

# House Bill 2843

Sponsored by Representative BOSHART DAVIS (at the request of Oregon Family Farm Association) (Pre-session filed.)

## 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

1  
2 Relating to a cooperative member's ability to rescind a contract with the cooperative under certain  
3 circumstances; amending ORS 62.355; and prescribing an effective date.

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

5 **SECTION 1.** ORS 62.355 is amended to read:

6 62.355. (1) Contracts for any of the following purposes, whether contained in the bylaws or  
7 separately written, are valid when made between a cooperative and any member in which [*such*] **the**  
8 member agrees to:

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

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

14 (c) Buy or procure from or through the cooperative or any facilities [*furnished by it*] **the coop-**  
15 **erative provides**, all or any specified part of goods or services to be bought or procured by the  
16 member.

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

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

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

27 (4)(a) **Notwithstanding ORS 62.365, a member may bring an action to rescind a contract**  
28 **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.

1 cooperative, or a director or officer of the cooperative, provided about the financial condition  
2 of the cooperative and the member later discovers that the cooperative, or a director or of-  
3 ficer of the cooperative, intentionally or negligently:

4 (A) Concealed material portions of the information;

5 (B) Provided inaccurate, misleading or false information; or

6 (C) Otherwise acted to deceive the member as to the financial condition of the cooper-  
7 ative.

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

12 SECTION 2. This 2023 Act takes effect on the 91st day after the date on which the 2023  
13 regular session of the Eighty-second Legislative Assembly adjourns sine die.

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