

SENATE BILL REPORT

SB 6151

As of January 27, 2012

Title: An act relating to the nonprofit miscellaneous and mutual corporations act.

Brief Description: Expanding consumer cooperative provisions under the nonprofit miscellaneous and mutual corporations act.

Sponsors: Senators Harper, Pflug, Kline and Chase.

Brief History:

Committee Activity: Judiciary: 1/26/12.

SENATE COMMITTEE ON JUDICIARY

Staff: Aldo Melchiori (786-7439)

Background: Consumer cooperatives are enterprises owned by consumers with the aim of providing goods and services at the lowest cost to the owners. The cooperatives may retain profits in common ownership, distribute them at the direction of the owners, or refund some of the profits to the owners. Examples of consumer cooperatives include those involving utilities, electricity, telephone service, housing, recreational equipment, food, nursery school and child care, health care, and credit unions. As with other corporations, the rights and powers of the members and shareholders are enumerated in the consumer cooperative's articles of incorporation and bylaws. The articles of incorporation or bylaws may also provide for remote communication for meetings.

Summary of Bill: A consumer cooperative must give notice to its members of the place, day, and hour of its annual meeting not less than ten nor more than 120 days before the date of the meeting. The consumer cooperative may satisfy requirements that certain information or materials must be set forth in writing accompanying or contained in the notice by posting them on an electronic network not less than 30 days prior to the meeting at which they will be considered; and delivering to those members who are eligible to vote a notification, either in a meeting notice or in such other reasonable form as the board of directors may specify. The notification must provide the address of the electronic network and the date when the information or materials will be posted and available for viewing by members eligible to vote. A consumer cooperative that elects to post information or materials on an electronic network must, upon request, provide a copy of them in a written or other tangible medium to any member who is eligible to vote.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The articles of incorporation or bylaws of a consumer cooperative may provide that the annual meeting of its members not involve a physical assembly at a particular location if the meeting is held by means of electronic or other remote communications. Members must have a reasonable opportunity to read or hear the proceedings substantially concurrently with their occurrence, to vote by electronic transmission on matters submitted to a vote, and to pose questions of and make comments to management. Members participating in an annual meeting by means of electronic or other remote communications technology are deemed present at the meeting. For any annual meeting of members that is conducted by means of electronic or other remote communications without a physical assembly, the address of the electronic network, other communications site, or connection specified in the notice of the meeting are deemed to be the place of the meeting.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: We need to modernize the law periodically to keep pace with technology. Recreational Equipment Incorporated (REI) has over 4 million active members, over 500,000 active members in Washington. Consumer cooperatives should have the same flexibility for the conduct of meetings as other companies were given two years ago. All members will still get initial meeting notification by traditional means. Provisions are made to make sure that members without internet access can get the notices and opportunities to participate.

Persons Testifying: PRO: Senator Harper, prime sponsor; Michael Collins, Denny Eliason, REI; John Steel, DLA Piper.