



# House of Representatives

General Assembly

**File No. 534**

February Session, 2026

Substitute House Bill No. 5431

*House of Representatives, April 9, 2026*

The Committee on Judiciary reported through REP. STAFSTROM of the 129th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING COOPERATIVE CORPORATIONS.***

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

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 Section 33-183 of the general statutes is repealed and the  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

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

16 liabilities may be limited or enlarged by this chapter.

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 Section 33-184 of the general statutes is repealed and the  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

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

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 Section 33-185 of the general statutes is repealed and the  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

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

37 [(b) On and after October 1, 2019, the business of the association] The  
38 business of the corporation shall be managed by a board of directors  
39 consisting of not fewer than three members of the [association]  
40 corporation. The board of directors shall be elected annually by the  
41 [member shareholders] members and shall hold office for one year and  
42 until a successor has been elected, except [, when] that the bylaws of  
43 such [association so prescribe, the board of directors may be divided  
44 into not more than three classes, one of which classes shall be elected  
45 annually, with each class to hold office for not more than six years. Such  
46 association may adopt bylaws concerning the appointment of other  
47 officers of the association and to implement the provisions of this

48 section] corporation may provide for staggering the terms of directors  
49 by dividing the total number of directors into not more than five groups,  
50 with each group containing approximately the same percentage of the  
51 total, as near as may be. In that event, the terms of directors in the first  
52 group expire at the first annual members' meeting after their election,  
53 the terms of the second group expire at the second annual members'  
54 meeting after their election, the terms of the third group, if any, expire  
55 at the third annual members' meeting after their election, the terms of  
56 the fourth group, if any, expire at the fourth annual members' meeting  
57 after their election and the terms of the fifth group, if any, expire at the  
58 fifth annual members' meeting after their election. At each annual  
59 members' meeting held thereafter, directors shall be chosen for a term  
60 of two years, three years, four years or five years, as the case may be, to  
61 succeed those whose terms expire.

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

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

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

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

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

92     (b) Members entitled to vote on a matter may take action on the  
93 matter at a meeting only if a quorum of those members exists with  
94 respect to that matter. If there are no members entitled to vote as a  
95 separate voting group, unless the certificate of incorporation or bylaws  
96 provide otherwise, the members entitled to vote on the matter who are  
97 present at the meeting, either in person or by proxy, constitute a quorum  
98 for action on the matter. If there are members entitled to vote on a matter  
99 as a separate voting group, the members entitled to vote as a separate  
100 voting group may take action on the matter at a meeting only if a  
101 quorum of that voting group exists with respect to that matter. Unless  
102 the provisions of this chapter, the certificate of incorporation or the  
103 bylaws provide otherwise, the members of a voting group entitled to  
104 vote on the matter who are present at the meeting, either in person or  
105 by proxy, constitute a quorum of that voting group for action on that  
106 matter.

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

110     (d) Any action which, under any provision of this chapter or chapter  
111 601 may be taken at a meeting of members, may be taken without a  
112 meeting if one or more consents in writing, setting forth the action so  
113 taken or to be taken, signed by all of the persons who would be entitled

114 to vote upon such action at a meeting, or by their duly authorized  
115 attorneys, which action for purposes of this subsection shall be referred  
116 to as "unanimous written consent". The secretary shall file such consent  
117 or consents, or certify the tabulation of such consents and file such  
118 certificate, with the minutes of the meetings of the members. A  
119 unanimous written consent shall have the same force and effect as a vote  
120 of the members at a meeting duly held and may be stated as such in any  
121 certificate or document filed under this chapter or chapter 601.

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

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

140 (g) Any solicitation for votes by ballot shall: (1) Indicate the number  
141 of responses needed to meet the quorum requirements, (2) state the  
142 percentage of approvals necessary to approve each matter other than  
143 election of directors, and (3) specify the time by which a ballot must be  
144 received by the corporation in order to be counted.

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

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

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

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

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

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

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

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2026</i>	33-183
Sec. 2	<i>October 1, 2026</i>	33-184
Sec. 3	<i>October 1, 2026</i>	33-185
Sec. 4	<i>October 1, 2026</i>	33-186

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Sec. 5	October 1, 2026	33-190
Sec. 6	October 1, 2026	33-191
Sec. 7	October 1, 2026	33-193
Sec. 8	October 1, 2026	Repealer section

**Statement of Legislative Commissioners:**

In Section 5, "sections 33-600 to 33-999, inclusive," was changed to "chapter 601" for accuracy.

**JUD**      *Joint Favorable Subst. -LCO*

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*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The bill replaces the ability to form cooperative associations with the ability to form cooperative corporations, resulting in no fiscal impact to the state or municipalities.

**The Out Years**

**State Impact:** None

**Municipal Impact:** None

**OLR Bill Analysis****HB 5431*****AN ACT CONCERNING COOPERATIVE CORPORATIONS.*****SUMMARY**

This bill generally allows cooperative associations to organize as cooperative corporations instead, lays out how they must be organized and governed, and makes conforming changes throughout.

For cooperative corporations, among other things, the bill:

1. generally limits board members to a one-year term or until a successor is elected, but lays out how a cooperative corporation's bylaws may allow for staggered terms of up to five years;
2. requires a majority of the incorporators to call an organizational meeting to elect directors or a board for directors for completing the corporation's organization;
3. requires the bylaws to set out members' rights and qualifications, but members must have at least one share of capital stock;
4. adjusts quorum requirements for voting and sets parameters for how actions may be taken without a meeting by written unanimous consent or by ballots;
5. otherwise aligns cooperative corporations' governance standards and balloting provisions with the Connecticut Nonstock Corporation Act; and
6. conforms to provisions applicable to associations under current law, on the issuance of certificate of shares and distribution of profits (§§ 6 & 7).

The bill also repeals obsolete provisions, including on cooperative associations' capital stock and franchise tax, annual reports, and penalties for failure to file (§ 8).

EFFECTIVE DATE: October 1, 2026

## **COOPERATIVE CORPORATIONS**

### ***Organization***

Under current law, three or more Connecticut residents can form an association for trade purposes or for any lawful mercantile, mechanical, manufacturing, or agricultural business in the state. The bill instead allows three or more people to organize as a cooperative corporation, instead of an association, and no longer requires them to be Connecticut residents or limits them to doing business in the state.

Under current law, to become an association, the founding persons must execute a written articles of association, file it with the Secretary of the State (SOTS) for approval, and pay the franchise tax. To form a cooperative corporation under the bill, they must instead file a certificate of incorporation with SOTS.

Cooperative corporations formed under the bill have the same powers and privileges and are subject to the same duties, restrictions, and liabilities as other corporations, as is the case for associations under current law.

### ***Purpose and Place of Business***

The bill requires cooperative corporations to distinctly state in their bylaws and certificate of incorporation the purpose for which they were established and where they will do business. Under current law, associations must do this in their articles of association.

### ***Board of Directors***

Under current law, an association's board of directors must be elected annually by the shareholders and must generally hold office until a successor has been elected or as the bylaws require. For cooperative corporations under the bill, the board of directors must be elected

annually by the members and must serve for at least one year or until a successor is named. They may also adopt bylaws allowing staggered terms (see below).

The bill uses the staggered method to replace current law's classification of the board of directors, which allowed each class to hold office for up to six years.

**Staggered Terms.** Under the bill, a cooperative corporation's bylaws may allow directors to serve staggered terms. The bill specifies that they may do so by dividing the total number of directors into up to five groups, with an equal number of members in each group (or as near equal as possible), and one group's term expiring at each annual members' meeting (one group's term expires at the end of the first year, one at the end of the second year, one at the end of the third year, and so on). At each annual meeting, directors must be chosen for a term, of two to five years, depending on the length of the term of the person they are succeeding.

### **First Meeting**

For cooperative corporations, the bill requires a majority of incorporators to call an organizational meeting to elect (1) directors and complete the corporation's organization or (2) a board of directors to do so. The bill allows any action to be taken by incorporators at an organizational meeting to be done without a meeting if it is evidenced by one or more written consents describing the action taken and signed by each incorporator.

This replaces current law's provisions that require association members to call the associations organization meeting by publishing notice in certain newspapers at least 15 days before the meeting, with certain exceptions.

### **Voting Power and Bylaws**

Each member of a cooperative corporation is entitled to only one vote on each subject at any meeting, as is the case for associations under current law. The bill establishes cooperative corporations' governance

standards and balloting provisions, as described below.

**Members' Rights and Qualifications.** The rights and qualifications of the cooperative corporation's members must be set in the bylaws, and must include holdings or subscribing for at least one share of capital stock. If the bylaws do not provide for members, the shareholders are the members. All rights of shareholders must be exercised by the members unless the certificate of incorporation says otherwise for classes or series of stock.

**Quorum for Voting at Meetings.** Voting members may act on a matter at a meeting only if there is a quorum of members present who are eligible to vote on it. Unless the certificate of incorporation or bylaws say otherwise, the following apply when establishing quorum for voting at a meeting:

1. if there are no members entitled to vote as a separate voting group, the members entitled to vote on the matter who are present at the meeting (in person or by proxy), constitute a quorum for action on the matter;
2. if there are members entitled to vote on a matter as a separate voting group, these members may act on the matter only if a quorum of that voting group exists for that matter (and 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); and
3. 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.

### **Action Without Meeting**

The bill allows any action that, under the state's business corporations or cooperative association laws, can be taken at a meeting to be taken without a meeting under the circumstances described below.

**Written Consent.** An action can be taken without a meeting by “unanimous written consent,” which has the same force and effect as a vote of the members at a meeting and that may be stated in any certificate or document filed under the business corporation laws.

A unanimous written consent happens when one or more consents in writing are put forward with the action taken or to be taken and is signed by all members who would be entitled to vote on the action at a meeting, or their authorized attorneys. The secretary must file the minutes of the meetings of the members along with (1) the consent (or consents) or (2) a certification of the tabulation of the consent.

**Notice and Ballot.** The certificate of incorporation or bylaws may additionally allow any action that may be taken at any meeting of members to be taken without a meeting (even without unanimous written consent) if the corporation delivers notice with a ballot to every member entitled to vote on the matter.

A ballot must be in writing, specify each proposed action, and offer an opportunity to (1) vote, or withhold a vote for, each candidate for election as a director, if any, and (2) vote for or against other proposed actions. Additionally, a ballot may not be revoked unless the certificate of incorporation or the bylaws provides otherwise.

**Approval by Ballot.** Other than for the election of directors, approval by ballot under the bill is valid only when the number of (1) votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action and (2) approvals equals or exceeds the number that would be required at a meeting where the same total number of votes were cast.

A ballot signed under the bill has the same force and effect as a vote of the member who signed it at a meeting duly held and that may be stated in any certificate or document filed under the state’s business corporation laws.

**Solicitation by Ballot.** The bill specifies that any solicitation for votes

by ballot must state the:

1. number of responses needed to meet the quorum requirements,
2. percentage of approvals necessary for the matter (other than for an election of directors) to pass, and
3. time by which the corporation must receive a ballot for it to be counted.

**Record date.** Unless otherwise set by the laws that govern business corporations' shares and shareholders, the record date for determining the members entitled to act without a meeting is the date the (1) first member signs the unanimous written consent (see above) or (2) corporation delivers the written notice with the proposed actions and the ballot.

**COMMITTEE ACTION**

Judiciary Committee

Joint Favorable  
Yea 41 Nay 0 (03/23/2026)