

Georgia Limited Worker Cooperative Association Act

The purpose of the Act is to recognize worker cooperatives as a business entity recognized under Georgia law. There is currently no legal recognition of worker cooperatives under Georgia law, and the Act will provide worker cooperatives with an easier and more well-defined path to organize, operate, and obtain investor and institutional support.

Background

- Georgia does not currently have a statute that specifically authorizes and governs the formation of worker cooperatives. (The only cooperative statutes currently in force in Georgia are for electric, insurance, financial, telephone, and agricultural cooperatives, which are typically owned by either consumers or producers.)
- Cooperatives are business organizations that are owned by their members, are governed democratically by the members, and distribute profits to their members on the basis of how much they use the cooperative's services. In a worker cooperative, this typically means that profits are distributed based on how much time each worker-member works for the cooperative.
- Cooperatives in Georgia come in all sizes, ranging from a handful of members to over one hundred thousand members in the case of some electric cooperatives. Cooperatives thus make a significant contribution to Georgia's economy, accounting for over \$488M in wages paid to over 10,000 employees in the year 2009 (University of Wisconsin).
- Worker cooperatives are a type of cooperative in which the workers join together to own, operate, and manage a business.
- Because profits go directly to workers, rather than investors, profits are more likely to stay in the local economy and build community wealth.
- Worker cooperatives have become increasingly popular across the United States and in Georgia, as they allow workers to control their own working conditions, set their own wages, provide benefits (such as health insurance), and provide more certainty as to length of employment.
- Worker cooperatives can improve conditions in low-wage jobs, help workers learn business and management skills, and build intergenerational wealth in economically disadvantaged communities.

Why is the Act Needed?

- Worker cooperatives in Georgia currently have to organize as LLCs or corporations, which poses legal and financial roadblocks to workers attempting to organize cooperatives.

- Worker cooperatives currently must obtain legal and accounting assistance to organize correctly, since otherwise the business may not be classified as a cooperative at all.
- The Act will provide groups with a well-defined and relatively inexpensive paths to form new worker cooperatives.
- Having a clearly defined path to forming worker cooperatives will also encourage businesses that want to convert to a worker cooperative model.

What Does the Act Do?

- Recognizes the limited worker cooperative association as a business entity under Georgia law
- Includes features of LLCs and incorporates relevant provisions from the LLC Act
- Allows for outside/community investor participation by non-workers, but ensures that workers will retain control of the cooperative
- Gives flexibility as to classes of membership, voting rights, and management
- Incorporates the financial features of cooperatives
- Provides for other types of members, such as consumers
- Provides for a security exemption that makes it easier for the cooperative to raise capital from members

For further information, please contact: _____