

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE
ONE HUNDRED AND ELEVENTH LEGISLATURE

FIRST REGULAR SESSION
December 1, 1982 to June 24, 1983
Chapters 1-452

PUBLISHED BY THE DIRECTOR OF LEGISLATIVE RESEARCH
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ANNOTATED, TITLE 3, SECTION 164, SUBSECTION 6.

J.S. McCarthy Co., Inc.
Augusta, Maine
1983

PUBLIC LAWS
OF THE
STATE OF MAINE

AS PASSED AT THE
FIRST REGULAR SESSION

and

FIRST SPECIAL SESSION

of the

ONE HUNDRED AND ELEVENTH LEGISLATURE

1983

coordinate issuance of licenses and permits by state agencies.

Effective September 23, 1983.

CHAPTER 136

H.P. 215 - L.D. 258

AN ACT to Provide for Establishment of
Employee Cooperative Corporations.

Be it enacted by the People of the State of Maine as follows:

13 MRSA c. 85, subchapter III is enacted to read:

SUBCHAPTER III

EMPLOYEE COOPERATIVE CORPORATIONS

§1971. Title

This subchapter shall be known and may be cited as the "Employee Cooperative Corporations Act."

§1972. Definitions

As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Employee cooperative. "Employee cooperative" means a corporation which has duly elected to be governed by this subchapter.

2. Member. "Member" means a natural person who has been accepted for membership in and owns a membership share issued by an employee cooperative.

3. Membership fee. "Membership fee" means an initial payment made by a person to an employee cooperative as a condition to becoming a member.

4. Patronage. "Patronage" means the amount of work performed as a member of an employee cooperative, measured in accordance with the articles of incorporation or bylaws.

5. Written notice of allocation. "Written notice of allocation" means a written instrument which discloses to a member the stated dollar amount of that

member's patronage allocation and the terms for payment of that amount by the employee cooperative.

§1973. Application of other laws

Except as otherwise provided in this subchapter, employee cooperative corporations shall be governed by Title 13-A, the Maine Business Corporation Act.

§1974. Registration of securities

Employee cooperatives are subject to Title 32, chapter 13. The fee charged for registration or renewal shall be \$10.

§1975. Formation of employee cooperative corporation; revocation

1. Election. Any corporation organized under Title 13-A may elect to be governed as an employee cooperative under this subchapter, by so stating in its articles of incorporation or articles of amendment filed in accordance with Title 13-A.

2. Revocation. An employee cooperative may revoke its election under this subchapter by a vote of 2/3 of the members and through articles of amendment duly filed in accordance with Title 13-A.

§1976. Use of words "cooperative," "co-op"

No person, firm, corporation or association, domestic or foreign, hereafter commencing business in this State may use the word "cooperative" or "co-op" as a part of its corporate name, unless it has complied with this subchapter or some other statute of this State relating to cooperative associations. A foreign association organized under and complying with the cooperative law of the state of its creation shall be entitled to use the term "cooperative" or "co-op" in this State if it has obtained the privilege of doing business in this State.

§1977. Membership in employee cooperative corporation

The articles of incorporation or the bylaws shall establish qualifications and the methods of acceptance and termination of members. No person may be accepted as a member unless employed by the employee cooperative on a full-time or part-time basis.

§1978. Membership shares; fees

1. Issuance of shares. An employee cooperative

shall issue a class of voting stock designated as membership shares.

2. Payment. Each member of an employee cooperative corporation shall be issued a membership share upon payment of a membership fee, the amount of which shall be determined from time to time by the directors. Title 13-A, section 505, does not apply to membership shares.

3. Ownership limited. Each member shall own only one membership share, and only members may own those shares.

4. Voting stock limited. Unless otherwise provided in this subchapter or in the articles of incorporation of an employee cooperative, no other capital stock other than membership shares may have voting power. In the event that proposed amendments to the articles of incorporation would adversely affect any nonvoting class of shareholders, such action may not be taken without the vote of those shareholders, as provided in Title 13-A, sections 805 and 806.

§1979. Amendment of bylaws

The bylaws of an employee cooperative may only be amended by members, except as provided in Title 13-A, section 602.

§1980. Earnings or losses

1. Apportionment. The net earnings or losses of an employee cooperative shall be apportioned and distributed at such times and in such manner as the articles of organization or bylaws shall specify. Net earnings declared as patronage allocations with respect to a period of time, and paid or credited to members, shall be apportioned among the members in accordance with the ratio which each member's patronage during the period involved bears to total patronage by all members during that period.

2. Method. The apportionment, distribution and payment of net earnings required by this section may be in cash, credits, written notices of allocation or capital stock issued by the employee cooperative.

§1981. Accounting for earnings or losses

1. Internal accounts. Any employee cooperative may establish in its articles of incorporation or bylaws a system of internal capital accounts to reflect the book value and to determine the redemp-

tion price of membership shares, capital stock and written notices of allocation.

2. Redemption. The articles of incorporation or bylaws of an employee cooperative may permit the periodic redemption of written notices of allocation and capital stock, and must provide for recall and redemption of the membership share upon termination of membership in the cooperative. No redemption may be made if such redemption would result in the liability of any director or officer of the employee cooperative under Title 13-A.

3. Interest. The articles of incorporation or bylaws may provide for the employee cooperative to pay or credit interest on the balance in each member's internal capital account.

4. Collective reserve account. The articles of incorporation or bylaws may authorize assignment of a portion of retained net earnings and net losses to a collective reserve account. For purposes of this chapter, a collective reserve account means an unindivuated account on the corporate books representing the corporation's entire net book value minus balances in any other equity accounts. Earnings assigned to the collective reserve account may be used for any and all corporate purposes as determined by the board of directors.

§1982. Internal capital account cooperatives

1. Types of accounts permitted. An internal capital account cooperative is an employee cooperative whose entire net book value is reflected in internal capital accounts, one for each member, and a collective reserve account, and in which no persons other than members own capital stock. In an internal capital account cooperative, each member shall have only one vote in any matter requiring voting by stockholders.

2. Allocation to accounts. An internal capital account cooperative shall credit the paid-in membership fee and additional paid-in capital of a member to the member's internal capital account, and shall also record the apportionment of retained net earnings or net losses to the members in accordance with patronage by appropriately crediting or debiting the internal capital accounts of members. The collective reserve account in an internal capital account cooperative shall reflect any paid-in capital, net losses and retained earnings not allocated to individual members.

3. Adjustment of accounts. In an internal capi-

tal account cooperative, the balances in all the internal capital accounts and collective reserve account, if any, shall be adjusted at the end of each accounting period so that the sum of the balances is equal to the net book value of the employee cooperative.

4. Exceptions. Title 13-A, section 909, does not apply to an internal capital account cooperative.

§1983. Revocation of election as employee cooperative corporation

When any employee cooperative revokes its election in accordance with section 1975, the articles of amendment shall provide for conversion of membership shares and internal capital accounts or their conversions to securities or other property in a manner consistent with Title 13-A.

§1984. Mergers

An employee cooperative that has not revoked its election under this subchapter may not consolidate or merge with another corporation other than an employee cooperative. Two or more employee cooperatives may consolidate or merge in accordance with Title 13-A, chapter 9.

Effective September 23, 1983.

CHAPTER 137

S.P. 221 - L.D. 658

AN ACT to Amend the Statutes Relating
to Coordination Services for Preschool
Handicapped Children.

Be it enacted by the People of the State of Maine as follows:

20-A MRSA §7703, sub-§§3 and 4 are enacted to read:

3. Fiscal agent. The agency, institution or school administrative unit receiving a grant under this chapter may function only in the role of fiscal agent, as described in regulations promulgated by the department for regulating the local administration of these programs.