

# HOUSE BILL REPORT

## SB 5726

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**As Reported by House Committee On:**  
Judiciary

**Title:** An act relating to eligibility to be a director of a cooperative association.

**Brief Description:** Revising eligibility requirements for directors of cooperative associations.

**Sponsors:** Senators Morton, Rasmussen, Brandland, Parlette, Swecker and Jacobsen.

**Brief History:**

**Committee Activity:**

Judiciary: 4/3/03, 4/4/03 [DP].

**Brief Summary of Bill**

- Allows members of a cooperative association to elect nonmembers to its board of directors.

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### HOUSE COMMITTEE ON JUDICIARY

**Majority Report:** Do pass. Signed by 9 members: Representatives Lantz, Chair; Moeller, Vice Chair; Carrell, Ranking Minority Member; McMahan, Assistant Ranking Minority Member; Campbell, Flannigan, Kirby, Lovick and Newhouse.

**Staff:** Trudes Tango Hutcheson (786-7384).

**Background:**

Any number of persons may join together to form, with or without stock, a cooperative association under Chapter 23.86 RCW. An association may be formed to advance "any lawful business," including any agricultural, dairy, mercantile, mining, manufacturing, or mechanical business.

The members of a cooperative association must elect a board, consisting of at least three directors who manage the association. The directors must be members of the association. Statutory procedures exist for members to remove a director.

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**Summary of Bill:**

The requirement that the directors of a cooperative association must be members of the association is eliminated.

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**Appropriation:** None.

**Fiscal Note:** Not Requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** Co-ops are faced with more complex and sophisticated business issues, and co-ops need to be able to elect people to their boards who have expertise in these issues. Other states allow nonmembers to be elected. Co-ops are great examples of self government, and there is no concern that there will be imbalance on the boards.

**Testimony Against:** None.

**Testified:** Senator Morton, prime sponsor; and Dan Coyne, Washington State Council of Farmer Co-operatives.