



Substitute House Bill No. 5431

Public Act No. 26-59

AN ACT CONCERNING COOPERATIVE CORPORATIONS.

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

Section 1. Section 33-183 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

Three or more persons of lawful age [and inhabitants of this state, may, by written articles of association, associate themselves together] may act as incorporators of a cooperative corporation by delivering a certificate of incorporation to the Secretary of the State for filing. A corporation may be formed under this chapter for the purposes of trade or for carrying on any lawful mercantile, mechanical, manufacturing or agricultural business. [within this state, and, when such articles of association have been executed and filed in the office of the Secretary of the State, the franchise tax provided by section 33-187 paid to, and such articles of association approved by, said secretary, such persons shall become a] The corporation [and] shall enjoy all the powers and privileges and be subject to all the duties, restrictions and liabilities of other corporations, except so far as such duties, restrictions and liabilities may be limited or enlarged by this chapter.

Sec. 2. Section 33-184 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

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The objects for which such [association] corporation is established, and the place within which its business is to be carried on, shall be distinctly set forth in its [articles of association] certificate of incorporation or bylaws, and it shall not do business in any other place or places than those [mentioned in its articles] stated in its certificate of incorporation or bylaws.

Sec. 3. Section 33-185 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

[(a) Prior to October 1, 2019, the business of the association shall be managed by not fewer than seven members, who shall be styled a board of managers, shall be chosen annually by the stockholders and shall hold their offices until others are chosen and have qualified in their stead, except that when the bylaws of such association so prescribe, the board of managers may be divided into not more than three classes, each class to hold office for not more than three years, one of which classes shall be elected annually. Such association shall have such other officers appointed as its bylaws prescribe. The terms of the members of the board serving on June 26, 2019, shall expire on September 30, 2019.]

[(b) On and after October 1, 2019, the business of the association] The business of the corporation shall be managed by a board of directors consisting of not fewer than three members of the [association] corporation. The board of directors shall be elected annually by the [member shareholders] members and shall hold office for one year and until a successor has been elected, except [, when] that the bylaws of such [association so prescribe, the board of directors may be divided into not more than three classes, one of which classes shall be elected annually, with each class to hold office for not more than six years. Such association may adopt bylaws concerning the appointment of other officers of the association and to implement the provisions of this section] corporation may provide for staggering the terms of directors by dividing the total number of directors into not more than five groups,

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with each group containing approximately the same percentage of the total, as near as may be. In that event, the terms of directors in the first group expire at the first annual members' meeting after their election, the terms of the second group expire at the second annual members' meeting after their election, the terms of the third group, if any, expire at the third annual members' meeting after their election, the terms of the fourth group, if any, expire at the fourth annual members' meeting after their election and the terms of the fifth group, if any, expire at the fifth annual members' meeting after their election. At each annual members' meeting held thereafter, directors shall be chosen for a term of two years, three years, four years or five years, as the case may be, to succeed those whose terms expire.

Sec. 4. Section 33-186 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

[Any two of the persons associated may call the first meeting of such association, at such time and place as they may appoint, by notice in any newspaper published in the county in which such association is to be established, at least fifteen days before the time appointed; but such notice may be waived by a writing signed by all of the persons so associated, specifying the time and place for said meeting, and recorded at length upon the records of the association. Such association may make its own bylaws.] A majority of incorporators shall call an organizational meeting of the corporation at such time and place as they may appoint to (1) elect directors and complete the organization of the corporation, or (2) elect a board of directors who shall complete the organization of the corporation. Any action required or permitted to be taken by incorporators at an organizational meeting under this chapter may be taken without a meeting if the action taken is evidenced by one or more written consents describing the action taken and signed by each incorporator.

Sec. 5. Section 33-190 of the general statutes is repealed and the

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following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) No member of any such cooperative [association] corporation shall be entitled to more than one vote upon any subject, at any meeting of [such association] the members. The rights and qualifications of members of the corporation shall be set forth in the bylaws, which qualifications shall include holdings or subscribing for at least one share of capital stock. If the bylaws of the corporation do not provide for members, the shareholders shall be the members. Except as may be provided in the certificate of incorporation with respect to classes or series of stock, all rights of shareholders shall be exercised by the members.

(b) Members entitled to vote on a matter may take action on the matter at a meeting only if a quorum of those members exists with respect to that matter. If there are no members entitled to vote as a separate voting group, unless the certificate of incorporation or bylaws provide otherwise, the members entitled to vote on the matter who are present at the meeting, either in person or by proxy, constitute a quorum for action on the matter. If there are members entitled to vote on a matter as a separate voting group, the members entitled to vote as a separate voting group may take action on the matter at a meeting only if a quorum of that voting group exists with respect to that matter. Unless the provisions of this chapter, the certificate of incorporation or the bylaws provide otherwise, the members of a voting group entitled to vote on the matter who are present at the meeting, either in person or by proxy, constitute a quorum of that voting group for action on that matter.

(c) Unless otherwise provided in the certificate of incorporation or bylaws, directors are elected by a plurality of the votes cast by the members in the election at a meeting at which a quorum is present.

(d) Any action which, under any provision of this chapter or chapter

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601 may be taken at a meeting of members, may be taken without a meeting if one or more consents in writing, setting forth the action so taken or to be taken, signed by all of the persons who would be entitled to vote upon such action at a meeting, or by their duly authorized attorneys, which action for purposes of this subsection shall be referred to as "unanimous written consent". The secretary shall file such consent or consents, or certify the tabulation of such consents and file such certificate, with the minutes of the meetings of the members. A unanimous written consent shall have the same force and effect as a vote of the members at a meeting duly held and may be stated as such in any certificate or document filed under this chapter or chapter 601.

(e) The certificate of incorporation or bylaws may provide that any action that may be taken at any meeting of members may be taken without a meeting if the corporation delivers notice that includes a ballot to every member entitled to vote on the matter. A ballot shall: (1) Be in writing; (2) set forth each proposed action; (3) provide an opportunity to vote for, or withhold a vote for, each candidate for election as a director, if any; and (4) provide an opportunity to vote for or against each other proposed action.

(f) Approval by ballot pursuant to this section of action other than election of directors is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. A ballot signed under this section shall have the same force and effect as a vote of the member who signed it at a meeting duly held and may be stated as such in any certificate or document filed under this chapter or chapter 601.

(g) Any solicitation for votes by ballot shall: (1) Indicate the number of responses needed to meet the quorum requirements, (2) state the

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percentage of approvals necessary to approve each matter other than election of directors, and (3) specify the time by which a ballot must be received by the corporation in order to be counted.

(h) Except as otherwise provided in the certificate of incorporation or bylaws, a ballot may not be revoked.

(i) If not otherwise fixed under sections 33-665 to 33-727, inclusive, the record date for determining members entitled to take action without a meeting is: (1) The date the first member signs the consent under subsection (d) of this section, or (2) the date the corporation delivers the notice under subsection (e) of this section.

Sec. 6. Section 33-191 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

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

Sec. 7. Section 33-193 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

There shall be a distribution of the profits or surplus of [an association] the corporation among the [member shareholders] members as is prescribed by the [association's] corporation's bylaws. The board of directors of [an association] a corporation may declare a sum of not more than forty per cent of the net profits or surplus to be appropriated for a contingent or sinking fund, an unallocated reserve fund or a collective account as may be prescribed in the [association's] bylaws.

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Sec. 8. Sections 33-187, 33-188 and 33-192 of the general statutes are repealed. (*Effective October 1, 2026*)