

SENATE BILL REPORT

HB 2577

As Reported By Senate Committee On:
Judiciary, February 27, 2004

Title: An act relating to nonprofit corporations.

Brief Description: Providing for committees of members.

Sponsors: Representatives Linville, Carrell, Kirby, Newhouse, Lovick, Campbell, McMahan, Moeller and Flannigan.

Brief History:

Committee Activity: Judiciary: 2/26/04, 2/27/04 [DP].

SENATE COMMITTEE ON JUDICIARY

Majority Report: Do pass.

Signed by Senators McCaslin, Chair; Esser, Vice Chair; Brandland, Haugen, Johnson, Kline and Thibaudeau.

Staff: Aldo Melchiori (786-7439)

Background: The Washington Nonprofit Corporation Act applies to corporations organized for charitable; benevolent; eleemosynary; educational; civic; patriotic; political; religious; social; fraternal; literary; cultural; athletic; scientific; agricultural; horticultural; animal husbandry; and professional, commercial, industrial or trade association purposes. Labor unions, cooperative organizations, and organizations subject to any of the provisions of the banking or insurance laws of this state are not organized under the act. A "member" is an individual or entity having membership rights in accordance with the articles or bylaws of the nonprofit corporation.

To the extent that they are not limited by statute, the articles of incorporation and bylaws contain provisions regulating the internal affairs of the corporation including the formation of committees, the conduct of meetings, and many other procedures. If the articles of incorporation or bylaws permit, the board of directors may designate committees of directors which have a limited power to exercise the authority of the board to manage the corporation.

Summary of Bill: In addition to a nonprofit corporation's ability to designate committees of directors, the corporation may have one or more committees of members if the articles of incorporation or bylaws provide for them. Meetings of any committee of members may be conducted telephonically. An action by a committee of members may be taken without a meeting if: (1) allowed by the articles of incorporation and bylaws, and (2) consented to by a majority of the committee of members entitled to vote.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Not for profit groups should have the same abilities as other corporations. Electronic meetings save time and money. This allows for the more efficient administration of nonprofit corporations.

Testimony Against: None.

Testified: PRO: Representative Linville, prime sponsor; Mike Ryland, Washington Manufactured Housing Association, Fred Hutchinson Cancer Research Center; Denny Eliason, Washington Restaurant Association, Washington Banker's Association.