

Cooperatives - Interest Ceilings

FOR the purpose of altering the amount of dividends that a cooperative may pay, within the definition of "cooperative".

BY repealing and reenacting, with amendments,

Article - Corporations and Associations
Section 5-501(b)
Annotated Code of Maryland
(1975 Volume and 1980 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

Article - Corporations and Associations

5-501.

(b) "Cooperative" means a corporation organized or converted under this subtitle, which operates for the mutual benefit of its members and conforms to the following requirements:

(1) A member of the cooperative is not allowed more than one vote, regardless of the amount of stock or membership capital he may own;

(2) The cooperative does not pay dividends on stock or membership capital in excess of [8] 12 percent per annum;

(3) The cooperative does not deal in products of nonmembers in an amount greater in value than that in which it deals for members; and

(4) After payment of every necessary expense and authorized deduction, the proceeds from the business of the cooperative are distributed to the members in proportion to the volume of business transacted by them with the cooperative.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1981.

Approved May 12, 1981.