

SENATE BILL REPORT

HB 2975

As Reported By Senate Committee On:
Financial Institutions, Housing & Consumer Protection, February 22, 2006

Title: An act relating to exempt transactions under the securities act of Washington.

Brief Description: Granting an exemption under the state securities act.

Sponsors: Representatives Newhouse, Kirby and Dunn.

Brief History: Passed House: 2/08/06, 98-0.

Committee Activity: Financial Institutions, Housing & Consumer Protection: 2/22/06 [DPA].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: Do pass as amended.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benson, Brandland, Finkbeiner, Keiser, Schmidt and Spanel.

Staff: Joanne Conrad (786-7472)

Background: The Department of Financial Institutions (DFI) regulates securities transactions in Washington State, to protect investors from fraudulent and dishonest practices. The state securities act requires, among other things, the registration of broker-dealers, salespersons and investment advisors, as well as certain types of securities offerings.

Some securities transactions and their participants are exempted from statutory registration requirements, including notice, filing and the payment of fees. An exemption exists for a securities transactions by a mutual or cooperative association that meets restrictions on advertising and involves an interest related to a member of the association that falls within the exemptions to "nontransferability." These exemption criteria currently include: death, operation of law, certain bona fide transfers, and intrafamily transfers.

Summary of Amended Bill: An additional exemption to the "nontransferable" provision is added, for transactions by a mutual or cooperative association, to permit transfers by gift to a nonprofit entity.

Amended Bill Compared to Original Bill: The definition of "nonprofit entity" is clarified to include nonprofit organizations as defined in state and federal statute.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: This measure will help nonprofit organizations receive transfers of interests and allow farmers to donate certificates of equity.

Testimony Against: None.

Who Testified: PRO: Rep. Dan Newhouse, prime sponsor; Dan Coyne, WA St Council of Farm Coops.