

FINAL BILL REPORT

SB 5040

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Synopsis as Enacted

Brief Description: Making revisions to the uniform business organizations code.

Sponsors: Senators Pedersen and Padden; by request of Secretary of State.

Senate Committee on Law & Justice
House Committee on Judiciary

Background: The Legislature recently incorporated provisions from the Uniform Business Organizations Code into state law. That framework adopted a new title containing general provisions applicable to all types of business entities, including provisions applicable to domestic and foreign entities doing business in this state.

As defined in the title, entity includes a business corporation, nonprofit corporation, limited liability partnership, limited liability company, limited partnership, or a general cooperative association. A domestic entity is an entity that is governed as to its internal affairs by the laws of this state while a foreign entity is one that is governed by the laws of another state. A foreign entity is required to register with the Secretary of State's office (SOS) before it is authorized to do business in the state. The foreign entity must file a statement of registration including specified information about the entity.

Certificate of Existence/Registration. Upon request, the SOS must issue a certificate of existence for a domestic entity or a certificate of registration for a registered foreign entity. The certificates vary slightly depending on whether the entity is foreign or domestic. The certificate must generally state the name of the entity, that all fees, interest, or penalties owed to the state have been paid, that the most recent annual report has been delivered to the SOS for filing, and any other facts the SOS might find pertinent. For a domestic entity, the SOS must additionally include that its public organic file has been filed and taken effect, the date the file took effect, the period of the entity's duration, that the entity has not been dissolved, and there is no administrative action pending to dissolve the entity. A certificate for a foreign entity must additionally include a statement that the foreign entity is registered to do business in the state. A certificate issued by the SOS may be relied on as conclusive evidence of the facts stated.

Initial/Annual Report. A domestic entity must file an initial report within 120 days of inception. Both domestic and foreign entities must file an annual report with the SOS. The contents of the reports are specified in statute.

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.

Withdrawal of Registration. A registered foreign entity may withdraw its registration by delivering a statement of withdrawal to the SOS. The statement of withdrawal must be accompanied by a copy of a revenue clearance certificate. A revenue clearance certificate is a certificate from the Department of Revenue that the entity has paid any outstanding license fee, tax, or penalty.

Summary: Certificate of Existence/Registration. A certificate of registration for a foreign entity must also include the date the foreign entity registered to do business in this state, that the entity's registration to do business in the state has not been terminated, and there is no administrative action pending to terminate the entity's registration. A certificate of existence of a domestic entity may be relied on as conclusive evidence that as of the date of issuance, the entity is in existence and duly formed or incorporated. A certificate of registration for a foreign entity may be relied on as conclusive evidence that as of the date of issuance, the foreign entity is registered and authorized to do business in this state.

Initial/Annual Report. Penalties for failure to file a full and complete initial report apply only to domestic corporations. An annual report filed by a domestic or foreign corporation no longer needs to include the names and addresses of the chairperson of its board of directors or its officers. The requirement to include specified information about a partnership with an annual fee filed with the SOS is removed and replaced with the requirement to file an annual report.

Withdrawal of Registration. In order to withdraw a registration, a registered foreign entity need only file a revenue clearance certificate if it is a foreign corporation.

Votes on Final Passage:

Senate	48	1
House	97	0

Effective: July 23, 2017