

SENATE BILL REPORT

SB 6182

As Reported By Senate Committee On:
Law & Justice, January 22, 1998

Title: An act relating to facilitating interstate operations for Washington professional corporations.

Brief Description: Allowing for interstate professional services corporations.

Sponsors: Senators Johnson and Roach.

Brief History:

Committee Activity: Law & Justice: 1/19/98, 1/22/98 [DPS].

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: That Substitute Senate Bill No. 6182 be substituted therefor, and the substitute bill do pass.

Signed by Senators Roach, Chair; Johnson, Vice Chair; Fairley, Goings, Hargrove, Kline, Long, McCaslin, Thibaudeau and Zarelli.

Staff: David Johnson (786-7754)

Background: Professional limited liability companies may be composed of persons licensed to render professional services in any state. However, professional service corporations must be wholly owned by persons licensed in Washington.

The Washington State Bar Association has suggested that professional service corporations ought to be allowed to include licensed professionals from other states.

Summary of Substitute Bill: Professionals not licensed in Washington, but properly licensed in any other jurisdiction, may become shareholders, directors, and officers of a professional service corporation in this state. The corporation must serve the same profession as that for which the individual is licensed.

A professional service corporation may render services outside Washington through an individual who is not licensed in Washington.

If a shareholder is personally engaged in a profession in Washington, they must be licensed to practice that profession in Washington. Additionally, either one officer and one director of the corporation must be licensed to practice that profession in Washington or each office in Washington must have a corporate officer in charge of that office who is licensed to practice that profession here.

Every director, officer, shareholder, agent, and employee of a professional service corporation open to the public must be qualified at all times to render professional services in at least one state where the corporation does business.

Substitute Bill Compared to Original Bill: The substitute bill deletes two unnecessary phrases which merely restate present law.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Other forms of business organizations can involve professionals from other states. There is no reason for this distinction. This does not affect the licensing of professionals.

Testimony Against: None.

Testified: Dale Carlisle.