

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 4 - 0 - 1

Yeas: George L., Monnes Anderson, Starr, Metsger

Nays: 0

Exc.: Deckert

Prepared By: Janet Adkins, Administrator

Meeting Dates: 2/14, 3/7

WHAT THE MEASURE DOES: Allows agricultural cooperatives to have directors on their governing boards who are not members or representatives of members of the cooperative. Specifies that a majority of the directors must be members or representatives. Requires that a cooperative have specific authority adopted in their bylaws in order to elect non-member directors.

ISSUES DISCUSSED:

- Model cooperative law and other states that allow non-member directors
- Circumstances when a non member's expertise would benefit board
- Optional nature of changes
- Concern if members do not have control of board

EFFECT OF COMMITTEE AMENDMENT: Changes unclear language in drafting and specifies that a majority of directors on a cooperative board must be members or representatives of members.

BACKGROUND: An agricultural cooperative is a collection of farmers agreeing to produce, process, handle, or market their products jointly. Activities of the cooperative could also include purchasing, testing, grading, distributing, or furnishing farm supplies and other business services. Oregon statutes (ORS Chapter 62) govern the formation and management of such cooperatives. Board members are elected by the membership. ORS 62.280 currently requires all directors on cooperative boards to be or to represent (in the case of corporations) members of the cooperative.

The Agricultural Cooperative Council of Oregon seeks to change the membership requirement so that a cooperative has flexibility to bring in expertise not available within its own membership and to address conflict of interest issues related to their boards if necessary. SB 466-A provides this option to agricultural cooperatives so long as a change to bylaws is approved and a majority of directors are members.