SB 360   STAFF MEASURE SUMMARY

Senate Committee On Judiciary

Prepared By:	Channa Newell, Counsel
Meeting Dates:	2/4

WHAT THE MEASURE DOES:

Updates laws on governance of nonprofit corporations. Allows electronic communication and notice. Specifies process for taking action through electronic means. Provides definitions relating to shell corporations. Specifies process for court determination that corporation is a shell entity, Attaches liability for losses created by shell corporation. Specifies that no corporation may be formed for an illegal or fraudulent purpose. Provides that articles of incorporation control when in conflict with bylaws. Allows order for determination of board and members to be conducted in Multnomah County, in addition to Marion County. Provides that electronic notice is effective at the earlier of when the notice is received or two days after the notice is sent, if properly addressed. Separates "director" into three possible types: appointed director, designated director, or elected director. Lists specific rights of members unless specified otherwise in bylaws or articles of incorporation. Specifies process for determining if a quorum of members is present. Updates process for removal of a director installed by cumulative voting. Allows formation of committees to advise the board of directors. Prohibits one individual from simultaneously serving as president, secretary, and treasurer of public benefits corporation. Updates process for merger of corporations. Declares right of director to inspect records of corporation. Becomes operative January 1, 2020; declares emergency, effective on passage.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The nonprofit code was adopted in 1989 and governs the formation and procedures of nonprofit corporations created and operating in Oregon.

Senate Bill 360 is the result of a multi-year effort from the Oregon State Bar's Nonprofit Organizations Law Section to provide an update to the nonprofit code.