

SENATE BILL REPORT

SB 5471

AS REPORTED BY COMMITTEE ON LAW & JUSTICE, FEBRUARY 18, 1993

Brief Description: Changing provisions relating to nonprofit corporations.

SPONSORS: Senators A. Smith, Quigley, Nelson and Snyder; by request of Secretary of State

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: That Substitute Senate Bill No. 5471 be substituted therefor, and the substitute bill do pass.

Signed by Senators A. Smith, Chairman; Quigley, Vice Chairman; Hargrove, McCaslin, Nelson, Niemi, Roach, and Spanel.

Staff: Jon Carlson (786-7459)

Hearing Dates: February 11, 1993; February 18, 1993

BACKGROUND:

The corporation division of the Office of the Secretary of State is currently planning to automate the processing of all corporate documents. In order to automate the division more efficiently, registrations, renewal times, dissolutions, and unified business identification (UBI) registration rules need to be made consistent with the for-profit corporation requirements.

Many individuals, businesses, and corporations use the corporation division filings in their daily activities, which results in continual requests for copies of documents. Fees for these requests need to be adjusted as inflation increases costs. The ability of the Secretary of State to administer the corporation division would be improved if fees, along with staggered and biennial renewal cycles, could be established by rule.

Corporations are also required to file annual reports with the Secretary of State. It is suggested that the Secretary of State be afforded the flexibility to allow for the filing of a biennial report, and to establish staggered reporting dates.

SUMMARY:

The original bill was not considered.

EFFECT OF PROPOSED SUBSTITUTE:

Nonprofit corporation registration is brought into conformity with the existing for-profit corporation registration statutes.

Revenue clearance requirements, UBI registration, and various administrative provisions are modified to align with the for-profit corporation statutes. The period within which a dissolved or revoked nonprofit corporation may be reinstated is changed to three years throughout the statute.

The Secretary of State is required to set by rule all copy, certification, and service of process fees for nonprofit corporations.

In addition, the Secretary of State may provide by rule for the filing of biennial reports by nonprofit corporations, and the staggering of the reporting dates.

Appropriation: none

Revenue: none

Fiscal Note: requested

TESTIMONY FOR:

Bringing the nonprofit corporation registration in line with the for-profit corporation registration statutes will increase efficiency by improving the ability of the Secretary of State to administer the registrations.

TESTIMONY AGAINST: None

TESTIFIED: Ralph Munro, Secretary of State (pro); Rebecca Sisler, Secretary of State, Corporations Division (pro); Hedley Green, Washington State Bar Association, Nonprofit Corporation Section (pro)