

SENATE BILL REPORT

SHB 2320

As Reported By Senate Committee On:
Judiciary, February 25, 2000

Title: An act relating to the authorization and application of electronic notice and electronic proxies to the nonprofit miscellaneous and mutual corporations act.

Brief Description: Authorizing and applying electronic notice and proxies.

Sponsors: House Committee on Judiciary (originally sponsored by Representatives Lantz, Esser, Constantine, Hurst and Ruderman).

Brief History:

Committee Activity: Judiciary: 2/18/2000, 2/25/2000 [DP].

SENATE COMMITTEE ON JUDICIARY

Majority Report: Do pass.

Signed by Senators Heavey, Chair; Kline, Vice Chair; Goings, Haugen, Johnson, Long, McCaslin, Thibaudeau and Zarelli.

Staff: Karen Lundahl (786-7421)

Background: The Nonprofit Miscellaneous and Mutual Corporations Act governs nonprofit corporations operating businesses for a nonprofit purpose. All corporations are required to notify members in writing of the date and agenda of annual and special meetings. If the nonprofit corporation has a large number of members, mailing the required notices can be very costly.

Members and shareholders are entitled to vote on corporation matters at these meetings, either in person, by mail or by proxy. Proxy is the practice of appointing another person to vote or otherwise act for a member or shareholder. Any proxy appointment must be in writing.

Summary of Bill: The Nonprofit Miscellaneous and Mutual Corporations Act is amended to authorize notice of meetings, proxy appointments, and votes by members or shareholders by electronic transmission. A proxy appointment made by electronic transmission must include or be submitted with information showing that the shareholder or member authorized the transmission. The corporation must determine whether an electronically transmitted proxy appointment is valid and retain copies of the electronic transmission for a reasonable period of time after any election.

Notice of meetings and other notices that a corporation must send to shareholders may be sent by electronic transmission only if the corporation's bylaws or articles of incorporation permit such transmission.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This will bring Washington miscellaneous nonprofit corporations into the 21 century. It will allow very large nonprofit organizations like REI to save lots of time and money in handling their regular meetings. There are adequate security provisions (P.I.N., etc.) to protect against fraud. Members and shareholders who do not have computers will be notified by mail and can still appoint a proxy or vote in the traditional way.

Testimony Against: None.

Testified: PRO: Rep. Lantz, prime sponsor; Kent Carlson, WSBA; Michael Collins, REI.