

## **Department of Planning and Budget**

### **2020 Fiscal Impact Statement**

**1. Bill Number:** HB55-ER

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

**2. Patron:** Carter

**3. Committee:** Passed Both Houses

**4. Title:** Worker cooperatives; established as a category of cooperative associations.

**5. Summary:** Establishes worker cooperatives as a category of cooperative associations. A worker cooperative is a stock corporation that has elected to be governed by provisions established by this measure, which include (i) conducting its business primarily for the mutual benefit of its members, (ii) allowing only current and retired employees to be members, (iii) limiting voting rights to current employees, (iv) providing that each employee is entitled to one vote, (v) prohibiting any person from owning more than one membership share, (vi) requiring at least two-thirds of employees to own membership shares, and (vii) requiring that net earnings be paid or credited to members in accordance with the ratio that each member's amount of work performed during a period bears to the total amount of work performed by all members during that period. The offering of an employee stock ownership plan governed by 26 U.S.C. § 401 by a corporation incorporated under Article 3 (§ 13.1-618 et seq.) of Chapter 9 to its employees shall not be considered an election to be governed as a worker cooperative.

**6. Budget Amendment Necessary:** No.

**7. No Fiscal Impact**

**8. Fiscal Implications:** The proposed legislation is not expected to have a state fiscal impact.

**9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.