

FINAL BILL REPORT

SB 5387

C 176 L 15
Synopsis as Enacted

Brief Description: Creating uniformity in common provisions governing business organizations and other entities.

Sponsors: Senators Pedersen and O'Ban; by request of Uniform Law Commission.

Senate Committee on Law & Justice
House Committee on Judiciary

Background: Washington's business entity laws divide the most common entities by type: for-profit corporations, nonprofit and mutual corporations, partnerships and limited partnerships, limited liability companies (LLCs), employee cooperatives, cooperative associations, corporation sole – church and religious societies, fraternal societies and their building corporations, and granges. Structurally these laws contain all of the legal requirements pertaining to each entity type in its own provision.

The national Uniform Law Commission recommends a more integrated legal framework for states stemming from its long-term Harmonization of Business Entity Acts Drafting Project. The Uniform Business Organizations Code (UBOC) uses a hub-and-spoke model, putting the legal requirements common to all entities in one provision. The individual entity acts remain as spokes containing all entity-specific requirements.

UBOC's recently completed Article 1 contains its recommended common hub provisions. Using UBOC's structure, a recently completed project in Washington identifies these common hub provisions throughout Washington's business entity laws for possible inclusion in a new Washington business hub provision.

Summary: A new section in Title 23 RCW adopts the 2013 UBOC Article 1 common provisions for the Secretary of State's oversight of for-profit corporations, nonprofit and mutual corporations, partnerships and limited partnerships, limited liability companies, employee cooperatives, cooperative associations, corporation sole – church and religious societies, fraternal societies and their building corporations, and granges. The common legal requirements for these business entities also include reservation and registration of entity names, registered agents, foreign entities doing business in Washington, and entity dissolution and reinstatement.

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.

The Secretary of State retains its current regulatory authority over business entities including rulemaking authority and authority to set and collect fees from regulated business entities. Each business entity retains its separate law containing its entity-specific legal requirements. The entity specific sections are amended as necessary to remove redundant provisions which move to the new common provisions section in Title 23. January 1, 2016, is the effective date for all parts of the proposal. Makes a number of minor technical and housekeeping amendments for clarity and consistency and to correct inaccurate cross references.

Votes on Final Passage:

Senate	47	0	
House	97	0	(House amended)
Senate	49	0	(Senate concurred)

Effective: January 1, 2016 (Part VII Contingent)