

SB 469 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

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Meeting Dates: 3/9

WHAT THE MEASURE DOES:

Requires agricultural cooperative to keep correct and complete books and records of the proceedings of the cooperative's members, board, and executive committee and records of the names and addresses of members and shareholders. Allows any member or shareholder, or the agent or attorney of any member or shareholder, to examine and make extracts from any of the cooperative's books and records after giving written notice to the cooperative stating the purpose of the examination. Allows board to establish reasonable conditions concerning the disclosure, dissemination, or use of cooperative's books and records. Prohibits board from restricting, placing conditions on, or denying examination of books or records or preventing member or member's agent or attorney from disclosing information in books and records if purpose of examination or disclosure is to determine if books and records accurately represent financial condition of cooperative or provide evidence in action for damages against cooperative. Authorizes court to award reasonable attorney fees in any action or proceeding to enforce rights of members or shareholders. Takes effect on 91st day following adjournment *sine die*.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

In a 1965 case, the Supreme Court of Oregon defined a cooperative corporation as a corporate entity organized "for the purposes of providing services and profits to its members and not for corporate profit." See *Linnnton Plywood Ass'n v. State Tax Comm'n*, 241 Or. 1, 4, 403 P2d 708 (1965). Oregon law defines an agricultural cooperative as a corporate entity organized for the purpose of allowing farmer members to act together in producing, processing, preparing for market, handling, or marketing the agricultural products of its members, or for purchasing, testing, grading, processing, distributing, and furnishing farm supplies or farm services. Oregon's cooperative laws regulate the formation, operation, conversion, and dissolution of cooperative corporations.

In 2018, NORPAC Foods was one of the largest agricultural cooperatives in the Northwest, with over 200 member family farms in the Willamette Valley and over 1,400 employees. The cooperative filed for Chapter 11 bankruptcy protection in August of 2019 claiming it was unable to repay \$165 million the company owed to creditors, including its member farmers.

Senate Bill 469 establishes additional regulations for agricultural cooperatives designed to protect farmer members. The measure requires an agricultural cooperative to keep correct and complete books and records of the proceedings of the cooperative's members, board, and executive committee and records of the names and addresses of the cooperative's members and shareholders. Any member or shareholder, or the agent or attorney of any member or shareholder, may, subject to reasonable conditions established by the board, examine and make extracts from any of the cooperative's books and records after giving written notice to the cooperative stating the purpose of the examination. The measure allows a court to award reasonable attorney fees for any action or proceeding to enforce the rights of members or shareholders.