



General Assembly

January Session, 2019

**Committee Bill No. 138**

LCO No. 6309



Referred to Committee on JUDICIARY

Introduced by:  
(JUD)

**AN ACT MODERNIZING THE STATE'S COOPERATIVE ASSOCIATION STATUTES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 33-183 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2019*):

3 [~~Seven~~] Three or more persons of lawful age [,] and inhabitants of  
4 this state, may, by written articles of [~~agreement~~] association, associate  
5 themselves together for the purposes of trade or for carrying on any  
6 lawful mercantile, mechanical, manufacturing or agricultural business  
7 within this state, and, when such articles of association have been  
8 executed and filed in the office of the Secretary of the State, the  
9 franchise tax provided by section 33-187, as amended by this act, paid  
10 to, and such articles of association approved by, said secretary, such  
11 persons shall become a corporation and enjoy all the powers and  
12 privileges and be subject to all the duties, restrictions and liabilities of  
13 other corporations, except so far as [~~the same~~] such duties, restrictions  
14 and liabilities may be limited or enlarged by this chapter.

15 Sec. 2. Section 33-184 of the general statutes is repealed and the

16 following is substituted in lieu thereof (*Effective October 1, 2019*):

17 The objects for which such association is established, and the place  
18 within which its business is to be carried on, shall be distinctly set forth  
19 in its articles of [agreement] association, and it shall not do business in  
20 any other place or places than those mentioned in its articles.

21 Sec. 3. Section 33-185 of the general statutes is repealed and the  
22 following is substituted in lieu thereof (*Effective from passage*):

23 [The] (a) Prior to September 30, 2019, the business of the association  
24 shall be managed by not fewer than seven members, who shall be  
25 styled a board of managers, shall be chosen annually by the  
26 stockholders and shall hold their offices until others are chosen and  
27 have qualified in their stead, except that when the bylaws of such  
28 association so prescribe, the board of managers may be divided into  
29 not more than three classes, each class to hold office for not more than  
30 three years, one of which classes shall be elected annually. Such  
31 association shall have such other officers appointed as its bylaws  
32 prescribe. The terms of the members of the board serving on the  
33 effective date of this act shall expire on September 30, 2019.

34 (b) On and after October 1, 2019, the business of the association shall  
35 be managed by a board of directors consisting of not fewer than three  
36 members of the association. The board of directors shall be elected  
37 annually by the member shareholders and shall hold office until a  
38 successor has been elected, except, when the bylaws of such  
39 association so prescribe, the board of directors may be divided into not  
40 more than three classes, one of which classes shall be elected annually,  
41 with each class to hold office for not more than six years. Such  
42 association may adopt bylaws concerning the appointment of other  
43 officers of the association and to implement the provisions of this  
44 section.

45 Sec. 4. Section 33-187 of the general statutes is repealed and the  
46 following is substituted in lieu thereof (*Effective October 1, 2019*):

47 The amount of capital stock of any cooperative association  
48 organized under the provisions of this chapter shall be fixed by its  
49 articles of association at a sum not exceeding [five] fifty million dollars  
50 par value, and shall be subject to the same franchise tax as the capital  
51 stock of other corporations organized under the general [law] laws,  
52 which tax shall be paid to the Secretary of the State. The association  
53 may increase or diminish the amount and number of shares of such  
54 stock at any meeting of the [stockholders] member shareholders  
55 specially called for such purpose, but no shares shall be issued at less  
56 than their par value. [Within] Not later than five days after the passage  
57 of any vote increasing or diminishing such stock, such association shall  
58 cause a certificate setting forth such vote, signed by a majority of the  
59 board of [managers] directors, to be recorded in the office of the  
60 Secretary of the State.

61 Sec. 5. Section 33-188 of the general statutes is repealed and the  
62 following is substituted in lieu thereof (*Effective October 1, 2019*):

63 Not later than thirty days after the first meeting of the association,  
64 the board of [managers] directors shall prepare a report, setting forth  
65 the name of the association, the principal office of the association, the  
66 names of the respective business and residence addresses of the board  
67 of [managers] directors and officers of the association, the amount of  
68 capital stock, the par value of the shares, and the number of shares  
69 issued, together with a statement that such shares are fully paid or, if  
70 not fully paid, a statement of the amount payable in respect thereof,  
71 which report shall be filed and recorded in the office of the Secretary of  
72 the State. On or before the tenth day of March [in each year] annually  
73 thereafter, the board of [managers] directors shall prepare a [like]  
74 report of the [same] facts as they existed on the first day of [such]  
75 March and [the same] such report shall be filed and recorded in the  
76 office of the Secretary of the State. [All the statements] Any statement  
77 provided for in this section shall be signed and sworn to by a majority  
78 of the board of [managers] directors.

79 Sec. 6. Section 33-191 of the general statutes is repealed and the  
80 following is substituted in lieu thereof (*Effective October 1, 2019*):

81 No certificate of shares shall be issued to any person until the full  
82 amount thereof has been paid in cash, and no shareholder shall receive  
83 less than the par value of any share when disposing of the same to the  
84 board of [managers] directors. No person shall be allowed to become a  
85 shareholder in such association except by the consent of the  
86 [managers] shareholders.

87 Sec. 7. Section 33-192 of the general statutes is repealed and the  
88 following is substituted in lieu thereof (*Effective October 1, 2019*):

89 [If the board of managers fails to make any return required by this  
90 chapter or makes an untrue return, the members thereof shall be  
91 jointly and severally liable for all debts existing at the date of such  
92 return or at the time when the return should have been made, and  
93 such association shall forfeit to the state fifty dollars for each failure.] If  
94 the association fails to file the annual report required by section 33-188,  
95 as amended by this act, or makes an untrue report, the association  
96 shall pay to the Secretary of the State fifty dollars for each such failure.

97 Sec. 8. Section 33-193 of the general statutes is repealed and the  
98 following is substituted in lieu thereof (*Effective October 1, 2019*):

99 There shall be [such] a distribution of the profits or [earnings]  
100 surplus of [such] an association among the member shareholders as is  
101 prescribed by the association's bylaws. [; provided no distribution shall  
102 be declared or paid until a sum equal to ten per cent of the net profits  
103 is appropriated for a contingent or sinking fund and until there has  
104 been thereby accumulated a sum equal to twenty per cent of the capital  
105 stock.] The board of directors of an association may declare a sum of  
106 not more than forty per cent of the net profits or surplus to be  
107 appropriated for a contingent or sinking fund, an unallocated reserve  
108 fund or a collective account as may be prescribed in the association's  
109 bylaws.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2019</i>	33-183
Sec. 2	<i>October 1, 2019</i>	33-184
Sec. 3	<i>from passage</i>	33-185
Sec. 4	<i>October 1, 2019</i>	33-187
Sec. 5	<i>October 1, 2019</i>	33-188
Sec. 6	<i>October 1, 2019</i>	33-191
Sec. 7	<i>October 1, 2019</i>	33-192
Sec. 8	<i>October 1, 2019</i>	33-193

**Statement of Purpose:**

To revise state statutes governing the formation of cooperative associations in order to enhance the use of such associations as a business model in the state.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

Co-Sponsors: SEN. OSTEN, 19th Dist.; SEN. FLEXER, 29th Dist.  
REP. ORANGE, 48th Dist.; REP. JOHNSON, 49th Dist.  
REP. HADDAD, 54th Dist.; REP. CONLEY, 40th Dist.

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