

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Limited Worker Cooperative Association Act
5 is amended by changing Sections 5, 10, 15, 20, 25, 30, 35, 40,
6 45, 50, 55, 60, 65, and 70 and adding Sections 12, 16, 21, 22,
7 36, 37, 51, 52, 61, 62, and 63 as follows:

8 (805 ILCS 317/5)

9 Sec. 5. Findings. The General Assembly finds and declares
10 all of the following:

11 (1) the cooperative form of doing business provides an
12 efficient and effective method for persons to transact
13 business, offer, and obtain goods and services, and it is
14 in the best interests of the people of the State of
15 Illinois to promote, foster, and encourage the utilization
16 of cooperatives in appropriate instances;

17 (2) the Co-operative Act and Agricultural Co-Operative
18 Act have provided for the promotion, fostering, and
19 encouragement of consumer and producer cooperatives; have
20 made distribution of agricultural products between
21 producer and consumer more efficient; have stabilized the
22 marketing of agricultural products; and have provided for
23 the organization and incorporation of cooperative

1 corporations, all as contemplated at the time of the
2 original adoption;

3 (3) it is in the best interests of the people of the
4 State of Illinois to preserve the provisions of the
5 Co-operative Act as it has been in force and interpreted
6 in the State and to continue the provisions thereof ~~for~~
7 ~~agriculture~~, but also to expand the provisions of Illinois
8 cooperative law to provide greater direction and
9 flexibility in its provisions and to enable all types of
10 industries and enterprises to avail themselves of the
11 benefits of the worker cooperative form of doing business
12 in accordance with the provisions of this Act;

13 (4) a worker cooperative has the purpose of creating
14 and maintaining sustainable jobs and generating wealth in
15 order to improve the quality of life and economic security
16 of its worker-members, dignify human work, allow workers'
17 democratic self-management, and promote community and
18 local development in this State;

19 (5) the purpose of this Act is to create a new business
20 entity better suited for worker cooperatives and
21 multi-stakeholder cooperatives, and to create more
22 visibility and financing options for cooperatives. This
23 Act is intended to provide a definition of worker
24 cooperative for purposes of this Act, and not for purposes
25 of other laws.

26 (Source: P.A. 101-292, eff. 1-1-20.)

1 (805 ILCS 317/10)

2 Sec. 10. Definitions. In this Act:

3 "Candidate" means a worker who is being considered for
4 membership in a worker cooperative, as defined in the
5 cooperative association's articles or cooperative agreement
6 ~~bylaws~~.

7 "Collective worker cooperative" means a limited worker
8 cooperative association that only has one class of members
9 consisting of worker-members who manage all of the affairs of
10 the limited cooperative association. If an association's
11 articles of organization or cooperative agreement provides
12 that it is a collective worker cooperative, then all of the
13 members shall be deemed managers.

14 ~~"Community investor" means a person who is not a member~~
15 ~~and who holds a share or other proprietary interest in a~~
16 ~~limited cooperative association.~~

17 "Distribution" means a transfer of money or other property
18 from a limited worker cooperative association to a member
19 because of the member's financial rights or to a transferee of
20 a member's financial rights.

21 "Investor member" means a person who holds a financial
22 interest in a limited worker cooperative association. An
23 investor member is either not required or not permitted by the
24 articles or cooperative agreement to conduct patronage with
25 the association in the member's capacity as an investor member

1 in order to receive or retain the member's interest.

2 "Limited worker cooperative association" or "association"
3 means an association organized under this Act.

4 "Member" means any person who, pursuant to a specific
5 provision of a limited worker cooperative association's
6 articles or cooperative agreement ~~bylaws~~, has the right to
7 vote for the election of a manager ~~director~~ or managing member
8 ~~directors~~, or possesses any proprietary interests in the
9 limited worker cooperative association.

10 ~~"Multi stakeholder cooperative" means a cooperative~~
11 ~~organized under this Act that has different classes of members~~
12 ~~whose rights and proprietary interests shall be determined by~~
13 ~~the articles or bylaws. At least 51% of the members shall be~~
14 ~~worker members or candidates. A multi stakeholder cooperative~~
15 ~~is a worker cooperative for purposes of this Act.~~

16 "Patron member" means a member of a limited worker
17 cooperative association that is required or permitted by the
18 association's articles or cooperative agreement to conduct
19 patronage with an association in the member's capacity as a
20 patron member.

21 "Patronage" means business transactions between a limited
22 worker cooperative association and a person that entitles the
23 person to receive financial rights based on the value or
24 quantity of business done between the association and the
25 person. The patronage of worker-members may be measured by
26 work performed, including, but not limited to, wages earned,

1 number of hours worked, number of jobs created, or some
2 combination of these measures.

3 "Worker cooperative" means a limited worker cooperative
4 association formed under this Act where all patron members of
5 an association ~~that includes a class of worker members who~~ are
6 natural persons whose patronage consists of labor contributed
7 to or other work performed for the limited worker cooperative
8 association. ~~Election to be organized as a worker cooperative~~
9 ~~does not create a presumption that workers are employees of~~
10 ~~the corporation for any purposes. A worker cooperative formed~~
11 ~~under this Act may include additional classes of members whose~~
12 ~~rights and proprietary interests shall be determined by the~~
13 ~~articles or bylaws. At least 51% of the workers shall be~~
14 ~~worker members or candidates.~~

15 "Worker" means a natural person contributing labor or
16 services to a worker cooperative.

17 "Worker-member" means a ~~member of a worker cooperative who~~
18 ~~is a~~ natural person who is a member of an association formed
19 under this Act whose patronage consists of labor contributed
20 to or other work performed for the limited ~~and also a patron of~~
21 ~~a~~ worker cooperative association.

22 "Written notice of allocation" is defined as in 26 U.S.C.
23 1388 or its successor.

24 (Source: P.A. 101-292, eff. 1-1-20.)

1 Sec. 12. Powers of Secretary of State and rulemaking.

2 (a) The Secretary of State shall have the power and
3 authority reasonably necessary to administer this Act
4 efficiently and to perform the duties imposed in this Act. The
5 Secretary of State's function under this Act is to be a central
6 depository for the articles of organization and applications
7 for admission required by this Act and to record the assumed
8 names used by limited worker cooperative associations.

9 (b) The Secretary of State shall have the power and
10 authority to adopt rules, in accordance with the Illinois
11 Administrative Procedure Act, necessary to administer this Act
12 efficiently and to perform the duties imposed in this Act.

13 (805 ILCS 317/15)

14 Sec. 15. Purpose of limited worker cooperative
15 association.

16 (a) A limited worker cooperative association is an entity
17 distinct from its members.

18 (b) A limited worker cooperative association may be
19 organized for any lawful purpose, whether or not for profit.

20 (c) An association organized as a worker cooperative under
21 this Act ~~elects to be a worker cooperative with the State of~~
22 ~~Illinois. Election to be organized as a worker cooperative~~
23 does not create a presumption that workers are employees of
24 the association ~~corporation~~ for any purposes.

25 (Source: P.A. 101-292, eff. 1-1-20.)

1 (805 ILCS 317/16 new)

2 Sec. 16. Application of the Limited Liability Company Act.
3 The Limited Liability Company Act applies to limited worker
4 cooperative associations, and they shall enjoy the powers and
5 privileges and be subject to the duties, restrictions, and
6 liabilities of limited liability companies, except where
7 inconsistent with the letter and purpose of this Act. This Act
8 shall take precedence in the event of any conflict with the
9 provisions of the Limited Liability Company Act or other laws.

10 (805 ILCS 317/20)

11 Sec. 20. Formation of limited worker cooperative
12 association.

13 (a) A limited worker cooperative association must be
14 organized by one or more organizers. Organizers need not be
15 members ~~or worker members~~ of the worker cooperative
16 association.

17 (b) To form a limited worker cooperative association, one
18 or more organizers of the association shall deliver or cause
19 to be delivered articles of organization to the Secretary of
20 State for filing.

21 (Source: P.A. 101-292, eff. 1-1-20.)

22 (805 ILCS 317/21 new)

23 Sec. 21. Limited worker cooperative association; name.

1 (a) The name of each limited worker cooperative
2 association organized, existing, or subject to the provisions
3 of this Act:

4 (1) shall contain the terms "Limited Worker
5 Cooperative Association", "LWCA", or "L.W.C.A.".

6 (2) may not contain a word or phrase, or an
7 abbreviation or derivation thereof, the use of which is
8 prohibited or restricted by any other statute of this
9 State unless the restriction has been complied with;

10 (3) shall consist of letters of the English alphabet,
11 Arabic or Roman numerals, or symbols capable of being
12 readily reproduced by the Office of the Secretary of
13 State;

14 (4) shall not contain any of the following terms:
15 "Corporation", "Corp.", "Incorporated", "Inc.", "Ltd.",
16 "Co.", "LLC", "Limited Partnership", or "L.P.";

17 (5) shall be the name under which the limited worker
18 cooperative association transacts business in this State
19 unless the limited worker cooperative association also
20 elects to adopt an assumed name or names as provided in
21 this Act; however, the limited worker cooperative
22 association may use any divisional designation or trade
23 name without complying with the requirements of this Act
24 if the limited worker cooperative association also clearly
25 discloses its name;

26 (6) shall not contain any word or phrase that

1 indicates or implies that the limited worker cooperative
2 association is authorized or empowered to be in the
3 business of a corporate fiduciary unless otherwise
4 permitted by the Secretary of Financial and Professional
5 Regulation under Section 1-9 of the Corporate Fiduciary
6 Act. The word "trust", "trustee", or "fiduciary" may be
7 used by a limited worker cooperative association only if
8 it has first complied with Section 1-9 of the Corporate
9 Fiduciary Act; and

10 (7) shall contain the word "trust", if it is a limited
11 worker cooperative association organized for the purpose
12 of accepting and executing trusts.

13 (b) Nothing in this Act shall abrogate or limit the common
14 law or statutory law of unfair competition or unfair trade
15 practices, nor derogate from the common law or principles of
16 equity or the statutes of this State or of the United States of
17 America with respect to the right to acquire and protect
18 copyrights, trade names, trademarks, service marks, service
19 names, or any other right to the exclusive use of names or
20 symbols.

21 (c) The name shall be distinguishable upon the records in
22 the Office of the Secretary of State from the name of all of
23 the following:

24 (1) Any limited worker cooperative that has articles
25 of organization filed with the Secretary of State.

26 (2) Any limited liability company that has articles of

1 organization filed with the Secretary of State under
2 Section 5-5 of the Limited Liability Company Act.

3 (3) Any foreign limited liability company admitted to
4 transact business in this State.

5 (4) Any name for which an exclusive right has been
6 reserved in the Office of the Secretary of State under
7 Section 1-15 of the Limited Liability Company Act.

8 (5) Any assumed name that is registered with the
9 Secretary of State under Section 1-20 of the Limited
10 Liability Company Act.

11 (6) Any corporate name or assumed corporate name of a
12 domestic or foreign corporation subject to the provisions
13 of Section 4.05 of the Business Corporation Act of 1983 or
14 Section 104.05 of the General Not For Profit Corporation
15 Act of 1986.

16 (d) Subsection (c) of this Section shall not apply if the
17 organizer files with the Secretary of State a certified copy
18 of a final judgment of a court establishing the prior right of
19 the applicant to the use of that name in this State.

20 (e) The Secretary of State shall determine whether a name
21 is distinguishable from another name for the purposes of this
22 Act. Without excluding other names that may not constitute
23 distinguishable names in this State, a name is not considered
24 distinguishable, for purposes of this Act, solely because it
25 contains one or more of the following:

26 (1) The word "limited", "worker", "cooperative", or

1 "association" or an abbreviation of one of those words.

2 (2) Articles, conjunctions, contractions,
3 abbreviations, or different tenses or number of the same
4 word.

5 (805 ILCS 317/22 new)

6 Sec. 22. Forms, execution, acknowledgment, and filing.

7 (a) All reports required by this Act to be filed in the
8 Office of the Secretary of State shall be made on forms
9 prescribed and furnished by the Secretary of State. Forms for
10 all other documents to be filed in the Office of the Secretary
11 of State shall be furnished by the Secretary of State upon
12 request.

13 (b) Whenever any provision of this Act specifically
14 requires any document to be executed by the limited worker
15 cooperative association in accordance with this Section,
16 unless otherwise specifically stated in this Act and subject
17 to any additional provisions of this Act, the document shall
18 be signed as follows:

19 (1) The initial articles of organization shall be
20 signed by the organizer or organizers.

21 (2) A document filed on behalf of a dissolved limited
22 worker cooperative association that has no members must be
23 signed by the person winding up the association's
24 activities under Section 35-4 of the Limited Liability
25 Company Act.

1 (3) Any other document must be signed by a person
2 authorized by the limited worker cooperative association
3 to sign it.

4 (c) The name of a person signing the document and the
5 capacity in which the person signs shall be stated beneath or
6 opposite the person's signature.

7 (d) The execution of any document required by this Act by a
8 person constitutes an affirmation under the penalties of
9 perjury that the facts stated therein are true and that the
10 person has authority to execute the document.

11 (e) When filed in the Office of the Secretary of State, an
12 authorization, including a power of attorney, to sign a record
13 must be in writing, then sworn to, verified, or acknowledged.

14 (805 ILCS 317/25)

15 Sec. 25. Articles of organization. ~~(a)~~ The articles of
16 organization of a limited worker cooperative association shall
17 state:

18 (1) the domestic entity name of the limited worker
19 cooperative association;

20 (2) the purposes for which the limited worker
21 cooperative association is formed, which may be for any
22 lawful purpose;

23 (3) the registered agent name and registered agent
24 address of the association's initial registered agent;

25 (4) the street address and, if different, mailing

1 address of the association's initial principal office;

2 (5) the true name and street address and, if
3 different, mailing address of each organizer; ~~and~~

4 (5.5) a statement that the association is a worker
5 cooperative or a collective worker cooperative, if
6 applicable; and

7 (6) any other provision, not inconsistent with law,
8 ~~that the worker members, members, or organizers elect to~~
9 ~~set out in the articles~~ for the regulation of the internal
10 affairs of the limited worker cooperative association,
11 including any provisions that, under this Act, are
12 required or permitted to be set out in the cooperative
13 agreement ~~bylaws~~ of the limited worker cooperative
14 association.

15 (Source: P.A. 101-292, eff. 1-1-20; revised 9-4-20.)

16 (805 ILCS 317/30)

17 Sec. 30. Organization of limited worker cooperative
18 association.

19 (a) After a limited worker cooperative association is
20 formed:

21 (1) if initial managers or managing members ~~directors~~
22 are named in the articles, the initial managers or
23 managing members ~~directors~~ shall hold an organizational
24 meeting to adopt initial cooperative agreement ~~bylaws~~ and
25 carry on any other business necessary or proper to

1 complete the organization of the association; or

2 (2) if initial managers or managing members ~~directors~~
3 are not named in the articles, the organizers shall
4 designate the initial managers or managing members
5 ~~directors~~ and call a meeting of the initial managers or
6 managing members ~~directors~~ to adopt initial cooperative
7 agreement ~~bylaws~~ and carry on any other business necessary
8 or proper to complete the organization of the association.

9 (b) Unless the articles otherwise provide, the initial
10 managers or managing members ~~directors~~ may cause the limited
11 worker cooperative association to accept members, including
12 those necessary for the association to begin business.

13 (c) Initial managers ~~directors~~ need not be members.

14 (d) An initial manager or managing member ~~director~~ serves
15 until a successor is elected and qualified at a members'
16 meeting or the manager or managing member ~~director~~ is removed,
17 resigns, is adjudged incompetent, or dies.

18 (Source: P.A. 101-292, eff. 1-1-20.)

19 (805 ILCS 317/35)

20 Sec. 35. Cooperative agreement ~~Bylaws~~.

21 (a) A cooperative agreement ~~Bylaws~~ shall include:

22 (1) a statement of the capital structure of the
23 limited worker cooperative association;

24 (2) the classes or other types of members' interests
25 and the relative rights, preferences, privileges, and

1 restrictions granted to or imposed upon each class or
2 other type of member's interest, including:

3 (A) a statement concerning the manner in which
4 profits and losses are allocated and distributions are
5 made among members and, if community investors are
6 authorized, the manner in which profits and losses are
7 allocated and how distributions are made among
8 investor members and between members and community
9 investors;

10 (B) a statement designating voting and other
11 governance rights of each class or other type of
12 members' interests and, if relevant, community
13 investors, including which members have voting power
14 and any restriction on voting power;

15 (3) a statement of the method for admission of
16 members;

17 (4) a statement that a member's interest is
18 transferable, if it is to be transferable, and a statement
19 of the conditions upon which it may be transferred;

20 (5) a statement concerning:

21 (A) whether persons that are not members but
22 conduct business with the association may be permitted
23 to share in allocations of profits and losses and
24 receive distributions; and

25 (B) the manner in which profits and losses are
26 allocated and distributions are made with respect to

1 those persons; and

2 (6) a statement of the number and terms of directors
3 or the method by which the number and terms are
4 determined; and

5 (7) a statement addressing members' contributions.

6 (b) A cooperative agreement ~~Bylaws~~ may contain any other
7 provision for managing and regulating the affairs of the
8 association.

9 (c) The cooperative agreement may not:

10 (1) unreasonably restrict a right to information or
11 access to records available under Section 1-40 or Section
12 10-15 of the Limited Liability Company Act;

13 (2) vary the right to expel a member in an event
14 specified in subdivision (6) of Section 35-45 of the
15 Limited Liability Company Act;

16 (3) vary the requirement to wind up the limited worker
17 cooperative association's business in a case specified in
18 subdivision (4), (5), or (6) of subsection (a) of Section
19 35-1 of the Limited Liability Company Act;

20 (4) restrict rights of a person, other than a
21 director, member, and transferee of a member's
22 distributional interest, under this Act;

23 (5) restrict the power of a member to dissociate under
24 Section 35-50 of the Limited Liability Company Act,
25 although a cooperative agreement may determine whether a
26 dissociation is wrongful under Section 35-50 of the

1 Limited Liability Company Act;

2 (6) eliminate or reduce the obligation of good faith
3 and fair dealing under subsection (d) of Section 15-3 of
4 the Limited Liability Company Act, but the cooperative
5 agreement may determine the standards by which the
6 performance of the member's duties or the exercise of the
7 member's rights is to be measured;

8 (7) eliminate, vary, or restrict the priority of a
9 statement of authority over provisions in the articles of
10 organization as provided in subsection (h) of Section
11 13-15 of the Limited Liability Company Act;

12 (8) vary the law applicable under Section 1-65 of the
13 Limited Liability Company Act;

14 (9) vary the power of the court under Section 5-50 of
15 the Limited Liability Company Act; or

16 (10) restrict the right to approve a merger,
17 conversion, or domestication under Article 37 of the
18 Limited Liability Company Act or the Entity Omnibus Act of
19 a member that will have personal liability with respect to
20 a surviving, converted, or domesticated organization.

21 (d) The cooperative agreement may:

22 (1) restrict or eliminate a fiduciary duty, other than
23 the duty of care described in subsection (c) of Section
24 15-3 of the Limited Liability Company Act, but only to the
25 extent the restriction or elimination in the cooperative
26 agreement is clear and unambiguous;

1 (2) identify specific types or categories of
2 activities that do not violate any fiduciary duty; and

3 (3) alter the duty of care, except to authorize
4 intentional misconduct or knowing violation of law.

5 (e) The cooperative agreement may specify the method by
6 which a specific act or transaction that would otherwise
7 violate the duty of loyalty may be authorized or ratified by
8 one or more disinterested and independent persons after full
9 disclosure of all material facts.

10 (f) The cooperative agreement may alter or eliminate the
11 right to payment or reimbursement for a member or director
12 provided by Section 15-7 of the Limited Liability Company Act
13 and may eliminate or limit a member's or director's liability
14 to the limited worker cooperative association and members for
15 money damages, except for:

16 (1) subject to subsections (d) and (e) of this
17 Section, breach of the duties as required in subdivisions
18 (1), (2), and (3) of subsection (b) of Section 15-3 of the
19 Limited Liability Company Act;

20 (2) a financial benefit received by the member or
21 director to which the member or director is not entitled;

22 (3) a breach of a duty under Section 25-35 of the
23 Limited Liability Company Act;

24 (4) intentional infliction of harm on the association
25 or a member; or

26 (5) an intentional violation of criminal law.

1 (g) A limited worker cooperative association is bound by
2 and may enforce the cooperative agreement, whether or not the
3 association has itself manifested assent to the cooperative
4 agreement.

5 (h) A person that becomes a member of a limited worker
6 cooperative association is deemed to assent to the cooperative
7 agreement.

8 (i) A cooperative agreement may be entered into before,
9 after, or at the time of filing of articles of organization
10 and, whether entered into before, after, or at the time of the
11 filing, may be made effective as of the time of formation of
12 the limited worker cooperative association or as of the time
13 or date provided in the cooperative agreement.

14 (Source: P.A. 101-292, eff. 1-1-20.)

15 (805 ILCS 317/36 new)

16 Sec. 36. Annual reports.

17 (a) A limited worker cooperative association organized
18 under the laws of this State shall file, within the time
19 prescribed by this Act, an annual report setting forth all of
20 the following:

21 (1) The name of the limited worker cooperative
22 association.

23 (2) The address, including street and number or rural
24 route number, of its registered office in this State and
25 the name of its registered agent at that address.

1 (3) The address, including street and number or rural
2 route number of its principal place of business.

3 (4) The name and business address of all of the
4 directors and any member having the authority of a
5 director.

6 (5) Additional information that may be necessary or
7 appropriate in order to enable the Secretary of State to
8 administer this Act and to verify the proper amount of
9 fees payable by the limited worker cooperative
10 association.

11 The annual report shall be made on forms prescribed and
12 furnished by the Secretary of State, and the information
13 therein required by paragraphs (1) through (4) of this
14 subsection (a), both inclusive, shall be given as of the date
15 of execution of the annual report. The annual report shall be
16 executed by a director or, if none, a member designated by the
17 members pursuant to limited worker cooperative association
18 action properly taken under Section 15-1 of the Limited
19 Liability Company Act.

20 (b) The annual report, together with all fees and charges
21 prescribed by this Act, shall be delivered to the Secretary of
22 State within 60 days immediately preceding the first day of
23 the anniversary month. Proof to the satisfaction of the
24 Secretary of State that, before the first day of the
25 anniversary month of the limited worker cooperative
26 association, the report, together with all fees and charges as

1 prescribed by this Act, was deposited in the United States
2 mail in a sealed envelope, properly addressed, with postage
3 prepaid, shall be deemed a compliance with this requirement.
4 If the Secretary of State finds that the report conforms to the
5 requirements of this Act, he or she shall file it. If the
6 Secretary of State finds that it does not so conform, he or she
7 shall promptly return it to the limited worker cooperative
8 association for any necessary corrections, in which event the
9 penalties prescribed for failure to file the report within the
10 time provided shall not apply if the report is corrected to
11 conform to the requirements of this Act and returned to the
12 Secretary of State within 60 days of the original due date of
13 the report.

14 (805 ILCS 317/37 new)

15 Sec. 37. Fees.

16 (a) The Secretary of State shall charge and collect in
17 accordance with the provisions of this Act and rules adopted
18 under its authority all of the following:

19 (1) Fees for filing documents.

20 (2) Miscellaneous charges.

21 (3) Fees for the sale of lists of filings and for
22 copies of any documents.

23 (b) The Secretary of State shall charge and collect for
24 all of the following:

25 (1) Filing articles of organization, \$100.

- 1 (2) Filing amendments, \$25.
- 2 (3) Filing a statement of termination, \$5.
- 3 (4) Filing an application for use of an assumed name,
4 the amount under the fee schedule in Section 50-10 of the
5 Limited Liability Company Act.
- 6 (5) Filing an application for change of assumed name,
7 \$5.
- 8 (6) Filing an application for cancellation of an
9 assumed name, \$5.
- 10 (7) Filing an annual report of a limited worker
11 cooperative association, \$50, if filed as required by this
12 Act, plus a penalty if delinquent.
- 13 (8) Filing an application for reinstatement of a
14 limited worker cooperative association, \$75.
- 15 (9) Filing articles of merger, \$75 plus \$25 for each
16 party to the merger in excess of the first 2 parties.
- 17 (10) Filing a statement of change of address of
18 registered office or change of registered agent, or both,
19 \$25.
- 20 (11) Filing, amending, or cancelling a statement of
21 authority, \$25.
- 22 (12) Filing, amending, or cancelling a statement of
23 denial, \$5.
- 24 (c) The Secretary of State shall charge and collect for
25 furnishing a copy or certified copy of any document,
26 instrument, or paper relating to a limited worker cooperative

1 association, \$25.

2 (805 ILCS 317/40)

3 Sec. 40. Members.

4 (a) An association formed under this Act may include
5 multiple classes of patron members whose rights and
6 proprietary interests shall be determined by the articles or
7 cooperative agreement.

8 (b) ~~(a)~~ To begin business, a limited worker cooperative
9 association must have at least 3 members unless the sole
10 member is a cooperative.

11 (c) ~~(b)~~ A person becomes a member:

12 (1) as provided in the articles or cooperative
13 agreement ~~bylaws~~;

14 (2) as the result of a merger or conversion under
15 Section 65; or

16 (3) with the consent of all the members.

17 (d) ~~(e)~~ A member, solely by reason of being a member, may
18 not act for or bind the limited worker cooperative
19 association.

20 (e) ~~(d)~~ Unless the articles provide otherwise, a debt,
21 obligation, or other liability of a limited worker cooperative
22 association is solely that of the association and is not the
23 debt, obligation, or liability of a member solely by reason of
24 being a member.

25 (f) ~~(e)~~ The total voting membership body shall constitute

1 the assembly of the limited worker cooperative association.

2 (g) ~~(f)~~ The assembly shall meet annually at a time
3 provided in the articles or cooperative agreement ~~bylaws~~ or
4 set by the board of managers or managing members ~~directors~~ not
5 inconsistent with the articles and cooperative agreement
6 ~~bylaws~~.

7 (h) ~~(g)~~ Failure to hold an annual assembly meeting does
8 not affect the validity of any action by the limited worker
9 cooperative association.

10 (i) ~~(h)~~ A limited worker cooperative association shall
11 notify each member of the time, date, and place of a members'
12 meeting at least 10 and not more than 60 days before the
13 meeting; except that, if the notice is of a meeting of the
14 members in one or more districts or classes of members, the
15 notice shall be given only to members in those districts or
16 classes.

17 (Source: P.A. 101-292, eff. 1-1-20.)

18 (805 ILCS 317/45)

19 Sec. 45. Voting.

20 (a) The articles or cooperative agreement ~~bylaws~~ may
21 allocate voting power among patron members on the basis of one
22 or a combination of the following:

23 (1) one member, one vote;

24 (2) if a member is a cooperative, the number of its
25 members; or

1 (3) on the basis of use or patronage unless the
2 association is cooperative ~~has elected to be~~ a worker
3 cooperative.

4 (b) If the articles or cooperative agreement ~~bylaws~~
5 allocate voting power to patron members on the basis of use or
6 patronage and a patron member would be denied a vote because
7 the patron member did not ~~use the limited cooperative~~
8 ~~association or~~ conduct patronage with the association ~~it~~
9 during the period on which the allocation of voting power is
10 determined, the articles or cooperative agreement ~~bylaws~~ must
11 provide that the patron member shall nevertheless be allocated
12 a vote equal to at least the minimum voting power allocated to
13 patron members who ~~used the association or~~ conducted patronage
14 with the association ~~it~~ during the period.

15 (c) The articles or cooperative agreement ~~bylaws~~ may
16 provide for the allocation of member voting power by districts
17 or class or any combination thereof.

18 (d) The voting power of members who are not patron members
19 may be limited or eliminated. ~~Community investors are not~~
20 ~~entitled to vote unless the articles or bylaws provide~~
21 ~~otherwise.~~

22 (e) At no time shall worker-members ~~the members~~ have less
23 than a majority of the total voting power of a ~~the~~ limited
24 worker cooperative association.

25 (Source: P.A. 101-292, eff. 1-1-20.)

1 (805 ILCS 317/50)

2 Sec. 50. Board of managers or managing members ~~directors~~.

3 (a) A limited worker cooperative association must have a
4 board of managers or managing members ~~directors~~ of at least 3
5 individuals, unless the limited worker cooperative association
6 is a collective worker cooperative. Subsections (b) through
7 (e) do not apply to collective worker cooperatives.

8 (b) The affairs of a limited worker cooperative
9 association must be managed by, or under the direction of, the
10 board of managers or managing members ~~directors~~ unless the
11 board delegates those duties to the assembly of the worker
12 limited cooperative association. The board may adopt policies
13 and procedures that do not conflict with the articles,
14 cooperative agreement ~~bylaws~~, or this Act.

15 (c) An individual is not an agent for a limited worker
16 cooperative association solely by being a manager or managing
17 member ~~director~~.

18 (d) A debt, obligation, or other liability of a limited
19 worker cooperative association is solely that of the
20 association and is not a debt, obligation, or liability of a
21 manager or managing member ~~director~~ solely by reason of being
22 a manager or managing member ~~director~~. An individual is not
23 personally liable, directly or indirectly, for an obligation
24 of an association solely by reason of being a manager or
25 managing member ~~director~~.

26 ~~(e) Directors shall be elected for terms determined by the~~

1 ~~bylaws by a majority vote of the assembly.~~

2 (Source: P.A. 101-292, eff. 1-1-20.)

3 (805 ILCS 317/51 new)

4 Sec. 51. Earnings and losses.

5 (a) The net earnings and losses of an association formed
6 under this Act shall be apportioned and distributed in such
7 manner as the articles or cooperative agreement shall specify.
8 Net earnings declared as patronage allocations with respect to
9 a period of time, and paid or credited to patron members, shall
10 be apportioned among the patron members in accordance with the
11 ratio which each patron member's patronage during the
12 applicable time period bears to the total patronage by all
13 patron members during that period.

14 (b) The apportionment, distribution, and payment of net
15 earnings required by subsection (a) of this Section may be in
16 cash, credits, or written notices of allocation issued by the
17 association.

18 (805 ILCS 317/52 new)

19 Sec. 52. System of internal capital accounts.

20 (a) A limited worker cooperative association may establish
21 through its articles or cooperative agreement a system of
22 internal capital accounts to reflect the book value and to
23 determine the redemption price of membership interests and
24 written notices of allocation.

1 (b) The articles or cooperative agreement of a limited
2 worker cooperative association may permit the periodic
3 redemption of written notices of allocation and shall provide
4 for recall and redemption of membership interests upon
5 termination of membership in the association.

6 (c) An association may allocate a portion of retained net
7 earnings and net losses to a collective reserve account.
8 Earnings assigned to the collective reserve account may be
9 used for any and all purposes as determined by the board of
10 managers or managing members.

11 (805 ILCS 317/55)

12 Sec. 55. Assembly.

13 (a) A limited worker cooperative association, other than a
14 collective worker cooperative, must have an assembly as
15 constituted by the body of voting members.

16 (b) An individual is not an agent for a limited worker
17 cooperative association solely by being a member of the
18 assembly.

19 (c) A debt, obligation, or other liability of a limited
20 worker cooperative association is solely that of the
21 association and is not a debt, obligation, or liability of a
22 member of the assembly solely by reason of being a voting
23 member. An individual is not personally liable, directly or
24 indirectly, for an obligation of an association solely by
25 reason of being a voting member.

1 (Source: P.A. 101-292, eff. 1-1-20.)

2 (805 ILCS 317/60)

3 Sec. 60. Dissolution and termination. A limited worker
4 cooperative association may be dissolved ~~only~~ by ~~either~~ (1) a
5 two-thirds vote of the assembly, ~~or~~ (2) a majority vote of the
6 assembly ~~as of a supermajority threshold~~ stated in the
7 cooperative agreement, or (3) administratively ~~bylaws that is~~
8 ~~more than two thirds~~. The vote shall be in accordance with
9 Section 55, and upon dissolution of its business and
10 activities must be wound up and terminated in the manner
11 provided under the Limited Liability Company Act for a limited
12 liability company.

13 (Source: P.A. 101-292, eff. 1-1-20.)

14 (805 ILCS 317/61 new)

15 Sec. 61. Grounds for administrative dissolution. The
16 Secretary of State may dissolve any limited worker cooperative
17 association administratively if:

18 (1) it has failed to file its annual report and pay its
19 fee as required by this Act before the first day of the
20 anniversary month or has failed to pay any required fees,
21 penalties, or charges;

22 (2) it has failed to file in the Office of the
23 Secretary of State any report after the expiration of the
24 period prescribed for filing the report;

1 (3) it has misrepresented any material matter in any
2 application, report, affidavit, or other document
3 submitted by the limited worker cooperative association;

4 (4) it has failed to appoint and maintain a registered
5 agent in Illinois;

6 (5) a director or member to whom interrogatories have
7 been propounded by the Secretary of State as provided in
8 Section 5-60 of the Limited Liability Company Act fails to
9 answer the interrogatories fully and to timely file the
10 answer in the Office of the Secretary of State; or

11 (6) it has tendered payment to the Secretary of State
12 which is returned due to insufficient funds, a closed
13 account, or for any other reason, and acceptable payment
14 has not been subsequently tendered.

15 (805 ILCS 317/62 new)

16 Sec. 62. Procedure for administrative dissolution.

17 (a) After the Secretary of State determines that one or
18 more grounds, as set forth in Section 35-25 of the Limited
19 Liability Company Act, exist for the administrative
20 dissolution of a limited worker cooperative association, the
21 Secretary of State shall send a notice of delinquency by
22 regular mail to the delinquent limited worker cooperative
23 association at its registered office or, if the limited worker
24 cooperative association has failed to maintain a registered
25 office, then to the last known address shown on the records of

1 the Secretary of State for the principal place of business of
2 the limited worker cooperative association.

3 (b) If the limited worker cooperative association does not
4 correct the default described in paragraph (1) or (2) of
5 Section 35-25 of the Limited Liability Company Act within 120
6 days following the date of the notice of delinquency, the
7 Secretary of State shall thereupon dissolve the limited worker
8 cooperative association by issuing a certificate of
9 dissolution that recites the grounds for dissolution and its
10 effective date. If the limited worker cooperative association
11 does not correct the default described in paragraph (2.5),
12 (3), (4), or (5) of Section 35-25 of the Limited Liability
13 Company Act within 60 days following the notice, the Secretary
14 of State shall dissolve the limited worker cooperative
15 association by issuing a certificate of dissolution that
16 recites the grounds for dissolution and its effective date.
17 The Secretary of State shall file the original of the
18 certificate in his or her office and mail one copy to the
19 limited worker cooperative association at its registered
20 office or, if the limited worker cooperative association has
21 failed to maintain a registered office, then to the last known
22 address shown on the records of the Secretary of State for the
23 principal place of business of the limited worker cooperative
24 association.

25 (c) Upon the administrative dissolution of a limited
26 worker cooperative association, a dissolved limited worker

1 cooperative association shall continue for only the purpose of
2 winding up its business. A dissolved limited worker
3 cooperative association may take all action authorized under
4 Section 1-30 of the Limited Liability Company Act or otherwise
5 necessary or appropriate to wind up its business and affairs
6 and terminate.

7 (805 ILCS 317/63 new)

8 Sec. 63. Reinstatement following dissolution or
9 termination.

10 (a) A limited worker cooperative association dissolved or
11 terminated under Section 60 may be reinstated by the Secretary
12 of State following the date of issuance of the notice of
13 dissolution or statement of termination upon:

14 (1) The filing of an application for reinstatement.

15 (2) The filing with the Secretary of State by the
16 limited worker cooperative association of all reports then
17 due and theretofore becoming due.

18 (3) The payment to the Secretary of State by the
19 limited worker cooperative association of all fees and
20 penalties then due and theretofore becoming due.

21 (b) The application for reinstatement shall be executed
22 and filed in duplicate in accordance with Section 25 of this
23 Act and shall set forth all of the following:

24 (1) The name of the limited worker cooperative
25 association at the time of the issuance of the notice of

1 dissolution or statement of termination.

2 (2) If the name is not available for use as determined
3 by the Secretary of State at the time of filing the
4 application for reinstatement, the name of the limited
5 worker cooperative association as changed, provided that
6 any change of name is properly effected under Section 1-10
7 and Section 5-25 of the Limited Liability Company Act.

8 (3) The date of issuance of the notice of dissolution
9 or statement of termination.

10 (4) The address, including street and number or rural
11 route number of the registered office of the limited
12 worker cooperative association upon reinstatement thereof
13 and the name of its registered agent at that address upon
14 the reinstatement of the limited worker cooperative
15 association, provided that any change from either the
16 registered office or the registered agent at the time of
17 dissolution is properly reported under Section 1-35 of the
18 Limited Liability Company Act.

19 (c) When a dissolved or terminated limited worker
20 cooperative association has complied with the provisions of
21 the Section, the Secretary of State shall file the application
22 for reinstatement.

23 (d) Upon the filing of the application for reinstatement,
24 the limited worker cooperative association existence shall be
25 deemed to have continued without interruption from the date of
26 the issuance of the notice of dissolution or statement of

1 termination. The limited worker cooperative association shall
2 stand revived with the powers, duties, and obligations as if
3 it had not been dissolved or terminated. All acts and
4 proceedings of its members, directors, officers, employees,
5 and agents, acting or purporting to act in that capacity, and
6 which would have been legal and valid but for the dissolution
7 or termination, shall stand ratified and confirmed.

8 (e) Without limiting the generality of subsection (d),
9 upon the filing of the application for reinstatement, no
10 member, director, or officer shall be personally liable for
11 the debts and liabilities of the limited worker cooperative
12 association incurred during the period of dissolution or
13 termination by reason of the fact that the limited worker
14 cooperative association was dissolved or terminated at the
15 time the debts or liabilities were incurred.

16 (805 ILCS 317/65)

17 Sec. 65. Conversion. A limited worker cooperative
18 association may convert into any form of entity permitted if
19 the board of managers or managing members ~~directors~~ of the
20 limited worker cooperative association adopts a plan of
21 conversion and the assembly adopts such a plan by a two-thirds
22 majority vote. In the case of a collective worker cooperative,
23 a limited worker cooperative association may convert into any
24 form of entity permitted if the members adopt a plan by a
25 two-thirds majority vote. Conversions from other forms of

1 entities to a limited worker cooperative association are
2 governed by the Entity Omnibus Act.

3 (Source: P.A. 101-292, eff. 1-1-20.)

4 (805 ILCS 317/70)

5 Sec. 70. Exemption from securities laws. Any interest
6 ~~security~~, patronage refund, per unit retain certificate, or
7 evidence of membership issued or sold by a limited worker
8 cooperative association ~~as an investment in its capital to the~~
9 ~~members of a cooperative association formed under this Act or~~
10 ~~a similar law of any other state and authorized to transact~~
11 ~~business or conduct activities in this State~~ is exempt from
12 the registration requirements of the Illinois Securities Law
13 of 1953. Such interests ~~securities~~, patronage refunds, per
14 unit retain certificates, or evidence of membership may be
15 sold lawfully by the issuer or its members or salaried
16 employees without the necessity of being registered as a
17 broker or dealer under the Illinois Securities Law of 1953.

18 (Source: P.A. 101-292, eff. 1-1-20.)

19 Section 10. The Entity Omnibus Act is amended by changing
20 Section 111 as follows:

21 (805 ILCS 415/111)

22 Sec. 111. Application of other Acts. The Business
23 Corporation Act of 1983, the General Not For Profit

1 Corporation Act of 1986, the Limited Liability Company Act,
2 the Uniform Limited Partnership Act (2001), and the Uniform
3 Partnership Act (1997) and the Limited Worker Cooperative
4 Association Act, as now or hereafter amended, shall govern all
5 matters related to the entities named in each of those Acts and
6 in this Act except where inconsistent with the letter and
7 purpose of this Act. This Act controls in the event of any
8 conflict with the provisions of the above-named Acts or other
9 laws.

10 (Source: P.A. 101-491, eff. 8-23-19.)

11 Section 99. Effective date. This Act takes effect July 1,
12 2021.