

STAFF MEASURE SUMMARY

House Committee On Business and Labor

Fiscal: No Fiscal Impact

Revenue: No Revenue Impact

Action Date: 04/22/15

Action: Do Pass.

Meeting Dates: 04/22

Vote:

Yeas: 11 - Barreto, Barton, Doherty, Esquivel, Evans, Fagan, Heard, Holvey, Kennemer, Nosse, Weidner

Prepared By: Jan Nordlund, Committee Administrator

WHAT THE MEASURE DOES:

Specifies form of notice which telephone cooperative must provide to directors, members, shareholders and other persons.

Allows majority of members or shareholders of telephone cooperative to approve the sale, lease, exchange or other disposition of all or substantially all of cooperative's assets, unless a cooperative's by-laws require a greater number.

ISSUES DISCUSSED:

- Applies only to telecommunication cooperatives

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

The Oregon Telecommunications Association (OTA) is a trade association representing wireline telecommunications providers. Included in the membership of the OTA are eleven telecommunications cooperatives that serve smaller cities and rural areas in the Willamette Valley and the central coast region. In recent years, these entities have attempted to share resources and engage in other practices in order to reduce expenses. While none of OTA's cooperative members are currently engaged in exploring the possibility of merging or selling their assets to another, this is a scenario that could arise. Current law indicates that a two-thirds majority of a cooperative's members must vote in support of any merger activity.

Senate Bill 35-A allows for a simple majority of a cooperative's members voting in support of a merger or sale of assets to signify support of the merger on behalf of the cooperative. The measure maintains the ability for a telecommunications cooperative board of directors to require a higher vote threshold if desired. Senate Bill 35-A also specifies that notification of elections and voting may be provided electronically.