

SENATE BILL REPORT

ESHB 2532

As Reported By Senate Committee On:
Judiciary, February 28, 2002

Title: An act relating to allowing the use of electronic mail telecommunications technology by nonprofit corporation committees.

Brief Description: Allowing the use of electronic mail telecommunications technology by nonprofit corporation committees.

Sponsors: House Committee on Judiciary (originally sponsored by Representatives Linville, Crouse, Morris, Berkey, Morell and Wood).

Brief History:

Committee Activity: Judiciary: 2/26/02, 2/28/02 [DP].

SENATE COMMITTEE ON JUDICIARY

Majority Report: Do pass.

Signed by Senators Kline, Chair; Kastama, Vice Chair; Costa, Long, McCaslin, Roach, Thibaudeau and Zarelli.

Staff: Lisa Ellis (786-7421)

Background: Unless restricted by the articles of incorporation or bylaws, members of a nonprofit corporation may participate in a meeting by conference telephone call or other communication device that enables all persons to hear each other at the same time.

Nonprofit corporations are managed by a board of directors. If allowed under the articles of incorporation, a majority of the board of directors may appoint committees that have some management authority. The board of directors and any committees designated by the board of directors may hold meetings by conference telephone or other communication device that enables all persons to hear each other at the same time unless prohibited by the articles or bylaws of the nonprofit corporation.

Summary of Bill: The Nonprofit Corporations Act is amended to allow the board of directors to designate member committees to carry out certain actions of the nonprofit corporation. However, committees are not authorized to amend, alter, or repeal the corporation's bylaws; elect, appoint, or remove any member of any committee or any director or officer of the corporation; amend the articles of incorporation; adopt a plan of merger or plan of consolidation with another corporation; authorize the sale, lease, or exchange of all or substantially all of the property and assets of the corporation; authorize the voluntary dissolution of the corporation or revoke related proceedings; adopt a plan for the distribution of the assets of the corporation; or amend, alter, or repeal certain resolutions of the board of directors.

Meetings of committees designated by the board of directors may be conducted by electronic mail as long as no committee member objects and (1) a recipient of any electronic transmission has previously consented in writing and (2) the electronic communication is capable of being reproduced in traditional paper format. The term "electronic communication" is defined as the transmission and reception of electronic communications.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Permitting nonprofits to use electronic methods of communication to conduct meetings would allow committee members to use their time more efficiently. The use of electronic communication during meetings requires unanimity and can be blocked by any one committee member. This bill clarifies that electronic communication is a lawful method of participating in nonprofit corporation committee meetings.

Testimony Against: This bill creates a new decision-making body by allowing directors to designate certain duties to members. It is inappropriate to conduct meetings through e-mail since e-mail is not a "real-time" method of communication. The Washington State Bar Association would like to take this bill under further consideration to avoid ambiguous drafting and prevent potential lawsuits.

Testified: PRO: Kelli Linville, prime sponsor; Larry Stout, Washington Association of Realtors; CON: Brian Todd, Washington State Bar Association.