

HB 2609 STAFF MEASURE SUMMARY

House Committee On Judiciary

Prepared By: Channa Newell, Counsel

Meeting Dates: 2/21

WHAT THE MEASURE DOES:

Modifies statutes relating to nonprofit corporations. Allows notice and board action via electronic means, unless bylaws or articles of incorporation declare otherwise. Allows discussion via electronic means between board members. Provides 48 hour deadline for recording of director's vote. Prohibits board from taking action by electronic means if corporation does not have electronic mail address for director. Adds process for amending public benefit corporation's articles of incorporation to state that corporation does not have members if no meetings of members or active participation has not occurred in three years, board provides notice to any known members, and board does not receive objection within 30 days of notice. Updates definitions. Includes new definitions for "articles of merger," "document," and "written." Clarifies difference between appointed director, designated director, and director. Specifies when electronic notice is effective. Updates process for circuit court to direct call of meeting. Specifies that in the event of conflict between bylaws and articles of incorporation, articles of incorporation control. Specifies default rights of members, unless bylaws or articles of incorporation specify otherwise. Provides members always have right to vote on action or amendment that would reduce right to vote and to inspect corporation's records. Allows Attorney General to bring derivative suit if corporation is a public benefit corporation or religious corporation. Allows annual report in lieu of annual meeting. Clarifies process for removal of director or board. Specifies each director has one vote and prohibits voting by proxy. Allows board to create advisory committees and specifies such committees may not exercise authority of board. Removes language specifying director is not trustee of corporation or corporate property. Prohibits same individual from serving as public benefit corporation's president, secretary, and treasurer at same time. Clarifies that entity surviving merger remains subject to any gift restrictions that any party to merger held. Changes time of notice to Attorney General by public benefit or religious corporation of dissolution from 20 days to 30 days. Clarifies notice process for dissolution and allows dissolution to be filed in Multnomah County.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Oregon NonProfit Corporation Code was enacted in 1989. It governs the structure, duties, and functions of nonprofit organizations in Oregon. A work group lead by the Oregon State Bar has met for three years in an attempt to revise and modernize the Code.

House Bill 2609 is the result of that work group effort.