

REVENUE:

FISCAL:

SUBSEQUENT REFERRAL TO:

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: James LaBar, Administrator

Meeting Dates: 2/16, 3/23

WHAT THE MEASURE DOES: Allows converting business entity, limited liability corporation, or nonprofit corporation to file written declaration stating location where plan of conversion is on file and stating that converting entity will provide any owner with a copy of the plan upon request and without cost in lieu of submitting plans to Secretary of State (SOS). Modifies documents required to be filed with SOS upon approval of plan to merge or share exchange. Requires written notice of dissenters' rights be delivered to all shareholders entitled to notice when corporate action creating dissenters' rights is authorized by written consent without meeting.

ISSUES DISCUSSED:

- Articles filed with Secretary of State on conversion of entity or plan of merger or share exchange
- Administrative burden of filing requirements
- Some documents not suitable for public distribution
- Notice of dissenters' rights in corporate actions.

EFFECT OF COMMITTEE AMENDMENT:

(-1 amendment) Adds provisions to mergers and conversions for cooperative corporations similar to mergers and conversions for other types of business entities.

BACKGROUND: The Oregon Secretary of State's Corporations Division is responsible for registering and supporting businesses in Oregon. The Division is responsible for registering limited liability companies, business corporations, and nonprofit corporations. Oregon business entities of all types are required to file certain documents with the Division, including articles of merger, share exchange, or conversion. Plans for these actions are also required to be filed, but may contain confidential information or otherwise not be available for public view. Additionally, the articles of incorporation for a business entity may include an option to take action on less than unanimous written consent of all shareholders. A member who does not consent to the action has the same rights as those who oppose the action at a meeting. However, there is no method for notice to be delivered to members who are dissenting via writing.

House Bill 2330 allows business entities to file a declaration with the Secretary of State in lieu of plans for merger and gives dissenters' rights notice to shareholders who dissent via writing.