

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 18-27—HB 5442
Commerce Committee
Judiciary Committee

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

SUMMARY: This act allows a nonprofit corporation to become a member of a worker cooperative, a type of business entity that must be owned and controlled by its employees. Prior law allowed only a cooperative's full- and part-time employees to become members and own ownership shares.

In doing so, the act allows the nonprofit to serve on the cooperative's board and, like the worker-owners, receive a portion of the cooperative's net earnings (i.e., patronage allocations), which, by law, must be apportioned to each member in proportion to the member's share of the work performed by all members during a specified period.

EFFECTIVE DATE: October 1, 2018