

HOUSE BILL REPORT

SB 5726

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.

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.

Summary of Bill:

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

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.