

HOUSE BILL REPORT

HB 1253

As Reported By House Committee On:
Government Administration

Title: An act relating to business organizations.

Brief Description: Regulating naming of businesses.

Sponsors: Representatives Parlette, Costa, Sheahan, Sterk, Lantz, Skinner, Sherstad, Lambert, Gardner, D. Schmidt, Kenney and Wensman; by request of Secretary of State.

Brief History:

Committee Activity:

Government Administration: 1/28/97, 1/29/97 [DPS].

HOUSE COMMITTEE ON GOVERNMENT ADMINISTRATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives D. Schmidt, Chairman; D. Sommers, Vice Chairman; Scott, Ranking Minority Member; Gardner, Assistant Ranking Minority Member; Doumit; Dunn; Dunshee; Murray; Reams; Smith; L. Thomas; Wensman and Wolfe.

Staff: Steve Lundin (786-7127).

Background: A number of different types of artificial entities may be created in this state, including for-profit corporations and non-profit corporations. Papers to create or incorporate these artificial entities are filed with the secretary of state's office. A foreign, or out-of-state, business entity transacting business in this state must file an application with the secretary of state for a certificate of authority.

Each corporation doing business in the state must file the name and address of its registered agent with the secretary of state.

Some types of artificial entities are authorized to reserve or register a name for itself.

Many statutes relating to different types of artificial entities that may be created in this state include prohibitions on using a name that is not distinguishable from the name of another artificial entity. Some of these statutes include factors to determine

if names are not distinguishable. Some of these statutes permit the use of an undistinguishable name under certain limited circumstances.

Summary of Bill: Statutes relating to various types of artificial entities are amended to provide common language relating to the use of a name, including a prohibition on using a name that is indistinguishable from the name of another artificial entity, factors to determine if names are not distinguishable, reserving or registering names, and the ability to use a name that is not distinguishable from another name under limited circumstances.

These new provisions are inserted into the Washington Business Corporation Act and statutes relating to non-profit corporations, mutual cooperatives, limited liability partnerships, limited partnerships, and limited liability corporations.

Substitute Bill Compared to Original Bill: The various provisions are made common. References are made to chapters of law, rather than specific statutes. The prohibitions are applied to reservations of names, as well as actually registering a name.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This is a companion measure to HB 1251 and is designed to avoid situations where a private artificial entity uses a name that is not distinguishable from the name of another artificial entity.

Testimony Against: None.

Testified: Representative Parlette, prime sponsor; and Ralph Munro and Karen Dick, Office of the Secretary of State.