

REVENUE: No revenue impact

FISCAL: No fiscal impact

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<b>Action:</b>	Do Pass
<b>Vote:</b>	10 - 0 - 0
<b>Yeas:</b>	Barton, Fagan, Holvey, Kennemer, Matthews, Thatcher, Thompson, Weidner, Witt, Doherty
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Jan Nordlund, Administrator
<b>Meeting Dates:</b>	2/11, 2/15

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**WHAT THE MEASURE DOES:** Allows corporate board of directors to delegate to officers authority to identify who will receive equity compensation awards and to determine terms of awards. Specifies officers may not identify self or other persons the board identifies as ineligible to receive awards.

**ISSUES DISCUSSED:**

- Knowledge senior officers have on which to base awards for lower-level employees
- Existing practice
- Model Business Corporation Act amendment to allow board of directors to delegate authority

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** It is common for corporations to award forms of equity compensation to their employees. Board members may not be comfortable knowing who below the senior officer level should receive awards or how large those awards should be. Some Oregon corporations have expressed a desire to delegate the administration of board-approved equity awards. Current law regarding the authority to delegate is not entirely clear. If a court were to interpret the law as not allowing a board to delegate, some employees would find that their equity compensation awards are not valid. House Bill 2566 clarifies that a board may delegate to officers the authority to grant the equity compensation awards within parameters set by the board.