

# HOUSE BILL REPORT

## HB 1501

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### As Reported by House Committee On:

Commerce & Labor

**Title:** An act relating to electronic filing of corporation and limited liability company annual reports.

**Brief Description:** Authorizing the electronic filing of corporation and limited liability company annual reports.

**Sponsors:** Representatives Conway and Clements; by request of the Secretary of State.

### Brief History:

#### Committee Activity:

Commerce & Labor: 2/6/01, 2/16/01 [DPS].

#### Brief Summary of Substitute Bill

- Allows the Secretary of State to adopt rules governing electronic filing of annual reports by corporations and limited liability companies.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Conway, Democratic Co-Chair; B. Chandler, Republican Vice Chair; Wood, Democratic Vice Chair; Hunt, Kenney, Lisk and McMorris.

**Staff:** Chris Cordes (786-7103).

### Background:

Domestic corporations and limited liability companies, and foreign corporations and limited liability companies authorized to do business in Washington must file annual reports with the Secretary of State and pay an annual licensing fee. Under the master licensing system, these reports and fees are actually filed with the Department of Licensing's business license center which collects the data and remits the fees to the Secretary of State. The business license center processes more than 100,000 annual reports each year.

Documents filed with the Secretary of State generally must be typewritten or printed and executed and signed by specified officers of the company. The filing must be accompanied by a duplicate or conformed copy of the document.

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**Summary of Substitute Bill:**

The Secretary of State may allow corporations and limited liability companies to file annual reports electronically. If electronic filing is allowed, the Secretary of State must adopt rules detailing when electronic filing would be permitted and how the reports would be filed. These electronic reports may be delivered without a signature or a conformed copy, but the filing must include the name of the person executing the filing and the capacity in which the person is executing the filing.

**Substitute Bill Compared to Original Bill:**

The substitute bill adds an emergency clause with an effective date of May 1, 2001.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** The bill contains an emergency clause and takes effect May 1, 2001.

**Testimony For:** The Department of Licensing will save time and resources if corporate annual reports and renewals can be completed over the Internet. The computer application to allow this type of filing is being developed now. It would assist the agencies if the bill could be amended to take effect sooner than 90 days after the end of session.

**Testimony Against:** None.

**Testified:** Fred Stephens, Department of Licensing; and Mike Ricchio, Office of the Secretary of State.