

SENATE BILL REPORT

SSB 5492

AS PASSED SENATE, MARCH 11, 1993

Brief Description: Authorizing the secretary of state to set fees by rule.

SPONSORS: Senate Committee on Law & Justice (originally sponsored by Senators Spanel, Snyder, Nelson and M. Rasmussen; by request of Secretary of State)

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: That Substitute Senate Bill No. 5492 be substituted therefor, and the substitute bill do pass.

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

Staff: Jon Carlson (786-7459)

Hearing Dates: February 11, 1993; February 26, 1993

HOUSE COMMITTEE ON JUDICIARY

BACKGROUND:

The existing fees collected by the Secretary of State for the filing of various corporate documents are established by statute.

A recent study by the Efficiency Commission found that the corporation division of the office of the Secretary of State could improve its administrative capabilities if the secretary were allowed to set these and other fees by rule. Fee-based services, such as fulfillment of information and copy requests from customers, were found to be inadequately priced to cover the cost of providing the services.

Customer service and office efficiency could also be improved by allowing the use of credit cards for the payment of fees. This would make it possible for a business to order, pay for, and receive delivery of copies from the corporation division in one day.

SUMMARY:

The Secretary of State is required to establish by rule a variety of fees with regard to for-profit and nonprofit corporations. This rule-making authority applies to corporation filings concerning: corrections, amendments, or restatement of articles of incorporation; articles of merger or share exchange, revocation or dissolution; application for amended certificate of authority or reservation, registration

or assignment of reserved name; and changes of registered agent.

The Secretary of State must also set fees by administrative rule for furnishing copies of documents.

Fees for filing articles of incorporation for credit unions and savings and loan associations are increased to \$20.

The Secretary of State must establish fees for services related to charitable trusts and solicitations.

The Secretary of State must set by rule fees for accepting services of process for nonresident drivers.

All fees pertaining to articles of incorporation, application for certificate of authority, application of a foreign corporation for a certificate of authority to conduct affairs in this state, and annual fees remain established by statute.

The Secretary of State is required to establish fees by rule for miscellaneous services, such as providing certificates under seal or recording a trademark.

Appropriation: none

Revenue: none

Fiscal Note: requested

Effective Date: July 1, 1993

TESTIMONY FOR:

Allowing the Secretary of State to set many of the corporation fees by rule would improve the administrative capabilities of the Corporations Division.

TESTIMONY AGAINST:

It is inappropriate and unwise to delegate most of the Legislature's authority in the area of setting corporate fees.

TESTIFIED: Ralph Munro, Secretary of State (pro); Rebecca Sisler, Corporations Division, Sec. of State (pro); Arlene Smith, Dept. of Labor & Industries (pro); Jack Caskey, Stuart Stout, CT Corporation (pro); Sharon Foster, YMCAs of WA and Council of Youth Agencies (con); Gary Smith, Independent Business Assn. (con)

HOUSE AMENDMENT(S):

Fees for an association's amendment to articles of incorporation are established by the Secretary of State by rule.

Fees adjusted by rule may not exceed the average biennial increase in the cost of providing service.

Annual license fees for inactive corporations are set at \$10 rather than \$50.