatement,
 33 and articles of reinstatement; and

1 (ii) Any statement filed by a partnership under Title 9A of this
2 article.

3 (5) For issuing each of the following certificates, the nonrefundable
4 processing fee is as indicated:

5 Type of Instrument	Special Fee
6 Certificate of status of a corporation, partnership, limited partnership, limited 7 liability partnership, [or] limited liability company, OR LIMITED WORKER COOPERATIVE 8 ASSOCIATION of this State or of a foreign corporation, foreign partnership, foreign limited 9 partnership, foreign limited liability partnership, or foreign limited liability 10 company.....	\$20
11 Certified list of the charter papers of a corporation of this State or any certificates of 12 a limited partnership, limited liability partnership, [or a] limited liability company, OR 13 LIMITED WORKER COOPERATIVE ASSOCIATION of this State recorded or filed with the 14 Department.....	\$20
15 Certificate of compliance by a foreign corporation, foreign limited partnership, 16 foreign limited liability partnership, or foreign limited liability company with requirements 17 of law in respect of qualification or registration.....	\$20
18 Certificate of withdrawal of registration or qualification.....	\$20
19 Certificate of any paper recorded or filed in the Department’s office.....	\$20
20 (8) Subject to § 1–203.2(c) of this subtitle, for processing each of the 21 following documents on an expedited basis, the additional fee is as indicated:	
22 Recording any document, including financing statements, or submitting for 23 preclearance any document listed in paragraph (1) or (4) of this subsection, if processing 24 under § 1–203.2(b)(1) of this subtitle is requested.....	\$425
25 Recording any document, including financing statements, or submitting for 26 preclearance any document listed in paragraph (1) or (4) of this subsection, if processing 27 under § 1–203.2(b)(1) of this subtitle is not requested.....	\$50
28 Certificate of status of a corporation, partnership, limited partnership, limited 29 liability partnership, [or] limited liability company, OR LIMITED WORKER COOPERATIVE 30 ASSOCIATION , or a name reservation.....	\$20

31 Certified list of the charter documents of a Maryland corporation or any certificate
32 of a Maryland limited partnership, limited liability partnership, [or] limited liability

1 company, **OR LIMITED WORKER COOPERATIVE ASSOCIATION** recorded or filed with the
2 Department..... \$20

3 A copy of any document recorded or filed with the Department, or a corporate
4 abstract..... \$20

5 Application for a ground rent redemption or a ground rent extinguishment, or
6 payment of a redemption or extinguishment amount to the former owner of the ground
7 rent..... \$50

8 1-401.

9 (a) Service of process on the resident agent of a corporation, partnership, limited
10 partnership, limited liability partnership, limited liability company, **LIMITED WORKER**
11 **COOPERATIVE ASSOCIATION**, or real estate investment trust, or any other person
12 constitutes effective service of process under the Maryland Rules on the corporation,
13 partnership, limited partnership, limited liability partnership, limited liability company,
14 **LIMITED WORKER COOPERATIVE ASSOCIATION**, or real estate investment trust, or other
15 person in any action, suit, or proceeding which is pending, filed, or instituted against it
16 under the provisions of this article.

17 (b) (1) Any notice required by law to be served by personal service on a
18 resident agent or other agent or officer of any Maryland or foreign corporation, partnership,
19 limited partnership, limited liability partnership, limited liability company, **LIMITED**
20 **WORKER COOPERATIVE ASSOCIATION**, or real estate investment trust required by
21 statute to have a resident agent in this State may be served on the corporation, partnership,
22 limited partnership, limited liability partnership, limited liability company, **LIMITED**
23 **WORKER COOPERATIVE ASSOCIATION**, or real estate investment trust in the manner
24 provided by the Maryland Rules relating to the service of process on corporations.

25 (2) Service under the Maryland Rules is equivalent to personal service on
26 a resident agent or other agent or officer of a corporation, partnership, limited partnership,
27 limited liability partnership, limited liability company, **LIMITED WORKER COOPERATIVE**
28 **ASSOCIATION**, or real estate investment trust mentioned in paragraph (1) of this
29 subsection.

30 1-404.

31 (a) Any person who owns, operates, or directs an unincorporated organization,
32 firm, association, or other entity which includes in its name the word "corporation",
33 "incorporated", or, except as provided in subsection (b) of this section, "limited" or an
34 abbreviation of any of these words or which holds itself out to the public as a corporation is
35 guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$500.

36 (b) This section does not prohibit:

1 (1) A limited partnership from using the term “limited partnership” in its
2 name;

3 (2) A limited liability company from using the terms “limited liability
4 company” or “L.L.C.” in its name; [or]

5 (3) A limited liability partnership from using the terms “limited liability
6 partnership” or “L.L.P.” in its name; **OR**

7 **(4) A LIMITED WORKER COOPERATIVE ASSOCIATION FROM USING**
8 **THE TERMS “LIMITED WORKER COOPERATIVE ASSOCIATION” OR “L.W.C.A.” IN ITS**
9 **NAME.**

10 1–502.

11 **(G) THE NAME OF A LIMITED WORKER COOPERATIVE ASSOCIATION MUST**
12 **INCLUDE:**

13 **(1) THE WORDS “LIMITED WORKER COOPERATIVE ASSOCIATION”;**

14 **(2) L.W.C.A.; OR**

15 **(3) LWCA.**

16 1–503.

17 (a) An entity name may not contain language stating or implying that the entity
18 is organized for a purpose other than that allowed by the entity’s:

19 (1) Articles of incorporation, if the entity is a corporation;

20 (2) Articles of organization, if the entity is a limited liability company **OR**
21 **LIMITED WORKER COOPERATIVE ASSOCIATION;**

22 (3) Certificate of limited liability partnership, if the entity is a limited
23 liability partnership;

24 (4) Certificate of limited partnership, if the entity is a limited partnership;
25 or

26 (5) Articles of incorporation, if the entity is a professional corporation.

27 **SUBTITLE 12A. MARYLAND LIMITED WORKER COOPERATIVE ASSOCIATION ACT.**

28 **4A–12A–01.**

1 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
2 INDICATED.

3 (B) “ASSEMBLY” MEANS ALL MEMBERS OF A LIMITED WORKER
4 COOPERATIVE ASSOCIATION WHO HAVE VOTING RIGHTS UNDER THIS SUBTITLE AND
5 THE LIMITED WORKER COOPERATIVE ASSOCIATION’S COOPERATIVE AGREEMENT.

6 (C) “COLLECTIVE WORKER COOPERATIVE” MEANS A LIMITED WORKER
7 COOPERATIVE ASSOCIATION THAT HAS ONLY ONE CLASS OF MEMBERS CONSISTING
8 OF WORKER MEMBERS WHO MANAGE ALL OF THE AFFAIRS OF THE ASSOCIATION.

9 (D) “COOPERATIVE AGREEMENT” MEANS THE OPERATING AGREEMENT OF
10 A LIMITED WORKER COOPERATIVE ASSOCIATION.

11 (E) “FOREIGN WORKER COOPERATIVE” MEANS AN ENTITY FORMED UNDER
12 THE LAWS OF A STATE OTHER THAN THIS STATE THAT IS SIMILAR TO AN ENTITY
13 FORMED UNDER THIS SUBTITLE.

14 (F) “INVESTOR MEMBER” MEANS A MEMBER OF A LIMITED WORKER
15 COOPERATIVE ASSOCIATION WHO IS NOT REQUIRED OR PERMITTED TO CONDUCT
16 PATRONAGE WITH THE ASSOCIATION IN ORDER TO RECEIVE OR RETAIN THE
17 MEMBER’S INTEREST IN THE ASSOCIATION.

18 (G) “LIMITED WORKER COOPERATIVE ASSOCIATION” MEANS A MARYLAND
19 LIMITED LIABILITY COMPANY THAT ELECTS TO BE A LIMITED WORKER
20 COOPERATIVE ASSOCIATION IN ACCORDANCE WITH THIS SUBTITLE.

21 (H) “MANAGER” MEANS A PERSON SERVING ON THE BOARD OF MANAGERS
22 OF A LIMITED WORKER COOPERATIVE ASSOCIATION.

23 (I) “PATRON MEMBER” MEANS A MEMBER OF A LIMITED WORKER
24 COOPERATIVE ASSOCIATION WHO IS REQUIRED OR PERMITTED TO CONDUCT
25 PATRONAGE WITH THE ASSOCIATION.

26 (J) “PATRONAGE” MEANS BUSINESS TRANSACTIONS BETWEEN A LIMITED
27 WORKER COOPERATIVE ASSOCIATION AND A PERSON THAT ENTITLES THE PERSON
28 TO RECEIVE FINANCIAL RIGHTS BASED ON THE VALUE OR QUANTITY OF BUSINESS
29 BETWEEN THE ASSOCIATION AND THE PERSON.

30 (K) “VOTING POWER” MEANS THE PROPORTION OF TOTAL VOTES ENTITLED
31 TO BE CAST ON A MATTER WHICH ARE HELD BY A PARTICULAR MEMBER, GROUP, OR
32 CLASS OF MEMBERS.

1 **(L) “WORKER MEMBER” MEANS A PATRON MEMBER OF A LIMITED WORKER**
2 **COOPERATIVE ASSOCIATION WHO IS A NATURAL PERSON AND WHOSE PATRONAGE**
3 **CONSISTS OF OR INCLUDES LABOR CONTRIBUTED TO OR FOR THE ASSOCIATION.**

4 **4A-12A-02.**

5 **(A) THE PROVISIONS OF THIS SUBTITLE APPLY TO LIMITED WORKER**
6 **COOPERATIVE ASSOCIATIONS EXCEPT TO THE EXTENT THAT:**

7 **(1) THE CONTEXT OF A PROVISION CLEARLY REQUIRES OTHERWISE;**
8 **OR**

9 **(2) A SPECIFIC PROVISION OF THIS TITLE PROVIDES OTHERWISE.**

10 **(B) THIS SUBTITLE APPLIES ONLY TO A LIMITED WORKER COOPERATIVE**
11 **ASSOCIATION.**

12 **(C) (1) THE EXISTENCE OF THIS SUBTITLE DOES NOT OF ITSELF CREATE**
13 **ANY IMPLICATION THAT A CONTRARY OR DIFFERENT RULE OF LAW IS OR WOULD BE**
14 **APPLICABLE TO A LIMITED LIABILITY COMPANY THAT IS NOT A LIMITED WORKER**
15 **COOPERATIVE ASSOCIATION.**

16 **(2) THIS SUBTITLE DOES NOT AFFECT ANY STATUTE OR RULE OF LAW**
17 **AS IT APPLIES TO A LIMITED LIABILITY COMPANY THAT IS NOT A LIMITED WORKER**
18 **COOPERATIVE ASSOCIATION.**

19 **(D) A PROVISION OF THE ARTICLES OF ORGANIZATION OR COOPERATIVE**
20 **AGREEMENT OF A LIMITED WORKER COOPERATIVE ASSOCIATION MAY NOT BE**
21 **INCONSISTENT WITH ANY PROVISION OF THIS SUBTITLE.**

22 **4A-12A-03.**

23 **UNLESS OTHERWISE PROVIDED IN THIS SUBTITLE, THE POLICY OF THIS**
24 **SUBTITLE IS TO GIVE MAXIMUM EFFECT TO THE PRINCIPLE OF DEMOCRATIC**
25 **SELF-MANAGEMENT OF A LIMITED WORKER COOPERATIVE ASSOCIATION BY ITS**
26 **WORKER MEMBERS.**

27 **4A-12A-04.**

28 **(A) A LIMITED LIABILITY COMPANY MAY ELECT TO BE A LIMITED WORKER**
29 **COOPERATIVE ASSOCIATION UNDER THIS SUBTITLE BY INCLUDING IN ITS ARTICLES**

1 OF ORGANIZATION A STATEMENT THAT THE LIMITED LIABILITY COMPANY IS A
2 LIMITED WORKER COOPERATIVE ASSOCIATION.

3 (B) A LIMITED LIABILITY COMPANY THAT HAS ELECTED TO BE A LIMITED
4 WORKER COOPERATIVE ASSOCIATION MAY FURTHER ELECT TO BE A COLLECTIVE
5 WORKER COOPERATIVE BY INCLUDING IN ITS ARTICLES OF ORGANIZATION A
6 STATEMENT THAT IT IS A COLLECTIVE WORKER COOPERATIVE.

7 (C) UNLESS THE LIMITED WORKER COOPERATIVE ASSOCIATION HAS
8 ELECTED TO BE A COLLECTIVE WORKER COOPERATIVE, THE ARTICLES OF
9 ORGANIZATION OF A LIMITED WORKER COOPERATIVE ASSOCIATION SHALL INCLUDE
10 THE NAMES OF THOSE INDIVIDUALS WHO WILL SERVE AS MANAGERS UNTIL THEIR
11 SUCCESSORS ARE ELECTED AND QUALIFY.

12 (D) THE NAME OF A LIMITED WORKER COOPERATIVE ASSOCIATION SHALL
13 COMPLY WITH THE REQUIREMENTS OF TITLE 1, SUBTITLE 5 OF THIS ARTICLE.

14 4A-12A-05.

15 (A) THIS SECTION DOES NOT APPLY TO A COLLECTIVE WORKER
16 COOPERATIVE.

17 (B) AFTER A LIMITED WORKER COOPERATIVE ASSOCIATION IS FORMED:

18 (1) IF INITIAL MANAGERS ARE NAMED IN THE ARTICLES OF
19 ORGANIZATION, THE INITIAL MANAGERS SHALL HOLD AN ORGANIZATIONAL
20 MEETING TO ADOPT THE COOPERATIVE AGREEMENT AND CARRY ON ANY OTHER
21 BUSINESS NECESSARY OR PROPER TO COMPLETE THE ORGANIZATION OF THE
22 ASSOCIATION; OR

23 (2) IF INITIAL MANAGERS ARE NOT NAMED IN THE ARTICLES OF
24 ORGANIZATION, THE PERSON WHO HAS CAUSED THE ARTICLES TO BE EXECUTED
25 AND FILED FOR RECORD SHALL DESIGNATE THE INITIAL MANAGERS AND CALL A
26 MEETING OF THE INITIAL MANAGERS TO ADOPT AN INITIAL COOPERATIVE
27 AGREEMENT AND CARRY OUT ANY OTHER BUSINESS NECESSARY AND PROPER TO
28 COMPLETE THE ORGANIZATION OF THE ASSOCIATION.

29 (C) UNLESS PROVIDED OTHERWISE IN THE ARTICLES OF ORGANIZATION,
30 THE INITIAL MANAGERS MAY CAUSE THE LIMITED WORKER COOPERATIVE
31 ASSOCIATION TO ACCEPT MEMBERS.

32 (D) INITIAL MANAGERS OF A LIMITED WORKER COOPERATIVE ASSOCIATION
33 NEED NOT BE MEMBERS OF THE ASSOCIATION.

1 (E) AN INITIAL MANAGER SERVES UNTIL:

2 (1) A SUCCESSOR IS ELECTED AND QUALIFIES AT AN ASSEMBLY
3 MEETING; OR

4 (2) THE MANAGER IS REMOVED.

5 4A-12A-06.

6 AFTER A COLLECTIVE WORKER COOPERATIVE IS FORMED, THE INITIAL
7 WORKER MEMBERS SHALL HOLD AN ORGANIZATIONAL MEETING TO ADOPT THE
8 COOPERATIVE AGREEMENT AND CONDUCT ANY OTHER BUSINESS NECESSARY OR
9 PROPER TO COMPLETE THE ORGANIZATION OF THE COLLECTIVE WORKER
10 COOPERATIVE.

11 4A-12A-07.

12 CLEAR REFERENCE TO THE FACT THAT A LIMITED LIABILITY COMPANY IS A
13 LIMITED WORKER COOPERATIVE ASSOCIATION SHALL APPEAR PROMINENTLY:

14 (1) AT THE HEAD OF THE ARTICLES OF ORGANIZATION OR AN
15 AMENDMENT MADE TO THE ARTICLES OF ORGANIZATION IN WHICH THE ELECTION
16 TO BE A LIMITED WORKER COOPERATIVE ASSOCIATION IS MADE;

17 (2) AT THE HEAD OF EACH SUBSEQUENT ARTICLES OF ORGANIZATION
18 OF THE LIMITED WORKER COOPERATIVE ASSOCIATION; AND

19 (3) ON EACH CERTIFICATE REPRESENTING OUTSTANDING
20 MEMBERSHIP INTERESTS IN THE LIMITED WORKER COOPERATIVE ASSOCIATION.

21 4A-12A-08.

22 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A LIMITED WORKER
23 COOPERATIVE ASSOCIATION MAY TERMINATE ITS STATUS AS A LIMITED WORKER
24 COOPERATIVE ASSOCIATION BY AMENDING ITS ARTICLES OF ORGANIZATION TO
25 DELETE THE STATEMENTS REQUIRED BY § 4A-12A-04 OF THIS SUBTITLE.

26 (B) ANY TERMINATION OF A LIMITED WORKER COOPERATIVE
27 ASSOCIATION'S STATUS SHALL BE SUBJECT TO THE APPROVAL OF TWO-THIRDS OF
28 THE VOTING POWER OF WORKER MEMBERS AND ALL MEMBERS ENTITLED TO VOTE
29 ON THE MATTER.

1 **4A-12A-09.**

2 (A) THE COOPERATIVE AGREEMENT OF A LIMITED WORKER COOPERATIVE
3 ASSOCIATION SHALL INCLUDE:

4 (1) A STATEMENT OF THE CAPITAL STRUCTURE OF THE ASSOCIATION;

5 (2) THE CLASSES OR OTHER TYPES OF MEMBERSHIP INTERESTS AND
6 RELATIVE RIGHTS, PREFERENCES, AND RESTRICTIONS GRANTED TO OR IMPOSED
7 ON EACH CLASS OR OTHER TYPE OF MEMBERSHIP INTEREST, INCLUDING:

8 (I) A STATEMENT CONCERNING:

9 1. THE MANNER IN WHICH PROFITS AND LOSSES ARE
10 ALLOCATED AND DISTRIBUTIONS ARE MADE AMONG MEMBERS; AND

11 2. IF INVESTOR MEMBERS ARE AUTHORIZED, THE
12 MANNER IN WHICH PROFITS AND LOSSES ARE ALLOCATED AND DISTRIBUTIONS ARE
13 MADE AMONG INVESTOR MEMBERS; AND

14 (II) A STATEMENT DESIGNATING VOTING AND OTHER
15 GOVERNANCE RIGHTS OF EACH CLASS OR OTHER TYPE OF MEMBERSHIP INTEREST,
16 INCLUDING WHICH MEMBERS HAVE VOTING POWER AND ANY RESTRICTIONS ON
17 VOTING POWER;

18 (3) A STATEMENT OF THE METHOD OF ADMISSION OF MEMBERS;

19 (4) A STATEMENT DETAILING ANY RESTRICTIONS ON THE
20 TRANSFERABILITY OF A MEMBERSHIP INTEREST;

21 (5) A STATEMENT CONCERNING WHETHER AND HOW PERSONS THAT
22 ARE NOT MEMBERS BUT CONDUCT BUSINESS WITH THE ASSOCIATION MAY BE
23 ALLOWED TO SHARE IN ALLOCATIONS OF PROFITS AND LOSSES AND RECEIVE
24 DISTRIBUTIONS;

25 (6) A STATEMENT OF THE NUMBER AND TERMS OF MANAGERS OR THE
26 METHOD BY WHICH THE NUMBER AND TERMS ARE DETERMINED; AND

27 (7) A STATEMENT ADDRESSING MEMBERS' CONTRIBUTIONS.

28 (B) THE COOPERATIVE AGREEMENT OF A LIMITED WORKER COOPERATIVE
29 ASSOCIATION MAY CONTAIN ANY PROVISION FOR MANAGING AND REGULATING THE

1 AFFAIRS OF THE ASSOCIATION NOT INCONSISTENT WITH ITS ARTICLES OF
2 ORGANIZATION OR THIS TITLE.

3 (C) A PERSON THAT BECOMES A MEMBER OF A LIMITED WORKER
4 COOPERATIVE ASSOCIATION IS DEEMED TO ASSENT TO THE COOPERATIVE
5 AGREEMENT OF THE ASSOCIATION.

6 (D) THE COOPERATIVE AGREEMENT OF A LIMITED WORKER COOPERATIVE
7 ASSOCIATION MAY BE ENTERED INTO BEFORE, AFTER, OR AT THE TIME OF FILING
8 OF ARTICLES OF ORGANIZATION AND MAY BE MADE EFFECTIVE AS OF:

9 (1) THE TIME OF FORMATION OF THE ASSOCIATION; OR

10 (2) THE TIME OR DATE PROVIDED IN THE COOPERATIVE AGREEMENT.

11 4A-12A-10.

12 (A) A LIMITED WORKER COOPERATIVE ASSOCIATION MAY INCLUDE
13 MULTIPLE CLASSES OF MEMBERS WHOSE RIGHTS AND MEMBERSHIP INTERESTS
14 SHALL BE DETERMINED BY THE COOPERATIVE AGREEMENT.

15 (B) TO BEGIN BUSINESS, A LIMITED WORKER COOPERATIVE ASSOCIATION
16 MUST HAVE AT LEAST THREE WORKER MEMBERS UNLESS THE SOLE MEMBER IS A
17 LIMITED WORKER COOPERATIVE ASSOCIATION.

18 (C) A PERSON BECOMES A MEMBER OF A LIMITED WORKER COOPERATIVE
19 ASSOCIATION:

20 (1) AS PROVIDED IN THE ARTICLES OR COOPERATIVE AGREEMENT;

21 (2) AS THE RESULT OF A MERGER UNDER SUBTITLE 7 OF THIS TITLE;

22 (3) AS THE RESULT OF A CONVERSION UNDER THIS TITLE IN WHICH A
23 LIMITED LIABILITY COMPANY ELECTS TO BE A LIMITED WORKER COOPERATIVE
24 ASSOCIATION UNDER THIS SUBTITLE; OR

25 (4) WITH THE CONSENT OF ALL OF THE WORKER MEMBERS.

26 (D) A MEMBER MAY NOT ACT FOR OR BIND THE LIMITED WORKER
27 COOPERATIVE ASSOCIATION SOLELY BY REASON OF BEING A MEMBER.

28 (E) UNLESS THE ARTICLES OF ORGANIZATION PROVIDE OTHERWISE, A
29 DEBT, AN OBLIGATION, OR ANY OTHER LIABILITY OF A LIMITED WORKER

1 COOPERATIVE ASSOCIATION IS SOLELY THAT OF THE ASSOCIATION AND IS NOT THE
2 DEBT, OBLIGATION, OR LIABILITY OF A MEMBER.

3 (F) THE ORGANIZATION OF A LIMITED WORKER COOPERATIVE
4 ASSOCIATION UNDER THIS SUBTITLE DOES NOT CREATE A PRESUMPTION THAT
5 WORKER MEMBERS ARE EMPLOYEES OF THE ASSOCIATION FOR ANY PURPOSE.

6 4A-12A-11.

7 (A) A LIMITED WORKER COOPERATIVE ASSOCIATION SHALL HAVE AN
8 ASSEMBLY AS CONSTITUTED BY THE BODY OF ALL VOTING MEMBERS.

9 (B) AN INDIVIDUAL IS NOT AN AGENT OF A LIMITED WORKER COOPERATIVE
10 ASSOCIATION SOLELY BY BEING A MEMBER OF THE ASSEMBLY.

11 (C) (1) A DEBT, AN OBLIGATION, OR ANY OTHER LIABILITY OF A LIMITED
12 COOPERATIVE ASSOCIATION IS SOLELY THAT OF THE ASSOCIATION AND IS NOT A
13 DEBT, AN OBLIGATION, OR A LIABILITY OF A MEMBER OF THE ASSEMBLY SOLELY BY
14 REASON OF BEING A VOTING MEMBER.

15 (2) AN INDIVIDUAL IS NOT PERSONALLY LIABLE, DIRECTLY OR
16 INDIRECTLY, FOR AN OBLIGATION OF AN ASSOCIATION SOLELY BY REASON OF BEING
17 A VOTING MEMBER.

18 4A-12A-12.

19 (A) THE ASSEMBLY SHALL MEET ANNUALLY AT A TIME:

20 (1) PROVIDED IN THE ARTICLES OF ORGANIZATION OR COOPERATIVE
21 AGREEMENT; OR

22 (2) SET BY THE BOARD OF MANAGERS THAT IS CONSISTENT WITH THE
23 ARTICLES OF ORGANIZATION OR COOPERATIVE AGREEMENT.

24 (B) EXCEPT AS OTHERWISE PROVIDED IN THE COOPERATIVE AGREEMENT,
25 MEMBERS MAY ATTEND OR CONDUCT THE ANNUAL ASSEMBLY MEETING THROUGH
26 ANY MEANS OF COMMUNICATION IF ALL MEMBERS ATTENDING THE MEETING ARE
27 ABLE TO COMMUNICATE WITH EACH OTHER DURING THE MEETING.

28 (C) THE BOARD OF MANAGERS SHALL REPORT, OR CAUSE TO BE REPORTED,
29 AT THE ANNUAL ASSEMBLY MEETING THE ASSOCIATION'S BUSINESS AND FINANCIAL
30 CONDITION AS OF THE CLOSE OF THE MOST RECENT FISCAL YEAR.

1 **(D) EXCEPT AS OTHERWISE PROVIDED IN THE COOPERATIVE AGREEMENT,**
2 **THE BOARD OF MANAGERS SHALL DESIGNATE THE PRESIDING OFFICER OF THE**
3 **ANNUAL ASSEMBLY MEETING.**

4 **(E) FAILURE TO HOLD AN ANNUAL ASSEMBLY MEETING DOES NOT AFFECT**
5 **THE VALIDITY OF ANY ACTION TAKEN BY THE LIMITED WORKER COOPERATIVE**
6 **ASSOCIATION.**

7 **(F) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A LIMITED**
8 **WORKER COOPERATIVE ASSOCIATION SHALL NOTIFY EACH MEMBER OF THE TIME,**
9 **DATE, AND PLACE OF A MEMBERS' MEETING AT LEAST 10 AND NOT MORE THAN 60**
10 **DAYS BEFORE THE ANNUAL ASSEMBLY MEETING.**

11 **(2) IF THE NOTICE IS OF A MEETING OF THE MEMBERS IN ONE OR**
12 **MORE CLASSES OF MEMBERS, THE NOTICE SHALL BE GIVEN ONLY TO MEMBERS IN**
13 **THOSE CLASSES.**

14 **4A-12A-13.**

15 **(A) (1) A SPECIAL MEETING OF THE ASSEMBLY MAY BE CALLED ONLY:**

16 **(I) AS PROVIDED FOR IN THE COOPERATIVE AGREEMENT;**

17 **(II) BY A MAJORITY OF VOTES OF THE BOARD OF MANAGERS ON**
18 **A PROPOSAL STATING THE PURPOSE OF THE SPECIAL MEETING; OR**

19 **(III) BY DEMAND IN A RECORD SIGNED BY MEMBERS HOLDING**
20 **AT LEAST 20% OF THE VOTING POWER OF THE PERSONS ENTITLED TO VOTE ON THE**
21 **MATTER THAT IS THE PURPOSE OF THE SPECIAL MEETING.**

22 **(2) A DEMAND UNDER PARAGRAPH (1)(III) OF THIS SUBSECTION**
23 **SHALL BE SUBMITTED TO:**

24 **(I) THE OFFICER OF THE LIMITED WORKER COOPERATIVE**
25 **ASSOCIATION CHARGED WITH KEEPING THE RECORDS OF THE ASSOCIATION; OR**

26 **(II) IF NO OFFICER HAS BEEN CHARGED WITH KEEPING THE**
27 **RECORDS OF THE ASSOCIATION, A MANAGER.**

28 **(3) ANY VOTING MEMBER MAY WITHDRAW THE MEMBER'S DEMAND**
29 **UNDER PARAGRAPH (1)(III) OF THIS SUBSECTION BEFORE RECEIPT BY THE LIMITED**
30 **WORKER COOPERATIVE ASSOCIATION OF DEMANDS SUFFICIENT TO REQUIRE A**
31 **SPECIAL MEETING OF THE ASSEMBLY.**

1 (B) EXCEPT AS OTHERWISE PROVIDED IN THE COOPERATIVE AGREEMENT,
2 MEMBERS MAY ATTEND OR CONDUCT THE SPECIAL ASSEMBLY MEETING THROUGH
3 ANY MEANS OF COMMUNICATION IF ALL MEMBERS ATTENDING THE MEETING ARE
4 ABLE TO COMMUNICATE WITH EACH OTHER DURING THE MEETING.

5 (C) ONLY BUSINESS WITHIN THE PURPOSES STATED IN THE NOTICE OF
6 SPECIAL MEETING MAY BE CONDUCTED AT THE MEETING.

7 (D) EXCEPT AS OTHERWISE PROVIDED IN THE COOPERATIVE AGREEMENT,
8 THE PRESIDING OFFICER OF A SPECIAL MEETING SHALL BE DESIGNATED BY THE
9 BOARD OF MANAGERS.

10 4A-12A-14.

11 (A) THE ARTICLES OF ORGANIZATION OR COOPERATIVE AGREEMENT MAY
12 ALLOCATE VOTING POWER AMONG MEMBERS ON THE BASIS OF ONE OR MORE OF
13 THE FOLLOWING:

14 (1) ONE MEMBER, ONE VOTE;

15 (2) IF A MEMBER IS A COOPERATIVE, THE NUMBER OF ITS MEMBERS;

16 OR

17 (3) SUBJECT TO SUBSECTION (B) OF THIS SECTION, USE OR
18 PATRONAGE.

19 (B) IF VOTING POWER IS ALLOCATED ON THE BASIS OF USE OR PATRONAGE
20 AND A WORKER MEMBER WOULD BE DENIED A VOTE BECAUSE THE WORKER
21 MEMBER DID NOT USE THE LIMITED WORKER COOPERATIVE ASSOCIATION OR
22 CONDUCT PATRONAGE WITH IT, THE MEMBER SHALL BE ALLOCATED A VOTE EQUAL
23 TO AT LEAST THE MINIMUM VOTING POWER ALLOCATED TO WORKER MEMBERS WHO
24 USED THE ASSOCIATION OR CONDUCTED PATRONAGE WITH IT.

25 (C) THE ARTICLES OF ORGANIZATION OR COOPERATIVE AGREEMENT MAY
26 PROVIDE FOR THE ALLOCATION OF MEMBER VOTING POWER BY CLASS.

27 (D) INVESTOR MEMBERS ARE NOT ENTITLED TO VOTE UNLESS THE
28 ARTICLES OF ORGANIZATION OR COOPERATIVE AGREEMENT PROVIDES OTHERWISE.

29 (E) (1) THIS SUBSECTION DOES NOT APPLY WHERE THIS TITLE REQUIRES
30 A HIGHER VOTING THRESHOLD THAN IS REQUIRED BY PARAGRAPH (2) OF THIS
31 SUBSECTION.

1 **(2) NOTWITHSTANDING ANY PROVISION OF THE ARTICLES OF**
2 **ORGANIZATION OR COOPERATIVE AGREEMENT, ALL MANAGERS SHALL BE ELECTED**
3 **AND ALL OTHER DECISIONS WITHIN THE AUTHORITY OF THE ASSEMBLY SHALL BE**
4 **MADE BY A MAJORITY VOTE OF:**

5 **(I) THE WORKER MEMBERS OF THE ASSOCIATION; AND**

6 **(II) THE VOTING POWER OF MEMBERS ENTITLED TO VOTE ON**
7 **THE ELECTION OR DECISION.**

8 **4A-12A-15.**

9 **(A) THIS SECTION DOES NOT APPLY TO A COLLECTIVE WORKER**
10 **COOPERATIVE.**

11 **(B) A LIMITED WORKER COOPERATIVE ASSOCIATION SHALL HAVE A BOARD**
12 **OF MANAGERS CONSISTING OF AT LEAST 3 INDIVIDUALS.**

13 **(C) (1) THE AFFAIRS OF A LIMITED WORKER COOPERATIVE ASSOCIATION**
14 **SHALL BE MANAGED BY THE BOARD OF MANAGERS OR INDIVIDUALS TO WHOM THE**
15 **BOARD DELEGATES SUCH DUTIES.**

16 **(2) THE BOARD OF MANAGERS MAY ADOPT POLICIES AND**
17 **PROCEDURES CONSISTENT WITH THE ARTICLES, THE COOPERATIVE AGREEMENT,**
18 **OR THIS TITLE.**

19 **(D) AN INDIVIDUAL IS NOT AN AGENT OF A LIMITED WORKER COOPERATIVE**
20 **ASSOCIATION SOLELY BY BEING A MANAGER.**

21 **(E) A DEBT, AN OBLIGATION, OR ANY OTHER LIABILITY OF A LIMITED**
22 **WORKER COOPERATIVE ASSOCIATION IS SOLELY THAT OF THE ASSOCIATION AND IS**
23 **NOT A DEBT, AN OBLIGATION, OR A LIABILITY OF A MANAGER SOLELY BY REASON OF**
24 **BEING A MANAGER.**

25 **(F) MANAGERS SHALL BE ELECTED FOR TERMS DETERMINED BY THE**
26 **COOPERATIVE AGREEMENT.**

27 **4A-12A-16.**

28 **(A) A LIMITED WORKER COOPERATIVE ASSOCIATION IS DISSOLVED AND**
29 **SHALL COMMENCE THE WINDING UP OF ITS AFFAIRS ON THE FIRST TO OCCUR OF**
30 **THE FOLLOWING:**

1 **(1) AT THE TIME OR ON THE HAPPENING OF THE EVENTS SPECIFIED**
2 **IN THE ARTICLES OF ORGANIZATION OR THE COOPERATIVE AGREEMENT;**

3 **(2) UNLESS A HIGHER THRESHOLD IS STATED IN THE COOPERATIVE**
4 **AGREEMENT, AT THE TIME SPECIFIED BY A TWO-THIRDS VOTE OF:**

5 **(I) THE WORKER MEMBERS; AND**

6 **(II) THE VOTING POWER OF ALL MEMBERS OF THE ASSEMBLY;**

7 **(3) AT THE TIME OF THE ENTRY OF A DECREE OF JUDICIAL**
8 **DISSOLUTION UNDER § 4A-903 OF THIS TITLE; OR**

9 **(4) UNLESS OTHERWISE AGREED OR AS PROVIDED IN SUBSECTION**
10 **(B) OF THIS SECTION, AT THE TIME THE LIMITED WORKER COOPERATIVE**
11 **ASSOCIATION HAS HAD NO MEMBERS FOR A PERIOD OF 90 CONSECUTIVE DAYS.**

12 **(B) (1) A LIMITED WORKER COOPERATIVE ASSOCIATION MAY NOT BE**
13 **DISSOLVED OR REQUIRED TO WIND UP ITS AFFAIRS IF WITHIN 90 DAYS AFTER THERE**
14 **ARE NO REMAINING MEMBERS OF THE LIMITED WORKER COOPERATIVE**
15 **ASSOCIATION OR WITHIN THE PERIOD OF TIME PROVIDED IN THE COOPERATIVE**
16 **AGREEMENT:**

17 **(I) THE LAST REMAINING MEMBER'S SUCCESSOR OR ASSIGNEE**
18 **AGREES IN WRITING TO CONTINUE THE LIMITED WORKER COOPERATIVE**
19 **ASSOCIATION AND TO BE ADMITTED AS A MEMBER OR TO APPOINT A DESIGNEE AS A**
20 **MEMBER TO BE EFFECTIVE AS OF THE TIME THE LAST REMAINING MEMBER CEASED**
21 **TO BE A MEMBER; OR**

22 **(II) A MEMBER IS ADMITTED TO THE LIMITED WORKER**
23 **COOPERATIVE ASSOCIATION IN THE MANNER SET FORTH IN THE COOPERATIVE**
24 **AGREEMENT TO BE EFFECTIVE AS OF THE TIME THE LAST REMAINING MEMBER**
25 **CEASED TO BE A MEMBER UNDER A PROVISION IN THE COOPERATIVE AGREEMENT**
26 **THAT PROVIDES FOR THE ADMISSION OF A MEMBER AFTER THERE ARE NO**
27 **REMAINING MEMBERS.**

28 **(2) IF A NEW MEMBER IS NOT ADMITTED TO THE LIMITED WORKER**
29 **COOPERATIVE ASSOCIATION IN ACCORDANCE WITH PARAGRAPH (1) OF THIS**
30 **SUBSECTION, AND THE LAST REMAINING MEMBER CEASED TO BE A MEMBER UNDER**
31 **§ 4A-606(5) OF THIS TITLE, THE LAST REMAINING MEMBER'S PERSONAL**
32 **REPRESENTATIVE OR GUARDIAN SHALL AUTOMATICALLY BE ADMITTED AS A NEW**
33 **MEMBER OF THE LIMITED WORKER COOPERATIVE ASSOCIATION, EFFECTIVE**

1 IMMEDIATELY ON THE HAPPENING OF THE EVENT DESCRIBED IN § 4A-606(5) OF
2 THIS TITLE, UNLESS WITHIN 90 DAYS AFTER THE PERSONAL REPRESENTATIVE OR
3 GUARDIAN FIRST HAS KNOWLEDGE OF THE EVENT, THE PERSONAL
4 REPRESENTATIVE OR GUARDIAN:

5 (I) RENOUNCES THAT ADMISSION IN WRITING; OR

6 (II) DESIGNATES A PERSON TO BECOME A NEW MEMBER, AND
7 THE DESIGNEE ACCEPTS THE DESIGNEE'S ADMISSION IN WRITING OR BY
8 ELECTRONIC COMMUNICATION TO THE PERSONAL REPRESENTATIVE OR GUARDIAN.

9 (C) A COOPERATIVE AGREEMENT MAY PROVIDE THAT THE LAST REMAINING
10 MEMBER'S PERSONAL REPRESENTATIVE, GUARDIAN, SUCCESSOR, OR ASSIGNEE
11 SHALL BE OBLIGATED TO AGREE IN WRITING TO CONTINUE THE LIMITED LIABILITY
12 COMPANY AND TO BE ADMITTED AS A MEMBER OR TO APPOINT A DESIGNEE AS A
13 MEMBER TO BE EFFECTIVE AS OF THE TIME THE LAST REMAINING MEMBER CEASED
14 TO BE A MEMBER.

15 (D) UNLESS OTHERWISE AGREED AND SUBJECT TO THE PROVISIONS OF
16 SUBSECTIONS (A)(4) AND (B) OF THIS SECTION, THE TERMINATION OF A PERSON'S
17 MEMBERSHIP MAY NOT CAUSE A LIMITED WORKER COOPERATIVE ASSOCIATION TO
18 BE DISSOLVED OR TO WIND UP ITS AFFAIRS AND THE LIMITED WORKER
19 COOPERATIVE ASSOCIATION SHALL CONTINUE IN EXISTENCE FOLLOWING THE
20 TERMINATION OF A PERSON'S MEMBERSHIP.

21 4A-12A-17.

22 IF A MEMBER DIES, THE DECEASED MEMBER'S PERSONAL REPRESENTATIVE
23 MAY EXERCISE, FOR THE PURPOSE OF SETTLING THE ESTATE, THE RIGHTS THE
24 DECEASED MEMBER WAS ENTITLED TO UNDER § 4A-406 OF THIS TITLE.

25 4A-12A-18.

26 (A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,
27 THE PROFITS AND LOSSES OF A LIMITED WORKER COOPERATIVE ASSOCIATION
28 SHALL BE APPORTIONED AND DISTRIBUTED IN THE MANNER SPECIFIED BY THE
29 ARTICLES OF ORGANIZATION OR COOPERATIVE AGREEMENT.

30 (2) PROFITS DECLARED AS PATRONAGE ALLOCATIONS WITH
31 RESPECT TO A PERIOD OF TIME, AND PAID OR CREDITED TO PATRON MEMBERS,
32 SHALL BE APPORTIONED AMONG THE PATRON MEMBERS IN ACCORDANCE WITH THE
33 RATIO OF EACH PATRON MEMBER'S PATRONAGE DURING THE APPLICABLE TIME

1 PERIOD TO THE TOTAL PATRONAGE BY ALL PATRON MEMBERS DURING THAT
2 PERIOD.

3 (B) THE APPORTIONMENT, DISTRIBUTION, AND PAYMENT OF NET
4 EARNINGS OF THE LIMITED WORKER COOPERATIVE ASSOCIATION MAY BE IN CASH,
5 CREDITS, OR WRITTEN NOTICES OF ALLOCATION ISSUED BY THE ASSOCIATION.

6 4A-12A-19.

7 (A) A LIMITED WORKER COOPERATIVE ASSOCIATION MAY ESTABLISH,
8 THROUGH THE ARTICLES OF ORGANIZATION OR COOPERATIVE AGREEMENT, A
9 SYSTEM OF INTERNAL CAPITAL ACCOUNTS TO REFLECT THE BOOK VALUE AND TO
10 DETERMINE THE REDEMPTION PRICE OF MEMBERSHIP INTERESTS AND WRITTEN
11 NOTICES OF ALLOCATION.

12 (B) THE ARTICLES OF ORGANIZATION OR COOPERATIVE AGREEMENT:

13 (1) MAY ALLOW THE PERIODIC REDEMPTION OF WRITTEN NOTICES
14 OF ALLOCATION; AND

15 (2) SHALL PROVIDE FOR RECALL AND REDEMPTION OF MEMBERSHIP
16 INTERESTS ON TERMINATION OF MEMBERSHIP IN THE LIMITED WORKER
17 COOPERATIVE ASSOCIATION.

18 (C) (1) A LIMITED WORKER COOPERATIVE ASSOCIATION MAY ALLOCATE
19 A PORTION OF RETAINED NET EARNINGS AND NET LOSSES TO A COLLECTIVE
20 RESERVE ACCOUNT.

21 (2) EARNINGS OF A LIMITED WORKER COOPERATIVE ASSOCIATION
22 ASSIGNED TO A COLLECTIVE RESERVE ACCOUNT MAY BE USED FOR ANY PURPOSE
23 DETERMINED BY:

24 (I) IN THE CASE OF A COLLECTIVE WORKER COOPERATIVE, THE
25 MEMBERS; OR

26 (II) IN THE CASE OF A LIMITED WORKER COOPERATIVE
27 ASSOCIATION OTHER THAN A COLLECTIVE WORKER COOPERATIVE, THE BOARD OF
28 MANAGERS.

29 4A-12A-20.

30 ANY MEMBERSHIP INTEREST, PATRONAGE REFUND, PER UNIT RETAIN
31 CERTIFICATE, EQUITY INSTRUMENT, OR EVIDENCE OF MEMBERSHIP INTEREST

1 ISSUED, OFFERED, OR SOLD BY A LIMITED WORKER COOPERATIVE ASSOCIATION IS
2 EXEMPT FROM THE REQUIREMENTS OF TITLE 11 OF THIS ARTICLE.

3 4A-12A-21.

4 A FOREIGN WORKER COOPERATIVE MAY REGISTER AND DO BUSINESS IN THE
5 STATE SUBJECT TO AND IN ACCORDANCE WITH THE PROVISIONS OF SUBTITLE 10
6 OF THIS TITLE.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2024.