

HOUSE BILL REPORT

HB 1251

As Reported By House Committee On:
Government Administration

Title: An act relating to names of corporations and units of government.

Brief Description: Clarifying naming conventions for corporations and units of government.

Sponsors: Representatives Parlette, Costa, Sheahan, Sterk, Lantz, Kenney, Skinner, Lambert, Gardner, D. Schmidt 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 Washington 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 corporation 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.

Many statutes relating to different types of artificial entities that may be created in this state, include provisions prohibiting the use of names for an artificial entity that are not distinguishable from the names of other artificial entities.

The secretary of state is authorized under the Washington Business Corporation Act to provide for the administrative dissolution of corporations on a variety of grounds, including the failure to pay license fees, the failing to register its agent, or the failure to file an annual report.

Summary of Substitute Bill: Any local unit of government, the state of Washington, or any state agency or department may apply to the secretary of state to administratively dissolve or revoke the certificate of authority for any corporation using a name that is not distinguishable from the name of the applicant. If the name is not distinguishable, the secretary of state institutes proceedings to administratively dissolve the corporation or revoke its certificate of authority.

Factors are established to determine if names are not distinguishable. Examples are provided of similar names that are not distinguishable and similar names that are distinguishable.

If the corporation named in the application was incorporated or certified before the government entity was formed, these provisions only apply if the government entity provides a certified copy of a final court judgement determining that it has a property right to the name which is superior to that of the corporation.

These provisions are referenced in laws relating to non-profit corporations, mutual corporations, corporations sole, fraternal societies, agricultural processing and marketing associations, granges, and cooperative associations.

Substitute Bill Compared to Original Bill: The secretary of state is allowed to revoke a certificate of authority for a foreign corporation using a name that is not distinguishable from the name of a local government, the state of Washington, or a state agency.

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 will allow actions to be taken where a private artificial entity attempts to use the name of a government. Flexibility is allowed to have similar names, such as Seattle Lighting. This problem arose when a company tried to use the name City of East Wenatchee.

Testimony Against: None.

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