

SENATE BILL REPORT

SB 6492

AS REPORTED BY COMMITTEE ON AGRICULTURE, FEBRUARY 1, 1994

Brief Description: Regulating agricultural associations.

SPONSORS: Senators M. Rasmussen and Newhouse

SENATE COMMITTEE ON AGRICULTURE

Majority Report: That Substitute Senate Bill No. 6492 be substituted therefor, and the substitute bill do pass.

Signed by Senators M. Rasmussen, Chairman; Loveland, Vice Chairman; Anderson, Bauer, Morton and Newhouse.

Staff: Bob Lee (786-7404)

Hearing Dates: January 31, 1994; February 1, 1994

BACKGROUND:

Dissenter right provisions that apply to corporations also apply to cooperatively-owned associations. In 1991, changes were made to the dissenters rights law that require dissenters to be notified of a proposed merger or sale of the corporation or cooperative and of dissenters' option to receive payment for their ownership interest within 30 days.

Concern exists about the inability to plan mergers or sales of agricultural cooperative associations due to lack of predictability of the value of equity interests of dissenting shareholders that would have to be paid in a relatively short time.

SUMMARY:

Instead of making payment to dissenters of the sale or merger of a cooperative association within 30 days, the agricultural cooperative association may make the payment of the member's equity interest over the same time schedule that would have applied if membership in the association had been terminated.

EFFECT OF PROPOSED SUBSTITUTE:

For agricultural associations that are involved in a particular sale or merger before the effective date, the provisions of this act shall not apply.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

Unless legislation is passed, a few dissenters can hold up the sale or merger of the cooperative.

TESTIMONY AGAINST:

Some long-time members have built up substantial amounts of retained earnings. The board of directors may not consider the interests of long-term members.

TESTIFIED: Don Franklin, Franklin & Bersin (pro); Ken Krueger, Peshastin Fruit Growers (pro); Dan Coyne, WA Council of Farmer Coops (pro); Carnan Bergren (con); Ed Clarke, Clarke Orchards (con); Doug Clarke (con); Doug Merriman, White River Farms (con)