

**SB0085/183029/1**

BY: Judicial Proceedings Committee

AMENDMENTS TO SENATE BILL 85  
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 21, strike “4A–12A–21” and substitute “4A–12A–22”; and after line 24, insert:

“BY repealing and reenacting, with amendments,

Article - Tax - General

Section 4–301(c), 9–314(f), 10–906(d), and 11–601(d)

Annotated Code of Maryland

(2022 Replacement Volume and 2023 Supplement)”.

AMENDMENT NO. 2

On page 7, in line 16, after “ASSOCIATION” insert “, IN THE MEMBER’S CAPACITY AS AN INVESTOR MEMBER,”; strike in their entirety lines 21 and 22; in lines 23 and 26, strike “**(I)**” and “**(J)**”, respectively, and substitute “**(H)**” and “**(I)**”, respectively; after line 29, insert:

**“(J) “REPRESENTATIVE” MEANS A PERSON SERVING ON THE BOARD OF REPRESENTATIVES OF A LIMITED WORKER COOPERATIVE ASSOCIATION.”;**

and in line 31, strike “, **GROUP,**” and substitute “OR A GROUP”.

On page 9, in lines 10, 18, 19, 23, 25, 26, 30, and 32, in each instance, strike “**MANAGERS**” and substitute “REPRESENTATIVES”.

On page 10, in lines 1 and 4, in each instance, strike “**MANAGER**” and substitute “REPRESENTATIVE”; and in line 28, after “**AND**” insert “TWO–THIRDS OF”.

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On page 11, strike in their entirety lines 19 and 20 and substitute:

**“(4) A STATEMENT THAT A MEMBERSHIP INTEREST IS TRANSFERABLE, IF IT IS TO BE TRANSFERABLE, AND A STATEMENT OF THE CONDITIONS UNDER WHICH IT MAY BE TRANSFERRED;”**;

in line 25, strike “MANAGERS” and substitute “**REPRESENTATIVES**”; in line 26, strike the second “AND”; and in line 27, after “CONTRIBUTIONS” insert “**; AND**”

**(8) A STATEMENT ON WHETHER THE LIMITED WORKER COOPERATIVE ASSOCIATION WILL ELECT TO BE TAXED AS A PARTNERSHIP OR CORPORATION FOR FEDERAL AND STATE INCOME TAX PURPOSES THAT INCLUDES AN EXPLANATION OF THE TAX IMPLICATIONS OF THE ELECTION FOR THE WORKER MEMBERS**”.

On page 12, strike in their entirety lines 22 through 24, inclusive, and substitute:

**“(3) AS A RESULT OF A CONVERSION UNDER THIS ARTICLE, IN WHICH ANOTHER ENTITY ELECTS TO BE A LIMITED WORKER COOPERATIVE ASSOCIATION UNDER THIS SUBTITLE; OR”**.

On page 13, in line 3, after “(F)” insert “**(1)**”; after line 5, insert:

**“(2) IF A LIMITED WORKER COOPERATIVE ASSOCIATION ELECTS TO BE TAXED AS A PARTNERSHIP FOR FEDERAL AND STATE INCOME TAX PURPOSES, THAT ELECTION MAY NOT BE CONSTRUED TO REQUIRE THAT A WORKER MEMBER BE CONSIDERED AN EMPLOYEE UNDER ANY STATE LAW.”**;

and after line 6, insert:

“(A) AN INSURER, AS DEFINED IN § 1-101 OF THE INSURANCE ARTICLE, THAT PROVIDES WORKER’S COMPENSATION INSURANCE TO MEMBERS OF A LIMITED WORKER COOPERATIVE ASSOCIATION FORMED UNDER THIS SUBTITLE SHALL CALCULATE PREMIUMS FOR MEMBERS WHO ARE COVERED EMPLOYEES:

(1) IN ACCORDANCE WITH TITLE 11, SUBTITLE 3 AND TITLE 19, SUBTITLE 4 OF THE INSURANCE ARTICLE; AND

(2) BASED ON THE COVERED EMPLOYEE’S ACTUAL PAYROLL VALUE.

(B) (1) THE MARYLAND INSURANCE COMMISSIONER MAY ENFORCE THIS SECTION.

(2) ALL HEARINGS, ORDERS, AND APPEALS ARISING UNDER THIS SECTION SHALL BE GOVERNED BY TITLE 11, SUBTITLE 5 OF THE INSURANCE ARTICLE.

4A-12A-12.”;

in line 11, strike “(1)”; strike in their entirety lines 15 through 17, inclusive; in line 18, strike “4A-12A-12.” and substitute “4A-12A-13.”; and in lines 22 and 28, in each instance, strike “MANAGERS” and substitute “REPRESENTATIVES”.

On page 14, in lines 2 and 17, in each instance, strike “MANAGERS” and substitute “REPRESENTATIVES”; in line 14, strike “4A-12A-13.” and substitute “4A-12A-14.”; and in line 27, strike “MANAGER” and substitute “REPRESENTATIVE”.

On page 15, in line 9, strike “MANAGERS” and substitute “REPRESENTATIVES”; in line 10, strike “4A-12A-14.” and substitute “4A-12A-15.”; in line 22, after “THE”

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insert "WORKER"; and in line 29, strike "REQUIRES" and substitute "OR THE ARTICLES OF ORGANIZATION OR COOPERATIVE AGREEMENT REQUIRE".

On page 16, in lines 2, 12, 14, and 16, in each instance, strike "MANAGERS" and substitute "REPRESENTATIVES"; in lines 8 and 27, strike "4A-12A-15." and "4A-12A-16.", respectively, and substitute "4A-12A-16." and "4A-12A-17.", respectively; in lines 20, 23, and 24, in each instance, strike "MANAGER" and substitute "REPRESENTATIVE"; and in line 25, strike "MANAGERS" and substitute "REPRESENTATIVES".

On page 17, in line 4, strike "A TWO-THIRDS VOTE OF"; and in lines 5 and 6, in each instance, strike "THE" and substitute "A TWO-THIRDS VOTE OF THE".

On page 18, in lines 21 and 25, strike "4A-12A-17." and "4A-12A-18.", respectively, and substitute "4A-12A-18." and "4A-12A-19.", respectively.

On page 19, in lines 6 and 29, strike "4A-12A-19." and "4A-12A-20.", respectively, and substitute "4A-12A-20." and "4A-12A-21.", respectively; in line 28, strike "MANAGERS" and substitute "REPRESENTATIVES"; and in line 30, before "ANY" insert "(A)".

On page 20, in line 2, after "THE" insert "REGISTRATION"; after line 2, insert:

"(B) ANY MEMBER INTEREST, PATRONAGE REFUND, PER UNIT RETAIN CERTIFICATE, EQUITY INSTRUMENT, OR EVIDENCE OF MEMBERSHIP INTEREST MAY BE LAWFULLY OFFERED AND SOLD BY THE ISSUER OR ITS MEMBERS, REPRESENTATIVES, OR SALARIED EMPLOYEES WITHOUT THE NECESSITY OF BEING REGISTERED AS A BROKER OR DEALER UNDER TITLE 11 OF THIS ARTICLE."

in line 3, strike “4A-12A-21.” and substitute “4A-12A-22.”; and after line 6, insert:

**“Article – Tax – General**

4-301.

(c) If a limited liability company, INCLUDING A LIMITED WORKER COOPERATIVE ASSOCIATION OR COLLECTIVE WORKER COOPERATIVE, or limited liability partnership, including a limited partnership registered as a limited liability limited partnership, is required to pay the admissions and amusement tax, personal liability for the tax and interest and penalties on the tax extends to any person who exercises direct control over the fiscal management of the limited liability company or limited liability partnership.

9-314.

(f) If a limited liability company, INCLUDING A LIMITED WORKER COOPERATIVE ASSOCIATION OR COLLECTIVE WORKER COOPERATIVE, or limited liability partnership, including a limited partnership registered as a limited liability limited partnership, is required to pay the motor fuel tax and interest and penalties on the tax, personal liability for the tax and interest and penalties on the tax extends to any person who exercises direct control over the fiscal management of the limited liability company or limited liability partnership.

10-906.

(d) If an employer or payor negligently fails to withhold or to pay income tax in accordance with subsection (a) of this section, personal liability for that income tax extends:

(1) to the employer or payor;

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(2) if the employer or payor is a corporation, to:

(i) any officer of the corporation who exercises direct control over its fiscal management; or

(ii) any agent of the corporation who is required to withhold and pay the income tax; and

(3) if the employer or payor is a limited liability company as defined under Title 4A of the Corporations and Associations Article, **INCLUDING A LIMITED WORKER COOPERATIVE ASSOCIATION OR A COLLECTIVE WORKER COOPERATIVE**, or a limited liability partnership as defined under Title 9A of the Corporations and Associations Article, including a limited partnership registered as a limited liability limited partnership, to:

(i) any person who exercises direct control over its fiscal management; and

(ii) any agent of the limited liability company or limited liability partnership who is required to withhold and pay the income tax.

11-601.

(d) If a buyer or vendor liable for the sales and use tax and for the interest and penalties of the tax under subsection (c) of this section is a corporation or limited liability company, **INCLUDING A LIMITED WORKER COOPERATIVE ASSOCIATION OR A COLLECTIVE WORKER COOPERATIVE**, or limited liability partnership (including a limited partnership registered as a limited liability limited partnership), personal liability for the sales and use tax and for the interest and penalties of the tax extends to:

(1) in the case of a corporation:

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(i) the president, vice president, or treasurer of the corporation;  
and

(ii) any officer of the corporation who directly or indirectly owns more than 20% of the stock of the corporation; [and]

(2) in the case of a limited liability company:

(i) if the limited liability company does not have an operating agreement, all members; or

(ii) if the limited liability company has an operating agreement, those individuals who manage the business and affairs of the limited liability company;  
and

(3) in the case of a limited liability partnership:

(i) if the limited liability partnership does not have a written partnership agreement, all general partners; or

(ii) if the limited liability partnership has a written partnership agreement, those individuals who manage the business and affairs of the limited liability partnership.

SECTION 2. AND BE IT FURTHER ENACTED, That a presently existing obligation or contract right may not be impaired in any way by this Act.”;

and in line 7, strike “2.” and substitute “3.”.