

# FINAL BILL REPORT

## 2SHB 2576

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Synopsis as Enacted

**Brief Description:** Restructuring fees for the division of corporations and affirming authority to establish fees for the charities program of the office of the secretary of state.

**Sponsors:** House Committee on Ways & Means (originally sponsored by Representatives Kenney, Lias, Moeller, Pedersen and Armstrong; by request of Secretary of State).

**House Committee on Judiciary**  
**House Committee on Ways & Means**  
**Senate Committee on Ways & Means**

### **Background:**

The Corporations and Charities Division of the Office of the Secretary of State (OSOS) is responsible for administering a variety of programs, including the licensing and registration of business entities, nonprofit corporations and associations, and charitable organizations. As part of these functions, the OSOS is responsible for accepting and managing a wide variety of documents, providing services to entities and individuals, and preparing and distributing reports and other information.

Statutes governing business entities, nonprofit corporations, charitable organizations, and other entities require certain documents to be filed with the OSOS. Some of these statutes set specific filing-fee amounts, while others provide that fees may be established by the OSOS by rule. For example, the formation and annual renewal filing fees for corporations and partnerships are set in statute, while filing fees for limited partnerships, limited liability companies, and charitable organizations are established by the OSOS by rule. In addition to these filing fees, the OSOS is authorized to establish fees for a variety of services rendered under the programs it administers.

The formation and annual license fees for corporations, other business entities, and charitable registrations are deposited into the State General Fund. Other fees collected by the OSOS are deposited into the Secretary of State's Revolving Fund (Revolving Fund), including fees for in-person and expedited services, providing copies or certified copies of documents, service of process filings, and electronic transmittal of documents. The Revolving Fund is used to defray the costs of carrying out the functions of the OSOS under specifically listed chapters.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

In 2007 legislation was enacted authorizing the OSOS to establish additional fees on registrations under the Charitable Solicitations Act to provide for a charitable organization education program. The OSOS did not adopt fees for this purpose prior to the passage of Initiative 960, which requires prior legislative approval of any new fee or fee increase.

The OSOS is responsible for administering the state's Trademark Registration Act (Act). The Act allows a person who uses a trademark in Washington to register the trademark with the OSOS. Registration of a trademark provides the registered user with exclusive use of that trademark and protects against infringements of trademark rights.

**Summary:**

The fee for a corporation's annual license is raised from \$50 to \$60. The following specific fee amounts listed in statute are eliminated, and the OSOS is required to establish these fees by rule:

- business corporations: annual license fee for inactive corporations;
- nonprofit corporations: articles of incorporation and certificate of authority and annual report;
- partnerships: application to become a limited liability partnership; and
- cooperative associations: articles of incorporation and certificate of authority.

The purposes for which the Revolving Fund may be used are expanded, and the following additional fees are designated for deposit in the Revolving Fund: (1) the \$10 fee increase for a corporation's annual renewal; (2) under the charitable organizations chapter, fees for service of process filings and for preparing, printing, and distributing publications; and (3) under the limited partnership statute, fees for service of process filings, expedited services, and providing copies, certified copies, or certificates.

Various fees for registrations under the Charitable Organization Act are established in statute (rather than rule), and the amounts of these fees are increased as follows:

- charitable organization initial registration fee is raised from \$20 to \$60;
- charitable organization annual renewal fee is raised from \$10 to \$40;
- commercial fundraiser initial registration fee is raised from \$250 to \$300;
- commercial fundraiser annual renewal fee is raised from \$175 to \$225; and
- commercial fundraiser service contract registration fee is raised from \$10 to \$20.

Revenue from the increase in these fees is deposited into the Charitable Organization Education Account.

The Limited Liability Company Act is amended to provide that the OSOS may allow electronic filing of the company's initial report.

The Trademark Registration Act is amended to provide that the Secretary of State (Secretary) may cancel a certificate of registration of trademark if the Secretary determines within 90 days of its issuance that it was issued in error. The Secretary must immediately provide the registrant written notice of the cancellation, and the registrant may petition the court for review of the cancellation.

**Votes on Final Passage:**

First Special Session

House 54 39

Senate 26 19

**Effective:** July 13, 2010