

HOUSE BILL REPORT

HB 1708

*As Reported By House Committee on:
Trade & Economic Development*

Title: An act relating to employee cooperative corporations.

Brief Description: Revising provisions for employee cooperative corporations.

Sponsor(s): Representatives Cantwell, Forner, Sheldon, Jacobsen, Pruitt and Wineberry; by request of Department of Community Development.

Brief History:

Reported by House Committee on:
Trade & Economic Development, January 28, 1992, DP.

**HOUSE COMMITTEE ON
TRADE & ECONOMIC DEVELOPMENT**

Majority Report: *Do pass.* Signed by 11 members: Representatives Cantwell, Chair; Sheldon, Vice Chair; Forner, Ranking Minority Member; Betrozoff, Assistant Ranking Minority Member; Ferguson; Kremen; Ludwig; Moyer; Rasmussen; Riley; and Roland.

Staff: Melissa Pailthorp (786-7118).

Background: Employee cooperatives can be formed as corporations under state law.

Typically, a corporation's board of directors can amend the corporation's bylaws without shareholder action when the articles of incorporation or state law does not prohibit the directors from doing so.

State law provides that the shareholders, or members, of an employee cooperative corporation must change the corporation's bylaws; the directors cannot.

Summary of Bill: The directors of an employee cooperative corporation can change the corporation's bylaws if specifically authorized to do so by a vote of the members or by the articles of incorporation.

Fiscal Note: Not requested.

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

Testimony For: Existing law makes it difficult for employee cooperative corporations to make changes when necessary. This act makes employee cooperative corporations the same as other corporations regarding changing the bylaws to accommodate expansion and other changes.

Testimony Against: None.

Witnesses: Don Krupp and Jim Keogh, Department of Community Development (Pro).