

FINAL BILL REPORT

SB 6205

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Synopsis as Enacted

Brief Description: Clarifying when a person is an acquiring person of a target corporation with more than one class of voting stock.

Sponsors: Senators Pedersen, O'Ban, Frockt and Fain; by request of Washington State Bar Association.

Senate Committee on Law & Justice
House Committee on Judiciary

Background: State laws are permitted to regulate corporate mergers and acquisitions within the bounds of the Constitution and controlling federal laws. In a corporate merger or acquisition, a target corporation is the subject of the merger or acquisition effort. An "acquiring person" is outside the target corporation and acquires beneficial ownership of the target corporation's shares to facilitate the merger or acquisition. Chapter 23B.19 RCW limits potential hostile corporate takeovers of Washington corporations or foreign corporations having substantial business ties to Washington State, subject to certain exemptions outlined in RCW 23B.19.030.

Summary: An "acquiring person" now includes a person or persons having beneficial ownership of 10 percent or more of the voting power of the target corporation. The change addresses target corporations having more than one class of voting stock. An acquiring person is a "beneficial owner" of shares when that person, individually or with others, directly or indirectly, has power to vote or direct the vote of the shares, dispose of the shares, or acquire the shares now or at a future time. "Voting shares" include all classes of shares entitled to vote to elect the target corporation's directors. "Voting power" is the total number of votes cast by all of the target corporation's outstanding voting shares.

Votes on Final Passage:

Senate	47	0
House	91	6

Effective: June 9, 2016

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.