

HB 2610 STAFF MEASURE SUMMARY

Carrier: Rep. Sanchez

House Committee On Judiciary

Action Date: 02/07/17

Action: Do Pass.

Vote: 8-0-3-0

Yeas: 8 - Barker, Gorsek, Lininger, Olson, Post, Sanchez, Stark, Vial

Exc: 3 - Greenlick, Sprenger, Williamson

Fiscal: No fiscal impact

Revenue: No revenue impact

Prepared By: Channa Newell, Counsel

WHAT THE MEASURE DOES:

Updates process for electronic transmission and signature of corporate notices and documents. Allows electronic delivery of notices unless articles of incorporation or bylaws prohibit electronic delivery, the intended recipient has revoked consent for electronic notification, or if notification is related to revocation of dissolution. Outlines process for revocation of electronic notices, including constructive revocation if the notice or communication failed after two delivery attempts and sender had actual knowledge of failure. Specifies electronic notice or communication is received when communication enters recipient's processing system. Defines "document" to include electronic mediums that can be retained, retrieved, and reproduced in tangible form. Adds definition of "sign," allowing indication of adopting or authenticating a document through inscribing a physical signature, affixing a symbol, or attaching an electronic symbol, process, or signature. Removes requirement that notice be given in writing unless oral notice specified in articles of incorporation or bylaws. Allows oral notice in circumstances when reasonable; otherwise, notice must be written. Updates statutory language to reflect stylistic changes.

ISSUES DISCUSSED:

- Changes based on Model Business Corporations Act of 2009
- Deviates from Model Act to make electronic notice default for delivery of notices
- Allows opt-out from receiving electronic notices
- Changes to definition section reduce changes throughout Oregon Business Corporation Act

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Under current Oregon law, many actions taken or meetings held by corporations require some form of notification to the Board of Directors or shareholders. Notice is required to be in writing, which includes electronic transmissions. Current law is silent, however, on specific details of the process for electronic notices and signatures.

House Bill 2610 is the result of an interim work group lead by the Oregon State Bar. The measure updates the process for electronic signature on corporate documents and sending electronic notices. It provides an avenue for a person to refuse to receive electronic notices and specifies when an electronic notice is received. HB 2610 also provides definitions and updates corporate statutes to current style and structure guidelines.