

HOUSE BILL REPORT

SSB 6063

*As Reported By House Committee on:
Judiciary*

Title: An act relating to technical corrections to corporations statutes.

Brief Description: Making technical corrections to corporations statutes.

Sponsor(s): By Senate Committee on Law & Justice (originally sponsored by Senators Nelson and Rasmussen).

Brief History:

Reported by House Committee on:
Judiciary, February 19, 1992, DP.

**HOUSE COMMITTEE ON
JUDICIARY**

Majority Report: *Do pass.* Signed by 16 members: Representatives Appelwick, Chair; Ludwig, Vice Chair; Padden, Ranking Minority Member; Paris, Assistant Ranking Minority Member; Belcher; Broback; Forner; Hargrove; Inslee; R. Meyers; H. Myers; Riley; Scott; D. Sommers; Tate; and Vance.

Staff: Bill Perry (786-7123).

Background: The current Washington Business Corporation Act was enacted by the Legislature in 1989 and governs the operation of corporations within the state. Some statutes that affect corporations, but are outside of the corporations act itself, may not reflect the latest changes in the act.

One of these provisions is in the Professional Service Corporations Act. This act provides special rules for the incorporation of businesses conducted by accountants, architects, doctors, lawyers, or other professionals. The Professional Service Corporation Act provides that if a professional service corporation uses any term in its name that indicates it is a corporation, the name must also include the abbreviation "P.S." or "P.C." The Business Corporation Act, on the other hand, prescribes the naming of business corporations. A business corporation name must

contain the word "corporation," "incorporated," "company," or "limited," or the abbreviation "corp.," "inc.," or "ltd."

Another law outside of the Business Corporation Act that affects corporations is the Unemployment Compensation Act. A provision in this law exempts corporate officers from the unemployment compensation law. The unemployment law describes corporate officers by specifically referring to "president," "vice-president," "secretary," and "treasurer." The Business Corporation Act allows a corporation to establish the designation and number of its officers in its bylaws. Also, in the process of codifying a 1991 amendment to the Unemployment Compensation Act, a phrase was inadvertently dropped from this same provision dealing with officer exemptions.

Periodically, substantive and technical changes are recommended by the Corporate Act Revision Committee of the Washington State Bar Association. The revision committee has proposed technical changes relating to the designation of a professional corporation and to the coverage of corporate officers by the unemployment compensation law.

Summary of Bill: The corporate name of a professional service corporation must contain either the words "professional service" or "professional corporation" or the abbreviations "P.S." or "P.C." The corporate name may also contain the words "corporation," "incorporated," "company," or "limited," or the abbreviation "corp.," "inc.," "co.," or "ltd."

A provision of the Unemployment Compensation Act which identifies corporate officers is amended to conform to the Washington Business Corporation Act's designation of those officers.

A technical correction is made to restore three words that were inadvertently dropped in the codification of an amendment to the Unemployment Compensation Act.

Fiscal Note: Requested January 17, 1992.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill adds consistency to corresponding provisions in different laws affecting corporations.

Testimony Against: None.

Witnesses: Rebecca A. Sisler, Secretary of State.