

Enrolled
Senate Bill 1520

Sponsored by Senator STARR, Representative THATCHER (Presession filed.)

CHAPTER

AN ACT

Relating to securities registration for renewable energy cooperative corporations; creating new provisions; amending ORS 59.025; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 59.025 is amended to read:

59.025. The following securities are exempt from ORS 59.049 and 59.055:

(1)(a) A security issued or guaranteed by the United States or [by] a state, **or by** a political subdivision, **agency or other instrumentality of the United States or** [of] a state [or an agency or other instrumentality of any of the foregoing].

(b) Any other security offered in connection with or as part of [the] a security [set forth] **described** in paragraph (a) of this subsection, if the security cannot be severed and sold separately from the security in paragraph (a) of this subsection.

(2) A security issued or guaranteed by a foreign government with which the United States is at the time of the sale maintaining diplomatic relations, or by a state, province or political subdivision [thereof having] **of the foreign government that has** the power of taxation or assessment, if the **foreign government, state, province or political subdivision recognizes the** security [is recognized] as a valid obligation [by such foreign government or state, province or political subdivision thereof].

(3) A security that represents an interest in or a direct obligation of, or is guaranteed by, a national bank, a federal savings and loan association, a federal credit union, [or] a federal land bank or joint stock land bank or a national farm loan association.

(4) Any of the following securities:

(a) A security **that, at the time the security is issued, is** listed or approved for listing [upon notice of issuance] on the New York Stock Exchange, the American Stock Exchange, the Midwest Stock Exchange, the Pacific Stock Exchange or any other exchange [recognized by rule of] **that** the Director of the Department of Consumer and Business Services **recognizes by rule;**

(b) A security **that the NASDAQ Stock Market, NASDAQ Options Market or NASDAQ OMX Futures Exchange has** designated or approved for designation **at the time the security was issued** [upon notice of issuance under the National Association of Securities Dealers Automated Quotation System, Inc. National Market System];

(c) Any other security **issued by a person or entity that issues** [of the issuer of] a security listed or designated under paragraph (a) or (b) of this subsection, [that] **if the other security** is of senior or substantially equal rank to the listed or designated security;

(d) A security issuable under rights or warrants listed or approved under paragraph (a), (b) or (c) of this subsection; or

(e) A warrant or right to purchase or subscribe to any security [referred to] **described** in paragraph (a), (b), (c) or (d) of this subsection.

(5) A security [maintaining] **that maintains** a rating [approved by] **that** the director **approves** in a recognized securities manual.

(6) A security that represents an interest in or a direct obligation of, and that has been or [is to] **will** be issued by, a bank, trust company, savings and loan association[,] or credit union[,] **and** that is subject to the examination, supervision and control of a regulatory agency of this state.

(7) Commercial paper issued, given or acquired in a bona fide way in the ordinary course of legitimate business, trade or commerce, [when] **if** the commercial paper is not made the subject of a public offering.

(8) A security, the issuance of which [is under supervision, regulation or control by] the Public Utility Commission [of this state] **supervises, regulates or controls**, if the Public Utility Commission [is exercising control over, or is regulating or supervising, the issuer thereof] **supervises, regulates or controls the person or entity that issues the security**.

(9) Stock or membership certificates [issued by] **that** an agricultural cooperative corporation or irrigation association [when] **issues, if** the **agricultural cooperative corporation or irrigation association issues the stock [is issued to] or membership certificate as** evidence of membership in the cooperative or association, [or] as a patronage dividend [and certificates issued to members or patrons by such a cooperative or association evidencing their] **or as evidence of a member's or a patron's** respective interests in reserves or [as] patronage dividends. This exemption [shall] **does** not apply to [any] a cooperative or association that expects to engage in or is engaged in [the production] **producing**, processing or marketing [of] forest products.

(10) Stock or membership certificates [issued by] **that** a fishing cooperative corporation **issues to members of the fishing cooperative corporation**[, when the stock or certificates are issued to members of the cooperative corporation] either for the purpose of showing membership [in the cooperative corporation] or for the purpose of showing [their] **the members'** respective interests in reserves or patronage dividends. For purposes of this subsection, a fishing cooperative corporation is an association of persons engaged commercially in harvesting, marketing or processing products of aquatic life from fresh and salt water, that is formed or operated under ORS chapter 62 with the purpose of commercially harvesting, marketing or processing such products or engaging in group bargaining with respect to the sale of such products.

(11) Stock or membership certificates issued by an association of consumers **that is** formed or operated under ORS chapter 62 with the purpose of providing groceries to [its] **the association's** [consumer] members, [when] **if the association issues** the stock or certificates [are issued] to members either for the purpose of showing membership in the association or for the purpose of showing [their] **the members'** respective interests in patronage dividends or reserves. For purposes of the exemption under this subsection:

(a) The price of stock or a membership certificate may not exceed \$300.

(b) The benefits [shall] **must** be limited to discounts on purchases or patronage dividends, or any combination of [such] discounts and dividends.

(c) The association may issue only one stock or membership certificate to an individual.

(12) **Subject to conditions that the director adopts by rule, stock or membership certificates that a renewable energy cooperative corporation issues to members of the cooperative corporation, if the cooperative corporation issues the stock or certificates to members either to show membership in the cooperative corporation or to show the members' respective interests in or entitlement to assets, reserves or dividends. For the purpose of this subsection, a renewable energy cooperative corporation is an association of persons that is organized as a cooperative corporation under ORS chapter 62 with the purpose of developing and operating facilities to generate electricity from renewable energy resources, as defined in ORS 757.600 (27)(a), (c) and (d), or from a type of energy listed in ORS 469A.025 (1)(c).**

[12] (13) Any security issued in connection with an [employee's] **employee** stock purchase, savings, pension, profit sharing or similar [employee's] **employee** benefit plan, provided **that**:

(a) [That] The plan meets the requirements for qualification under section 401 of the Internal Revenue Code of 1986; and

(b) [That] The terms of the plan are fair, just and equitable to employees under rules of the director.

[(13)] (14) Any security issued by a person **that is:**

(a) Organized and operated exclusively for a religious, educational, benevolent, fraternal, charitable or reformatory purpose and not for pecuniary profit[,];

(b) [and no part of] **Organized or constituted so that the person's** net earnings [of which inures] **do not inure** to the benefit of any person, private stockholder, or individual; and

[(b)] (c) Designated by rule of the director.

[(14)] (15) Any other security [exempted by rule of] the director **exempts by rule.**

SECTION 2. (1) The amendments to ORS 59.025 by section 1 of this 2014 Act become operative October 1, 2014.

(2) The Director of the Department of Consumer and Business Services may take any action before the operative date specified in subsection (1) of this section that is necessary to enable the director to exercise, on and after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the director by the amendments to ORS 59.025 by section 1 of this 2014 Act.

SECTION 3. This 2014 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2014 Act takes effect on its passage.

Passed by Senate February 14, 2014

Received by Governor:

Repassed by Senate February 28, 2014

.....M.,....., 2014

Approved:

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Robert Taylor, Secretary of Senate

.....M.,....., 2014

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Peter Courtney, President of Senate

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John Kitzhaber, Governor

Passed by House February 26, 2014

Filed in Office of Secretary of State:

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Tina Kotek, Speaker of House

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Kate Brown, Secretary of State