

Testimony before the House Judiciary Committee

In support of SB 360

On behalf of the Oregon State Bar Nonprofit Organizations Law Section

Chair Williamson, members of the Committee:

Good Morning. My name is Elizabeth Grant. I am a lawyer with the Oregon Department of Justice however, I am here today as a representative of the Nonprofit Organizations Law Section of the Oregon State Bar in support of SB 360. I have personally been working on this legislation since 2014 when my colleagues began the process of identifying amendments to improve the Nonprofit Corporation Act.

Oregon State Bar

The Oregon State Bar (OSB) is a public corporation and an instrumentality of the court with over 14,000 active members. The mission of the Oregon State Bar is to serve justice by promoting respect for the rule of law, by improving the quality of legal services, and by increasing access to justice. Among its core values are fairness and diversity. The Oregon State Bar licenses and disciplines lawyers and performs other functions to benefit the public: including lawyer referral services, modest means and veterans programs, and legal education for attorneys and members of the public.

Nonprofit Organizations Law Section

The Nonprofit Organizations Law Section of the Oregon State Bar was originally formed in 2011 and today is made of up of over 100 attorneys who represent nonprofit organizations from around the state.

Updating Proposed 2017 Legislation

Oregon's Nonprofit Corporation Code was enacted in 1989, and has remained largely unchanged since that time. In the years since enactment, the lawyers who assist and advise nonprofit corporations as well as the lawyers who provide oversight for charities through the Attorney General's office have found situations for which the statutory language is ambiguous or unhelpful. In addition, changes relating to the use of electronic resources for notice and meetings have left some sections of the Nonprofit Corporation Code in need of modernization.

For those reasons, we appeared before the legislature in 2017 in support of HB 2609, which we hoped would modernize the statute and provide nonprofit organizations with additional clarity regarding their responsibilities. During discussions on that bill a number of concerns were raised, which our section has spent the interim addressing.

The attached report explains in detail the changes to Chapter 65 made in SB 360-A. Some of the changes from the 2017 version of this proposal include eliminating the option for a member or director to use the nonprofit's address as their contact address, maintaining the existing requirement that a nonprofit with members hold an annual meeting, and maintaining existing supermajority requirements for mutual benefit corporations, while eliminating those requirements for public benefit and religious corporations. The section requested technical corrections to be made to Sections 40 and Section 73 of SB 360 which were included in the -2 amendment adopted in the Senate Judiciary Committee and are addressed in the report on the bill posted on OLIS.

This bill clarifies and improves the law for Oregon's thousands of nonprofit corporations, many of whom operate with minimal staff or legal representation. The changes made in this bill will help nonprofits comply with their legal obligations while focusing on their individual missions.

We look forward to continuing to work with the legislature on this important area of law and would be happy to answer any questions you might have.