

A-Engrossed
House Bill 2567

Ordered by the House March 18
Including House Amendments dated March 18

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SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Permits board of directors of corporation **or nonprofit corporation** to authorize participation in shareholders' meeting by remote communication subject to guidelines and procedures of board. Requires board to implement measures to verify that participants are shareholders or proxy holders **of corporation or members of nonprofit corporation** and that participation by remote communication is effective.

A BILL FOR AN ACT

1
2 Relating to shareholders' meetings conducted by remote communication; creating new provisions;
3 and amending ORS 60.001, 60.201, 60.204, 60.221, 60.222, 60.307, 65.001, 65.201, 65.204, 65.221,
4 65.227, 65.637, 271.330 and 307.518.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1.** ORS 60.001 is amended to read:

7 60.001. As used in this chapter:

8 (1) "Anniversary" means *[that]* **the** day each year **that is** exactly one or more years after:

9 (a) The date *[of filing by]* **on which** the Secretary of State *[of]* **files** the articles of incorporation
10 *[in the case of]* **for** a domestic corporation.

11 (b) The date *[of filing by]* **on which** the Secretary of State *[of]* **files** an application for authority
12 to transact business *[in the case of]* **for** a foreign corporation.

13 (2) "Articles of incorporation" *[include]* **means the articles described in ORS 60.047**, amended
14 and restated articles of incorporation, articles of conversion *[and]* **or** articles of merger.

15 (3) "Authorized shares" means the shares of all classes **that** a domestic or foreign corporation
16 is authorized to issue.

17 (4) "Conspicuous" means *[so]* written, **printed or typed in text that is italicized, boldfaced,**
18 **of a contrasting color, capitalized or underlined or similarly enhanced so** that a reasonable
19 person against whom the writing is to operate should have noticed the writing. *[For example, a*
20 *writing printed in italics, boldface or contrasting color, typed in capitals or underlined is*
21 *conspicuous.]*

22 (5) "Corporation" or "domestic corporation" means a corporation for profit **that is** incorporated
23 under or subject to the provisions of this chapter **and** that is not a foreign corporation.

24 (6) "Delivery" means any method of delivery used in conventional commercial practice, *[includ-*
25 *ing delivery]* **whether** by hand, mail, commercial delivery *[and]* **or** electronic transmission.

26 (7) "Distribution" means a direct or indirect transfer of money or other property, except of a

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 corporation's own shares, or **an** incurrence of indebtedness by a corporation to or for the benefit
2 of the corporation's shareholders in respect of any of the corporation's shares[. *A distribution may*
3 *be*], in the form of a declaration or payment of a dividend, a purchase, redemption or other acqui-
4 sition of shares, a distribution of indebtedness, or otherwise.

5 (8) "Domestic limited liability company" means an entity that is an unincorporated association
6 [*having*] **that has** one or more members and that is organized under ORS chapter 63.

7 (9) "Domestic nonprofit corporation" means a corporation not for profit **that is** incorporated
8 under ORS chapter 65.

9 (10) "Domestic professional corporation" means a corporation organized under ORS chapter 58
10 for the purpose of rendering professional services and for the purposes provided under ORS chapter
11 58.

12 (11) "Electronic signature" has the meaning given that term in ORS 84.004.

13 (12) "Electronic transmission" means any process of communication that does not directly in-
14 volve the physical transfer of paper and that is suitable for [*the retention, retrieval and reproduction*
15 *of*] **the recipient to retain, retrieve and reproduce** information [*by the recipient*].

16 (13) "Employee" includes an officer but not a director, unless the director accepts duties that
17 make the director also an employee.

18 (14) "Entity" includes a corporation, foreign corporation, nonprofit corporation, profit and
19 nonprofit unincorporated association, business trust, partnership, two or more persons having a joint
20 or common economic interest, any state, the United States, a federally recognized Native American
21 or American Indian tribal government and any foreign government.

22 (15) "Foreign corporation" means a corporation for profit **that is** incorporated under laws other
23 than the laws of this state.

24 (16) "Foreign limited liability company" means an entity that is an unincorporated association
25 organized under laws other than the laws of this state and that is organized under a statute under
26 which an association may be formed that affords to each of the entity's members limited liability
27 with respect to liabilities of the entity.

28 (17) "Foreign nonprofit corporation" means a corporation not for profit **that is** organized under
29 laws other than the laws of this state.

30 (18) "Foreign professional corporation" means a professional corporation **that is** organized un-
31 der laws other than the laws of this state.

32 (19) "Governmental subdivision" includes an authority, county, district and municipality.

33 [(20) "*Includes*" denotes a partial definition.]

34 [(21)] (20) "Individual" means a natural person[. "*Individual*" includes] **or** the estate of an in-
35 competent individual or a deceased individual.

36 [(22) "*Means*" denotes an exhaustive definition.]

37 [(23)] (21) "Office," when used to refer to the administrative unit directed by the Secretary of
38 State, means the office of the Secretary of State.

39 [(24)] (22) "Person" [*includes*] **means** individual [*and*] **or** entity.

40 [(25)] (23) "Principal office" means the office, in or out of this state, where the principal exec-
41 utive offices of a domestic or foreign corporation are located and designated in the annual report
42 or **in the** application for authority to transact business in this state.

43 [(26)] (24) "Proceeding" [*includes*] **means a** civil, criminal, administrative [*and*] **or** investigatory
44 action.

45 [(27)] (25) "Record date" means the date established under this chapter on which a corporation

1 determines the identity of the corporation's shareholders and their shareholdings for purposes of this
2 chapter. [*The determinations shall be made as of the close of business on the record date unless an-*
3 *other time for doing so is specified when the record date is fixed.*]

4 **(26) "Remote communication" means any method by which a person that is not physically**
5 **present at the location at which a meeting occurs may nevertheless hear or otherwise com-**
6 **municate at substantially the same time with other persons at the meeting and have access**
7 **to materials necessary to participate or vote in the meeting to the extent of the person's**
8 **authorization to participate or vote.**

9 [(28)] **(27) "Shares" means the units into which the proprietary interest in a corporation [are]**
10 **is divided.**

11 [(29)] **(28) "Shareholder" means the person in whose name shares are registered in the records**
12 **of a corporation or the beneficial owner of shares to the extent of the rights granted by a nominee**
13 **certificate on file with a corporation.**

14 [(30)] **(29) "Signature" [includes] means any manual, facsimile, conformed or electronic signa-**
15 **ture.**

16 **(30) "Single voting group" means a voting group the shares of which are entitled by the**
17 **articles of incorporation or this chapter to vote generally on a matter.**

18 (31) "State," when referring to a part of the United States, [*includes*] **means** a state, common-
19 wealth, territory [*and*] **or** insular possession of the United States and the agencies and governmental
20 subdivisions of the state, commonwealth, territory or insular possession.

21 (32) "Subscriber" means a person who subscribes for shares in a corporation, whether before
22 or after incorporation.

23 (33) "United States" includes a district, authority, bureau, commission, department and any
24 other agency of the United States.

25 (34) "Voting group" means all shares of one or more classes or series that under the articles
26 of incorporation or this chapter are entitled to vote and be counted together collectively on a matter
27 at a meeting of shareholders. [*All shares entitled by the articles of incorporation or this chapter to*
28 *vote generally on the matter are for that purpose a single voting group.*]

29 **SECTION 2.** ORS 60.201 is amended to read:

30 60.201. (1) Except as provided in subsection (4) of this section, a corporation shall hold an an-
31 nual meeting of the shareholders at a time stated in or fixed in accordance with the bylaws.

32 (2) **An** annual shareholders' [*meetings*] **meeting** may be held in or out of this state at the place
33 stated in or fixed in accordance with the bylaws[. *If no place is stated in or fixed in accordance with*
34 *the bylaws, annual meetings shall*] **or at a place the board of directors specifies, provided that**
35 **the board's specification is not inconsistent with the bylaws. If the board of directors does**
36 **not determine that the annual meeting will occur solely by means of remote communication**
37 **and a place for the annual meeting is not stated in or otherwise fixed in accordance with the**
38 **bylaws, the annual meeting must** be held at the corporation's principal office.

39 (3) [*The*] **A** failure to hold an annual meeting at the time stated in or fixed in accordance with
40 a corporation's bylaws does not affect the validity of any corporate action.

41 (4) If the articles of incorporation or bylaws of a corporation registered under the Investment
42 Company Act of 1940, as amended, so provide, the corporation [*shall*] **may** not be required to hold
43 an annual meeting in any year in which an election of directors is not required under the Invest-
44 ment Company Act of 1940, as amended.

45 **SECTION 3.** ORS 60.204 is amended to read:

1 60.204. (1) A corporation shall hold a special meeting of shareholders:

2 (a) On call of the board of directors of the corporation or **of** a person [*authorized to do so by*]
3 **that** the articles of incorporation or bylaws **authorize to call the meeting;** or

4 (b) Except as provided in this paragraph and in subsection (2) of this section, if the holders of
5 at least 10 percent of all votes entitled to be cast on any issue proposed for consideration at the
6 proposed special meeting sign, date and deliver to the corporation's secretary one or more written
7 demands for the meeting [*describing*] **that describe** the purpose or purposes for which the meeting
8 is to be held. The articles of incorporation may fix a lower percentage or a higher percentage not
9 exceeding 25 percent of all the votes entitled to be cast on any issue proposed for consideration.
10 Unless otherwise provided in the articles of incorporation, a shareholder who signed the original
11 demand for a special meeting may revoke the shareholder's demand by signing a writing that con-
12 tains a revocation. The revocation is effective if the corporation receives the writing before the
13 corporation receives a demand sufficient to require the corporation to hold a special meeting.

14 (2) A publicly traded corporation shall hold a special meeting at the demand of shareholders of
15 the publicly traded corporation only if the articles of incorporation or bylaws authorize the share-
16 holders to demand a special meeting. The articles of incorporation or bylaws may also specify what
17 percentage of votes entitled to be cast on an issue proposed for consideration at the special meeting
18 will be necessary to require the publicly traded corporation to hold the special meeting.

19 (3) If not otherwise fixed under ORS 60.207 or 60.221, the record date for determining share-
20 holders entitled to demand a special meeting is the date the first shareholder signs the demand.

21 (4) **A special shareholders' [*meetings*] meeting may be held in or out of this state at the place**
22 **stated in or fixed in accordance with the bylaws[. *If no place is stated or fixed in accordance with***
23 ***the bylaws,*] or at a place the board of directors specifies, provided that the board's specifi-**
24 **cation is not inconsistent with the bylaws. If the board of directors does not determine that**
25 **the special meeting will occur solely by means of remote communication and a place for the**
26 **special meeting is not stated in or otherwise fixed in accordance with the bylaws, the special**
27 **[*meetings shall*] meeting must be held at the corporation's principal office.**

28 (5) Only business within the purpose or purposes described in the meeting notice required by
29 ORS 60.214 (3) may be conducted at a special shareholders' meeting.

30 (6) As used in this section, "publicly traded corporation" means a corporation the shares of
31 which are traded on an established exchange or securities market that is subject to the regulatory
32 authority of a state, the United States, a foreign government or an agency of a state, the United
33 States or a foreign government.

34 **SECTION 4.** ORS 60.221 is amended to read:

35 60.221. (1) The bylaws may fix or provide the manner of fixing the record date for one or more
36 voting groups in order to determine the shareholders entitled to notice of a shareholders' meeting,
37 to demand a special meeting, to vote or to take any other action. The record date [*shall*] **must** be
38 the same for all voting groups. If the bylaws do not fix or provide for fixing a record date, the board
39 of directors of the corporation may fix a future date, or a later time on the date the board of di-
40 rectors fixes the record date, as the record date.

41 (2)(a) A record date fixed under this section may not be more than 70 days before the meeting
42 or action requiring a determination of shareholders.

43 (b) **A determination of shareholders must be made as of the close of business on the re-**
44 **cord date unless another time for making the determination is specified when the record**
45 **date is fixed.**

1 (3) A determination of shareholders entitled to notice of or to vote at a shareholders' meeting
2 is effective for any adjournment of the meeting unless the board of directors fixes a new record date,
3 which *[it]* **the board** must do if the meeting is adjourned to a date more than 120 days after the date
4 fixed for the original meeting.

5 (4) If a court orders a meeting adjourned to a date more than 120 days after the date fixed for
6 the original meeting, *[it]* **the court** may provide that the original record date continues in effect or
7 *[it]* **the court** may fix a new record date.

8 **SECTION 5.** ORS 60.222 is amended to read:

9 60.222. *[(1) Unless the articles of incorporation or bylaws provide otherwise, the bylaws or the*
10 *board of directors, by resolution adopted in advance either specifically with respect to a particular*
11 *meeting or generally with respect to future meetings, may permit any or all shareholders to participate*
12 *in an annual or special meeting by, or may permit the conduct of a meeting through, use of any means*
13 *of communication by which all shareholders participating may simultaneously hear each other. A*
14 *shareholder participating in a meeting by this means is deemed to be present in person at the*
15 *meeting.]*

16 (1)(a) **Shareholders and proxy holders that are not physically present for a shareholders'**
17 **meeting may participate in the meeting, be deemed present in person and vote if the board**
18 **of directors authorizes participation by remote communication. Participation by remote**
19 **communication is subject to guidelines and procedures that the board adopts.**

20 (b) **Before a board of directors may authorize shareholders or proxy holders to partic-**
21 **ipate by remote communication in a shareholders' meeting, the corporation shall implement**
22 **measures to:**

23 (A) **Verify that a person that is participating in the meeting by remote communication**
24 **is a shareholder or a proxy holder; and**

25 (B) **Ensure that a shareholder or proxy holder may participate by remote communication**
26 **in an effective manner.**

27 (c) **The corporation shall maintain a record of the vote or other action of a shareholder**
28 **or proxy holder that participates in a shareholders' meeting by remote communication.**

29 (2) The notice of each annual or special meeting of shareholders at which **the board authorizes**
30 participation in the manner *[referred to]* **described** in subsection (1) of this section *[is permitted]*
31 shall state that *[fact]* **the board authorizes participation by remote communication** and shall
32 describe how *[any]* a shareholder *[desiring to participate]* may notify the corporation of the
33 shareholder's desire to *[be included]* **participate in the meeting by remote communication.**

34 **SECTION 6.** ORS 60.307 is amended to read:

35 60.307. (1) A board of directors must consist of one or more individuals, with the number speci-
36 fied in or fixed in accordance with the articles of incorporation or bylaws. Notwithstanding ORS
37 60.001 *[(21)]* **(20)**, the estate of an incompetent individual or a deceased individual may not be a di-
38 rector.

39 (2) The number of directors may be increased or decreased from time to time by amendment to,
40 or in the manner provided in, the articles of incorporation or the bylaws.

41 (3) Directors are elected at the first annual shareholders' meeting and at each annual meeting
42 thereafter unless their terms are staggered under ORS 60.317.

43 **SECTION 7.** ORS 65.001 is amended to read:

44 65.001. As used in this chapter, *unless otherwise specifically provided*:

45 (1) "Anniversary" means *[that]* **the day each year that is** exactly one or more years after the

1 date [of filing by] **on which** the Office of the Secretary of State [of] **files** the articles of incorpo-
 2 ration [in the case of] **for** a domestic corporation or the date [of filing by] **on which** the office [of
 3 the Secretary of State of] **files** an application for authority to transact business [in the case of] **for**
 4 a foreign corporation. An event that would otherwise cause an anniversary to fall on February 29
 5 [shall be deemed to have occurred] **causes the anniversary to fall** on February 28.

6 (2) “Approved by the members” or “approval by the members” means approved or ratified by the
 7 members entitled to vote on the issue through either:

8 (a) The affirmative vote of a majority of the votes of [such] **the** members represented and voting
 9 at a duly held meeting at which a quorum is present or the affirmative vote of [such] **a** greater
 10 proportion including the votes of any required proportion of the members of any class as the arti-
 11 cles, bylaws or this chapter may provide for specified types of member action; or

12 (b) A written ballot or written consent in conformity with this chapter.

13 (3) “Articles of incorporation” or “articles” [include] **means the articles described in ORS**
 14 **65.047**, amended and restated articles of incorporation [and] **or** articles of merger, and corrections
 15 [thereto] **to the articles**.

16 (4) “Board” or “board of directors” means the individual or individuals vested with overall
 17 management of the affairs of the domestic or foreign corporation, irrespective of the name by which
 18 the individual or individuals are designated, except that [no] **an** individual or **a** group of individuals
 19 [are] **is not** the board of directors because of powers delegated to [that] **the** individual or group
 20 [pursuant to] **under** ORS 65.301.

21 (5) “Bylaws” means the code or codes of rules, other than the articles adopted [pursuant to]
 22 **under** this chapter or the laws governing a foreign corporation, for [the regulation or management
 23 of] **regulating or managing** the affairs of the domestic or foreign corporation, irrespective of the
 24 name or names by which [such] **the** rules are designated.

25 (6) “Class” means a group of memberships that have the same rights with respect to voting,
 26 dissolution, redemption and transfer. For the purpose of this section, rights are the same if the
 27 rights are determined by a formula applied uniformly.

28 (7) “Contact address” means a mailing address at which a person affiliated with the organization
 29 will receive and transmit to the organization notices intended for the foreign or domestic corpo-
 30 ration either when sending [such] **the** notices to the registered agent is not practical or when a
 31 duplicate notice is desirable. The contact address may be the principal place of business, if any, or
 32 the business or residence address of any person associated with the corporation or foreign corpo-
 33 ration who has consented to serve, but [shall] **may** not be the address of the registered agent.

34 (8) “Corporation” or “domestic corporation” means a nonprofit corporation that is not a foreign
 35 corporation, and that is incorporated under or subject to the provisions of this chapter.

36 (9) “Delegates” means those persons elected or appointed to vote in a representative assembly
 37 for [the election of] **electing** a director or directors or on other matters.

38 (10) “Deliver” [includes mail.] **means any method of delivery used in conventional com-**
 39 **mercial practice, including delivery by hand, mail, commercial delivery and electronic trans-**
 40 **mission**.

41 (11) “Directors” means individuals [designated in] **whom** the articles or bylaws **designate** or
 42 [elected by] **whom** the incorporators **elect** to act as members of the board, and [their] successors **to**
 43 **the individuals**.

44 (12) “Distribution” means [the payment of] **paying** a dividend or any part of the income or profit
 45 of a corporation to the corporation’s members, directors or officers, other than [payment of] **paying**

1 value for property received or services performed or [payment of] **paying** benefits [in furtherance
2 of] **to further** the corporation's purposes.

3 (13) "Domestic business corporation" means a for profit corporation **that is** incorporated under
4 ORS chapter 60.

5 (14) "Domestic limited liability company" means [an entity that is] an unincorporated association
6 [having] **that has** one or more members and that is organized under ORS chapter 63.

7 (15) "Domestic professional corporation" means a corporation **that is** organized under ORS
8 chapter 58 for the purpose of rendering professional services and for the purposes provided under
9 ORS chapter 58.

10 (16) "Effective date of notice" has the meaning given that term in ORS 65.034.

11 (17) "Employee" includes an officer or director [who is employed by] **whom** the corporation
12 **employs** with compensation for services beyond those encompassed by board membership.

13 (18) "Entity" [includes] **means** a corporation, foreign corporation, business corporation and for-
14 eign business corporation, profit and nonprofit unincorporated association, corporation sole, business
15 trust, partnership, two or more persons [having] **that have** a joint or common economic interest,
16 any state, the United States, a federally recognized Native American or American Indian tribal
17 government and any foreign government.

18 (19) "File," "filed" or "filing" means reviewed, accepted and entered in the Office of the Secre-
19 tary of State.

20 (20) "Foreign business corporation" means a for profit corporation **that is** incorporated under
21 laws other than the laws of this state.

22 (21) "Foreign corporation" means a corporation **that is** organized under laws other than the
23 laws of this state **and** that would be a nonprofit corporation if formed under the laws of this state.

24 (22) "Foreign limited liability company" means [an entity that is] an unincorporated association
25 **that is** organized under laws other than the laws of this state and that is organized under a statute
26 under which an association may be formed that affords to each of the entity's members limited li-
27 ability with respect to liabilities of the entity.

28 (23) "Foreign professional corporation" means a professional corporation **that is** organized un-
29 der laws other than the laws of this state.

30 (24) "Governmental subdivision" includes an authority, county, district and municipality.

31 [(25) "Includes" denotes a partial definition.]

32 [(26)] (25) "Individual" means a natural person, [and includes] **including** the guardian of an in-
33 competent individual.

34 [(27) "Means" denotes an exhaustive definition.]

35 [(28)(a)] (26)(a) "Member" means a person [or persons] **that is** entitled, [pursuant to] **under** a
36 domestic or foreign corporation's articles or bylaws, without regard to what the person is called in
37 the articles or bylaws, to vote on more than one occasion [for the election of] **to elect** a director or
38 directors.

39 (b) A person is not a member by virtue of any of the following rights the person has:

40 (A) As a delegate;

41 (B) To designate or appoint a director or directors;

42 (C) As a director; or

43 (D) As a holder of an evidence of indebtedness [issued or to be issued by] the corporation **has**
44 **issued or will issue**.

45 (c) Notwithstanding the provisions of paragraph (a) of this subsection, a person is not a member

1 if the person's membership rights have been eliminated as provided in ORS 65.164 or 65.167.

2 [(29)] (27) "Membership" *[refers to]* **means** the rights and obligations a member has under this
3 chapter.

4 [(30)] (28) "Mutual benefit corporation" means a domestic corporation that is formed as a mutual
5 benefit corporation *[pursuant to]* **under** ORS 65.044 to 65.067[,] **and** is designated a mutual benefit
6 corporation by a statute or does not come within the definition of public benefit or religious cor-
7 poration.

8 [(31)] (29) "Nonprofit corporation" means a mutual benefit *[corporations]* **corporation**, a public
9 benefit *[corporations and]* **corporation or a** religious *[corporations]* **corporation**.

10 [(32)] (30) "Notice" has the meaning given that term in ORS 65.034.

11 [(33)] (31) "Office," when used to refer to the administrative unit directed by the Secretary of
12 State, means the Office of the Secretary of State.

13 [(34)] (32) "Person" *[includes any]* **means** individual or entity.

14 [(35)] (33) "Principal office" means the place, in or out of this state, **where the principal**
15 **executive offices of a domestic or foreign corporation are located and that is designated as**
16 **the principal office** *[so designated]* in the most recent annual report filed pursuant to ORS 65.787
17 or, if no annual report is on file, *[as designated]* in the articles of incorporation or the application
18 for authority to transact business in this state[, *that is the place where the principal executive offices*
19 *of a domestic or foreign corporation are located or, if none, the contact address*].

20 [(36)] (34) "Proceeding" *[includes]* **means a** civil, criminal, administrative *[and]* **or** investigatory
21 action.

22 [(37)] (35) "Public benefit corporation" means a domestic corporation that:

23 (a) Is formed as a public benefit corporation *[pursuant to]* **under** ORS 65.044 to 65.067, is desig-
24 nated as a public benefit corporation by a statute, is recognized as tax exempt under section 501 (c)
25 (3) of the Internal Revenue Code of 1986 or is otherwise organized for a public or charitable purpose;

26 (b) Is restricted so that on dissolution the corporation must distribute the corporation's assets
27 to an organization organized for a public or charitable purpose, a religious corporation, the United
28 States, a state or a person that is recognized as exempt under section 501 (c) (3) of the Internal
29 Revenue Code of 1986; and

30 (c) Does not come within the definition of "religious corporation."

31 [(38)] (36) "Record date" means the date established under ORS 65.131 to 65.177 or 65.201 to
32 65.254 on which a corporation determines the identity of the corporation's members and *[their]* **the**
33 **members'** membership rights for the purposes of this chapter. *[The determinations shall be made*
34 *as of the time of close of transactions on the record date unless another time for doing so is specified*
35 *at the time the record date is fixed.]*

36 [(39)] (37) "Religious corporation" means a domestic corporation that is formed as a religious
37 corporation *[pursuant to]* **under** ORS 65.044 to 65.067, is designated a religious corporation by a
38 statute or is organized primarily or exclusively for religious purposes.

39 (38) "**Remote communication**" means any method by which a person that is not physically
40 present at the location at which a meeting occurs may nevertheless hear or otherwise com-
41 municate at substantially the same time with other persons at the meeting and have access
42 to materials necessary to participate or vote in the meeting to the extent of the person's
43 authorization to participate or vote.

44 [(40)] (39) "Secretary," when used in the context of a corporate official, means the corporate
45 officer to whom the board of directors has delegated responsibility under ORS 65.371 for preparing

1 the minutes of the directors' and members' meetings and for authenticating the records of the cor-
2 poration.

3 [(41)] (40) "State," when referring to a part of the United States, [*includes*] **means** a state,
4 commonwealth, territory [*and*] **or** insular possession of the United States and the agencies and
5 governmental subdivisions of the state, commonwealth, territory or insular possession.

6 [(42)] (41) "Uncompensated officer" means an individual who serves in an office without com-
7 pensation for personal service. For purposes of this subsection, payment solely for actual expenses
8 in performing duties of the officer or a stipend that is paid only to compensate the average expenses
9 the individual incurs over the course of a year is not compensation.

10 [(43)] (42) "United States" [*includes*] **means a** district, authority, bureau, commission, depart-
11 ment [*and*] **or** any other agency of the United States.

12 [(44)] (43) "Vote" [*includes*] **means** authorization by written ballot and written consent, where
13 permitted.

14 [(45)] (44) "Voting power" means the total number of votes entitled to be cast on [*the*] **an** issue
15 at the time the determination of voting power is made, excluding a vote that is contingent upon [*the*
16 *happening of*] a condition or event **occurring** that has not occurred at the time. [*When a class is*
17 *entitled to vote as a class for directors, the determination of voting power of the class shall be based*
18 *on the percentage of the number of directors the class is entitled to elect out of the total number of*
19 *authorized directors.*]

20 **SECTION 8.** ORS 65.201 is amended to read:

21 65.201. (1) A corporation with members shall hold a membership meeting annually at a time
22 stated in or fixed in accordance with the bylaws.

23 (2) A corporation with members may hold regular membership meetings at the times stated in
24 or fixed in accordance with the bylaws.

25 (3) **An** annual and regular membership [*meetings*] **meeting** may be held in or out of this state
26 at the place stated in or fixed in accordance with the bylaws[. *If no place is stated in or fixed in*
27 *accordance with the bylaws, annual and regular meetings shall*] **or at a place the board of directors**
28 **specifies, provided that the board's specification is not inconsistent with the bylaws. If the**
29 **board of directors does not determine that the annual and regular meeting will occur solely**
30 **by means of remote communication and a place for the annual and regular meeting is not**
31 **stated in or otherwise fixed in accordance with the bylaws, the annual and regular meeting**
32 **must** be held at the corporation's principal office.

33 (4) At the annual meeting:

34 (a) The president, and any other officer the board of directors or the president may designate,
35 shall report on the activities and financial condition of the corporation; and

36 (b) The members shall consider and act upon such other matters as may be raised consistent
37 with the notice requirements of ORS 65.214.

38 (5) At regular meetings the members shall consider and act upon such matters as may be raised
39 consistent with the notice requirements of ORS 65.214.

40 (6) The failure to hold an annual or regular meeting at a time stated in or fixed in accordance
41 with a corporation's bylaws does not affect the validity of any corporate action.

42 **SECTION 9.** ORS 65.204 is amended to read:

43 65.204. (1) A corporation with members shall hold a special meeting of members:

44 (a) On call of [*its*] **the corporation's** board of directors or **of** the person or persons [*authorized*
45 *to do so by*] **that** the articles of incorporation or bylaws **authorize to call the meeting;** or

1 (b) Except as provided in the articles or bylaws, if the holders of at least five percent of the
2 voting power of any corporation sign, date and deliver to the corporation's secretary one or more
3 written demands for the meeting [*describing*] **that describe** the purpose or purposes for which [*it*]
4 **the meeting** is to be held.

5 (2) If not otherwise fixed under ORS 65.207 or 65.221, the record date for members entitled to
6 demand a special meeting is the date the first member signs the demand.

7 (3) If a notice for a special meeting demanded under subsection (1)(b) of this section is not given
8 pursuant to ORS 65.214 within 30 days after the date the written demand or demands are delivered
9 to the corporation's secretary then, regardless of the requirements of subsection (4) of this section,
10 a person [*signing*] **that signs** the demand or demands may set the time and place of the meeting and
11 give notice pursuant to ORS 65.214.

12 (4) **A** special [*meetings*] **meeting** of members may be held in or out of this state at the place
13 stated in or fixed in accordance with the bylaws[. *If no place is stated or fixed in accordance with*
14 *the bylaws,*] **or at a place the board of directors specifies, provided that the board's specifi-**
15 **cation is not inconsistent with the bylaws. If the board of directors does not determine that**
16 **the special meeting will occur solely by means of remote communication and a place for the**
17 **special meeting is not stated in or otherwise fixed in accordance with the bylaws, the** special
18 [*meetings shall*] **meeting must** be held at the corporation's principal office.

19 (5) Only matters within the purpose or purposes described in the meeting notice required by
20 ORS 65.214 may be conducted at a special meeting of members.

21 **SECTION 10.** ORS 65.221 is amended to read:

22 65.221. (1) The bylaws may fix or provide the manner of fixing the record date in order to de-
23 termine the members entitled to notice of a members' meeting, to demand a special meeting, to vote
24 or to take any other lawful action. **A determination of members must be made as of the time**
25 **of close of transactions on the record date unless another time for doing so is specified at**
26 **the time the record date is fixed.** If the bylaws do not fix or provide for fixing [*such*] a record
27 date, the board of directors may fix a future date as the record date. If [*no such*] a record date is
28 **not** fixed, then:

29 (a) To determine the members entitled to notice of a members' meeting, the record date [*shall*
30 *be*] **is** the day before the day on which first notice is mailed or otherwise transmitted to members
31 in accordance with ORS 65.034, or if notice is waived, the day preceding the day on which the
32 meeting is held.

33 (b) To determine the members entitled to demand a special meeting, the record date [*shall be*]
34 **is** as set forth in ORS 65.204 (2).

35 (c) To determine the members entitled to take action without a meeting, the record date [*shall*
36 *be*] **is** as set forth in ORS 65.211 (2).

37 (d) To determine the members entitled to vote at a members' meeting, the record date [*shall*
38 *be*] **is** the date of the meeting.

39 (e) To determine the members entitled to exercise any rights in respect to any other lawful
40 action, the record date [*shall be*] **is** the day on which the board adopts the resolution [*relating*
41 *thereto*] **that relates to the other action**, or the 60th day [*prior to*] **before** the date of [*such*] **the**
42 other action, whichever is later.

43 (2) A record date fixed under this section may not be more than 70 days before the meeting or
44 action [*requiring the*] **that requires** a determination of members.

45 (3) A determination of members entitled to notice of or to vote at a membership meeting is ef-

1 fective for any adjournment of the meeting unless the board fixes a new record date, which *[it]* **the**
 2 **board** must do if the meeting is adjourned to a date more than 120 days after the date fixed for the
 3 original meeting.

4 (4) If a court orders a meeting adjourned to a date more than 120 days after the date fixed for
 5 the original meeting, *[it]* **the court** may provide that the original record date continues in effect or
 6 *[it]* **the court** may fix a new record date.

7 **SECTION 11.** ORS 65.227 is amended to read:

8 65.227. (1) Unless the articles or bylaws provide otherwise, each member is entitled to one vote
 9 on each matter *[voted on by]* **on which** the members **vote**, including each matter on which a member
 10 *[is entitled to]* **may** vote under this chapter or the articles or bylaws. Except as expressly prohibited
 11 in this chapter, the articles or bylaws may provide for different allocations of votes among member
 12 classes or exclude the members or some or all member classes from voting on any issue on which
 13 they would otherwise be entitled to vote under this chapter. *[Persons not retaining]* **A person that**
 14 **does not retain** a right to vote on more than one occasion *[for the election of]* **to elect** a director
 15 or directors *[shall not be deemed members]* **is not a member.**

16 (2) Unless the articles or bylaws provide otherwise, if a membership stands of record in the
 17 names of two or more persons, *[their acts]* with respect to voting *[shall]* **the persons' acts** have the
 18 following effect:

19 (a) If only one **person** votes, *[such]* **the person's** act binds all; and

20 (b) If more than one **person** votes, the vote *[shall be]* **is** divided on a pro rata basis.

21 **(3) If a class is entitled to vote as a class for directors, a determination of the voting**
 22 **power of the class must be based on the percentage of the number of directors the class may**
 23 **elect out of the total number of authorized directors.**

24 **SECTION 12.** ORS 65.637 is amended to read:

25 65.637. (1) A dissolved corporation continues the corporation's corporate existence but may not
 26 carry on any activities except those appropriate to wind up and liquidate the corporation's affairs,
 27 including:

28 (a) Preserving and protecting the corporation's assets and minimizing the corporation's liabil-
 29 ities;

30 (b) Discharging or providing for discharging the corporation's liabilities and obligations;

31 (c) Disposing of the corporation's properties that will not be distributed in kind;

32 (d) Returning, transferring or conveying assets in accordance with a condition under which the
 33 corporation holds the assets subject to a requirement to return, transfer or convey the assets, if the
 34 condition occurs by reason of the dissolution;

35 (e) Transferring, subject to any contractual or legal requirements, the corporation's assets as
 36 provided in or authorized by the corporation's articles of incorporation or bylaws;

37 (f) If the corporation is a public benefit or religious corporation, and the corporation has not
 38 provided in the corporation's articles or bylaws for distributing assets on dissolution, transferring,
 39 subject to any contractual or legal requirement, the corporation's assets to one or more persons
 40 described in ORS 65.001 *[(37)(b)]* **(35)(b)**;

41 (g) If the corporation is a mutual benefit corporation and the corporation has not provided in
 42 the corporation's articles or bylaws for distributing assets on dissolution, transferring, subject to
 43 any contractual or legal requirements, the corporation's assets to the corporation's members or, if
 44 the corporation has no members, to those persons whom the corporation purports to benefit or
 45 serve;

1 (h) Adopting a plan of merger; and

2 (i) Doing other acts necessary to liquidate the corporation's assets and wind up the
3 corporation's affairs.

4 (2) Dissolution of a corporation does not:

5 (a) Transfer title to the corporation's property;

6 (b) Subject the corporation's directors or officers to standards of conduct different from those
7 prescribed in ORS 65.301 to 65.414;

8 (c) Change quorum or voting requirements for the corporation's board or members, change pro-
9 visions for selection, resignation or removal of the corporation's directors or officers, or both, or
10 change provisions for amending the corporation's bylaws;

11 (d) Prevent commencement of a proceeding by or against the corporation in the corporation's
12 corporate name;

13 (e) Abate or suspend a proceeding pending by or against the corporation on the effective date
14 of dissolution; or

15 (f) Terminate the authority of the registered agent of the corporation.

16 **SECTION 13.** ORS 271.330 is amended to read:

17 271.330. (1) Any political subdivision is granted express power to relinquish the title to any of
18 its property not needed for public use to any governmental body, providing such property shall be
19 used for not less than 20 years for a public purpose by the governmental body in the State of
20 Oregon. These transfers for public purposes may include transfers without consideration of property
21 held by counties as a result of tax foreclosures.

22 (2)(a) Any political subdivision is granted express power to relinquish the title to any of its
23 property to a qualifying nonprofit corporation or a municipal corporation for the purpose of pro-
24 viding any of the following:

25 (A) Low income housing;

26 (B) Social services; or

27 (C) Child care services.

28 (b) As used in this subsection:

29 (A) "Qualifying nonprofit corporation" means a corporation that is a public benefit corporation
30 under ORS 65.001 [(37)] (35) and that has obtained a ruling from the federal Internal Revenue Ser-
31 vice providing that the corporation is exempt from federal income taxes under section 501(c)(3) of
32 the Internal Revenue Code.

33 (B) "Social services" and "child care services" include but are not limited to education, training,
34 counseling, health and mental health services and the provision of facilities and administrative ser-
35 vices to support social services and child care services.

36 (3) Any political subdivision is granted express power to convey real property to a nonprofit or
37 municipal corporation to be used by the nonprofit or municipal corporation for the creation of open
38 space, parks or natural areas for perpetual public use. The instrument conveying the real property
39 shall include a restriction on the use of the property that limits the uses of the property to those
40 uses described in this subsection. The instrument conveying the property shall also contain a pro-
41 vision for the reversion of the property to the political subdivision if the property is not used in
42 conformance with the restriction. Real property conveyed under this subsection may include real
43 property held by a political subdivision as a result of tax foreclosures.

44 (4) Transfers under this section may include transfers without consideration of property held by
45 counties as a result of tax foreclosures.

1 (5) Before any county court or board of county commissioners may transfer, under subsection
 2 (1) of this section, any tax foreclosed lands in which the state or a political subdivision has repres-
 3 ented delinquent and uncollected taxes, liens or assessments, it shall advertise in a newspaper of
 4 general circulation in the county for two successive weeks its intention to so transfer the property.
 5 The notice shall state when the county court will hear objections to the transfer and must specif-
 6 ically describe the property intended to be transferred. After the hearing set in the notice is held
 7 and objections are heard, it may, in its sound discretion, proceed with the transfer. Except in the
 8 case of a transfer for low income housing, real property shall be conveyed by deed, subject to a
 9 reversionary interest retained by the granting political subdivision in the event that the property
 10 is used for a purpose that is inconsistent with the grant. The granting political subdivision may
 11 waive the subdivision's right to a reversionary interest at the time the property is conveyed. After
 12 the transfer the interests of the state or any political subdivision in the land on account of uncol-
 13 lected taxes, liens or assessments are extinguished, and the county is relieved of the necessity to
 14 account for uncollected taxes, liens or assessments.

15 **SECTION 14.** ORS 307.518 is amended to read:

16 307.518. (1) Property or a portion of property that meets all of the following criteria shall be
 17 exempt from taxation as provided under ORS 307.515 to 307.523:

18 (a) If unoccupied, the property:

19 (A) Is offered for rental solely as a residence for low income persons; or

20 (B) Is held for the purpose of developing low income rental housing.

21 (b) If occupied, the property is occupied solely as a residence for low income persons.

22 (c) An exemption for the property has been approved as provided under ORS 307.523, pursuant
 23 to an application filed before January 1, 2020.

24 (d) The property is owned or being purchased by a nonprofit corporation organized in a manner
 25 that meets the criteria for a public benefit corporation, as [*described under*] **defined in** ORS 65.001
 26 [(37)] **(35)**, or for a religious corporation, as [*described under*] **defined in** ORS 65.001 [(39)] **(37)**.

27 (e) The property is owned or being purchased by a nonprofit corporation that expends no more
 28 than 10 percent of its annual income from residential rentals for purposes other than the acquisition,
 29 maintenance or repair of residential rental property for low income persons or for the provision of
 30 on-site child care services for the residents of the rental property.

31 (2) For the purposes of this section, a nonprofit corporation that has only a leasehold interest
 32 in property is considered to be a purchaser of that property if:

33 (a) The nonprofit corporation is obligated under the terms of the lease to pay the ad valorem
 34 taxes on the real and personal property used in the rental activity on that property; or

35 (b) The rent payable has been established to reflect the savings resulting from the exemption
 36 from taxation.

37 (3) A partnership shall be considered a nonprofit corporation for purposes of this section if:

38 (a) A nonprofit corporation is a general partner of the partnership; and

39 (b) The nonprofit corporation is responsible for the day-to-day operation of the property that is
 40 the subject of the exemption under ORS 307.515 to 307.523.

41 **SECTION 15.** Section 16 of this 2013 Act is added to and made a part of ORS chapter 65.

42 **SECTION 16.** (1)(a) **Members that are not physically present for a membership meeting**
 43 **may participate in, be deemed present in person at and vote at the membership meeting if**
 44 **the board of directors authorizes participation by remote communication. Participation by**
 45 **remote communication is subject to guidelines and procedures that the board adopts.**

1 **(b) Before a board of directors may authorize members to participate in a membership**
2 **meeting by remote communication, the corporation shall implement measures to:**

3 **(A) Verify that a person that is participating in the membership meeting by remote**
4 **communication is a member; and**

5 **(B) Ensure that a member may participate by remote communication in an effective**
6 **manner.**

7 **(c) The corporation shall maintain a record of the vote or other action of a member that**
8 **participates in a membership meeting by remote communication.**

9 **(2) A notice of a membership meeting at which the board authorizes participation by re-**
10 **mote communication shall state that the board authorizes participation by remote commu-**
11 **nication and shall describe how a member may notify the corporation that the member**
12 **intends to participate in the membership meeting by remote communication.**

13