
SENATE BILL 6150

State of Washington

54th Legislature

1996 Regular Session

By Senators Thibaudeau, Deccio, Kohl, Franklin and Wood

Read first time 01/08/96. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to health care professionals doing business as
2 professional service corporations or limited liability companies; and
3 amending RCW 18.100.050 and 25.15.045.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 18.100.050 and 1991 c 72 s 3 are each amended to read
6 as follows:

7 (1) An individual or group of individuals duly licensed or
8 otherwise legally authorized to render the same professional services
9 within this state may organize and become a shareholder or shareholders
10 of a professional corporation for pecuniary profit under the provisions
11 of Title 23B RCW for the purpose of rendering professional service(~~(~~
12 ~~PROVIDED, That)~~). One or more of (~~such~~) the legally authorized
13 individuals shall be the incorporators of (~~such~~) the professional
14 corporation(~~(~~~~PROVIDED FURTHER, That)~~~~).~~

15 (2) Notwithstanding any other provision of this chapter, registered
16 architects and registered engineers may own stock in and render their
17 individual professional services through one professional service
18 corporation(~~(~~~~PROVIDED FURTHER, That)~~~~).~~

1 (3) Licensed health care professionals, providing services to
2 enrolled participants either directly or through arrangements with a
3 health maintenance organization registered under chapter 48.46 RCW or
4 federally qualified health maintenance organization, may own stock in
5 and render their individual professional services through one
6 professional service corporation(~~(: AND PROVIDED FURTHER, That)~~).

7 (4) Professionals may organize a nonprofit nonstock corporation
8 under this chapter and chapter 24.03 RCW to provide professional
9 services, and the provisions of this chapter relating to stock and
10 referring to Title 23B RCW shall not apply to any such corporation.

11 (5) Notwithstanding any other provision of this chapter, health
12 care professionals who are licensed or certified under this title,
13 pursuant to chapters 18.19, 18.22, 18.25, 18.29, 18.34, 18.36A, 18.50,
14 18.53, 18.55, 18.57, 18.57A, 18.79, 18.83, 18.108, and 18.138 RCW, may
15 own stock in and render their individual professional services through
16 one professional service corporation. For purposes of this subsection,
17 references to "same specific professional services" or "same
18 professional services" or similar words means professional services
19 rendered by a licensed or certified health care professional.
20 Formation of a professional service corporation under this subsection
21 does not restrict the application of the uniform disciplinary act under
22 chapter 18.130 RCW, or applicable health care professional statutes
23 under Title 18 RCW, including but not limited to restrictions on
24 persons practicing a health profession without being appropriately
25 credentialed and persons practicing beyond the scope of their
26 credential.

27 **Sec. 2.** RCW 25.15.045 and 1995 c 337 s 14 are each amended to read
28 as follows:

29 (1) A person or group of persons licensed or otherwise legally
30 authorized to render professional services within this state may
31 organize and become a member or members of a professional limited
32 liability company under the provisions of this chapter for the purposes
33 of rendering professional service. A "professional limited liability
34 company" is subject to all the provisions of chapter 18.100 RCW that
35 apply to a professional corporation, and its managers, members, agents,
36 and employees shall be subject to all the provisions of chapter 18.100
37 RCW that apply to the directors, officers, shareholders, agents, or
38 employees of a professional corporation, except as provided otherwise

1 in this section. Nothing in this section prohibits a person duly
2 licensed or otherwise legally authorized to render professional
3 services in any jurisdiction other than this state from becoming a
4 member of a professional limited liability company organized for the
5 purpose of rendering the same professional services. Nothing in this
6 section prohibits a professional limited liability company from
7 rendering professional services outside this state through individuals
8 who are not duly licensed or otherwise legally authorized to render
9 such professional services within this state. Notwithstanding RCW
10 18.100.065, persons engaged in a profession and otherwise meeting the
11 requirements of this chapter may operate under this chapter as a
12 professional limited liability company so long as each member
13 personally engaged in the practice of the profession in this state is
14 duly licensed or otherwise legally authorized to practice the
15 profession in this state and:

16 (a) At least one manager of the company is duly licensed or
17 otherwise legally authorized to practice the profession in this state;
18 or

19 (b) Each member in charge of an office of the company in this state
20 is duly licensed or otherwise legally authorized to practice the
21 profession in this state.

22 (2) If the company's members are required to be licensed to
23 practice such profession, and the company fails to maintain for itself
24 and for its members practicing in this state a policy of professional
25 liability insurance, bond, or other evidence of financial
26 responsibility of a kind designated by rule by the state insurance
27 commissioner and in the amount of at least one million dollars or
28 ((such)) a greater amount as the state insurance commissioner may
29 establish by rule for a licensed profession or for any specialty within
30 a profession, taking into account the nature and size of the business,
31 then the company's members ((shall be)) are personally liable to the
32 extent that, had ((such)) the insurance, bond, or other evidence of
33 responsibility been maintained, it would have covered the liability in
34 question.

35 (3) For purposes of applying the provisions of chapter 18.100 RCW
36 to a professional limited liability company, the terms "director" or
37 "officer" ((shall)) means manager, "shareholder" ((shall)) means
38 member, "corporation" ((shall)) means professional limited liability
39 company, "articles of incorporation" ((shall)) means certificate of

1 formation, "shares" or "capital stock" (~~shall~~) means a limited
2 liability company interest, "incorporator" (~~shall~~) means the person
3 who executes the certificate of formation, and "bylaws" (~~shall~~) means
4 the limited liability company agreement.

5 (4) The name of a professional limited liability company must
6 contain either the words "Professional Limited Liability Company," or
7 the words "Professional Limited Liability" and the abbreviation "Co.,"
8 or the abbreviation "P.L.L.C." provided that the name of a professional
9 limited liability company organized to render dental services shall
10 contain the full names or surnames of all members and no other word
11 than "chartered" or the words "professional services" or the
12 abbreviation "P.L.L.C."

13 (5) Subject to the provisions in article VII of this chapter, the
14 following may be a member of a professional limited liability company
15 and may be the transferee of the interest of an ineligible person or
16 deceased member of the professional limited liability company:

17 (a) A professional corporation, if its shareholders, directors, and
18 its officers other than the secretary and the treasurer, are licensed
19 or otherwise legally authorized to render the same specific
20 professional services as the professional limited liability company;
21 and

22 (b) Another professional limited liability company, if the managers
23 and members of both professional limited liability companies are
24 licensed or otherwise legally authorized to render the same specific
25 professional services.

26 (6) Notwithstanding any other provision of this chapter, health
27 care professionals who are licensed or certified under Title 18 RCW
28 pursuant to chapters 18.19, 18.22, 18.25, 18.29, 18.34, 18.36A, 18.50,
29 18.53, 18.55, 18.57, 18.57A, 18.79, 18.83, 18.108, and 18.138 RCW, may
30 own membership interests in and render their individual professional
31 services through one limited liability company. For purposes of this
32 subsection, references to "same specific professional services" or
33 "same professional services" or similar words means professional
34 services rendered by a licensed or certified health care professional.
35 Formation of a limited liability company under this subsection shall
36 not restrict the application of the uniform disciplinary act under
37 chapter 18.130 RCW, or any applicable health care professional statutes
38 under Title 18 RCW, including but not limited to restrictions on
39 persons practicing a health profession without being appropriately

1 credentialed and persons practicing beyond the scope of their
2 credential.

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