

# SENATE BILL REPORT

## HB 1040

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As Reported by Senate Committee On:  
Judiciary, March 23, 2011

**Title:** An act relating to the use of electronic signatures and notices.

**Brief Description:** Regarding the use of electronic signatures and notices.

**Sponsors:** Representatives Pedersen, Armstrong, Kirby, Warnick, Kelley and Hunt; by request of Secretary of State.

**Brief History:** Passed House: 2/07/11, 92-0.

**Committee Activity:** Judiciary: 3/22/11, 3/23/11 [DPA].

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### SENATE COMMITTEE ON JUDICIARY

**Majority Report:** Do pass as amended.

Signed by Senators Kline, Chair; Harper, Vice Chair; Pflug, Ranking Minority Member; Baxter, Carrell, Hargrove, Kohl-Welles, Regala and Roach.

**Staff:** Kim Johnson (786-7472)

**Background:** The Corporations Division of the Office of the Secretary of State (OSOS) is responsible for administering a variety of programs, including the licensing and registration of domestic corporations, foreign corporations doing business in the state, corporations sole, charitable organizations, and commercial fundraisers. Business entities licensed with the OSOS must file certain documents, such as their annual reports, with the OSOS. The OSOS must send notices to these business entities to renew their registrations and file their reports. These notices must be sent by postal mail.

The OSOS also administers the Electronic Authentication Act (EAA), which governs the use of digital signature technology in electronic transactions and creates a process for the OSOS to license entities that verify the authenticity of digital signatures. These entities are called certification authorities.

Under the EAA, governmental entities that conduct official public business via electronic records requiring the use of a signature are required to subscribe to a certificate issued by a licensed certification authority.

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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.*

**Summary of Bill (Recommended Amendments):** The OSOS may send notices of registration renewals and notices to file annual or biennial reports to certain business entities using either postal or electronic mail, as elected by the business entity. Those business entities are charitable organizations and commercial fundraisers registered with the OSOS, domestic corporations, foreign corporations doing business in the state, and corporations sole.

Governmental entities may, but are no longer required to, be subscribers to a certificate issued by a licensed certification authority.

**EFFECT OF CHANGES MADE BY JUDICIARY COMMITTEE (Recommended Amendments):** Clarifies that the option to receive notices via electronic mail is subject to the OSOS making the option available.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony on Original Bill:** PRO: This bill encourages efficiency in government. It allows agencies to find other ways to conduct business electronically. We worked with the Office of the Attorney General, the Washington Technology Industry Association, and the State Bar Association. Allowing electronic renewal notices will save the OSOS approximately \$18,000 per year and will eventually create more savings as more businesses sign on to receive notices electronically. The language authorizing governmental entities the flexibility to use a different signature technology will also likely save money. As technology has changed, there are now many different secure methods to conduct business electronically currently available. It no longer makes sense to restrict governmental entities to just one technology. There was an amendment that you had added to the Senate bill, and we ask that you add it to the House bill.

**Persons Testifying:** PRO: Pam Floyd, OSOS.