

B-Engrossed
Senate Bill 1520

Ordered by the House February 24
Including Senate Amendments dated February 12 and House Amendments
dated February 24

Sponsored by Senator STARR (Presession filed.)

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.

Subject to rules of Director of Department of Consumer and Business Services, exempts from registration securities that renewable energy cooperative corporation issues to cooperative corporation members as evidence of membership in cooperative corporation or to show members' respective interests in assets, reserves or patronage dividends.

Becomes operative [*July*] **October 1, 2014.**

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to securities registration for renewable energy cooperative corporations; creating new
3 provisions; amending ORS 59.025; and declaring an emergency.

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

5 **SECTION 1.** ORS 59.025 is amended to read:

6 59.025. The following securities are exempt from ORS 59.049 and 59.055:

7 (1)(a) A security issued or guaranteed by the United States or [*by*] a state, **or by** a political
8 subdivision, **agency or other instrumentality of the United States or** [*of*] a state [*or an agency*
9 *or other instrumentality of any of the foregoing*].

10 (b) Any other security offered in connection with or as part of [*the*] **a security** [*set forth*] **de-**
11 **scribed** in paragraph (a) of this subsection, if the security cannot be severed and sold separately
12 from the security in paragraph (a) of this subsection.

13 (2) A security issued or guaranteed by a foreign government with which the United States is
14 at the time of the sale maintaining diplomatic relations, or by a state, province or political subdi-
15 vision [*thereof having*] **of the foreign government that has** the power of taxation or assessment,
16 if the **foreign government, state, province or political subdivision recognizes the** security [*is*
17 *recognized*] as a valid obligation [*by such foreign government or state, province or political subdivision*
18 *thereof*].

19 (3) A security that represents an interest in or a direct obligation of, or is guaranteed by, a
20 national bank, **a** federal savings and loan association, **a** federal credit union, [*or*] **a** federal land bank
21 or joint stock land bank or **a** national farm loan association.

22 (4) Any of the following securities:

23 (a) A security **that, at the time the security is issued, is** listed or approved for listing [*upon*
24 *notice of issuance*] on the New York Stock Exchange, the American Stock Exchange, the Midwest
25 Stock Exchange, the Pacific Stock Exchange or any other exchange [*recognized by rule of*] **that** the

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 Director of the Department of Consumer and Business Services **recognizes by rule;**

2 (b) A security **that the NASDAQ Stock Market, NASDAQ Options Market or NASDAQ**
 3 **OMX Futures Exchange has** designated or approved for designation **at the time the security**
 4 **was issued** [*upon notice of issuance under the National Association of Securities Dealers Automated*
 5 *Quotation System, Inc. National Market System*];

6 (c) Any other security **issued by a person or entity that issues** [*of the issuer of*] a security
 7 listed or designated under paragraph (a) or (b) of this subsection, [*that*] **if the other security** is of
 8 senior or substantially equal rank to the listed or designated security;

9 (d) A security issuable under rights or warrants listed or approved under paragraph (a), (b) or
 10 (c) of this subsection; or

11 (e) A warrant or right to purchase or subscribe to any security [*referred to*] **described** in para-
 12 graph (a), (b), (c) or (d) of this subsection.

13 (5) A security [*maintaining*] **that maintains** a rating [*approved by*] **that the director approves**
 14 in a recognized securities manual.

15 (6) A security that represents an interest in or a direct obligation of, and that has been or [*is*
 16 *to*] **will** be issued by, a bank, trust company, savings and loan association[,], or credit union[,], **and**
 17 that is subject to the examination, supervision and control of a regulatory agency of this state.

18 (7) Commercial paper issued, given or acquired in a bona fide way in the ordinary course of le-
 19 gitimate business, trade or commerce, [*when*] **if** the commercial paper is not made the subject of a
 20 public offering.

21 (8) A security, the issuance of which [*is under supervision, regulation or control by*] the Public
 22 Utility Commission [*of this state*] **supervises, regulates or controls**, if the Public Utility Commis-
 23 sion [*is exercising control over, or is regulating or supervising, the issuer thereof*] **supervises, regu-**
 24 **lates or controls the person or entity that issues the security.**

25 (9) Stock or membership certificates [*issued by*] **that** an agricultural cooperative corporation or
 26 irrigation association [*when*] **issues, if the agricultural cooperative corporation or irrigation**
 27 **association issues the stock** [*is issued to*] **or membership certificate as** evidence of membership
 28 in the cooperative or association, [*or*] as a patronage dividend [*and certificates issued to members*
 29 *or patrons by such a cooperative or association evidencing their*] **or as evidence of a member's or**
 30 **a patron's** respective interests in reserves or [*as*] patronage dividends. This exemption [*shall*] **does**
 31 not apply to [*any*] a cooperative or association that expects to engage in or is engaged in [*the pro-*
 32 *duction*] **producing**, processing or marketing [*of*] forest products.

33 (10) Stock or membership certificates [*issued by*] **that** a fishing cooperative corporation **issues**
 34 **to members of the fishing cooperative corporation**[, *when the stock or certificates are issued to*
 35 *members of the cooperative corporation*] either for the purpose of showing membership [*in the coop-*
 36 *erative corporation*] or for the purpose of showing [*their*] **the members'** respective interests in re-
 37 serves or patronage dividends. For purposes of this subsection, a fishing cooperative corporation is
 38 an association of persons engaged commercially in harvesting, marketing or processing products of
 39 aquatic life from fresh and salt water, that is formed or operated under ORS chapter 62 with the
 40 purpose of commercially harvesting, marketing or processing such products or engaging in group
 41 bargaining with respect to the sale of such products.

42 (11) Stock or membership certificates issued by an association of consumers **that is** formed or
 43 operated under ORS chapter 62 with the purpose of providing groceries to [*its*] **the association's**
 44 [*consumer*] members, [*when*] **if the association issues** the stock or certificates [*are issued*] to mem-
 45 bers either for the purpose of showing membership in the association or for the purpose of showing

1 *[their]* **the members'** respective interests in patronage dividends or reserves. For purposes of the
2 exemption under this subsection:

3 (a) The price of stock or a membership certificate may not exceed \$300.

4 (b) The benefits *[shall]* **must** be limited to discounts on purchases or patronage dividends, or
5 any combination of *[such]* discounts and dividends.

6 (c) The association may issue only one stock or membership certificate to an individual.

7 **(12) Subject to conditions that the director adopts by rule, stock or membership certif-**
8 **icates that a renewable energy cooperative corporation issues to members of the cooperative**
9 **corporation, if the cooperative corporation issues the stock or certificates to members either**
10 **to show membership in the cooperative corporation or to show the members' respective in-**
11 **terests in or entitlement to assets, reserves or dividends. For the purpose of this subsection,**
12 **a renewable energy cooperative corporation is an association of persons that is organized as**
13 **a cooperative corporation under ORS chapter 62 with the purpose of developing and operating**
14 **facilities to generate electricity from renewable energy resources, as defined in ORS 757.600**
15 **(27)(a), (c) and (d), or from a type of energy listed in ORS 469A.025 (1)(c).**

16 *[(12)]* **(13)** Any security issued in connection with an *[employee's]* **employee** stock purchase,
17 savings, pension, profit sharing or similar *[employee's]* **employee** benefit plan, provided **that:**

18 (a) *[That]* The plan meets the requirements for qualification under section 401 of the Internal
19 Revenue Code of 1986; and

20 (b) *[That]* The terms of the plan are fair, just and equitable to employees under rules of the di-
21 rector.

22 *[(13)]* **(14)** Any security issued by a person **that is:**

23 (a) Organized and operated exclusively for a religious, educational, benevolent, fraternal, chari-
24 table or reformatory purpose and not for pecuniary profit[.];

25 **(b) [and no part of] Organized or constituted so that the person's net earnings [of which**
26 **inures] do not inure** to the benefit of any person, private stockholder, or individual; and

27 *[(b)]* (c) Designated by rule of the director.

28 *[(14)]* **(15)** Any other security *[exempted by rule of]* the director **exempts by rule.**

29 **SECTION 2. (1) The amendments to ORS 59.025 by section 1 of this 2014 Act become op-**
30 **erative October 1, 2014.**

31 **(2) The Director of the Department of Consumer and Business Services may take any**
32 **action before the operative date specified in subsection (1) of this section that is necessary**
33 **to enable the director to exercise, on and after the operative date specified in subsection (1)**
34 **of this section, all of the duties, functions and powers conferred on the director by the**
35 **amendments to ORS 59.025 by section 1 of this 2014 Act.**

36 **SECTION 3. This 2014 Act being necessary for the immediate preservation of the public**
37 **peace, health and safety, an emergency is declared to exist, and this 2014 Act takes effect**
38 **on its passage.**