

AN ACT concerning business.

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

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

(805 ILCS 317/5)

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

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

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

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

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

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

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

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

(805 ILCS 317/10)

Sec. 10. Definitions. In this Act:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(805 ILCS 317/15)

Sec. 15. Purpose of limited worker cooperative association.

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

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

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

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

(805 ILCS 317/16 new)

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

(805 ILCS 317/20)

Sec. 20. Formation of limited worker cooperative association.

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

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

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

(805 ILCS 317/21 new)

Sec. 21. Limited worker cooperative association; name.

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

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

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

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

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

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

(6) shall not contain any word or phrase that



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

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

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

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

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

(2) Any limited liability company that has articles of

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

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

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

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

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

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

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

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

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

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

(805 ILCS 317/22 new)

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

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

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

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

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

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

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

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

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

(805 ILCS 317/25)

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

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

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

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

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

address of the association's initial principal office;

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

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

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

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

(805 ILCS 317/30)

Sec. 30. Organization of limited worker cooperative association.

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

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

complete the organization of the association; or

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

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

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

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

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

(805 ILCS 317/35)

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

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

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

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

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

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

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

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

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

(5) a statement concerning:

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

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

those persons; and

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

(7) a statement addressing members' contributions.

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

(c) The cooperative agreement may not:

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

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

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

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

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



Limited Liability Company Act;

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

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

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

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

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

(d) The cooperative agreement may:

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

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

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

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

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

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

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

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

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

(5) an intentional violation of criminal law.

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

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

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

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

(805 ILCS 317/36 new)

Sec. 36. Annual reports.

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

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

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

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

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

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

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

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

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

(805 ILCS 317/37 new)

Sec. 37. Fees.

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

(1) Fees for filing documents.

(2) Miscellaneous charges.

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

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

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

(2) Filing amendments, \$25.

(3) Filing a statement of termination, \$5.

(4) Filing an application for use of an assumed name, the amount under the fee schedule in Section 50-10 of the Limited Liability Company Act.

(5) Filing an application for change of assumed name, \$5.

(6) Filing an application for cancellation of an assumed name, \$5.

(7) Filing an annual report of a limited worker cooperative association, \$50, if filed as required by this Act, plus a penalty if delinquent.

(8) Filing an application for reinstatement of a limited worker cooperative association, \$75.

(9) Filing articles of merger, \$75 plus \$25 for each party to the merger in excess of the first 2 parties.

(10) Filing a statement of change of address of registered office or change of registered agent, or both, \$25.

(11) Filing, amending, or cancelling a statement of authority, \$25.

(12) Filing, amending, or cancelling a statement of denial, \$5.

(c) The Secretary of State shall charge and collect for furnishing a copy or certified copy of any document, instrument, or paper relating to a limited worker cooperative

association, \$25.

(805 ILCS 317/40)

Sec. 40. Members.

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

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

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

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

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

(3) with the consent of all the members.

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

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

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

the assembly of the limited worker cooperative association.

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

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

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

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

(805 ILCS 317/45)

Sec. 45. Voting.

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

(1) one member, one vote;

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



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

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

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

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

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

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

(805 ILCS 317/50)

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

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

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

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

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

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

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

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

(805 ILCS 317/51 new)

Sec. 51. Earnings and losses.

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

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

(805 ILCS 317/52 new)

Sec. 52. System of internal capital accounts.

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

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

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

(805 ILCS 317/55)

Sec. 55. Assembly.

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

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

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

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

(805 ILCS 317/60)

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

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

(805 ILCS 317/61 new)

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

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

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

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

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

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

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

(805 ILCS 317/62 new)

Sec. 62. Procedure for administrative dissolution.

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

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

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

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

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

(805 ILCS 317/63 new)

Sec. 63. Reinstatement following dissolution or termination.

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

(1) The filing of an application for reinstatement.

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

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

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

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



dissolution or statement of termination.

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

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

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

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

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

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

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

(805 ILCS 317/65)

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

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

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

(805 ILCS 317/70)

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

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

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

(805 ILCS 415/111)

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

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

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

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