 Senate Bill 775

Sponsored by Senator THOMSEN (at the request of Family Farm Association)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Permits member of cooperative to rescind contract with cooperative if member relies on information about financial condition of cooperative that cooperative, or director or officer of cooperative, provides and member later discovers that cooperative, or director or officer of cooperative, concealed material information, provided inaccurate, misleading or false information or otherwise acted to deceive member. Provides that member's execution of contract creates rebuttable presumption that member relied on information that cooperative, director or officer provided.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to a cooperative member's ability to rescind a contract with the cooperative under certain circumstances; amending ORS 62.355; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 62.355 is amended to read:

62.355. (1) Contracts for any of the following purposes, whether contained in the bylaws or separately written, are valid when made between a cooperative and any member in which such the member agrees to:

(a) Sell, market or deliver to or through the cooperative or any facilities furnished by it the cooperative provides, all or any specified part of products produced or to be produced either by the member or under the control of the member.

(b) Authorize the cooperative or any facilities furnished by it the cooperative provides to act for the member in any manner with respect to all or any specified part of such products.

(c) Buy or procure from or through the cooperative or any facilities furnished by it the cooperative provides, all or any specified part of goods or services to be bought or procured by the member.

(d) Authorize the cooperative or any facilities furnished by it the cooperative provides to act for the member in any manner in the procurement of goods or the procurement or performance of services.

(2) The contract referred to described in subsection (1) of this section may fix and require liquidated damages to be paid by the member to the cooperative in the event of breach of the contract by if the member breaches the contract. Liquidated damages may be a percentage of the value or a specific amount per unit of the products, goods or services involved by the breach, or a specific sum.

(3) Two or more cooperatives may contract and act in association, corporate or otherwise, to perform collectively any of their the cooperatives' powers or purposes authorized by this chapter.

(4) (a) Notwithstanding ORS 62.365, a member may bring an action to rescind a contract with a cooperative without penalty if the member relied in good faith on information that the

NOTE: Matter in boldfaced type in an amended section is new; matter [italic and bracketed] is existing law to be omitted.
New sections are in boldfaced type.

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cooperative, or a director or officer of the cooperative, provided about the financial condition
of the cooperative and the member later discovers that the cooperative, or a director or off-
fer of the cooperative, intentionally or negligently:
    (A) Concealed material portions of the information;
    (B) Provided inaccurate, misleading or false information; or
    (C) Otherwise acted to deceive the member as to the financial condition of the cooper-
ative.

  (b) A member's execution of a contract described in this section creates a rebuttable
presumption that the member relied in good faith on information the cooperative, or a di-
rector or officer of the cooperative, provided about the financial condition of the cooperative.
Only clear and convincing evidence may rebut the presumption.

SECTION 2. This 2021 Act takes effect on the 91st day after the date on which the 2021
regular session of the Eighty-first Legislative Assembly adjourns sine die.