

SUBTITLE 5A. MARYLAND CONSUMER COOPERATIVE ACT

5-5A-01.

THIS SUBTITLE DOES NOT APPLY TO ANY COOPERATIVE EXISTING OR ORGANIZED UNDER SUBTITLE 5, (AGRICULTURAL COOPERATIVES) OF THIS TITLE.

5-5A-02.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) (1) "CONSUMER COOPERATIVE" OR "COOPERATIVE" MEANS A CORPORATION CONVERTED OR ORGANIZED UNDER THIS SUBTITLE, WHICH OPERATES OR INTENDS TO OPERATE ON A COOPERATIVE BASIS FOR THE MUTUAL BENEFIT OF ITS MEMBERS, SUBSCRIBERS, AND PATRONS AND CONFORMS TO THIS SUBTITLE.

(2) "CONSUMER COOPERATIVE" DOES NOT INCLUDE CREDIT UNIONS.

(C) "COOPERATIVE BASIS" AS APPLIED TO ANY ENTITY OR CORPORATION REFERRED TO IN THIS SUBTITLE MEANS:

(1) EXCEPT AS OTHERWISE PROVIDED IN THE CASE OF A FEDERATED COOPERATIVE IN SECTION 5-5A-20 OF THIS SUBTITLE, THAT EACH MEMBER HAS ONLY 1 VOTE AND THAT PROXY VOTING IS PROHIBITED;

(2) THAT THE ANNUAL RETURN ON STOCK OR MEMBERSHIP CAPITAL DOES NOT EXCEED THE ALLOWABLE AMOUNT SPECIFIED IN THE ARTICLES OF INCORPORATION OR BYLAWS OF THE COOPERATIVE;

(3) THAT THE NET SAVINGS OF THE ENTITY MUST BE DISTRIBUTED IN ACCORDANCE WITH SECTION 5-5A-22 OF THIS SUBTITLE;

(4) THAT MEMBERSHIP IN THE ENTITY MUST BE AVAILABLE ON A VOLUNTARY BASIS AND BE OPEN TO ALL PERSONS WHO CAN MAKE USE OF ITS SERVICES AND ARE WILLING TO ACCEPT THE RESPONSIBILITIES OF MEMBERSHIP; AND

(5) THAT THE ENTITY IS ENGAGED IN PROVIDING GOODS OR SERVICES FOR THE PRIMARY AND MUTUAL BENEFIT OF THE MEMBERSHIP.

(D) "FEDERATED COOPERATIVE" MEANS A COOPERATIVE WHICH IS PRIMARILY OWNED AND CONTROLLED BY, AND PROVIDES GOODS OR SERVICES TO ENTITIES OPERATING ON A COOPERATIVE BASIS.

(E) "FOREIGN COOPERATIVE" MEANS AN ENTITY OPERATING ON A COOPERATIVE BASIS WHICH IS ORGANIZED OR INCORPORATED UNDER THE LAWS OF A STATE OTHER THAN MARYLAND.

(F) "MEMBER" MEANS A PERSON OR HOUSEHOLD WHO HAS BEEN QUALIFIED AND ACCEPTED FOR MEMBERSHIP IN A COOPERATIVE ACCORDING TO ITS BYLAWS.