

HB 2377 A STAFF MEASURE SUMMARY

Carrier: Rep. Sanchez

House Committee On Business and Labor

Action Date: 03/08/21

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 11-0-0-0

Yeas: 11 - Bonham, Boshart Davis, Breese-Iverson, Bynum, Clem, Evans, Fahey, Grayber, Holvey, Post, Witt

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

Prepared By: Jan Nordlund, LPRO Analyst

Meeting Dates: 2/24, 3/8

WHAT THE MEASURE DOES:

Allows claims against the insurance assets of a dissolved corporation or limited liability company beyond time limitations that otherwise would bar the claim. Specifies manner in which claimant can serve process upon the dissolved business. Clarifies retroactive application of provisions of this Act. Clarifies that provisions of this Act revive and extend claims previously extinguished by time limitations in prior dissolution statutes. Takes effect 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Manner in which a business may be dissolved
- Ability to access insurance assets of business that has been dissolved for decades
- Specifics of Portland Harbor Superfund Site and identifying potential responsible parties that are no longer in business

EFFECT OF AMENDMENT:

Acknowledges and sets aside separate provisions for service of process for dissolved businesses. Clarifies retroactive application of provisions of this Act. Clarifies that provisions of this Act revive and extend claims previously extinguished by time limitations in prior dissolution statutes.

BACKGROUND:

Under current law, a corporation or limited liability company must notify its known claimants in writing that the business has voluntarily dissolved. The notice must include the deadline to make a claim, which must be at least 120 days from the effective date of the notice. The business may also publish a notice of its dissolution along with information on how to make a claim. This applies to claimants who did not receive written notice, claimants who made a timely claim that the business did not act upon, and claimants with a claim that is contingent on an event that occurred after the business dissolved. These claimants have five years from the publication of the newspaper notice to make a claim.

A business may be administratively dissolved for reasons specified in ORS 60.647 and ORS 63.647. An administrative dissolution does not carry the limitation that claims be made within five years.

The State of Oregon is potentially responsible for a portion of the costs to remediate the Portland Harbor Superfund Site. According to the Oregon Department of Justice, there are companies who have contaminated the Portland Harbor Site that voluntarily dissolved long ago but likely have insurance assets that could reduce the costs allocated to other responsible parties. If the insurance assets were available, the cleanup of the site could occur more quickly.

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House Bill 2377-A allows claims that may be satisfied by insurance assets held by a voluntarily dissolved business to be made beyond the time limitations that otherwise apply.