

SENATE BILL REPORT

HB 1708

AS REPORTED BY COMMITTEE ON COMMERCE & LABOR, APRIL 3, 1991

**Brief Description:** Revising provisions for employee cooperative corporations.

**SPONSORS:** Representatives Cantwell, Forner, Sheldon, Jacobsen, Pruitt and Wineberry; by request of Department of Community Development.

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

SENATE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass.

Signed by Senators Matson, Chairman; Anderson, Vice Chairman; Bluechel, McCaslin, McMullen, Moore, Murray, and Skratek.

**Staff:** Traci Anderson (786-7452)

**Hearing Dates:** April 1, 1991; April 3, 1991

**BACKGROUND:**

Employee cooperatives can be formed as corporations under state law.

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

The shareholders, or members, of an employee cooperative corporation must change the corporation's by-laws; the directors cannot.

**SUMMARY:**

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

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:**

This bill eliminates a significant policy and management obstacle for employee cooperative corporations which other corporations do not face. It brings the Employee Cooperative Corporations Act into agreement with the Business Corporation Act of 1990.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Don Krupp, Dept. of Community Development (pro)