

SENATE BILL 144

C1
SB 85/24 – JPR

(PRE-FILED)

5lr1226
CF HB 15

By: **Senator M. Washington**

Requested: October 16, 2024

Introduced and read first time: January 8, 2025

Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 2, 2025

CHAPTER _____

1 AN ACT concerning

2 **Corporations and Associations – Limited Worker Cooperative Associations –**
3 **Authorization**
4 **(Maryland Limited Worker 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 2024 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 2024 Supplement)

19 BY adding to
20 Article – Corporations and Associations

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Section 1–502(g); and 4A–12A–01 through 4A–12A–22 to be under the new subtitle
 2 “Subtitle 12A. Maryland Limited Worker Cooperative Association Act”
 3 Annotated Code of Maryland
 4 (2014 Replacement Volume and 2024 Supplement)

5 BY repealing and reenacting, with amendments,
 6 Article – Insurance
 7 Section 2–108
 8 Annotated Code of Maryland
 9 (2017 Replacement Volume and 2024 Supplement)

10 BY repealing and reenacting, with amendments,
 11 Article – Tax – General
 12 Section 4–301(c), 9–314(f), 10–906(d), and 11–601(d)
 13 Annotated Code of Maryland
 14 (2022 Replacement Volume and 2024 Supplement)

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

17 **Article – Corporations and Associations**

18 1–101.

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

21 (p) “Governing document” means:

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

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

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

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

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

1 ~~[(5)] (6)~~ A similar governing document or instrument of any other type of
2 entity.

3 1-203.

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

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

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

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

13 Renewal of registration of name of a foreign corporation for 1 calendar year.....\$100

14 Documents in connection with the qualification of a foreign corporation to do
15 intrastate business in this State.....\$100

16 Application for registration of a foreign limited partnership, a foreign limited
17 liability partnership, or a foreign limited liability company.....\$100

18 Other documents.....\$6

19 (ii) Except as provided in paragraph (13) of this subsection, for each
20 of the following documents which are filed but not recorded, the filing fee is as indicated:

21 Annual report of a Maryland corporation, except a charitable or benevolent
22 institution, nonstock corporation, savings and loan corporation, credit union, family farm,
23 and banking institution.....\$300

24 Annual report of a foreign corporation subject to the jurisdiction of this State, except
25 a national banking association, savings and loan association, credit union, nonstock
26 corporation, and charitable and benevolent institution.....\$300

27 Annual report of a Maryland savings and loan association, banking institution, or
28 credit union or of a foreign savings and loan association, national banking association, or
29 credit union that is subject to the jurisdiction of this State.....\$300

30 Annual report of a Maryland limited liability company, limited liability partnership,
31 limited partnership, **OR LIMITED WORKER COOPERATIVE ASSOCIATION**, or of a foreign
32 limited liability company, foreign limited liability partnership, or foreign limited
33 partnership, except a family farm.....\$300

1 Annual report of a business trust.....\$300

2 Annual report of a real estate investment trust or foreign statutory trust doing
3 business in this State.....\$300

4 Annual report of a family farm.....\$100

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

7 (i) Certificate of limited partnership, certificate of limited liability
8 partnership, articles of organization of a limited liability company, **ARTICLES OF**
9 **ORGANIZATION OF A LIMITED WORKER COOPERATIVE ASSOCIATION**, certificate of
10 trust of a business trust, including certificates of amendment, certificates of reinstatement,
11 and articles of reinstatement; and

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

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

Type of Instrument	Special Fee
Certificate of status of a corporation, partnership, limited partnership, limited liability partnership, [or] limited liability company, OR LIMITED WORKER COOPERATIVE ASSOCIATION of this State or of a foreign corporation, foreign partnership, foreign limited partnership, foreign limited liability partnership, or foreign limited liability company....	\$20

21 Certified list of the charter papers of a corporation of this State or any certificates of
22 a limited partnership, limited liability partnership, [or a] limited liability company, **OR**
23 **LIMITED WORKER COOPERATIVE ASSOCIATION** of this State recorded or filed with the
24 Department.....\$20

25 Certificate of compliance by a foreign corporation, foreign limited partnership,
26 foreign limited liability partnership, or foreign limited liability company with requirements
27 of law in respect of qualification or registration.....\$20

28 Certificate of withdrawal of registration or qualification.....\$20

29 Certificate of any paper recorded or filed in the Department’s office.....\$20

30 (8) Subject to § 1–203.2(c) of this subtitle, for processing each of the
31 following documents on an expedited basis, the additional fee is as indicated:

1 Recording any document, including financing statements, or submitting for
 2 preclearance any document listed in paragraph (1) or (4) of this subsection, if processing
 3 under § 1–203.2(b)(1) of this subtitle is requested..... \$425

4 Recording any document, including financing statements, or submitting for
 5 preclearance any document listed in paragraph (1) or (4) of this subsection, if processing
 6 under § 1–203.2(b)(1) of this subtitle is not requested.....\$50

7 Certificate of status of a corporation, partnership, limited partnership, limited
 8 liability partnership, [or] limited liability company, **OR LIMITED WORKER COOPERATIVE**
 9 **ASSOCIATION**, or a name reservation.....\$20

10 Certified list of the charter documents of a Maryland corporation or any certificate
 11 of a Maryland limited partnership, limited liability partnership, [or] limited liability
 12 company, **OR LIMITED WORKER COOPERATIVE ASSOCIATION** recorded or filed with the
 13 Department..... \$20

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

16 Application for a ground rent redemption or a ground rent extinguishment, or
 17 payment of a redemption or extinguishment amount to the former owner of the ground
 18 rent.....\$50

19 1–401.

20 (a) Service of process on the resident agent of a corporation, partnership, limited
 21 partnership, limited liability partnership, limited liability company, **LIMITED WORKER**
 22 **COOPERATIVE ASSOCIATION**, or real estate investment trust, or any other person
 23 constitutes effective service of process under the Maryland Rules on the corporation,
 24 partnership, limited partnership, limited liability partnership, limited liability company,
 25 **LIMITED WORKER COOPERATIVE ASSOCIATION**, or real estate investment trust, or other
 26 person in any action, suit, or proceeding which is pending, filed, or instituted against it
 27 under the provisions of this article.

28 (b) (1) Any notice required by law to be served by personal service on a
 29 resident agent or other agent or officer of any Maryland or foreign corporation, partnership,
 30 limited partnership, limited liability partnership, limited liability company, **LIMITED**
 31 **WORKER COOPERATIVE ASSOCIATION**, or real estate investment trust required by
 32 statute to have a resident agent in this State may be served on the corporation, partnership,
 33 limited partnership, limited liability partnership, limited liability company, **LIMITED**
 34 **WORKER COOPERATIVE ASSOCIATION**, or real estate investment trust in the manner
 35 provided by the Maryland Rules relating to the service of process on corporations.

36 (2) Service under the Maryland Rules is equivalent to personal service on
 37 a resident agent or other agent or officer of a corporation, partnership, limited partnership,

1 limited liability partnership, limited liability company, **LIMITED WORKER COOPERATIVE**
2 **ASSOCIATION**, or real estate investment trust mentioned in paragraph (1) of this
3 subsection.

4 1-404.

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

10 (b) This section does not prohibit:

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

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

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

17 (4) **A LIMITED WORKER COOPERATIVE ASSOCIATION FROM USING**
18 **THE TERMS “LIMITED WORKER COOPERATIVE ASSOCIATION” OR “L.W.C.A.” IN ITS**
19 **NAME.**

20 1-502.

21 (G) **THE NAME OF A LIMITED WORKER COOPERATIVE ASSOCIATION MUST**
22 **INCLUDE:**

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

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

25 (3) **LWCA.**

26 1-503.

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

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

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

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

5 (4) Certificate of limited partnership, if the entity is a limited partnership;
6 or

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

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

9 **4A-12A-01.**

10 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
11 **INDICATED.**

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

15 **(C) “COLLECTIVE WORKER COOPERATIVE” MEANS A LIMITED WORKER**
16 **COOPERATIVE ASSOCIATION THAT HAS ONLY ONE CLASS OF MEMBERS CONSISTING**
17 **OF WORKER MEMBERS WHO MANAGE ALL OF THE AFFAIRS OF THE ASSOCIATION.**

18 **(D) “COOPERATIVE AGREEMENT” MEANS THE OPERATING AGREEMENT OF**
19 **A LIMITED WORKER COOPERATIVE ASSOCIATION.**

20 **(E) “FOREIGN WORKER COOPERATIVE” MEANS AN ENTITY FORMED UNDER**
21 **THE LAWS OF A STATE OTHER THAN THIS STATE THAT IS SIMILAR TO AN ENTITY**
22 **FORMED UNDER THIS SUBTITLE.**

23 **(F) “INVESTOR MEMBER” MEANS A MEMBER OF A LIMITED WORKER**
24 **COOPERATIVE ASSOCIATION WHO IS NOT REQUIRED OR PERMITTED TO CONDUCT**
25 **PATRONAGE WITH THE ASSOCIATION IN THE MEMBER’S CAPACITY AS AN INVESTOR**
26 **MEMBER IN ORDER TO RECEIVE OR RETAIN THE MEMBER’S INTEREST IN THE**
27 **ASSOCIATION.**

28 **(G) “LIMITED WORKER COOPERATIVE ASSOCIATION” MEANS A MARYLAND**
29 **LIMITED LIABILITY COMPANY THAT ELECTS TO BE A LIMITED WORKER**
30 **COOPERATIVE ASSOCIATION IN ACCORDANCE WITH THIS SUBTITLE.**

1 **(H) “PATRON MEMBER” MEANS A MEMBER OF A LIMITED WORKER**
2 **COOPERATIVE ASSOCIATION WHO IS REQUIRED OR PERMITTED TO CONDUCT**
3 **PATRONAGE WITH THE ASSOCIATION.**

4 **(I) “PATRONAGE” MEANS BUSINESS TRANSACTIONS BETWEEN A LIMITED**
5 **WORKER COOPERATIVE ASSOCIATION AND A PERSON THAT ENTITLES THE PERSON**
6 **TO RECEIVE FINANCIAL RIGHTS BASED ON THE VALUE OR QUANTITY OF BUSINESS**
7 **BETWEEN THE ASSOCIATION AND THE PERSON.**

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

10 **(K) “VOTING POWER” MEANS THE PROPORTION OF TOTAL VOTES ENTITLED**
11 **TO BE CAST ON A MATTER THAT ARE HELD BY A PARTICULAR MEMBER OR A GROUP**
12 **OR CLASS OF MEMBERS.**

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

16 **4A-12A-02.**

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

19 **(1) THE CONTEXT OF A PROVISION CLEARLY REQUIRES OTHERWISE;**
20 **OR**

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

22 **(B) THIS SUBTITLE APPLIES ONLY TO A LIMITED WORKER COOPERATIVE**
23 **ASSOCIATION.**

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

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

1 (D) A PROVISION OF THE ARTICLES OF ORGANIZATION OR COOPERATIVE
2 AGREEMENT OF A LIMITED WORKER COOPERATIVE ASSOCIATION MAY NOT BE
3 INCONSISTENT WITH ANY PROVISION OF THIS SUBTITLE.

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

5 UNLESS OTHERWISE PROVIDED IN THIS SUBTITLE, THE POLICY OF THIS
6 SUBTITLE IS TO GIVE MAXIMUM EFFECT TO THE PRINCIPLE OF DEMOCRATIC
7 SELF-MANAGEMENT OF A LIMITED WORKER COOPERATIVE ASSOCIATION BY ITS
8 WORKER MEMBERS.

9 **4A-12A-04.**

10 (A) A LIMITED LIABILITY COMPANY MAY ELECT TO BE A LIMITED WORKER
11 COOPERATIVE ASSOCIATION UNDER THIS SUBTITLE BY INCLUDING IN ITS ARTICLES
12 OF ORGANIZATION A STATEMENT THAT THE LIMITED LIABILITY COMPANY IS A
13 LIMITED WORKER COOPERATIVE ASSOCIATION.

14 (B) A LIMITED LIABILITY COMPANY THAT HAS ELECTED TO BE A LIMITED
15 WORKER COOPERATIVE ASSOCIATION MAY FURTHER ELECT TO BE A COLLECTIVE
16 WORKER COOPERATIVE BY INCLUDING IN ITS ARTICLES OF ORGANIZATION A
17 STATEMENT THAT IT IS A COLLECTIVE WORKER COOPERATIVE.

18 (C) UNLESS THE LIMITED WORKER COOPERATIVE ASSOCIATION HAS
19 ELECTED TO BE A COLLECTIVE WORKER COOPERATIVE, THE ARTICLES OF
20 ORGANIZATION OF A LIMITED WORKER COOPERATIVE ASSOCIATION SHALL INCLUDE
21 THE NAMES OF THOSE INDIVIDUALS WHO WILL SERVE AS REPRESENTATIVES UNTIL
22 THEIR SUCCESSORS ARE ELECTED AND QUALIFY.

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

25 **4A-12A-05.**

26 (A) THIS SECTION DOES NOT APPLY TO A COLLECTIVE WORKER
27 COOPERATIVE.

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

29 (1) IF INITIAL REPRESENTATIVES ARE NAMED IN THE ARTICLES OF
30 ORGANIZATION, THE INITIAL REPRESENTATIVES SHALL HOLD AN ORGANIZATIONAL
31 MEETING TO ADOPT THE COOPERATIVE AGREEMENT AND CARRY ON ANY OTHER
32 BUSINESS NECESSARY OR PROPER TO COMPLETE THE ORGANIZATION OF THE
33 ASSOCIATION; OR

1 **(2) IF INITIAL REPRESENTATIVES ARE NOT NAMED IN THE ARTICLES**
2 **OF ORGANIZATION, THE PERSON WHO HAS CAUSED THE ARTICLES TO BE EXECUTED**
3 **AND FILED FOR RECORD SHALL DESIGNATE THE INITIAL REPRESENTATIVES AND**
4 **CALL A MEETING OF THE INITIAL REPRESENTATIVES TO ADOPT AN INITIAL**
5 **COOPERATIVE AGREEMENT AND CARRY OUT ANY OTHER BUSINESS NECESSARY AND**
6 **PROPER TO COMPLETE THE ORGANIZATION OF THE ASSOCIATION.**

7 **(C) UNLESS PROVIDED OTHERWISE IN THE ARTICLES OF ORGANIZATION,**
8 **THE INITIAL REPRESENTATIVES MAY CAUSE THE LIMITED WORKER COOPERATIVE**
9 **ASSOCIATION TO ACCEPT MEMBERS.**

10 **(D) INITIAL REPRESENTATIVES OF A LIMITED WORKER COOPERATIVE**
11 **ASSOCIATION NEED NOT BE MEMBERS OF THE ASSOCIATION.**

12 **(E) AN INITIAL REPRESENTATIVE SERVES UNTIL:**

13 **(1) A SUCCESSOR IS ELECTED AND QUALIFIES AT AN ASSEMBLY**
14 **MEETING; OR**

15 **(2) THE REPRESENTATIVE IS REMOVED.**

16 **4A-12A-06.**

17 **AFTER A COLLECTIVE WORKER COOPERATIVE IS FORMED, THE INITIAL**
18 **WORKER MEMBERS SHALL HOLD AN ORGANIZATIONAL MEETING TO ADOPT THE**
19 **COOPERATIVE AGREEMENT AND CONDUCT ANY OTHER BUSINESS NECESSARY OR**
20 **PROPER TO COMPLETE THE ORGANIZATION OF THE COLLECTIVE WORKER**
21 **COOPERATIVE.**

22 **4A-12A-07.**

23 **CLEAR REFERENCE TO THE FACT THAT A LIMITED LIABILITY COMPANY IS A**
24 **LIMITED WORKER COOPERATIVE ASSOCIATION SHALL APPEAR PROMINENTLY:**

25 **(1) AT THE HEAD OF THE ARTICLES OF ORGANIZATION OR AN**
26 **AMENDMENT MADE TO THE ARTICLES OF ORGANIZATION IN WHICH THE ELECTION**
27 **TO BE A LIMITED WORKER COOPERATIVE ASSOCIATION IS MADE;**

28 **(2) AT THE HEAD OF EACH SUBSEQUENT ARTICLES OF ORGANIZATION**
29 **OF THE LIMITED WORKER COOPERATIVE ASSOCIATION; AND**

30 **(3) ON EACH CERTIFICATE REPRESENTING OUTSTANDING**
31 **MEMBERSHIP INTERESTS IN THE LIMITED WORKER COOPERATIVE ASSOCIATION.**

1 **4A-12A-08.**

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

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

10 **4A-12A-09.**

11 (A) THE COOPERATIVE AGREEMENT OF A LIMITED WORKER COOPERATIVE
12 ASSOCIATION SHALL INCLUDE:

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

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

17 (i) A STATEMENT CONCERNING:

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

20 2. IF INVESTOR MEMBERS ARE AUTHORIZED, THE
21 MANNER IN WHICH PROFITS AND LOSSES ARE ALLOCATED AND DISTRIBUTIONS ARE
22 MADE AMONG INVESTOR MEMBERS; AND

23 (ii) A STATEMENT DESIGNATING VOTING AND OTHER
24 GOVERNANCE RIGHTS OF EACH CLASS OR OTHER TYPE OF MEMBERSHIP INTEREST,
25 INCLUDING WHICH MEMBERS HAVE VOTING POWER AND ANY RESTRICTIONS ON
26 VOTING POWER;

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

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

1 **(5) A STATEMENT CONCERNING WHETHER AND HOW PERSONS THAT**
2 **ARE NOT MEMBERS BUT CONDUCT BUSINESS WITH THE ASSOCIATION MAY BE**
3 **ALLOWED TO SHARE IN ALLOCATIONS OF PROFITS AND LOSSES AND RECEIVE**
4 **DISTRIBUTIONS;**

5 **(6) A STATEMENT OF THE NUMBER AND TERMS OF**
6 **REPRESENTATIVES OR THE METHOD BY WHICH THE NUMBER AND TERMS ARE**
7 **DETERMINED;**

8 **(7) A STATEMENT ADDRESSING MEMBERS' CONTRIBUTIONS; AND**

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

13 **(B) THE COOPERATIVE AGREEMENT OF A LIMITED WORKER COOPERATIVE**
14 **ASSOCIATION MAY CONTAIN ANY PROVISION FOR MANAGING AND REGULATING THE**
15 **AFFAIRS OF THE ASSOCIATION NOT INCONSISTENT WITH ITS ARTICLES OF**
16 **ORGANIZATION OR THIS TITLE.**

17 **(C) A PERSON THAT BECOMES A MEMBER OF A LIMITED WORKER**
18 **COOPERATIVE ASSOCIATION IS DEEMED TO ASSENT TO THE COOPERATIVE**
19 **AGREEMENT OF THE ASSOCIATION.**

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

23 **(1) THE TIME OF FORMATION OF THE ASSOCIATION; OR**

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

25 **4A-12A-10.**

26 **(A) A LIMITED WORKER COOPERATIVE ASSOCIATION MAY INCLUDE**
27 **MULTIPLE CLASSES OF MEMBERS WHOSE RIGHTS AND MEMBERSHIP INTERESTS**
28 **SHALL BE DETERMINED BY THE COOPERATIVE AGREEMENT.**

29 **(B) TO BEGIN BUSINESS, A LIMITED WORKER COOPERATIVE ASSOCIATION**
30 **MUST HAVE AT LEAST THREE WORKER MEMBERS UNLESS THE SOLE MEMBER IS A**
31 **LIMITED WORKER COOPERATIVE ASSOCIATION.**

1 (C) A PERSON BECOMES A MEMBER OF A LIMITED WORKER COOPERATIVE
2 ASSOCIATION:

3 (1) AS PROVIDED IN THE ARTICLES OF ORGANIZATION OR
4 COOPERATIVE AGREEMENT;

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

6 (3) AS A RESULT OF A CONVERSION UNDER THIS ARTICLE, IN WHICH
7 ANOTHER ENTITY ELECTS TO BE A LIMITED WORKER COOPERATIVE ASSOCIATION
8 UNDER THIS SUBTITLE; OR

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

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

12 (E) UNLESS THE ARTICLES OF ORGANIZATION PROVIDE OTHERWISE, A
13 DEBT, AN OBLIGATION, OR ANY OTHER LIABILITY OF A LIMITED WORKER
14 COOPERATIVE ASSOCIATION IS SOLELY THAT OF THE ASSOCIATION AND IS NOT THE
15 DEBT, OBLIGATION, OR LIABILITY OF A MEMBER.

16 (F) (1) THE ORGANIZATION OF A LIMITED WORKER COOPERATIVE
17 ASSOCIATION UNDER THIS SUBTITLE DOES NOT CREATE A PRESUMPTION THAT
18 WORKER MEMBERS ARE EMPLOYEES OF THE ASSOCIATION FOR ANY PURPOSE.

19 (2) IF A LIMITED WORKER COOPERATIVE ASSOCIATION IS TAXED AS A
20 PARTNERSHIP FOR FEDERAL AND STATE INCOME TAX PURPOSES, THAT FACT MAY
21 NOT BE CONSTRUED TO REQUIRE THAT A WORKER MEMBER BE CONSIDERED AN
22 EMPLOYEE UNDER ANY STATE LAW.

23 4A-12A-11.

24 (A) IN THIS SECTION, "ACTUAL PAYROLL VALUE" MEANS THE TOTAL
25 AMOUNT OF MONEY PAID TO AN EMPLOYEE AFTER TAXES AND DEDUCTIONS AND
26 INCLUDES THE BASE SALARY, BONUSES, OVERTIME, LEAVE BENEFITS,
27 COMMISSIONS, AND TIPS.

28 ~~(A)~~ (B) AN INSURER, AS DEFINED IN § 1-101 OF THE INSURANCE
29 ARTICLE, THAT PROVIDES WORKERS' COMPENSATION INSURANCE TO MEMBERS OF
30 A LIMITED WORKER COOPERATIVE ASSOCIATION FORMED UNDER THIS SUBTITLE
31 SHALL CALCULATE PREMIUMS FOR MEMBERS WHO ARE COVERED EMPLOYEES:

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

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

4 ~~(B)~~ (C) (1) THE MARYLAND INSURANCE COMMISSIONER MAY
5 ENFORCE THIS SECTION.

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

9 (D) THIS SECTION MAY NOT BE CONSTRUED TO PROHIBIT A LIMITED
10 WORKER COOPERATIVE ASSOCIATION FROM ACQUIRING OTHER FORMS OF
11 INSURANCE.

12 4A-12A-12.

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

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

17 (C) A DEBT, AN OBLIGATION, OR ANY OTHER LIABILITY OF A LIMITED
18 WORKER COOPERATIVE ASSOCIATION IS SOLELY THAT OF THE ASSOCIATION AND IS
19 NOT A DEBT, AN OBLIGATION, OR A LIABILITY OF A MEMBER OF THE ASSEMBLY
20 SOLELY BY REASON OF BEING A VOTING MEMBER.

21 4A-12A-13.

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

23 (1) PROVIDED IN THE ARTICLES OF ORGANIZATION OR COOPERATIVE
24 AGREEMENT; OR

25 (2) SET BY THE BOARD OF REPRESENTATIVES THAT IS CONSISTENT
26 WITH THE ARTICLES OF ORGANIZATION OR COOPERATIVE AGREEMENT.

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

1 **(C) THE BOARD OF REPRESENTATIVES SHALL REPORT, OR CAUSE TO BE**
2 **REPORTED, AT THE ANNUAL ASSEMBLY MEETING THE ASSOCIATION'S BUSINESS**
3 **AND FINANCIAL CONDITION AS OF THE CLOSE OF THE MOST RECENT FISCAL YEAR.**

4 **(D) EXCEPT AS OTHERWISE PROVIDED IN THE COOPERATIVE AGREEMENT,**
5 **THE BOARD OF REPRESENTATIVES SHALL DESIGNATE THE PRESIDING OFFICER OF**
6 **THE ANNUAL ASSEMBLY MEETING.**

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

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

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

17 **4A-12A-14.**

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

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

20 **(II) BY A MAJORITY OF VOTES OF THE BOARD OF**
21 **REPRESENTATIVES ON A PROPOSAL STATING THE PURPOSE OF THE SPECIAL**
22 **MEETING; OR**

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

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

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

30 **(II) IF NO OFFICER HAS BEEN CHARGED WITH KEEPING THE**
31 **RECORDS OF THE ASSOCIATION, A REPRESENTATIVE.**

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

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

9 **(C) ONLY BUSINESS WITHIN THE PURPOSES STATED IN THE NOTICE OF**
10 **SPECIAL MEETING MAY BE CONDUCTED AT THE MEETING.**

11 **(D) EXCEPT AS OTHERWISE PROVIDED IN THE COOPERATIVE AGREEMENT,**
12 **THE PRESIDING OFFICER OF A SPECIAL MEETING SHALL BE DESIGNATED BY THE**
13 **BOARD OF REPRESENTATIVES.**

14 **4A-12A-15.**

15 **(A) THE ARTICLES OF ORGANIZATION OR COOPERATIVE AGREEMENT MAY**
16 **ALLOCATE VOTING POWER AMONG MEMBERS ON THE BASIS OF ONE OR MORE OF**
17 **THE FOLLOWING:**

18 **(1) ONE MEMBER, ONE VOTE;**

19 **(2) IF A MEMBER IS A COOPERATIVE, THE NUMBER OF ITS MEMBERS;**
20 **OR**

21 **(3) SUBJECT TO SUBSECTION (B) OF THIS SECTION, USE OR**
22 **PATRONAGE.**

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

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

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

1 **(E) (1) THIS SUBSECTION DOES NOT APPLY WHERE THIS TITLE OR THE**
2 **ARTICLES OF ORGANIZATION OR COOPERATIVE AGREEMENT REQUIRE A HIGHER**
3 **VOTING THRESHOLD THAN IS REQUIRED BY PARAGRAPH (2) OF THIS SUBSECTION.**

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

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

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

11 **4A-12A-16.**

12 **(A) THIS SECTION DOES NOT APPLY TO A COLLECTIVE WORKER**
13 **COOPERATIVE.**

14 **(B) A LIMITED WORKER COOPERATIVE ASSOCIATION SHALL HAVE A BOARD**
15 **OF REPRESENTATIVES CONSISTING OF AT LEAST THREE INDIVIDUALS.**

16 **(C) (1) THE AFFAIRS OF A LIMITED WORKER COOPERATIVE ASSOCIATION**
17 **SHALL BE MANAGED BY THE BOARD OF REPRESENTATIVES OR INDIVIDUALS TO**
18 **WHOM THE BOARD DELEGATES SUCH DUTIES.**

19 **(2) THE BOARD OF REPRESENTATIVES MAY ADOPT POLICIES AND**
20 **PROCEDURES CONSISTENT WITH THE ARTICLES OF ORGANIZATION, THE**
21 **COOPERATIVE AGREEMENT, OR THIS TITLE.**

22 **(D) AN INDIVIDUAL IS NOT AN AGENT OF A LIMITED WORKER COOPERATIVE**
23 **ASSOCIATION SOLELY BY BEING A REPRESENTATIVE.**

24 **(E) A DEBT, AN OBLIGATION, OR ANY OTHER LIABILITY OF A LIMITED**
25 **WORKER COOPERATIVE ASSOCIATION IS SOLELY THAT OF THE ASSOCIATION AND IS**
26 **NOT A DEBT, AN OBLIGATION, OR A LIABILITY OF A REPRESENTATIVE SOLELY BY**
27 **REASON OF BEING A REPRESENTATIVE.**

28 **(F) REPRESENTATIVES SHALL BE ELECTED FOR TERMS DETERMINED BY**
29 **THE COOPERATIVE AGREEMENT.**

30 **4A-12A-17.**

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

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

6 **(2) UNLESS A HIGHER THRESHOLD IS STATED IN THE COOPERATIVE**
7 **AGREEMENT, AT THE TIME SPECIFIED BY:**

8 **(I) A TWO-THIRDS VOTE OF THE WORKER MEMBERS; AND**

9 **(II) A TWO-THIRDS VOTE OF THE VOTING POWER OF ALL**
10 **MEMBERS OF THE ASSEMBLY;**

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

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

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

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

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

32 **(2) IF A NEW MEMBER IS NOT ADMITTED TO THE LIMITED WORKER**
33 **COOPERATIVE ASSOCIATION IN ACCORDANCE WITH PARAGRAPH (1) OF THIS**
34 **SUBSECTION, AND THE LAST REMAINING MEMBER CEASED TO BE A MEMBER UNDER**

1 **§ 4A-606(5) OF THIS TITLE, THE LAST REMAINING MEMBER'S PERSONAL**
2 **REPRESENTATIVE OR GUARDIAN SHALL AUTOMATICALLY BE ADMITTED AS A NEW**
3 **MEMBER OF THE LIMITED WORKER COOPERATIVE ASSOCIATION, EFFECTIVE**
4 **IMMEDIATELY ON THE HAPPENING OF THE EVENT DESCRIBED IN § 4A-606(5) OF**
5 **THIS TITLE, UNLESS WITHIN 90 DAYS AFTER THE PERSONAL REPRESENTATIVE OR**
6 **GUARDIAN FIRST HAS KNOWLEDGE OF THE EVENT, THE PERSONAL**
7 **REPRESENTATIVE OR GUARDIAN:**

8 (I) **RENOUNCES THAT ADMISSION IN WRITING; OR**

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

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

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

24 **4A-12A-18.**

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

28 **4A-12A-19.**

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

33 (2) **PROFITS DECLARED AS PATRONAGE ALLOCATIONS WITH**
34 **RESPECT TO A PERIOD OF TIME AND PAID OR CREDITED TO PATRON MEMBERS**
35 **SHALL BE APPORTIONED AMONG THE PATRON MEMBERS IN ACCORDANCE WITH THE**

1 RATIO OF EACH PATRON MEMBER'S PATRONAGE DURING THE APPLICABLE TIME
2 PERIOD TO THE TOTAL PATRONAGE BY ALL PATRON MEMBERS DURING THAT
3 PERIOD.

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

7 4A-12A-20.

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

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

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

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

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

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

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

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

30 4A-12A-21.

31 (A) ANY MEMBERSHIP INTEREST, PATRONAGE REFUND, PER UNIT RETAIN
32 CERTIFICATE, EQUITY INSTRUMENT, OR EVIDENCE OF MEMBERSHIP INTEREST

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

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

8 4A-12A-22.

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

12 Article – Insurance

13 2-108.

14 In addition to any powers and duties set forth elsewhere by the laws of the State, the
15 Commissioner:

16 (1) has the powers and authority expressly conferred on the Commissioner
17 by or reasonably implied from this article;

18 (2) shall enforce this article;

19 (3) shall perform the duties imposed on the Commissioner by this article;

20 (4) in addition to examinations and investigations expressly authorized,
21 may conduct examinations and investigations of insurance matters as necessary to fulfill
22 the purposes of this article; [and]

23 (5) shall enforce § 15-103(b)(21)(vi) of the Health – General Article; AND

24 (6) SHALL ENFORCE § 4A-12A-11 OF THE CORPORATIONS AND
25 ASSOCIATIONS ARTICLE.

26 Article – Tax – General

27 4-301.

28 (c) If a limited liability company, INCLUDING A LIMITED WORKER
29 COOPERATIVE ASSOCIATION OR COLLECTIVE WORKER COOPERATIVE, or limited
30 liability partnership, including a limited partnership registered as a limited liability
31 limited partnership, is required to pay the admissions and amusement tax, personal

1 liability for the tax and interest and penalties on the tax extends to any person who
2 exercises direct control over the fiscal management of the limited liability company or
3 limited liability partnership.

4 9-314.

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

12 10-906.

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

15 (1) to the employer or payor;

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

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

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

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

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

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

30 11-601.

31 (d) If a buyer or vendor liable for the sales and use tax and for the interest and
32 penalties of the tax under subsection (c) of this section is a corporation or limited liability
33 company, **INCLUDING A LIMITED WORKER COOPERATIVE ASSOCIATION OR A**

1 **COLLECTIVE WORKER COOPERATIVE**, or limited liability partnership (including a
2 limited partnership registered as a limited liability limited partnership), personal liability
3 for the sales and use tax and for the interest and penalties of the tax extends to:

4 (1) in the case of a corporation:

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

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

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

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

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

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

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

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

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

21 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 October 1, 2026.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.