

SSB 5034 - H COMM AMD

By Committee on Civil Rights & Judiciary

ADOPTED 04/09/2021

1 Strike everything after the enacting clause and insert the  
2 following:

3 "PART I  
4 FORMATION AND GENERAL CONDITIONS  
5 ARTICLE 1  
6 GENERAL PROVISIONS

7 NEW SECTION. **Sec. 1101.** SHORT TITLE. This chapter may be known  
8 and cited as the Washington nonprofit corporation act.

9 NEW SECTION. **Sec. 1102.** DEFINITIONS. The definitions in this  
10 section apply throughout this chapter unless the context clearly  
11 requires otherwise.

12 (1) "Address," unless otherwise specified, means either a  
13 physical mailing address or an electronic address.

14 (2) "Articles" or "articles of incorporation" means the original  
15 articles of incorporation as modified by all amendments thereof, as  
16 filed by the secretary of state. If any record filed under this  
17 chapter restates the articles in their entirety, thenceforth the  
18 articles shall not include any prior filings.

19 (3) "Board" or "board of directors" means the team or body of  
20 individuals ultimately responsible for the management of the  
21 activities and affairs of the nonprofit corporation, regardless of  
22 the name used to refer to the team or body.

23 (4) "Bylaws" means the code or codes of rules, other than the  
24 articles, adopted for the regulation and governance of the internal  
25 affairs of the nonprofit corporation, regardless of the name or names  
26 used to refer to those rules, excluding separate policies or  
27 procedures adopted by the board.

28 (5) "Charitable corporation" means a domestic nonprofit  
29 corporation that is operated primarily or exclusively for one or more  
30 charitable purposes.

1 (6) "Charitable purpose" means a purpose that:

2 (a) Would make a corporation organized and operated exclusively  
3 for that purpose eligible to be exempt from taxation under section  
4 501(c)(3) of the Internal Revenue Code; or

5 (b) Is considered charitable under applicable law other than this  
6 chapter or the Internal Revenue Code.

7 (7) "Contribution" means the payment, donation, or promise, for  
8 consideration or otherwise, of any money or property of any kind or  
9 value which contribution is wholly or partly induced by a  
10 solicitation.

11 (8) "Corporation" means a domestic nonprofit corporation, unless  
12 otherwise specified.

13 (9) "Delegate" means a person elected or appointed to vote in a  
14 representative capacity for the election of directors or on other  
15 matters.

16 (10) "Deliver" or "delivery" of a record means delivery by hand,  
17 United States mail, private courier service, electronic transmission,  
18 or other methods of delivery used in conventional commercial  
19 practice, except that delivery to the secretary of state means actual  
20 receipt by the secretary of state.

21 (11) "Director" means an individual designated, elected, or  
22 appointed, by that or any other name or title, to act as a member of  
23 the board of directors, while the individual is holding that  
24 position.

25 (12) "Domestic," with respect to an entity, means governed as to  
26 its internal affairs by the law of this state.

27 (13) "Domestic corporation" or "domestic nonprofit corporation"  
28 means a domestic corporation incorporated under or subject to this  
29 chapter.

30 (14) "Domestic unincorporated entity" means an unincorporated  
31 entity whose internal affairs are governed by the laws of this state.

32 (15) "Electronic" means relating to technology having electrical,  
33 digital, magnetic, wireless, optical, electromagnetic, or similar  
34 capabilities.

35 (16) "Electronic transmission" means an electronic communication:

36 (a) Not directly involving the physical transfer of a record in a  
37 tangible medium; and

38 (b) That may be retained, retrieved, and reviewed by the sender  
39 and the recipient thereof, and that may be directly reproduced in a  
40 tangible medium by such a sender and recipient.

1 (17) "Electronically transmitted" means that the sender of an  
2 electronic transmission initiated the electronic transmission.

3 (18) "Eligible entity" means a domestic or foreign unincorporated  
4 entity, a domestic nonprofit corporation incorporated under a  
5 corporations statute other than this chapter or its predecessor  
6 statutes, or a domestic or foreign for-profit corporation.

7 (19) "Employee" does not include an individual serving as an  
8 officer or director who is not otherwise employed by the corporation.

9 (20) "Entitled to vote" means entitled to vote on the matter  
10 under consideration pursuant to the articles or bylaws of the  
11 nonprofit corporation or any applicable controlling provision of law.

12 (21) "Entity" means an organization or artificial legal person  
13 that either has a separate legal existence or has the power to  
14 acquire an estate in real property in its own name and includes, but  
15 is not limited to:

- 16 (a) A domestic or foreign for-profit corporation;
- 17 (b) A domestic or foreign nonprofit corporation;
- 18 (c) A domestic or foreign general or limited partnership;
- 19 (d) A domestic or foreign limited liability partnership;
- 20 (e) A domestic or foreign limited liability company;
- 21 (f) Any other domestic or foreign unincorporated entity;
- 22 (g) A domestic or foreign estate or trust;
- 23 (h) The federal government;
- 24 (i) A tribal government; and
- 25 (j) A state or local government, foreign government, or  
26 governmental subdivision.

27 (22) "Ex officio director" means an individual who becomes a  
28 member of the board of directors not through the regular elections  
29 process but by virtue of another position that he or she holds.  
30 Unless the articles or bylaws specifically state that an ex officio  
31 director does not have the right to vote, such a director has the  
32 same right to vote as any other director.

33 (23) "Execute" or "executed" means:

- 34 (a) Signed, with respect to a written record;
- 35 (b) Electronically transmitted along with sufficient information  
36 to determine the sender's identity and intent to execute; or
- 37 (c) With respect to a record to be filed by the secretary of  
38 state, in compliance with the standards for filing as prescribed by  
39 this chapter; chapter 23.95 RCW; or the secretary of state.

1 (24) "Federal government" includes a district, authority, bureau,  
2 commission, department, and any other agency of the federal  
3 government of the United States.

4 (25) "Filing entity" means an unincorporated entity that is  
5 created by filing a public organic record.

6 (26) "For-profit corporation" or "domestic for-profit  
7 corporation" means a domestic business corporation incorporated under  
8 or subject to Title 23B RCW or any successor provisions.

9 (27) "Foreign," with respect to an entity, means governed as to  
10 its internal affairs by the law of a jurisdiction other than this  
11 state.

12 (28) "Foreign for-profit corporation" means a foreign corporation  
13 that would be a for-profit corporation if incorporated under the law  
14 of this state.

15 (29) "Foreign corporation" or "foreign nonprofit corporation"  
16 means a foreign corporation that would be a nonprofit corporation if  
17 incorporated under the law of this state.

18 (30) "Foreign unincorporated entity" means an unincorporated  
19 entity whose internal affairs are governed by an organic law of a  
20 jurisdiction other than this state.

21 (31) "Fundamental transaction" means an amendment of the articles  
22 or bylaws, merger, sale of all or substantially all of the assets,  
23 domestication, conversion, or dissolution of a nonprofit corporation.

24 (32) "Gift instrument" means a record or records under which  
25 property is donated to, transferred to, granted to, or held by the  
26 corporation. A solicitation constitutes a gift instrument with  
27 respect to a donation, transfer, or grant of property made in  
28 response to the solicitation only if:

29 (a) The solicitation was in the form of a record, including but  
30 not limited to, invitations made by electronic transmission or in  
31 electronic media, or was documented in the form of a record created  
32 no later than ninety days after the solicitation was made; and

33 (b) The donation, transfer, or grant of property was made within  
34 one year of the solicitation.

35 (33) "Governmental subdivision" includes an authority, county,  
36 district, and municipality formed or authorized by any federal,  
37 state, or local government.

38 (34) "Includes" denotes a partial definition.

39 (35) "Individual" means a natural person.

1 (36) "Interest" means either or both of the following rights  
2 under the organic law of an unincorporated entity:

3 (a) The right to receive distributions from the entity either in  
4 the ordinary course or upon liquidation; or

5 (b) The right to receive notice or vote on issues involving its  
6 internal affairs, other than as an agent, assignee, proxy, or person  
7 responsible for managing its business, activities, or affairs.

8 (37) "Interest holder" means a person who holds of record an  
9 interest.

10 (38) "Interest holder liability" means personal liability for a  
11 debt, obligation, or liability of a domestic or foreign for-profit or  
12 nonprofit corporation or unincorporated entity that is imposed on a  
13 person:

14 (a) Solely by reason of the person's status as a shareholder,  
15 interest holder, or member; or

16 (b) By the articles, bylaws, or an organic record pursuant to a  
17 provision of the organic law authorizing the articles, bylaws, or an  
18 organic record to make one or more specified shareholders, interest  
19 holders, or members liable in their capacity as shareholders,  
20 interest holders, or members for all or specified debts, obligations,  
21 or liabilities of the entity.

22 (39) "Internal Revenue Code" means Title 26 U.S.C., the federal  
23 Internal Revenue Code of 1986, as amended, or any successor statute.

24 (40) "Jurisdiction," when used to refer to a political entity,  
25 means the United States, a state, a foreign country, or a political  
26 subdivision of a foreign country.

27 (41) "Jurisdiction of formation" means the jurisdiction whose law  
28 includes the organic law of an entity.

29 (42) "Material interest" means an actual or potential benefit or  
30 detriment, other than one that would devolve on the nonprofit  
31 corporation or the members generally, that would reasonably be  
32 expected to impair the objectivity of an individual's judgment when  
33 participating in the action to be taken.

34 (43) "Material relationship" means a familial, financial,  
35 professional, employment, or other relationship that would reasonably  
36 be expected to impair the objectivity of an individual's judgment  
37 when participating in the action to be taken.

38 (44) "Means" denotes an exhaustive definition.

39 (45) "Member" means:

1 (a) Where the articles state that the corporation has members, a  
2 person who has a right set forth in the articles or bylaws, not as a  
3 delegate, to select or vote for the election of directors or  
4 delegates or to vote on at least one type of fundamental transaction.

5 (b) For a corporation formed before January 1, 2022, the articles  
6 of which do not state that the corporation has members, a person who:

7 (i) Is defined as a member in the bylaws; and

8 (ii) Has a right provided in the bylaws, not as a delegate, to  
9 select or vote for the election of directors or delegates or to vote  
10 on at least one type of fundamental transaction.

11 (c) A delegate or group of delegates, to the extent:

12 (i) The powers, functions, or authority of the members have been  
13 vested in, or are exercised by, such a delegate or group of  
14 delegates; and

15 (ii) The provision of this chapter in which the term appears is  
16 relevant to the discharge by the delegate or group of delegates of  
17 its powers, functions, or authority.

18 (46) "Membership" means the rights and any obligations of a  
19 member in a nonprofit corporation.

20 (47) "Membership corporation" means a nonprofit corporation whose  
21 articles provide that it has members, or that has members as defined  
22 in subsection (45) of this section.

23 (48) "Nonfiling entity" means an unincorporated entity that is  
24 not created by filing a public organic record.

25 (49) "Nonmembership corporation" means a nonprofit corporation  
26 whose articles do not provide that it has members and that does not  
27 have members as defined in subsection (45)(b) of this section.

28 (50) "Nonprofit corporation" means a domestic nonprofit  
29 corporation, unless otherwise specified.

30 (51) "Notice" has the same meaning as described in section 1103  
31 of this act.

32 (52) "Notify" means to provide notice as defined in section 1103  
33 of this act.

34 (53) "Officer" includes:

35 (a) A person who is an officer as defined in section 2601 of this  
36 act; and

37 (b) If a nonprofit corporation is in the hands of a custodian,  
38 receiver, trustee, or other court-appointed fiduciary, that fiduciary  
39 or any person appointed by that fiduciary to act as an officer for  
40 any purpose under this chapter.

1 (54) "Organic law" means the law of an entity's jurisdiction of  
2 formation governing the internal affairs of the entity.

3 (55) "Organic record" means a public organic record or the  
4 private organic rules.

5 (56) "Person" includes an individual or an entity.

6 (57) "Principal office" means the office designated in the annual  
7 report required under RCW 23.95.255 as the location of the principal  
8 executive office of a domestic or foreign nonprofit corporation,  
9 whether or not in this state.

10 (58) "Private organic rules" means the rules, whether or not in a  
11 record, that govern the internal affairs of an unincorporated entity,  
12 are binding on all of its interest holders, and are not part of its  
13 public organic record, if any.

14 (59) "Proceeding" means any civil suit or criminal,  
15 administrative, or investigatory action.

16 (60) "Property" means all property, whether real, personal, or  
17 mixed or tangible or intangible, including cash, securities, or real  
18 property, or any right or interest therein.

19 (61) "Property held for charitable purposes" is as defined in  
20 section 1408 of this act.

21 (62) "Public organic record" means the record, if any, that is  
22 filed as a public record to create an unincorporated entity and any  
23 amendment to or restatement of that record.

24 (63) "Record" means information inscribed on a tangible medium or  
25 that is stored in an electronic or other medium and is retrievable in  
26 perceivable form. An electronic transmission not directly involving  
27 the physical transfer of a record in a tangible medium is a record  
28 only if:

29 (a) It may be retained, retrieved, and reviewed by the sender and  
30 the recipient thereof; and

31 (b) It may be directly reproduced in a tangible medium by the  
32 sender and the recipient thereof.

33 (64) "Record date" means the date established under section 2307  
34 of this act on which a nonprofit corporation determines the identity  
35 of its members and the membership rights they hold for purposes of  
36 this chapter. The determinations shall be made as of 12:01 a.m. on  
37 the record date unless another time for doing so is specified when  
38 the record date is fixed.

39 (65) "Registered foreign nonprofit corporation" means a foreign  
40 nonprofit corporation registered to do business in this state.

1 (66) "Religious corporation" means a charitable corporation  
2 including, but not limited to, a church, mosque, synagogue, temple,  
3 nondenominational ministry, interdenominational or ecumenical  
4 organization, or faith-based social service agency, that is:

5 (a) Organized primarily for religious purposes;

6 (b) Operated primarily, in good faith, to carry out religious  
7 purposes;

8 (c) Held out to the public as carrying out religious purposes;  
9 and

10 (d) Not engaged primarily or substantially in the exchange of  
11 goods or services for consideration, unless the consideration does  
12 not exceed nominal amounts.

13 (67) "Shareholder" means the person in whose name shares are  
14 registered in the records of a domestic or foreign for-profit  
15 corporation or the beneficial owner of shares to the extent of the  
16 rights granted by a nominee certificate on file with such a  
17 corporation.

18 (68) "Shares" means the units into which the proprietary  
19 interests in a domestic or foreign for-profit corporation, or a  
20 nonprofit corporation incorporated under organic law other than this  
21 chapter that permits proprietary interests in such a corporation, are  
22 divided.

23 (69) "Solicitation" means any oral or written request for a  
24 contribution, including an offer or attempt by the solicitor to sell  
25 any property, rights, services, or other thing, in connection with  
26 which:

27 (a) Any appeal is made for any charitable purpose;

28 (b) The name of any charitable corporation, or any foreign  
29 nonprofit corporation that would be a charitable corporation if it  
30 were incorporated under this chapter, is used as an inducement for  
31 making the contribution or consummating the sale; or

32 (c) Any statement is made that implies that the whole or any part  
33 of the contribution or the proceeds from the sale will be applied  
34 toward any charitable purpose or donated to any entity organized or  
35 operated for charitable purposes.

36 (70) "State" means a state of the United States, the District of  
37 Columbia, Puerto Rico, the United States Virgin Islands, or any  
38 territory or insular possession subject to the jurisdiction of the  
39 United States, and any agency or governmental subdivision of any of  
40 the foregoing.



1 (71) "Tangible medium" means a writing, copy of a writing,  
2 facsimile, or a physical reproduction, each on paper or on other  
3 tangible material.

4 (72) "Unincorporated entity" means an entity that is not any of  
5 the following: A domestic or foreign for-profit or nonprofit  
6 corporation, an estate, a trust, a governmental subdivision, the  
7 federal government, a tribal government, a state or local government,  
8 a municipal corporation, a foreign government, or a governmental  
9 subdivision. The term includes a general partnership, limited  
10 liability company, limited partnership, cooperative association,  
11 limited cooperative association, business or statutory trust, joint  
12 stock association, and unincorporated nonprofit association.

13 (73) "Vote," "voting," or "casting a vote" includes voting  
14 occurring at a meeting; voting of members by ballot or proxy; and the  
15 giving of consent in the form of a record without a meeting by a  
16 person entitled to vote. Whether or not the person entitled to vote  
17 characterizes such conduct as voting or casting a vote, the term does  
18 not include either recording the fact of abstention or failing to  
19 vote for:

20 (a) A candidate; or

21 (b) Approval or disapproval of a matter.

22 (74) "Voting group" means one or more classes of members that  
23 under the articles, bylaws, or this chapter are entitled to vote and  
24 be counted together collectively on a matter at a meeting of members.  
25 All members entitled by the articles, bylaws, or this chapter to vote  
26 generally on that matter are for that purpose a single voting group.

27 (75) "Voting power" means the current power to vote in the  
28 election of directors or delegates, or to vote on approval of any  
29 type of fundamental transaction.

30 NEW SECTION. **Sec. 1103.** NOTICE. (1) Notice under this chapter  
31 must be in the form of a record unless this chapter or the articles  
32 or bylaws allow oral notice.

33 (2) Notice may be communicated in person or by delivery. If these  
34 forms of communication are impracticable, notice may be communicated  
35 by a newspaper of general circulation in the area where published, or  
36 by radio, television, or other form of public broadcast  
37 communication.

38 (3) Notice, other than notice described in subsection (4) of this  
39 section, is effective at the earliest of the following:

- 1 (a) When received;
- 2 (b) When left at the recipient's residence or usual place of  
3 business;
- 4 (c) Five days after its deposit in the United States mail or with  
5 a commercial delivery service, if the postage or delivery charge is  
6 paid and the notice is correctly addressed; or
- 7 (d) On the date shown on the return receipt, if sent by  
8 registered or certified mail, return receipt requested, or by  
9 commercial delivery service.
- 10 (4) Notice in the form of a record by a membership corporation to  
11 a member is effective:
- 12 (a) Five days after its deposit in the United States mail or with  
13 a commercial delivery service, if the postage or delivery charge is  
14 paid and the notice is correctly addressed to the member's address  
15 shown in the corporation's current record of members;
- 16 (b) When given, if the notice is delivered by electronic  
17 transmission to the member's address shown in the corporation's  
18 current record of members; or
- 19 (c) When given, if the notice is delivered in any other manner  
20 that the member has authorized.
- 21 (5) Notice to a domestic or registered foreign nonprofit  
22 corporation may be delivered to its registered agent or to the  
23 corporation or its secretary at its principal office shown in its  
24 most recent annual report or, in the case of a foreign corporation  
25 that has not yet delivered an annual report, in its registration  
26 statement.
- 27 (6) Where oral notice is permitted, it is effective when  
28 communicated, if communicated in a comprehensible manner.
- 29 (7) If this chapter prescribes notice requirements for particular  
30 circumstances, those requirements govern. If the articles or bylaws  
31 prescribe notice requirements, not inconsistent with this section or  
32 other provisions of this chapter, those requirements govern.
- 33 (8) With respect to electronic transmissions:
- 34 (a) Unless otherwise provided in the articles or bylaws, or  
35 otherwise agreed between the sender and the recipient, an electronic  
36 transmission is received when:
- 37 (i) It enters an electronic system that the recipient has  
38 designated or currently uses for the purpose of receiving electronic  
39 transmissions of the type sent; and
- 40 (ii) It is in a form capable of being processed by that system.

1 (b) An electronic transmission is received under (a)(i) of this  
2 subsection even if no individual is aware of its receipt.

3 (c) Receipt of an electronic acknowledgment from an electronic  
4 system described in (a)(i) of this subsection establishes that a  
5 record was received but, by itself, does not establish that the  
6 content sent corresponds to the content received, and is not  
7 necessary for the record to be received.

8 (9) A member may revoke in the form of a record a corporation's  
9 express or implied authorization to deliver notices or communications  
10 by electronic transmission to the member. Such authorization is  
11 deemed revoked with respect to a member if:

12 (a) The corporation cannot deliver two consecutive notices or  
13 other communications to the member's address shown in the  
14 corporation's current record of members; and

15 (b) The inability becomes known to the secretary or other person  
16 responsible for giving the notice or other communication; but the  
17 failure to treat the inability as a revocation does not invalidate  
18 any meeting or other action.

19 NEW SECTION. **Sec. 1104.** SERVICE ON CORPORATIONS. (1) Service  
20 upon a nonprofit corporation of any process, notice, or demand  
21 required or permitted by law may be made by serving the nonprofit  
22 corporation's registered agent.

23 (2) Service upon a nonprofit corporation made by serving the  
24 nonprofit corporation's registered agent, or service on the nonprofit  
25 corporation in the absence of a registered agent, is governed by  
26 chapter 23.95 RCW.

27 NEW SECTION. **Sec. 1105.** VENUE FOR ACTIONS. Except as provided  
28 under federal or state law or in specific provisions of this chapter,  
29 every action arising under this chapter shall be tried in, and "the  
30 court" throughout this chapter refers to, the superior court:

31 (1) In the county where the corporation's principal office in  
32 this state is located;

33 (2) If the corporation has no principal office in this state, in  
34 the county where the corporation's registered agent in this state is  
35 located;

36 (3) Of King county; or

37 (4) Of Thurston county.

1        NEW SECTION.        **Sec. 1106.**        APPLICATION TO EXISTING NONPROFIT  
2 CORPORATIONS. (1) This chapter applies to every domestic nonprofit  
3 corporation in existence on January 1, 2022, that was incorporated  
4 under chapter 24.03 RCW or filed a statement of election through  
5 which it elected to have chapter 24.03 RCW apply to it.

6        (2) Any corporation or association organized under any other  
7 chapter of Title 24 RCW may be reorganized under this chapter by  
8 adopting and filing amendments to its articles in accordance with  
9 this chapter. The articles as amended shall conform to this chapter,  
10 and shall state that the corporation accepts the benefits of and will  
11 be bound by this chapter.

12        NEW SECTION.        **Sec. 1107.**        APPLICATION TO REGISTERED FOREIGN  
13 CORPORATIONS. A foreign nonprofit corporation registered as of  
14 December 31, 2021, is subject to this chapter but is not required to  
15 obtain a new statement of registration to transact business in this  
16 state.

17        NEW SECTION.        **Sec. 1108.**        RELATIONSHIP TO PRIOR STATUTES. (1)  
18 Except as provided in subsection (2) of this section, the repeal of  
19 chapter 24.03 RCW by this act does not affect:

20        (a) The operation of the repealed chapter or any action taken  
21 under it before its repeal;

22        (b) Any ratification, right, remedy, privilege, obligation, or  
23 liability acquired, accrued, or incurred under the repealed chapter  
24 before its repeal;

25        (c) Any violation of the repealed chapter, or any penalty,  
26 forfeiture, or punishment incurred because of the violation, before  
27 its repeal; or

28        (d) Any proceeding, reorganization, or dissolution commenced  
29 under the repealed chapter before its repeal, and the proceeding,  
30 reorganization, or dissolution may be completed in accordance with  
31 the repealed chapter as if it had not been repealed.

32        (2) If a penalty or punishment imposed for violation of chapter  
33 24.03 RCW repealed by this act is reduced by this chapter, then the  
34 penalty or punishment if not already imposed shall be imposed in  
35 accordance with this chapter.



1 (iii) If the entity is in the hands of a custodian, receiver,  
2 trustee, or other court-appointed fiduciary, by that fiduciary; and

3 (d) Satisfy the requirements of any other provision of this  
4 chapter or chapter 23.95 RCW that adds to or varies any of the  
5 requirements in this section.

6 (2) A filed record may include additional information not in  
7 conflict with the requirements of subsection (1) of this section.

8 (3)(a) Whenever a provision of this chapter permits any of the  
9 terms of a plan or a filed record to be dependent on facts  
10 objectively ascertainable outside the plan or filed record, the  
11 following provisions apply:

12 (i) The plan or filed record shall set forth the manner in which  
13 the facts will operate upon the terms of the plan or filed record.

14 (ii) The facts may include:

15 (A) Any of the following that is available in a nationally  
16 recognized news or information medium either in print or  
17 electronically: Statistical or market indices, market prices of any  
18 security or group of securities, interest rates, currency exchange  
19 rates, or similar economic or financial data;

20 (B) A determination or action by any person or body, including  
21 the nonprofit corporation or any other party to a plan or filed  
22 record; or

23 (C) The terms of, or actions taken under, an agreement to which  
24 the corporation is a party, or any other agreement or record.

25 (d) As used in this subsection:

26 (i) "Filed record" means a record filed by the secretary of state  
27 under any provision of the Uniform Business Organizations Code or any  
28 provision of this chapter except sections 1801 through 1811 of this  
29 act, except an annual report filed pursuant to section 1204 of this  
30 act; and

31 (ii) "Plan" means a plan of domestication, business conversion,  
32 entity conversion, distribution, or merger.

33 NEW SECTION. **Sec. 1203.** ELECTRONIC FILINGS. Any rules  
34 governing electronic filing adopted by the secretary of state under  
35 RCW 23.95.115(2) apply to all filings required or permitted under  
36 this chapter unless such rules, this chapter, or chapter 23.95 RCW  
37 specify otherwise.

1        NEW SECTION.    **Sec. 1204.**    ANNUAL REPORT. Each domestic nonprofit  
2 corporation, and each registered foreign nonprofit corporation, shall  
3 deliver to the secretary of state for filing an annual report as  
4 required under RCW 23.95.255(2).

5        NEW SECTION.        **Sec. 1205.**        MAJOR CHANGES BY CHARITABLE  
6 CORPORATIONS. (1) A charitable corporation shall report any action  
7 described in subsection (2) of this section on the next annual report  
8 that the charitable corporation delivers to the secretary of state  
9 for filing under section 1204 of this act, except as provided in  
10 subsection (3) of this section.

11        (2) The actions that create a reporting requirement under this  
12 section are:

13        (a) Amendment of the charitable corporation's articles to include  
14 one or more purposes of the corporation substantially different from  
15 any purpose stated in the charitable corporation's articles in effect  
16 before the amendment; or

17        (b) Operation of a significant program or activity that is  
18 substantially different from both:

19        (i) Programs or activities the charitable corporation has  
20 previously operated; and

21        (ii) Programs or activities described in the most recent  
22 application for recognition of exemption from federal income tax that  
23 the charitable corporation has filed with the internal revenue  
24 service and in response to which the internal revenue service has  
25 issued a determination letter of tax-exempt status to the charitable  
26 corporation.

27        (3) A charitable corporation is not required to report actions  
28 described in subsection (2) of this section:

29        (a) If the charitable corporation was a religious corporation  
30 both before and after it took the action;

31        (b) Within the charitable corporation's first three years of  
32 existence, if all programs or activities the charitable corporation  
33 operates are consistent with the purposes set forth in the charitable  
34 corporation's articles; or

35        (c) When the charitable corporation operates a program or  
36 activity described in subsection (2)(b) of this section, if all funds  
37 expended to conduct such a program or activity are derived only from  
38 one or more of the following sources:

1 (i) Contributions or sales in response to one or more  
2 solicitations in which:

3 (A) The program or activity was clearly described; and

4 (B) A statement was made that implies that the corporation will  
5 apply any contribution, or proceeds from any sale, in connection with  
6 those solicitations toward the program or activity;

7 (ii) Admissions, performance of services, or furnishing of  
8 facilities;

9 (iii) Sales of goods not in connection with any solicitation;

10 (iv) Income from investments of the charitable corporation that  
11 is not subject to any gift restriction; or

12 (v) Revenue from any source that is recognized after the program  
13 or activity has been in continuous operation and disclosed to the  
14 general public for a period of at least three years.

15 (4) The secretary of state shall deliver to the attorney general  
16 a copy of every annual report filed by the secretary of state that  
17 includes a report described in this section.

18 NEW SECTION. **Sec. 1206.** POWERS OF SECRETARY OF STATE. The  
19 secretary of state has the powers reasonably necessary to perform the  
20 duties required by this chapter, including adoption, amendment, or  
21 repeal of rules under chapter 34.05 RCW for the efficient  
22 administration of this chapter.

23 NEW SECTION. **Sec. 1207.** FEES. The secretary of state may adopt  
24 rules in accordance with chapter 34.05 RCW setting fees for any  
25 services provided by the secretary of state under this chapter.

26 **ARTICLE 3**  
27 **INCORPORATION**

28 NEW SECTION. **Sec. 1301.** INCORPORATORS. One or more individuals  
29 may act as the incorporators of a nonprofit corporation by delivering  
30 articles of incorporation to the secretary of state for filing.  
31 Individuals acting as incorporators must be at least eighteen years  
32 old.

33 NEW SECTION. **Sec. 1302.** CORPORATE NAME. The name or any  
34 reserved name of a nonprofit corporation is governed by chapter 23.95  
35 RCW.



1        NEW SECTION.        **Sec. 1303.**        ARTICLES OF INCORPORATION. (1) The  
2 articles of incorporation shall set forth:

3        (a) A name for the nonprofit corporation that satisfies the  
4 requirements of section 1302 of this act;

5        (b) The name and address of the corporation's initial registered  
6 agent;

7        (c) That the corporation is incorporated under this chapter;

8        (d) The purpose or purposes for which the corporation is  
9 organized;

10       (e) The number of directors constituting the initial board of  
11 directors, and the names and mailing addresses of the persons who are  
12 to serve as the initial directors;

13       (f) If the corporation will have members as defined in section  
14 1102 of this act, a statement that the corporation will have members;

15       (g) The distribution of assets upon dissolution;

16       (h) The name and mailing address of each incorporator; and

17       (i) The signature of each incorporator.

18       (2) The articles of incorporation may set forth:

19       (a) A statement that the corporation has no members as defined in  
20 this chapter (whether or not the corporation uses the term "member"  
21 to define one or more classes of persons who are not members as  
22 defined in this chapter);

23       (b) The names of the initial members, if any;

24       (c) Provisions not inconsistent with law regarding:

25       (i) Managing the business and regulating the affairs of the  
26 corporation;

27       (ii) Defining, limiting, and regulating the powers of the  
28 corporation, its board of directors, and the members, if any;

29       (iii) The characteristics, qualifications, rights, limitations,  
30 and obligations attaching to each or any class of members;

31       (d) A provision permitting or making obligatory indemnification  
32 of any individual made a party to a proceeding because the individual  
33 is or was a director against liability incurred in the proceeding,  
34 subject to the limitations set forth in section 2706 of this act;

35       (e) Provisions required if the corporation is to be exempt from  
36 taxation under federal, state, or local law; or

37       (f) Any other provision that this chapter specifically permits to  
38 be set forth in the articles or bylaws.

39       (3) The articles of incorporation need not set forth any of the  
40 corporate powers enumerated in this chapter.

1 (4) Provisions of the articles may be made dependent upon facts  
2 objectively ascertainable outside the articles in accordance with  
3 section 1202(3) of this act.

4 NEW SECTION. **Sec. 1304.** EFFECTIVENESS OF INCORPORATION. (1)

5 Unless a delayed effective date is specified, the corporate existence  
6 begins on the date the articles are filed by the secretary of state.

7 (2) The filing of the articles by the secretary of state is  
8 conclusive proof that the incorporators satisfied all conditions  
9 precedent to incorporation except in a proceeding by this state to  
10 cancel or revoke the incorporation or involuntarily dissolve the  
11 nonprofit corporation.

12 NEW SECTION. **Sec. 1305.** REQUIREMENT OF REGISTERED AGENT. (1)

13 Each nonprofit corporation shall designate and maintain a registered  
14 agent in this state.

15 (2) The designation and maintenance of a nonprofit corporation's  
16 registered agent are governed by chapter 23.95 RCW.

17 NEW SECTION. **Sec. 1306.** LIABILITY FOR PREINCORPORATION  
18 TRANSACTIONS. All persons purporting to act as or on behalf of a  
19 nonprofit corporation, knowing there was no incorporation under this  
20 chapter, are jointly and severally liable for all liabilities created  
21 while so acting.

22 NEW SECTION. **Sec. 1307.** ORGANIZATION OF CORPORATIONS. (1) After  
23 incorporation:

24 (a) The initial directors shall hold an organizational meeting at  
25 the call of a majority of the initial directors to complete the  
26 organization of the nonprofit corporation by appointing officers,  
27 adopting bylaws, and carrying on any other business brought before  
28 the meeting; and

29 (b) If the initial directors resign or refuse to meet, then the  
30 incorporator or incorporators shall hold a meeting at the call of a  
31 majority of the incorporators to elect a board of directors who shall  
32 complete the organization of the corporation.

33 (2) An organizational meeting may be held in or out of this  
34 state.

35 (3) The directors or incorporators may take organizational action  
36 without a meeting if the action taken is evidenced by one or more

1 consents in the form of a record describing the action taken and  
2 executed by each director or incorporator.

3 NEW SECTION. **Sec. 1308.** BYLAWS. (1) The board shall adopt  
4 initial bylaws for the corporation.

5 (2) The bylaws may contain any provision for managing the  
6 activities and regulating the affairs of the corporation that is not  
7 inconsistent with law or the articles. Whenever a provision of the  
8 bylaws is inconsistent with a provision of the articles, the  
9 provision of the articles controls.

10 **ARTICLE 4**

11 **PURPOSES, POWERS, AND LIMITATIONS**

12 NEW SECTION. **Sec. 1401.** PURPOSES. (1) Nonprofit corporations  
13 may be organized under this chapter for the purpose of engaging in  
14 any lawful activity. A nonprofit corporation may set forth a more  
15 limited purpose or purposes in its articles.

16 (2) A charitable corporation formed on or after January 1, 2022,  
17 must be organized under this chapter, unless incorporating under this  
18 chapter is prohibited by another statute of this state.

19 (3) A corporation engaging in an activity that is subject to  
20 regulation under another statute of this state may incorporate under  
21 this chapter only if incorporating under this chapter is not  
22 prohibited by the other statute. The corporation is subject to all  
23 the limitations of the other statute. Organizations subject to any  
24 provision of the banking or insurance laws of this state may not be  
25 organized under this chapter, except that any nonprofit corporation  
26 heretofore organized under any act hereby repealed and existing for  
27 the purpose of providing health care services as defined in RCW  
28 48.44.010 or 48.46.020, as now or hereafter amended, continues to be  
29 organized under this chapter.

30 NEW SECTION. **Sec. 1402.** POWER TO MODIFY PURPOSES. (1) Unless  
31 otherwise prohibited by its articles or bylaws, a nonprofit  
32 corporation, including a charitable corporation, may modify its  
33 purposes by:

34 (a) Amending its articles or bylaws in accordance with this  
35 chapter and with those documents; and

1 (b) Making provision for any gift restrictions as defined in  
2 section 1502 of this act, either by ensuring continued adherence to  
3 those restrictions or by obtaining modification as provided in  
4 section 1503 of this act.

5 (2) A decision to modify the corporation's purposes is subject to  
6 judicial review only with respect to violations of this chapter or  
7 other applicable law.

8 NEW SECTION. **Sec. 1403.** GENERAL POWERS. Unless its articles  
9 provide otherwise, every nonprofit corporation has perpetual duration  
10 and has the same powers as an individual to do all things necessary  
11 or convenient to carry out its affairs including, without limitation,  
12 power to:

13 (1) Sue and be sued, complain and defend in its corporate name;

14 (2) Have a corporate seal, which may be altered at will, and to  
15 use it, or a facsimile of it, by impressing or affixing it or in any  
16 other manner reproducing it;

17 (3) Make and amend bylaws and policies, not inconsistent with its  
18 articles or with the laws of this state, for managing and regulating  
19 the affairs of the corporation;

20 (4) Purchase, receive, lease, or otherwise acquire, and own,  
21 hold, improve, use, and otherwise deal with, real or personal  
22 property, or any legal or equitable interest in property, wherever  
23 located;

24 (5) Sell, convey, mortgage, pledge, lease, exchange, and  
25 otherwise dispose of all or any part of its property;

26 (6) Purchase, receive, subscribe for, or otherwise acquire, own,  
27 hold, vote, use, sell, mortgage, lend, pledge, or otherwise dispose  
28 of, and deal in and with shares or other interests in, or obligations  
29 of, any other entity;

30 (7) Make contracts; make guarantees that may reasonably be  
31 expected to benefit, directly or indirectly, the guarantor  
32 corporation; incur liabilities; borrow money; issue notes, bonds, and  
33 other obligations; and secure any of its obligations by mortgage or  
34 pledge of any of its property or income;

35 (8) Lend money, invest and reinvest its funds, and receive and  
36 hold real and personal property as security for repayment, except as  
37 limited by section 2701 of this act;

1 (9) Be a promoter, partner, shareholder, member, trustee,  
2 associate, or manager of any partnership, joint venture, trust, or  
3 other entity;

4 (10) Conduct its activities, locate offices, and exercise the  
5 powers granted by this chapter within or without this state;

6 (11) Elect directors and appoint officers, employees, and agents  
7 of the corporation, define their duties, fix their compensation, and  
8 lend them money and credit, except as limited by sections 2701 and  
9 2702 of this act;

10 (12) Pay pensions and establish pension plans, pension trusts,  
11 and benefit or incentive plans for any or all of its current or  
12 former directors, officers, employees, and agents, except as limited  
13 by section 2702 of this act;

14 (13) Make donations for charitable purposes;

15 (14) Impose dues, assessments, admission, and transfer fees on  
16 its members;

17 (15) Establish conditions for admission or removal of members,  
18 admit or remove members, and issue memberships;

19 (16) Carry on a business, and, subject to the requirements of  
20 sections 1406 and 2702 of this act, make net profits and accumulate  
21 reserves; and

22 (17) Make payments or donations, or do any other acts, not  
23 inconsistent with law, that further the purposes, activities, and  
24 affairs of the corporation.

25 NEW SECTION. **Sec. 1404.** EMERGENCY POWERS. (1) For purposes of  
26 this section, an emergency exists if a quorum of the directors cannot  
27 readily be assembled because of some catastrophic event. A  
28 catastrophic event is a sudden, natural or man-made situation where  
29 rapid change or destruction has occurred that has limited normal  
30 functions in daily living including communications and travel.

31 (2) In anticipation of and for the duration of an emergency, the  
32 board of a nonprofit corporation may:

33 (a) Modify lines of succession to accommodate the incapacity of  
34 any director, officer, employee, or agent; and

35 (b) Take those actions necessary to preserve the corporation and  
36 ensure that it acts in accordance with its purposes.

37 (3) During an emergency, unless the articles or bylaws provide  
38 otherwise:

1 (a) Notice of a meeting of the board need be given only to those  
2 directors it is practicable to reach and may be given in any  
3 practicable manner;

4 (b) The quorum required under section 2504 of this act or the  
5 articles or bylaws need not be established at such a meeting; and

6 (c) One or more officers of the nonprofit corporation present at  
7 a meeting of the board may be deemed to be directors for purposes of  
8 the meeting.

9 (4) In anticipation of and for the duration of an emergency, any  
10 meeting of the membership or of the board of directors may be  
11 conducted through one or more means of remote communication through  
12 which members or directors not physically present may simultaneously  
13 participate with each other during the meeting, notwithstanding any  
14 provision of the articles or bylaws that provides otherwise. A member  
15 or director participating in a meeting through such means in  
16 anticipation of and for the duration of an emergency is considered  
17 present in person at the meeting.

18 (5) Corporate action taken in good faith during an emergency to  
19 further the purposes and the ordinary affairs of the nonprofit  
20 corporation:

21 (a) Binds the corporation; and

22 (b) May not be used to impose liability on a director, officer,  
23 employee, or agent.

24 NEW SECTION. **Sec. 1405.** ULTRA VIRES ACTION. (1) Except as  
25 provided in subsection (2) of this section, the validity of corporate  
26 action may not be challenged on the ground that the nonprofit  
27 corporation lacks or lacked power to act.

28 (2) The power of a nonprofit corporation to act may be  
29 challenged:

30 (a) In a proceeding by the corporation, directly or through a  
31 receiver, trustee, or other legal representative, against an  
32 incumbent or former director, officer, employee, or agent of the  
33 corporation; or

34 (b) In a proceeding by the attorney general under section 3605 of  
35 this act.

36 NEW SECTION. **Sec. 1406.** DISTRIBUTIONS PROHIBITED. (1) A  
37 nonprofit corporation shall not distribute any property held for  
38 charitable purposes to its members, directors, officers, or other

1 persons who are in a position to exercise substantial influence over  
2 the affairs of the corporation, except:

3 (a) As permitted under section 1407 of this act;

4 (b) To another entity that is a charitable corporation or is  
5 organized and operated exclusively for one or more charitable  
6 purposes; or

7 (c) To the federal government, a tribal government, or a state or  
8 local government for a public purpose.

9 (2) A nonprofit corporation shall not pay dividends or make  
10 distributions of any part of its assets, income, or profits to its  
11 members, directors, officers, or other persons who are in a position  
12 to exercise substantial influence over the affairs of the  
13 corporation, except as permitted under:

14 (a) Subsection (1)(b) or (c) of this section;

15 (b) Subsection (3) of this section;

16 (c) Section 1407 of this act; or

17 (d) Section 3502 of this act.

18 (3) A nonprofit corporation other than a charitable corporation  
19 may confer benefits upon or make transfers to members or nonmembers  
20 in conformity with its purposes, repurchase its memberships only to  
21 the extent provided in section 2114 of this act, or repay capital  
22 contributions, subject to the following conditions:

23 (a) Property held for charitable purposes may not be used to  
24 confer benefits upon or make transfers to members or nonmembers,  
25 repurchase memberships, or repay capital contributions;

26 (b) The nonprofit corporation may not be insolvent, and conferral  
27 of benefits, making of transfers, repurchase of memberships, or  
28 repayment of capital contributions shall not render the corporation  
29 insolvent or unable to carry out its purposes; and

30 (c) The fair value of the corporation's assets remaining after  
31 the conferring of benefits, making of transfers, repurchase, or  
32 repayment must be sufficient to meet the corporation's liabilities.

33 NEW SECTION. **Sec. 1407.** REASONABLE COMPENSATION PERMITTED. A  
34 nonprofit corporation, including a charitable corporation, may pay  
35 reasonable compensation to members, directors, or officers for  
36 services rendered, or reimburse reasonable expenses incurred by  
37 members, directors, or officers in connection with services rendered.

1        NEW SECTION.    **Sec. 1408.**    PROPERTY HELD FOR CHARITABLE PURPOSES.

2        (1) Property owned by a nonprofit corporation is held for charitable  
3 purposes if:

4            (a) The corporation is a charitable corporation;

5            (b) The property is subject to restrictions contained in a gift  
6 instrument that limit its use only to one or more charitable  
7 purposes; or

8            (c) The property is subject to restrictions contained in the  
9 corporation's articles, bylaws, or any record adopted by the  
10 corporation's board, or to other limitations in the form of a record,  
11 that limit its use only to one or more charitable purposes.

12        (2) In no event may property held for charitable purposes be  
13 distributed in a manner inconsistent with sections 1406, 3404, or  
14 3502 of this act.

15        NEW SECTION.    **Sec. 1409.**    DEBT AND SECURITY INTERESTS. (1) A

16 nonprofit corporation shall not issue bonds or other evidences of  
17 indebtedness except for cash or other property, tangible or  
18 intangible, or labor or services actually received by or performed  
19 for the corporation or for its benefit or in its formation or  
20 reorganization, or a combination thereof.

21        (2) The board may authorize a mortgage or pledge of, or the  
22 creation of a security interest in, all or any part of the property  
23 of the nonprofit corporation, or any interest therein. Unless  
24 otherwise provided in the articles or bylaws, the vote or consent of  
25 the members is not required to make effective such an action by the  
26 board.

27        NEW SECTION.    **Sec. 1410.**    PRIVATE FOUNDATIONS. (1) Except as

28 provided in subsection (2) of this section, a nonprofit corporation  
29 that is a private foundation as defined in section 509(a) of the  
30 Internal Revenue Code shall:

31            (a) Distribute sufficient amounts for each taxable year at a time  
32 and in a manner so as not to subject the corporation to tax under  
33 section 4942 of the Internal Revenue Code;

34            (b) Not engage in any act of self-dealing as defined in section  
35 4941(d) of the Internal Revenue Code;

36            (c) Not retain any excess business holdings as defined in section  
37 4943(c) of the Internal Revenue Code;



1 (d) Not make any investments in a manner that subjects the  
2 corporation to tax under section 4944 of the Internal Revenue Code;  
3 and

4 (e) Not make any taxable expenditures as defined in section  
5 4945(d) of the Internal Revenue Code.

6 (2) Subsection (1) of this section does not apply to a nonprofit  
7 corporation incorporated before January 1, 1970, that has been  
8 properly relieved from the requirements of section 508(e)(1) of the  
9 Internal Revenue Code by a timely judicial proceeding.

## 10 **ARTICLE 5**

### 11 **GIFT RESTRICTIONS**

12 NEW SECTION. **Sec. 1501.** UNRESTRICTED GIFTS. Giving a gift to a  
13 nonprofit corporation, including a charitable corporation, without a  
14 gift instrument transfers complete ownership of the gift to the  
15 nonprofit corporation. A restricted gift to a nonprofit corporation  
16 is created only by a gift instrument.

17 NEW SECTION. **Sec. 1502.** RESTRICTED GIFTS. (1) This section  
18 distinguishes between:

19 (a) Enforceable trusts held by a nonprofit corporation, including  
20 a charitable corporation, governed under chapter 11.110 RCW; and

21 (b) Gift restrictions whose terms may be enforced and are subject  
22 to modification under this chapter or other applicable law.

23 (2) A gift to a nonprofit corporation, including a charitable  
24 corporation, does not create a charitable trust unless:

25 (a) The donor expresses an intent to create a charitable trust;  
26 and

27 (b) The trustee, which may be a charitable corporation, agrees in  
28 the form of a record to act as trustee of that trust according to its  
29 terms.

30 (3) Giving a gift to a nonprofit corporation, including a  
31 charitable corporation, that is: (a) Accepted by the corporation; (b)  
32 not in trust; and (c) subject to material restrictions or  
33 requirements contained in a gift instrument transfers complete  
34 ownership to the nonprofit corporation. The nonprofit corporation is  
35 bound by the material restrictions or requirements contained in the  
36 gift instrument.

1 (4) A nonprofit corporation complies with a term contained in a  
2 gift instrument if the nonprofit corporation reasonably complies with  
3 all material restrictions or requirements contained in the term, or,  
4 when appropriate under the facts and circumstances, seeks  
5 modification in accordance with section 1503 of this act.

6 (5) If the nonprofit corporation fails to comply with any  
7 material restriction or requirement contained in a gift instrument  
8 and fails to seek a modification in accordance with section 1503 of  
9 this act, then the attorney general may bring a proceeding to enforce  
10 the terms of the gift instrument.

11 NEW SECTION. **Sec. 1503.** MODIFICATION OR RELEASE OF GIFT  
12 RESTRICTIONS. (1) A term of a gift instrument that binds a nonprofit  
13 corporation may be modified or released, in whole or in part:

14 (a) If the donor consents in a record;

15 (b) As set forth in subsection (2) of this section, if the term  
16 is unlawful, impracticable, impossible to achieve, or wasteful;

17 (c) For gift instruments limiting the use of property to one or  
18 more charitable purposes, through a binding agreement executed by the  
19 nonprofit corporation, the attorney general, and other interested  
20 parties, and filed with or approved by the court in accordance with  
21 section 1504 of this act;

22 (d) By approval of the court in accordance with section 1505 of  
23 this act; or

24 (e) As provided by other applicable law including, but not  
25 limited to, chapter 24.55 RCW.

26 (2) If a nonprofit corporation, including a charitable  
27 corporation, determines that a restriction contained in a gift  
28 instrument on the management, investment, or purpose of a gift is  
29 unlawful, impracticable, impossible to achieve, or wasteful, then the  
30 nonprofit corporation, sixty days after notification to the attorney  
31 general, may modify the restriction, in whole or part, if:

32 (a) The gift subject to the restriction has a total value  
33 consistent with RCW 24.55.045(4)(a) or any successor provision;

34 (b) More than twenty years have elapsed since the gift was given;  
35 and

36 (c) The nonprofit corporation uses the gift in a manner  
37 consistent with any charitable purposes expressed in the gift  
38 instrument.

1 (3) Application of sections 1501 through 1506 of this act to  
2 existing gifts:

3 (a) Before January 1, 2023, sections 1501 through 1506 of this  
4 act apply to gifts existing on December 31, 2021, only if the  
5 nonprofit corporation's board elects to apply sections 1501 through  
6 1506 of this act to existing gifts before January 1, 2023.

7 (b) On or after January 1, 2023, sections 1501 through 1506 of  
8 this act apply to all gifts.

9 (c) As applied to gifts existing on December 31, 2021, sections  
10 1501 through 1506 of this act govern only decisions made or actions  
11 taken on or after January 1, 2023, except that in the case of a  
12 nonprofit corporation that makes the election under (a) of this  
13 subsection sections 1501 through 1506 of this act govern decisions  
14 made or actions taken on or after the date the nonprofit corporation  
15 elects to be covered by sections 1501 through 1506 of this act.

16 NEW SECTION. **Sec. 1504.** BINDING AGREEMENT TO MODIFY OR RELEASE  
17 RESTRICTIONS. (1) If a gift instrument limits the use of the gift to  
18 one or more charitable purposes, and the conditions set forth in  
19 subsection (3) or (4) of this section are satisfied, then the gift  
20 instrument may be modified by agreement of the nonprofit corporation,  
21 the attorney general, and all other interested parties.

22 (2) For purposes of this section, an "interested party" does not  
23 include:

24 (a) The donor; or

25 (b) Any member of any charitable class that the gift would  
26 benefit, either before or after the modifications to be made by the  
27 agreement.

28 (3) A restriction related to a gift's management or investment  
29 may be modified by an agreement described in subsection (1) of this  
30 section if:

31 (a) Because of circumstances not anticipated by the donor,  
32 modification will further the charitable purpose of the gift;

33 (b) Enforcement of the restriction has become impracticable or  
34 wasteful; or

35 (c) Enforcement of the restriction impairs the management or  
36 investment of the gift.

37 (4) A restriction on the use of a gift relating to the gift's  
38 charitable purpose, rather than its management or investment, may be  
39 modified by an agreement described in subsection (1) of this section

1 if the purpose becomes unlawful, impracticable, impossible to  
2 achieve, or wasteful.

3 (5) An agreement described in subsection (1) of this section  
4 must:

5 (a) Be in writing and executed by all of the parties;

6 (b) Be binding and conclusive on the nonprofit corporation and  
7 all other parties with a beneficial interest in the gift;

8 (c) Identify the gift instrument and the term or terms of the  
9 gift instrument that it modifies;

10 (d) Describe completely the modifications that it would make;

11 (e) Set forth the reasons why the modifications would comply with  
12 subsection (3) or (4) of this section; and

13 (f) State changes to the charitable purposes to which the use of  
14 the gift is limited, if any, resulting from the modifications.

15 (6) The nonprofit corporation or its legal representative may  
16 file the executed agreement with the court within thirty days of the  
17 agreement's execution by all parties. Upon filing of the executed  
18 agreement with the court:

19 (a) The agreement becomes effective and equivalent to a final  
20 court order binding on the nonprofit corporation and all other  
21 parties with a beneficial interest in the use of the gift, and

22 (b) The modifications are deemed approved by the court, and have  
23 the same effect as if the court ordered them pursuant to section 1505  
24 of this act.

25 (7) The nonprofit corporation or its legal representative may, as  
26 an alternative to the procedure described in subsection (6) of this  
27 section, petition the court for a hearing for presentation of an  
28 agreement entered under this section to the court within twenty-one  
29 days of the agreement's execution by all parties. The nonprofit  
30 corporation shall (a) provide notice of the time and date of the  
31 hearing to each party to the agreement unless that party has waived  
32 notice in the form of a record, and (b) file proof of mailing or  
33 delivery of the notice or waiver with the court. At the hearing, the  
34 court shall review the agreement on behalf of all the parties. The  
35 court shall determine whether the agreement adequately represents and  
36 protects the interests of the parties and the public interest, and  
37 enter an order declaring its determination. If the court determines  
38 that the agreement does not adequately represent and protect those  
39 interests, then the agreement is void.



1        NEW SECTION.     **Sec. 1601.**     CORPORATE RECORDS. (1) A nonprofit  
2 corporation shall keep permanently a copy of the following records:

3        (a) Minutes of all meetings of its members and of its board of  
4 directors;

5        (b) A record of all actions taken by the members and board of  
6 directors by unanimous written consent; and

7        (c) A record of all actions taken on behalf of the corporation by  
8 a committee of the board.

9        (2) A nonprofit corporation shall keep a current copy of the  
10 following records:

11       (a) Its articles of incorporation or restated articles of  
12 incorporation and all amendments to them currently in effect;

13       (b) Its bylaws or restated bylaws and all amendments to them  
14 currently in effect;

15       (c) All communications in the form of a record to members  
16 generally within the past six years, including the financial  
17 statements furnished for the past six years under section 1604 of  
18 this act;

19       (d) A list of the names and business addresses of its current  
20 directors and officers; and

21       (e) Its most recent annual report delivered to the secretary of  
22 state under section 1204 of this act.

23       (3) A nonprofit corporation shall maintain appropriate accounting  
24 records.

25       (4) A membership corporation or its agent shall maintain a record  
26 of its members, in a form that permits preparation of a list of the  
27 names and addresses of all members, in alphabetical order by class,  
28 showing the number of votes each member is entitled to cast.

29       (5) A nonprofit corporation shall maintain its records in written  
30 form or in any other form of a record.

31       (6) All records required to be maintained by a nonprofit  
32 corporation may be maintained at any location within or without this  
33 state.

34       NEW SECTION.     **Sec. 1602.**     INSPECTION BY MEMBERS. (1) A member of  
35 a nonprofit corporation may inspect and copy, during regular business  
36 hours at a reasonable location specified by the corporation, any of  
37 the records the corporation is required to maintain under section  
38 1601(2) of this act, if the member delivers to the corporation an  
39 executed notice in the form of a record at least five business days

1 before the date on which the member wishes to inspect and copy the  
2 records.

3 (2) Subject to the limitations set forth in subsections (3) and  
4 (4) of this section, a member of a nonprofit corporation may inspect  
5 and copy, during regular business hours at a reasonable location  
6 specified by the corporation, any of the following records of the  
7 corporation, if the member delivers to the corporation an executed  
8 notice in the form of a record at least five business days before the  
9 date on which the member wishes to inspect and copy the records:

10 (a) Excerpts from those minutes and records required to be  
11 maintained under section 1601(1) of this act;

12 (b) Accounting records of the corporation described in section  
13 1601(3) of this act; and

14 (c) Subject to section 1607 of this act, the membership list  
15 described in section 1601(4) of this act.

16 (3) A nonprofit corporation may withhold from inspection under  
17 this section:

18 (a) Those portions of records that contain information protected  
19 by the attorney-client privilege or related work product;

20 (b) The address of any member who is known to the corporation to  
21 be a participant in the address confidentiality program described in  
22 chapter 40.24 RCW or any similar program established by law;

23 (c) Those portions of records, which, if disclosed, would be  
24 reasonably likely to result in harm to the corporation or a third  
25 party, such as disciplinary actions involving nondirector members,  
26 identities of job applicants, discussions of strategic acquisitions,  
27 records that are required to be kept confidential under obligations  
28 to a third party, etc.; or

29 (d) Any information that a nonprofit corporation is required to  
30 keep confidential under any other law.

31 (4) A member may inspect and copy the records described in  
32 subsection (2) of this section only if the:

33 (a) Member's demand is made in good faith and for a proper  
34 purpose;

35 (b) Member describes with reasonable particularity the purpose  
36 and the records the member desires to inspect;

37 (c) Member agrees in the form of a record to reasonable  
38 restrictions required by the board on the use or distribution of the  
39 records; and

40 (d) Records are directly connected with this purpose.

1 (5) The right of inspection granted by this section may not be  
2 abolished or limited by a nonprofit corporation's articles or bylaws.

3 (6) This section does not affect the:

4 (a) Right of a member to inspect records as part of discovery in  
5 connection with litigation; or

6 (b) Power of any court of competent jurisdiction, independently  
7 of this chapter, to compel the production of corporate records for  
8 examination.

9 NEW SECTION. **Sec. 1603.** SCOPE OF MEMBER'S INSPECTION RIGHT. (1)  
10 A member's agent or attorney has the same inspection and copying  
11 rights as the member represented.

12 (2) The right to copy records under section 1602 of this act  
13 includes, if reasonable, the right to receive copies. Copies may be  
14 provided through electronic transmission unless the member requests  
15 otherwise in the form of a record.

16 (3) The nonprofit corporation may comply with a member's demand  
17 to inspect and copy the list of members under section 1602(2)(c) of  
18 this act by providing the member for a reasonable charge as described  
19 in subsection (4) of this section with a list of members that was  
20 compiled no earlier than the date of the member's demand.

21 (4) The nonprofit corporation shall provide a copy of its  
22 articles and bylaws at no cost to a member on request. The nonprofit  
23 corporation may impose a reasonable charge, covering the costs of  
24 labor and material, for copies of any other documents provided to the  
25 member. The charge may not exceed the estimated cost of production,  
26 reproduction, or transmission of the records.

27 NEW SECTION. **Sec. 1604.** FINANCIAL STATEMENTS FOR MEMBERS. (1)  
28 Except as provided in the articles or bylaws of a nonprofit  
29 corporation engaged in religious activity, upon a demand in the form  
30 of a record from a member, a corporation shall furnish that member  
31 with its latest annual financial statements, which may be  
32 consolidated or combined statements of the corporation and one or  
33 more of its subsidiaries, as appropriate, that include a balance  
34 sheet as of the end of the fiscal year and a statement of operations  
35 for the year. If financial statements are prepared for the  
36 corporation on the basis of generally accepted accounting principles,  
37 then the annual financial statements must also be prepared on that  
38 basis.



1 (2) If the annual financial statements are reported upon by a  
2 certified public accountant, then the accountant's report shall  
3 accompany them. If not, then the statements must be accompanied by a  
4 statement of the president or the person responsible for the  
5 nonprofit corporation's accounting records:

6 (a) Stating the reasonable belief of the president or other  
7 person as to whether the statements were prepared on the basis of  
8 generally accepted accounting principles and, if not, describing the  
9 basis of preparation; and

10 (b) Describing any respects in which the statements were not  
11 prepared on a basis of accounting consistent with the statements  
12 prepared for the preceding year.

13 NEW SECTION. **Sec. 1605.** COURT-ORDERED INSPECTION. (1) If a  
14 nonprofit corporation does not allow a member who complies with  
15 section 1602(1) of this act to inspect and copy any records required  
16 by that subsection to be available for inspection, then the court may  
17 summarily order inspection and copying of the records demanded at the  
18 corporation's expense upon application of the member.

19 (2) If a nonprofit corporation does not within a reasonable time  
20 allow a member to inspect and copy any other record to which the  
21 member is entitled under section 1602(2) of this act, then the member  
22 who complies with section 1602 (3) and (4) of this act may apply to  
23 the court for an order to permit inspection and copying of the  
24 records demanded. The court may inspect the records in question *in*  
25 *camera* and determine the extent of required disclosure, if any, in  
26 light of section 1602 of this act. In making that determination, the  
27 court shall consider the probability and extent of potential harm to  
28 the corporation or any third party that may result from inspection,  
29 and the probability and extent of benefit to the corporation or the  
30 member.

31 (3) If the court orders inspection and copying of the records  
32 demanded, then it shall also order the nonprofit corporation to pay  
33 the member's costs, including reasonable attorneys' fees, incurred to  
34 obtain the order, unless the corporation proves that it refused  
35 inspection in good faith because it had a reasonable basis for doubt  
36 about the right of the member to inspect the records demanded. If the  
37 court denies the majority of the request for inspection and copying,  
38 it may order the member to pay part or all of the nonprofit  
39 corporation's costs, including reasonable attorneys' fees.

1 (4) If the court orders inspection and copying of the records  
2 demanded, then it may impose reasonable restrictions on the use or  
3 distribution of the records by the demanding member.

4 NEW SECTION. **Sec. 1606.** INSPECTION BY DIRECTORS. (1) A director  
5 of a nonprofit corporation may inspect and copy the books, records,  
6 and documents of the corporation at any reasonable time to the extent  
7 reasonably related to the performance of the director's duties as a  
8 director, including duties as a member of a committee, but not for  
9 any other purpose or in any manner that would violate any duty to the  
10 corporation or law other than this chapter.

11 (2) The court may order inspection and copying of the books,  
12 records, and documents at the corporation's expense, upon application  
13 of a director who has been refused the inspection rights set out in  
14 subsection (1) of this section, unless the corporation establishes  
15 that the director is not entitled to those inspection rights.

16 (3) If an order is issued, then the court may include provisions  
17 protecting the nonprofit corporation from undue burden or expense,  
18 and prohibiting the director from using information obtained upon  
19 exercise of the inspection rights in a manner that would violate a  
20 duty to the corporation, and may also order the corporation to  
21 reimburse the director for the director's costs, including reasonable  
22 attorneys' fees, incurred in connection with the application.

23 NEW SECTION. **Sec. 1607.** USE OF MEMBERSHIP LIST. (1) Without the  
24 consent of the board, a membership list or any part thereof may not  
25 be obtained or used by any person for any purpose unrelated to a  
26 member's interest as a member. Without limiting the generality of the  
27 foregoing, without the consent of the board, a membership list or any  
28 part thereof may not be:

29 (a) Used to solicit cash or other property unless the cash or  
30 other property will be used solely to solicit the votes of the  
31 members in an election to be held by the nonprofit corporation;

32 (b) Used for any commercial purpose; or

33 (c) Sold to or purchased by any person.

34 (2) Instead of making a membership list available for inspection  
35 and copying under sections 1601 through 1607 of this act, a nonprofit  
36 corporation may elect to proceed under the procedures set forth in  
37 section 2304(6) of this act.

1 **ARTICLE 7**

2 **PUBLIC BENEFIT CORPORATIONS**

3 NEW SECTION. **Sec. 1701.** PUBLIC BENEFIT DESIGNATION. (1) There  
4 is hereby established the special designation of "public benefit  
5 nonprofit corporation." A corporation may be designated as a public  
6 benefit nonprofit corporation if it meets the following requirements:

7 (a) The corporation complies with this chapter; and

8 (b) The corporation is currently recognized by the internal  
9 revenue service as an organization described in section 501(c)(3) of  
10 the Internal Revenue Code or is exempt from applying for that  
11 recognition under section 508(c) of the Internal Revenue Code.

12 (2) A temporary designation as a public benefit nonprofit  
13 corporation may be provided to a corporation that has applied to the  
14 internal revenue service for recognition of its status as an  
15 organization described in section 501(c)(3) of the Internal Revenue  
16 Code. The temporary designation is valid for up to one year and may  
17 be renewed at the discretion of the secretary of state.

18 (3) Designation of a corporation as a public benefit nonprofit  
19 corporation does not alter the applicability to the corporation of  
20 any other provision of this chapter.

21 NEW SECTION. **Sec. 1702.** APPLICATION AND RENEWAL. (1) The  
22 secretary of state shall develop an application process for new and  
23 existing corporations to apply for public benefit nonprofit  
24 corporation status.

25 (2) Public benefit nonprofit corporation status must be renewed  
26 annually. The secretary of state may schedule renewals in conjunction  
27 with the corporation's annual report.

28 NEW SECTION. **Sec. 1703.** REMOVAL OF STATUS. The secretary of  
29 state may remove a corporation's public benefit nonprofit corporation  
30 designation if the corporation does not comply with this chapter or  
31 the internal revenue service revokes recognition of the corporation's  
32 status as an organization described in section 501(c)(3) of the  
33 Internal Revenue Code.

34 **ARTICLE 8**

35 **FOREIGN CORPORATIONS**

1        NEW SECTION.    **Sec. 1801.**    REGISTRATION TO DO BUSINESS. A foreign  
2 nonprofit corporation may not do business in this state until it  
3 registers with the secretary of state pursuant to chapter 23.95 RCW.

4        NEW SECTION.    **Sec. 1802.**    EFFECT OF REGISTRATION. (1) A foreign  
5 nonprofit corporation with a valid foreign registration statement has  
6 the same but no greater rights and has the same but no greater  
7 privileges as, and except as provided by this chapter is subject to  
8 the same duties, restrictions, penalties, and liabilities now or  
9 later imposed on, a domestic nonprofit corporation of like character.

10        (2) This chapter does not authorize this state to regulate the  
11 organization or internal affairs of a registered foreign nonprofit  
12 corporation.

13        (3) For those corporations that have a certificate of authority,  
14 are applying for, or intend to apply for a certificate of authority  
15 from the insurance commissioner as an insurance company under chapter  
16 48.05 RCW, whenever under this chapter corporate records are required  
17 to be delivered to the secretary of state for filing, the records  
18 must be delivered to the insurance commissioner rather than the  
19 secretary of state.

20        NEW SECTION.    **Sec. 1803.**    NAME OF FOREIGN CORPORATION. (1) The  
21 name of a registered foreign nonprofit corporation, any name reserved  
22 by a registered foreign nonprofit corporation, or any alternate name  
23 adopted under RCW 23.95.525 is governed by chapter 23.95 RCW.

24        (2) A foreign nonprofit corporation not registered to do business  
25 in this state may register its name, or an alternate name adopted  
26 pursuant to RCW 23.95.525, under RCW 23.95.315.

27        NEW SECTION.    **Sec. 1804.**    REGISTERED AGENT OF FOREIGN  
28 CORPORATION. (1) Each registered foreign nonprofit corporation in  
29 this state shall designate and maintain a registered agent in this  
30 state.

31        (2) The designation and maintenance of a foreign nonprofit  
32 corporation's registered agent are governed by chapter 23.95 RCW.

33        NEW SECTION.    **Sec. 1805.**    SERVICE ON FOREIGN CORPORATION. (1) A  
34 registered foreign nonprofit corporation may be served with any  
35 process, notice, or demand required or permitted by law by serving  
36 its registered agent.

1 (2) Service upon a registered foreign nonprofit corporation made  
2 by serving its registered agent, or service on the registered foreign  
3 nonprofit corporation in the absence of a registered agent, is  
4 governed by chapter 23.95 RCW.

5 NEW SECTION. **Sec. 1806.** WITHDRAWAL OF REGISTRATION. A  
6 registered foreign nonprofit corporation may withdraw its  
7 registration by delivering a statement of withdrawal to the secretary  
8 of state for filing under RCW 23.95.530.

9 NEW SECTION. **Sec. 1807.** WITHDRAWAL UPON CONVERSION OR  
10 DISSOLUTION. (1) A registered foreign nonprofit corporation that  
11 converts to any type of domestic entity automatically is deemed to  
12 have withdrawn its registration on the effective date of the  
13 conversion.

14 (2) A registered foreign nonprofit corporation that has dissolved  
15 and completed winding up or has converted to a domestic or foreign  
16 entity not required to register under chapter 23.95 RCW or other law  
17 of this state shall deliver a statement of withdrawal to the  
18 secretary of state for filing under RCW 23.95.540.

19 (3) After the withdrawal of a foreign nonprofit corporation under  
20 this section is effective, service of process in any action or  
21 proceeding based on a cause of action arising during the time the  
22 foreign nonprofit corporation was registered to do business in this  
23 state may be made pursuant to RCW 23.95.450.

24 NEW SECTION. **Sec. 1808.** AMENDMENT TO REGISTRATION UPON  
25 CONVERSION. A registered foreign nonprofit corporation that converts  
26 to a foreign for-profit corporation or to any form of foreign  
27 unincorporated entity that is required to register with the secretary  
28 of state to do business in this state shall deliver to the secretary  
29 of state for filing an amendment to its foreign registration  
30 statement under RCW 23.95.515.

31 NEW SECTION. **Sec. 1809.** TRANSFER OF REGISTRATION. (1) If a  
32 registered foreign nonprofit corporation merges into a nonregistered  
33 foreign entity or converts to a different type of foreign entity  
34 required to register to do business in this state, the foreign entity  
35 shall deliver to the secretary of state for filing an application for  
36 transfer of registration under RCW 23.95.545.

1 (2) If a registered foreign nonprofit corporation is a party to a  
2 statutory merger permitted by the laws of the jurisdiction where it  
3 is incorporated, and the corporation is the surviving corporation, it  
4 is not necessary for the corporation to register to do business or to  
5 amend its registration unless the corporation's name is changed.

6 NEW SECTION. **Sec. 1810.** TERMINATION OF REGISTRATION. The  
7 secretary of state may terminate the registration of a registered  
8 foreign nonprofit corporation under RCW 23.95.550:

9 (1) For any reason set forth in RCW 23.95.550(1);

10 (2) If the secretary of state receives a duly authenticated  
11 certificate from the secretary of state or other official having  
12 custody of corporate records in the state or country under whose law  
13 the foreign corporation is incorporated stating that it has been  
14 dissolved or did not survive a merger; or

15 (3) If the corporation has continued to exceed or abuse the  
16 authority conferred upon it by this chapter.

17 NEW SECTION. **Sec. 1811.** JUDICIAL REVIEW OF TERMINATION. (1) A  
18 foreign nonprofit corporation may appeal the secretary of state's  
19 termination of its registration to the superior court of Thurston  
20 county within ninety days after service of the statement of  
21 termination is perfected. The foreign nonprofit corporation shall  
22 appeal by petitioning the court to set aside the termination and  
23 attaching to the petition copies of its statement of registration and  
24 the secretary of state's statement of termination.

25 (2) The court may summarily order the secretary of state to  
26 reinstate the registration or may take any other action the court  
27 considers appropriate.

28 (3) The court's final decision may be appealed as in other civil  
29 proceedings.

30 **PART II**  
31 **GOVERNANCE**  
32 **ARTICLE 1**

33 **MEMBERS AND MEMBERSHIPS**

34 NEW SECTION. **Sec. 2101.** MEMBERS. (1) A nonprofit corporation  
35 may have one or more classes of members or may have no members.

1 (2) For corporations formed on or after January 1, 2022,  
2 notwithstanding anything to the contrary in the bylaws, where the  
3 articles of a nonprofit corporation do not provide that it has  
4 members, the nonprofit corporation does not have members.

5 (3) For organizations formed before January 1, 2022, where the  
6 articles of a nonprofit corporation do not provide that it has  
7 members, the corporation has members only if the bylaws:

8 (a) Provide that the corporation has members; and

9 (b) Provide that members of at least one class have the right to  
10 select or vote for the election of directors or delegates or to vote  
11 on at least one type of fundamental transaction.

12 (4) Where a nonprofit corporation does not have members under  
13 this section, or where a corporation has no members entitled to vote  
14 on a given matter, any provision of this chapter or any other  
15 provision of law requiring notice to, the presence of, or the vote,  
16 consent, or other action by members in connection with that matter is  
17 satisfied by notice to, the presence of, or the vote, consent, or  
18 other action by the board.

19 NEW SECTION. **Sec. 2102.** SCOPE OF MEMBERSHIP. A person is not a  
20 member of a nonprofit corporation for purposes of any provision of  
21 this chapter unless the person meets the definition of "member" in  
22 section 1102 of this act, regardless of whether the corporation  
23 refers to or designates the person as a member.

24 NEW SECTION. **Sec. 2103.** ADMISSION OF MEMBERS. (1) The articles  
25 or bylaws of a membership corporation may establish criteria or  
26 procedures for admission of members.

27 (2) A person may not be admitted as a member without the person's  
28 consent. Consent may be express or implied and need not be in the  
29 form of a record.

30 (3) If a membership corporation provides certificates of  
31 membership to the members, then the certificates shall not be  
32 registered or transferable except as provided in the articles or  
33 bylaws or by resolution of the board.

34 NEW SECTION. **Sec. 2104.** CONSIDERATION FOR ADMISSION. Except as  
35 provided in its articles or bylaws, a membership corporation may  
36 admit members for no consideration or for consideration determined by  
37 the board, which may take any form, including promissory notes,

1 intangible property, or past or future services. Payment of the  
2 consideration may be made at those times and upon those terms as are  
3 set forth in or authorized by the articles, bylaws, or a resolution  
4 of the board.

5 NEW SECTION. **Sec. 2105.** CAPITAL CONTRIBUTIONS. (1) A membership  
6 corporation that is not a charitable corporation may provide in its  
7 articles or bylaws that members, upon or after admission, shall make  
8 capital contributions. Except as provided in the articles or bylaws,  
9 the board shall fix the amount. The requirement of a capital  
10 contribution may apply to all members, or to the members of a single  
11 class, or to members of different classes in different amounts or  
12 proportions.

13 (2) The adoption or amendment of a capital contribution  
14 requirement, whether or not approved by the members, shall not apply  
15 to, or be an obligation of, a member who did not vote in favor of the  
16 adoption or amendment until thirty days after the member has been  
17 given notice of the adoption or amendment.

18 NEW SECTION. **Sec. 2106.** RIGHTS AND OBLIGATIONS. (1) The members  
19 of a membership corporation have only those rights, privileges,  
20 powers, or obligations specifically given or assigned to members in  
21 the articles, the bylaws, or section 2313 of this act.

22 (2) A member shall not have the right to vote on any matter  
23 unless the articles, the bylaws, or section 2313(1) of this act  
24 provides expressly that the class of members to which that member  
25 belongs has the right to vote on that particular matter.

26 NEW SECTION. **Sec. 2107.** DIFFERENCES IN RIGHTS AND OBLIGATIONS.  
27 (1) Except as provided in the articles or bylaws, each member of a  
28 membership corporation has the same rights and obligations as every  
29 other member with respect to voting, dissolution, membership  
30 transfer, and other matters.

31 (2) If the corporation has one or more classes of members, then  
32 the designation of the class or classes, the articles, or the bylaws  
33 shall set forth the manner of election or appointment and the  
34 qualifications and rights of the members of each class.

35 NEW SECTION. **Sec. 2108.** TRANSFERS OF MEMBERSHIP. (1) Except as  
36 provided in the articles or bylaws or by resolution of the board, a



1 member of a membership corporation may not transfer a membership or  
2 any right arising therefrom.

3 (2) Where the right to transfer a membership has been provided, a  
4 restriction on that right shall not be binding with respect to a  
5 member holding a membership issued before the adoption of the  
6 restriction unless the affected member consents to the restriction in  
7 the form of a record.

8 NEW SECTION. **Sec. 2109.** MEMBER'S LIABILITY FOR CORPORATE  
9 OBLIGATIONS. A member of a membership corporation is not personally  
10 liable for the acts, debts, liabilities, or obligations of the  
11 corporation.

12 NEW SECTION. **Sec. 2110.** MEMBER'S LIABILITY FOR DUES, FEES, AND  
13 ASSESSMENTS. (1) A membership corporation may levy dues, assessments,  
14 and fees on its members to the extent authorized in the articles or  
15 bylaws. Particular dues, assessments, and fees may be imposed in the  
16 articles or bylaws or by resolution of the board, subject to any  
17 membership approval required under section 3112(1) of this act, on  
18 members of the same class either alike or in different amounts or  
19 proportions, and may be imposed on a different basis on different  
20 classes of members. Members of a class may be made exempt from dues,  
21 assessments, and fees to the extent provided in the articles or  
22 bylaws or by resolution of the board.

23 (2) The amount and method of collection of dues, assessments, and  
24 fees may be fixed in the articles or bylaws, or the articles or  
25 bylaws may authorize the board or members to fix the amount and  
26 method of collection, with or without approval of the class or  
27 classes of members affected.

28 (3) The articles or bylaws may provide reasonable means, such as  
29 termination and reinstatement of membership, to enforce the  
30 collection of dues, assessments, and fees.

31 NEW SECTION. **Sec. 2111.** CREDITOR'S ACTION AGAINST MEMBER. (1) A  
32 proceeding may not be brought by a creditor of a membership  
33 corporation to reach the liability, if any, of a member to the  
34 corporation unless final judgment has been rendered in favor of the  
35 creditor against the corporation and execution has been returned  
36 unsatisfied in whole or in part.

1 (2) All creditors of a membership corporation, with or without  
2 reducing their claims to judgment, may intervene in any creditor's  
3 proceeding brought under subsection (1) of this section to reach and  
4 apply unpaid amounts due the corporation. Any or all members who owe  
5 amounts to the corporation may be joined in the proceeding.

6 NEW SECTION. **Sec. 2112.** RESIGNATION OF MEMBER. (1) A member of  
7 a membership corporation may resign at any time.

8 (2) The resignation of a member does not relieve the member from  
9 any obligations incurred or commitments made before resignation.

10 NEW SECTION. **Sec. 2113.** TERMINATION AND SUSPENSION OF MEMBER.  
11 (1) A membership in a membership corporation may be terminated or  
12 suspended for the reasons and in the manner provided in the articles  
13 or bylaws.

14 (2) A membership in a membership corporation may also be  
15 terminated, regardless of the procedure set forth in the articles or  
16 bylaws, if:

17 (a) The corporation has had no contact from the member for at  
18 least three years; and

19 (b) Either:

20 (i) The member fails to respond within ninety days to a request  
21 from the corporation to update the member's contact information that  
22 includes a statement that failure to respond could result in  
23 termination of membership, delivered to that member by means  
24 reasonably likely to reach that member; or

25 (ii) A request from the corporation to update the member's  
26 contact information that includes a statement that failure to respond  
27 could result in termination of membership, sent to that member by  
28 first-class forwardable mail, with postage prepaid, is returned as  
29 undeliverable; or

30 (iii) If members, or a class of members, are not identified  
31 individually on the records of the corporation, a request from the  
32 corporation for members to provide contact information that includes  
33 a statement that failure to respond could result in termination of  
34 membership is published once a week for six consecutive weeks in a  
35 newspaper of general circulation in the county in which the  
36 corporation's principal office is located.

37 (3) Unless otherwise provided in the articles or bylaws, if the  
38 articles or bylaws allow the board or any other body to admit

1 members, the affirmative vote of two-thirds of that body may  
2 terminate a member.

3 (4) Irrespective of anything to the contrary in the articles or  
4 bylaws, in any proceeding involving a corporation or upon application  
5 from the corporation, the court may order termination of a member of  
6 the corporation in the best interests of the corporation.

7 (5) A proceeding challenging a termination or suspension for any  
8 reason must be commenced within one year after the effective date of  
9 the termination or suspension.

10 (6) The termination or suspension of a member does not relieve  
11 the member from any obligations incurred or commitments made before  
12 the termination or suspension.

13 NEW SECTION. **Sec. 2114.** REPURCHASE OF MEMBERSHIPS. A membership  
14 corporation that is not a charitable corporation may repurchase any  
15 of its memberships or any right arising therefrom only if it is so  
16 provided in the articles or bylaws. A membership corporation that is  
17 a charitable corporation may not repurchase any of its memberships or  
18 any right arising therefrom.

19 **ARTICLE 2**

20 **DELEGATES**

21 NEW SECTION. **Sec. 2201.** DELEGATES. (1) A membership corporation  
22 may provide in its articles or bylaws for delegates.

23 (2) The articles or bylaws may set forth provisions relating to:

24 (a) The characteristics, qualifications, rights, limitations, and  
25 obligations of delegates including their selection and removal;

26 (b) Calling, noticing, holding, and conducting meetings of  
27 delegates; and

28 (c) Carrying on activities during and between meetings of  
29 delegates.

30 (3) If the articles or bylaws provide for delegates, then, unless  
31 otherwise provided in the articles or bylaws:

32 (a) The power to appoint, remove, or modify any provision of the  
33 articles or bylaws governing the appointment or removal of delegates  
34 is reserved to the members.

35 (b) All other powers of members including, but not limited to,  
36 the right to vote on other amendments to articles or bylaws, may be  
37 exercised by delegates.

1 **ARTICLE 3**

2 **MEMBERSHIP MEETINGS AND VOTING**

3 NEW SECTION. **Sec. 2301.** ANNUAL AND REGULAR MEETINGS. (1) A  
4 membership corporation shall hold an annual meeting of members once  
5 during each fiscal year at a time stated in or fixed in accordance  
6 with the articles or bylaws.

7 (2) A membership corporation may hold regular meetings on a  
8 regional or other basis at times stated in or fixed in accordance  
9 with the articles or bylaws.

10 (3) Except as provided in subsection (5) of this section, annual  
11 and regular meetings of the members may be held in or out of this  
12 state at the place stated in or fixed in accordance with the articles  
13 or bylaws. If no place is stated in or fixed in accordance with the  
14 articles or bylaws, then annual and regular meetings shall be held at  
15 the membership corporation's principal office.

16 (4) The failure to hold an annual or regular meeting at the time  
17 stated in or fixed in accordance with the articles or bylaws does not  
18 affect the validity of any corporate action.

19 (5) The articles or bylaws may provide that an annual or regular  
20 meeting of members may be held in a specified location and, if so  
21 provided under the articles or bylaws, through one or more means of  
22 remote communication through which members not physically present may  
23 participate in the meeting substantially concurrently, vote on  
24 matters submitted to the members, pose questions, and make comments.  
25 For any meeting at which one or more members may participate by means  
26 of remote communication, the corporation shall deliver notice of the  
27 meeting to each member by a means which the member has authorized and  
28 provide complete instructions for participating in the meeting by  
29 remote communication.

30 NEW SECTION. **Sec. 2302.** SPECIAL MEETINGS. (1) A membership  
31 corporation shall hold a special meeting of members:

32 (a) At the call of its board of directors, the president, or the  
33 persons authorized to do so by the articles or bylaws; or

34 (b) Upon the execution and delivery to the corporation of one or  
35 more demands for a special meeting, in the form of a record,  
36 describing the purpose for which the meeting is to be held, by  
37 either:

1 (i) The number or proportion of members entitled under the  
2 articles or bylaws to call a meeting on the subject matter proposed  
3 to be considered at the proposed special meeting, which shall not  
4 represent more than twenty-five percent of all the votes entitled to  
5 be cast on that subject matter; or

6 (ii) In the absence of a provision fixing the number or  
7 proportion of members entitled to call a meeting, the number or  
8 proportion of members representing five percent of all the votes  
9 entitled to be cast on the subject matter proposed to be considered  
10 at the proposed special meeting.

11 (2) Unless otherwise provided in the articles or bylaws, a demand  
12 for a special meeting may be revoked by notice to that effect  
13 received by the membership corporation from the members calling the  
14 meeting before the receipt by the corporation of demands sufficient  
15 in number to require the holding of a special meeting.

16 (3) If not otherwise fixed under section 2303 or 2307 of this  
17 act, the record date for determining members entitled to demand a  
18 special meeting is the date the first member executes a demand.

19 (4) Only business within the purpose or purposes described in the  
20 meeting notice required by section 2305(3) of this act may be  
21 conducted at a special meeting of the members.

22 (5) Except as provided in subsection (6) of this section, special  
23 meetings of the members may be held in or out of this state at the  
24 place stated in or fixed in accordance with the articles or bylaws.  
25 If no place is stated or fixed in accordance with the articles or  
26 bylaws, then special meetings shall be held at the corporation's  
27 principal office.

28 (6) The articles or bylaws may provide that a special meeting of  
29 members be held at a specified location and, unless otherwise  
30 provided under the articles or bylaws, through means of remote  
31 communication through which members not physically present may  
32 participate in the meeting substantially concurrently, vote on  
33 matters submitted to the members, pose questions, and make comments.  
34 Notice of meetings at which one or more members may participate by  
35 means of remote communication must be delivered by a means which the  
36 member has authorized and provide complete instructions for  
37 participating in the meeting from a remote location.

38 NEW SECTION. **Sec. 2303.** COURT-ORDERED MEETING. (1) The court  
39 may summarily order a meeting to be held:

1 (a) On application of any member entitled to participate in an  
2 annual or regular meeting if an annual meeting was not held within  
3 eighteen months after the last annual meeting; or

4 (b) On application of a member who executed a demand for a  
5 special meeting under section 2302 of this act that was executed by a  
6 sufficient number of members to call a meeting, if:

7 (i) Notice of the special meeting was not given within thirty  
8 days after the date the demand was delivered to the corporation's  
9 secretary; or

10 (ii) The special meeting was not held in accordance with the  
11 notice.

12 (2) The court may fix the time and place of a court-ordered  
13 meeting, determine the members entitled to participate in the  
14 meeting, specify a record date for determining members entitled to  
15 notice of and to vote at the meeting, prescribe the form and content  
16 of the meeting notice, fix the quorum required for specific matters  
17 to be considered at the meeting or direct that the votes represented  
18 at the meeting constitute a quorum for action on those matters, and  
19 enter other orders necessary to accomplish the purpose or purposes of  
20 the court-ordered meeting.

21 NEW SECTION. **Sec. 2304.** LIST OF MEMBERS FOR MEETING. (1) After  
22 fixing a record date for a meeting, a membership corporation shall  
23 prepare an alphabetical list of the names of all its members who are  
24 entitled to notice of that meeting of the members. The list of  
25 members shall show the address of and number of votes each member is  
26 entitled to cast at the meeting, except that the address of any  
27 member who is known to the corporation to be a participant in the  
28 address confidentiality program described in chapter 40.24 RCW or any  
29 similar law may be omitted.

30 (2) The list of members must be available for inspection by any  
31 member, beginning two business days after notice of the meeting is  
32 given for which the list was prepared and continuing through the  
33 meeting, at the membership corporation's principal office or at a  
34 place identified in the meeting notice in the city where the meeting  
35 will be held. A member or the member's agent, on demand in the form  
36 of a record, may inspect and, subject to the requirements of section  
37 1602(4) of this act, copy the list, during regular business hours and  
38 at the member's expense, during the period it is available for  
39 inspection.

1 (3) The membership corporation shall make the list of members  
2 available at the meeting, and a member or the member's agent may  
3 inspect the list at any time during the meeting or any adjournment.

4 (4) If a membership corporation refuses to allow a member or the  
5 member's agent to inspect the list of members before or at the  
6 meeting or copy the list as permitted by subsection (2) of this  
7 section, then the court, on application of the member, may:

8 (a) Summarily order the inspection or copying at the  
9 corporation's expense;

10 (b) Postpone the meeting for which the list was prepared until  
11 the inspection or copying is complete;

12 (c) Order the corporation to pay the member's costs including  
13 reasonable attorneys' fees incurred to obtain the order; and

14 (d) Order other appropriate relief.

15 (5) Refusal or failure to prepare or make available the list of  
16 members does not affect the validity of action taken at the meeting.

17 (6) Instead of making the list of members available as provided  
18 in subsection (2) of this section, a membership corporation may state  
19 in a notice of meeting that the corporation has elected to proceed  
20 under this subsection. A member of a corporation that has elected to  
21 proceed under this subsection shall state in the member's demand for  
22 inspection a proper purpose for inspection. Within ten business days  
23 after receiving a demand under this subsection, the corporation shall  
24 deliver to the member making the demand an offer of a reasonable  
25 alternative method of achieving the purpose identified in the demand  
26 without providing access to or a copy of the list of members. An  
27 alternative method that reasonably and in a timely manner  
28 accomplishes the proper purpose set forth in the demand relieves the  
29 corporation from making the list of members available under  
30 subsection (4)(b) of this section, unless within a reasonable time  
31 after acceptance of the offer the corporation fails to do the things  
32 it offered to do. Any rejection of the corporation's offer must be in  
33 the form of a record and indicate the reasons the alternative  
34 proposed by the corporation does not meet the proper purpose of the  
35 demand.

36 NEW SECTION. **Sec. 2305.** NOTICE OF MEMBERSHIP MEETING. (1) A  
37 membership corporation shall give notice to the members of the date,  
38 time, and place of each annual, regular, or special meeting of the  
39 members. Except as provided under subsection (6) of this section, the

1 notice must be given in the form of a record no fewer than ten nor  
2 more than sixty days before the meeting date. Except as provided in  
3 this chapter, the articles, or the bylaws, the corporation is only  
4 required to give notice to members entitled to vote at the meeting.

5 (2) Unless this chapter, the articles, or the bylaws require  
6 otherwise, notice of an annual or regular meeting need not include a  
7 description of the purpose for which the meeting is called.

8 (3) Notice of a special meeting shall include a description of  
9 the purpose for which the meeting is called.

10 (4) If not otherwise fixed under section 2303 or 2307 of this  
11 act, the record date for determining members entitled to notice of  
12 and to vote at an annual or special meeting of the members is the day  
13 before the first notice is given to members.

14 (5) Unless the articles or bylaws require otherwise, if an  
15 annual, regular, or special meeting of the members is adjourned to a  
16 different date, time, or place, notice need not be given of the new  
17 date, time, or place if the new date, time, or place is announced at  
18 the meeting before adjournment. If a new record date for the  
19 adjourned meeting is or is required to be fixed under section 2307 of  
20 this act, then the corporation shall give notice of the adjourned  
21 meeting to the members entitled to vote on the new record date.

22 (6) Notice of regular meetings other than the annual meeting may  
23 be made by providing each member with the adopted schedule of regular  
24 meetings for the ensuing year in the form of a record at any time  
25 after the annual meeting and ten days before the next succeeding  
26 regular meeting and at any time requested by a member or by any other  
27 notice prescribed by the bylaws.

28 (7) Whenever notice would otherwise be required to be given under  
29 any provision of this chapter to a member, the notice need not be  
30 given if notice of two consecutive annual meetings, and all notices  
31 of meetings during the period between those two consecutive annual  
32 meetings, have been returned undeliverable or could not be delivered.  
33 If a member delivers to the nonprofit corporation a notice setting  
34 forth the member's then current address, then the requirement that  
35 notice be given to that member is reinstated.

36 NEW SECTION. **Sec. 2306.** WAIVER OF NOTICE. (1) A member may  
37 waive any notice required by this chapter, the articles, or the  
38 bylaws no more than sixty days before or sixty days after the date  
39 and time stated in the notice or of the meeting or action. The waiver



1 must be in the form of a record, be executed by the member entitled  
2 to the notice, and be delivered to the membership corporation for  
3 inclusion in the minutes or filing with the corporate records.

4 (2) The attendance of a member at a meeting:

5 (a) Waives objection to lack of notice or defective notice of the  
6 meeting, unless the member at the beginning of the meeting or  
7 immediately upon arrival at the meeting objects to holding the  
8 meeting or transacting business at the meeting; and

9 (b) Waives objection to consideration of a particular matter at  
10 the meeting that is not within the purpose described in the meeting  
11 notice, unless the member objects at the meeting to considering the  
12 matter.

13 NEW SECTION. **Sec. 2307.** RECORD DATE. (1) The articles or bylaws  
14 may fix or provide the manner of fixing the record date to determine  
15 the members entitled to notice of a meeting of the members, to demand  
16 a special meeting, to vote, or to take any other action. If the  
17 articles or bylaws do not fix or provide for fixing a record date,  
18 then the board of the membership corporation may fix a future date as  
19 the record date.

20 (2) A record date fixed under this section may not be more than  
21 seventy days before the meeting or action requiring a determination  
22 of members.

23 (3) A determination of members entitled to notice of or to vote  
24 at a meeting of the members is effective for any adjournment of the  
25 meeting unless the board fixes a new record date, which it shall do  
26 if the meeting is adjourned to a date more than one hundred twenty  
27 days after the date fixed for the original meeting.

28 (4) If the court orders a meeting adjourned to a date more than  
29 one hundred twenty days after the date fixed for the original  
30 meeting, then it may provide that the original record date continues  
31 in effect or it may fix a new record date.

32 NEW SECTION. **Sec. 2308.** CONDUCT OF MEETING. (1) At each meeting  
33 of members, an individual shall preside as chair. The chair is  
34 appointed and may be removed:

35 (a) As provided in the articles or bylaws;

36 (b) In the absence of a provision in the articles or bylaws, by  
37 the board; or

1 (c) In the absence of both a provision in the articles or bylaws  
2 and an appointment by the board, by the members at the meeting.

3 (2) Except as provided in the articles or bylaws or by resolution  
4 of the board, the chair determines the order of business and has the  
5 authority to establish rules for the order and conduct of the  
6 meeting.

7 (3) Any rules established for the order and conduct of the  
8 meeting pursuant to subsection (2) of this section must be fair to  
9 the members.

10 (4) Except as provided in the articles or bylaws or by resolution  
11 of the board:

12 (a) The chair of the meeting shall announce at the meeting when  
13 the polls close for each matter voted upon.

14 (b) If no announcement is made, then the polls are deemed to have  
15 closed upon the final adjournment of the meeting.

16 (c) After the polls close, no ballots, proxies, or votes, nor any  
17 otherwise permissible revocations or changes thereto may be accepted.

18 NEW SECTION. **Sec. 2309.** PROXIES. (1) Except as provided in the  
19 articles or bylaws, a member may not vote by proxy.

20 (2) If the articles or bylaws allow members to vote by proxy,  
21 then the following procedure applies unless the articles or bylaws  
22 provide otherwise:

23 (a) A member or the member's agent or attorney-in-fact may  
24 appoint a proxy to vote or otherwise act for the member by executing  
25 an appointment form in the form of a record. An appointment form must  
26 contain or be accompanied by information from which it can be  
27 determined that the member or the member's agent or attorney-in-fact  
28 authorized the appointment of the proxy.

29 (b) An appointment of a proxy is effective when an executed  
30 appointment in the form of a record is received by the inspectors of  
31 election, the officer or agent of the membership corporation  
32 authorized to tabulate votes, or the secretary. An appointment is  
33 valid for eleven months unless a shorter or longer period is  
34 expressly provided in the appointment form.

35 (c) The death or incapacity of the member appointing a proxy does  
36 not affect the right of the membership corporation to accept the  
37 proxy's authority unless notice of the death or incapacity is  
38 received by the inspectors of election, the officer or agent

1 authorized to tabulate votes, or the secretary before the proxy  
2 exercises his or her authority under the appointment.

3 (d) A membership corporation may accept the proxy's vote or other  
4 action as that of the member making the appointment, subject to  
5 section 2314 of this act and to any express limitation on the proxy's  
6 authority stated in the appointment form.

7 (e) A proxy may be revoked by a member by delivering notice in  
8 the form of a record to the corporation before the corporation has  
9 relied upon the proxy.

10 NEW SECTION. **Sec. 2310.** VOTING ENTITLEMENT OF MEMBERS. Except  
11 as provided in the articles or bylaws, each member is entitled to one  
12 vote on each matter on which the articles or bylaws entitle the  
13 members of the class of members to which the member belongs to vote.

14 NEW SECTION. **Sec. 2311.** MEMBERSHIP QUORUM AND VOTING  
15 REQUIREMENTS. (1) Members may take action at a meeting on matters  
16 with respect to which all of the members are entitled to vote only if  
17 a quorum of the members is present. Except as provided in the  
18 articles or the bylaws, ten percent of the votes entitled to be cast  
19 at a meeting of the members constitutes a quorum with respect to  
20 those matters.

21 (2) Members entitled to vote as a separate voting group may take  
22 action on a matter at a meeting only if a quorum of those members is  
23 present with respect to that matter. Except as provided in the  
24 articles or bylaws, ten percent of the votes entitled to be cast on  
25 the matter by the voting group constitutes a quorum of that voting  
26 group for action on that matter.

27 (3) Once a member is represented for any purpose at a meeting,  
28 the member is deemed present for quorum purposes for the remainder of  
29 the meeting and for any adjournment of that meeting unless a new  
30 record date is or is required to be set for that adjourned meeting.

31 (4) If a quorum is present, then action on a matter other than  
32 the election of directors by a voting group is approved if the votes  
33 cast within the voting group favoring the action exceed the votes  
34 cast opposing the action, unless the articles, bylaws, or applicable  
35 law require a greater number of affirmative votes.

36 (5) An amendment of the articles or bylaws adding, changing, or  
37 deleting a quorum or voting requirement for a voting group greater

1 than specified in subsection (2) or (4) of this section is governed  
2 by section 2312 of this act.

3 (6) If a meeting cannot be organized because a quorum of members  
4 entitled to vote is not present, then those members present may  
5 adjourn the meeting to such a time and place as they may determine.  
6 When a meeting that has been adjourned for lack of a quorum is  
7 reconvened, those members present, although less than a quorum as  
8 fixed in this section, the articles, or the bylaws, nonetheless  
9 constitute a quorum, if notice of the time and place of the  
10 reconvened meeting is provided by electronic transmission or in  
11 person to the members entitled to vote at least twenty-four hours  
12 before the reconvened meeting, or by other methods pursuant to the  
13 requirements and procedures set forth in section 2305 of this act.  
14 The articles or the bylaws may, however, permit the reconvening of a  
15 meeting without notice, by means of a provision that makes explicit  
16 reference to elimination of the notice requirement that would  
17 otherwise apply under this section.

18 (7) The election of directors is governed by section 2313 of this  
19 act.

20 NEW SECTION. **Sec. 2312.** DIFFERING QUORUM AND VOTING  
21 REQUIREMENTS. (1) The articles or bylaws may provide for a higher or  
22 lower quorum or higher voting requirement for members or voting  
23 groups of members than is provided for by this chapter, either  
24 generally or with respect to specific matters.

25 (2) An amendment to the articles or bylaws that adds, changes, or  
26 deletes a greater quorum or voting requirement must meet the same  
27 quorum requirement and be adopted by the same vote and voting groups  
28 required to take action under the quorum and voting requirements then  
29 in effect.

30 NEW SECTION. **Sec. 2313.** VOTING FOR DIRECTORS. (1) Except as  
31 provided in the articles or bylaws, directors of a membership  
32 corporation are elected by a plurality of the votes cast by the  
33 members entitled to vote in the election at a meeting at which a  
34 quorum is present.

35 (2) Except as provided in the articles or bylaws, or under  
36 subsection (3) of this section, members do not have a right to  
37 cumulate their votes for directors.

1 (3) Members of a nonprofit corporation who were entitled to  
2 cumulate their votes for the election of directors on the effective  
3 date of this chapter continue to be entitled to cumulate their votes  
4 for the election of directors until otherwise provided in the  
5 articles or bylaws of the corporation.

6 NEW SECTION. **Sec. 2314.** ACCEPTANCE OF BALLOTS, CONSENTS,  
7 WAIVERS, OR PROXIES. (1) If the name signed on a ballot, consent,  
8 waiver, or proxy appointment corresponds to the name of a member,  
9 then the membership corporation if acting in good faith may accept  
10 the ballot, consent, waiver, or proxy appointment and give it effect  
11 as the act of the member.

12 (2) If the name signed on a ballot, consent, waiver, or proxy  
13 appointment does not correspond to the name of its member, then the  
14 membership corporation if acting in good faith is nevertheless  
15 entitled to accept the ballot, consent, waiver, or proxy appointment  
16 and give it effect as the act of the member if:

17 (a) The member is an entity and the name signed purports to be  
18 that of an officer or agent of the entity;

19 (b) The name signed purports to be that of an administrator,  
20 executor, guardian, or conservator representing the member and, if  
21 the corporation requests, evidence of fiduciary status acceptable to  
22 the corporation has been presented with respect to the ballot,  
23 consent, waiver, or proxy appointment;

24 (c) The name signed purports to be that of a receiver or trustee  
25 in bankruptcy of the member and, if the corporation requests,  
26 evidence of this status acceptable to the corporation has been  
27 presented with respect to the ballot, consent, waiver, or proxy  
28 appointment;

29 (d) The name signed purports to be that of a beneficial owner or  
30 attorney-in-fact of the member and, if the corporation requests,  
31 evidence acceptable to the corporation of the signatory's authority  
32 to sign for the member has been presented with respect to the ballot,  
33 consent, waiver, or proxy appointment; and

34 (e) Two or more persons are the member as cotenants or  
35 fiduciaries and the name signed purports to be the name of at least  
36 one of the co-owners and the person signing appears to be acting on  
37 behalf of all the co-owners.

38 (3) The membership corporation may reject a ballot, consent,  
39 waiver, or proxy appointment if the secretary or other officer or

1 agent authorized to tabulate votes, acting in good faith, has  
2 reasonable basis for doubt about the validity of the signature on it  
3 or about the signatory's authority to sign for the member.

4 (4) The membership corporation and its officer or agent who  
5 accepts or rejects a ballot, consent, waiver, or proxy appointment in  
6 good faith and in accordance with the standards of this section or  
7 section 2309(2) of this act are not liable in damages to the member  
8 for the consequences of the acceptance or rejection.

9 (5) Corporate action based on the acceptance or rejection of a  
10 ballot, consent, waiver, or proxy appointment under this section is  
11 valid unless the court determines otherwise.

12 NEW SECTION. **Sec. 2315.** INSPECTORS OF ELECTION. (1) A  
13 membership corporation may appoint one or more inspectors to act at a  
14 meeting of members and make a report in the form of a record of the  
15 inspectors' determinations. Each inspector shall execute the duties  
16 of inspector impartially and according to the best of the inspector's  
17 ability.

18 (2) The inspectors must:

19 (a) Ascertain the number of members and delegates, and their  
20 voting power;

21 (b) Determine the members and delegates present at a meeting;

22 (c) Determine the validity of proxies and ballots;

23 (d) Count all votes; and

24 (e) Determine the result.

25 (3) An inspector may, but need not, be a director, member,  
26 officer, or employee of the membership corporation. A person who is a  
27 candidate for office to be filled at the meeting may not be an  
28 inspector.

29 NEW SECTION. **Sec. 2316.** ACTION BY VOTING GROUPS. (1) If this  
30 chapter, the articles, or the bylaws provide for voting by a single  
31 voting group on a matter, then action on that matter is taken when  
32 voted upon by that voting group as provided in section 2311 or 2318  
33 of this act.

34 (2) If this chapter, the articles, or the bylaws provide for  
35 voting by two or more voting groups on a matter, then action on that  
36 matter is taken only when voted upon by each of those voting groups  
37 counted separately as provided in section 2311 or 2318 of this act.

1        NEW SECTION.    **Sec. 2317.**    VOTING AGREEMENTS. (1) If the articles  
2 or bylaws allow voting agreements, then two or more members may  
3 provide for the manner in which they will vote by executing an  
4 agreement in the form of a record for that purpose, to the extent  
5 allowed under the articles or bylaws.

6        (2) A voting agreement is specifically enforceable if:

7        (a) The voting agreement is allowed under the articles or bylaws;  
8 or

9        (b) The effective date of the voting agreement is before the  
10 effective date of this section.

11       (3) Notwithstanding subsection (2) of this section, no voting  
12 agreement is enforceable to the extent that enforcement of the  
13 agreement would violate the purposes of the membership corporation.

14       NEW SECTION.    **Sec. 2318.**    ACTION WITHOUT MEETING BY UNANIMOUS  
15 WRITTEN CONSENT. (1) Except as provided in the articles or bylaws,  
16 action required or permitted by this chapter to be taken at a meeting  
17 of the members may be taken without a meeting if the action is taken  
18 by all the members entitled to vote on the action. The action must be  
19 evidenced by one or more consents in the form of a record bearing the  
20 date of execution and describing the action taken, executed by all  
21 the members entitled to vote on the action, and delivered to the  
22 membership corporation for inclusion in the minutes or filing with  
23 the corporate records.

24       (2) If not otherwise fixed under section 2303 or 2307 of this  
25 act, the record date for determining members entitled to take action  
26 without a meeting is the date the first member executes the consent  
27 under subsection (1) of this section. A consent shall not be  
28 effective to take the corporate action referred to therein unless,  
29 within sixty days after the earliest date appearing on a consent  
30 delivered to the membership corporation in the manner required by  
31 this section, consents executed by all members entitled to vote on  
32 the action are received by the corporation. A consent may be revoked  
33 by an executed notice in the form of a record to that effect received  
34 by the corporation before receipt by the corporation of unrevoked  
35 consents sufficient in number to take corporate action.

36       (3) A consent executed under this section has the same force and  
37 effect as a unanimous vote at a meeting duly called and held, and may  
38 be described as such.

1 (4) If this chapter, the articles, or the bylaws require that  
2 prior notice of any proposed action be given to members not entitled  
3 to vote on the action and the action is to be taken by consent of the  
4 members entitled to vote, then the membership corporation shall  
5 deliver to the members not entitled to vote notice of the proposed  
6 action at least ten days before taking the action by consent. The  
7 notice must contain or be accompanied by the same material that would  
8 have been required to be delivered to members not entitled to vote in  
9 a notice of meeting at which the proposed action would have been  
10 submitted to the members for action.

11 NEW SECTION. **Sec. 2319.** ACTION WITHOUT MEETING BY BALLOT. (1)  
12 Except as otherwise restricted by the articles or bylaws, any action  
13 that may be taken at any annual, regular, or special meeting of  
14 members may be taken without a meeting if the membership corporation  
15 delivers a ballot to every member entitled to vote on the matter.

16 (2) A ballot must:

17 (a) Be in the form of a record;

18 (b) Set forth each proposed action;

19 (c) Provide an opportunity to vote, or withhold a vote,  
20 separately for each candidate for a director position; and

21 (d) Provide an opportunity to vote for or against each other  
22 proposed action.

23 (3) Approval by ballot pursuant to this section of action other  
24 than election of directors is valid only when the number of ballots  
25 returned equals or exceeds the quorum required to be present at a  
26 meeting authorizing the action, and the number of approvals equals or  
27 exceeds the number of votes that would be required to approve the  
28 matter at a meeting at which the total number of votes cast was the  
29 same as the number of votes cast by ballot.

30 (4) All requests for votes by ballot must:

31 (a) Indicate the number of responses needed to meet the quorum  
32 requirements;

33 (b) State the percentage of approvals necessary to approve each  
34 matter other than election of directors; and

35 (c) Specify the time by which a ballot must be received by the  
36 membership corporation to be counted, which shall not be less than  
37 ten days after the ballot is delivered to the member.

38 (5) Except as provided in the articles or bylaws, a ballot may  
39 not be revoked.





1 (b) Legal counsel, public accountants, or other persons retained  
2 by the corporation as to matters involving skills or expertise the  
3 director reasonably believes are matters:

4 (i) Within the particular person's professional or expert  
5 competence; or

6 (ii) As to which the particular person merits confidence; or

7 (c) A committee of the board of which the director is not a  
8 member, designated in accordance with provisions of the articles or  
9 bylaws, as to matters within its designated authority, if the  
10 director reasonably believes the committee merits confidence.

11 (4) A director is not a trustee with respect to the nonprofit  
12 corporation or with respect to any property held or administered by  
13 the corporation, including property that may be subject to  
14 restrictions imposed by the donor or transferor of the property.

15 NEW SECTION. **Sec. 2403.** QUALIFICATION OF DIRECTORS. A director  
16 of a nonprofit corporation must be an individual. The articles or  
17 bylaws may prescribe other qualifications for directors. A director  
18 need not be a resident of this state or a member of the corporation  
19 unless the articles or bylaws so prescribe.

20 NEW SECTION. **Sec. 2404.** NUMBER OF DIRECTORS. (1) A board of  
21 directors shall consist of one or more directors, with the number  
22 specified in or fixed in accordance with the articles or bylaws.

23 (2) The board of directors of any corporation shall consist of  
24 three or more directors if:

25 (a) The internal revenue service has determined the corporation  
26 to be a public charity described in section 509(a)(1) through (4) of  
27 the Internal Revenue Code;

28 (b) The corporation has applied to the internal revenue service  
29 for a determination of exempt status through an application  
30 representing that the corporation is described in section 509(a)(1)  
31 through (4) of the Internal Revenue Code; or

32 (c) The corporation has applied to the internal revenue service  
33 for classification as an organization described in section 509(a)(1)  
34 through (4) of the Internal Revenue Code.

35 (3) The number of directors on a board of directors who are under  
36 18 years of age may not exceed three or one-third of the total number  
37 of directors then in office, whichever is fewer.

1 (4) A corporation described in subsection (2) of this section may  
2 have fewer than three directors if the death, incapacity,  
3 resignation, or removal of a director causes the corporation to have  
4 fewer than three directors, provided that the entity, body, or person  
5 with the power to elect or appoint directors makes reasonable and  
6 prompt efforts to elect or appoint additional directors.

7 (5) The number of directors may be increased or decreased but to  
8 no fewer than one from time to time by amendment to, or in the manner  
9 provided in, the articles or bylaws.

10 (6) A decrease in the number of directors may not shorten an  
11 incumbent director's term.

12 NEW SECTION. **Sec. 2405.** SELECTION OF DIRECTORS. (1) The members  
13 of a membership corporation shall elect the directors, other than the  
14 initial directors named in the articles, at the annual meetings of  
15 members, unless the articles or bylaws provide some other time or  
16 method of election, or provide that some other person or persons  
17 shall appoint some or all of the directors, or designate some other  
18 manner of appointment, for example, ex officio directors.

19 (2) The directors of a nonmembership corporation shall elect the  
20 directors, other than the initial directors named in the articles, at  
21 the annual meeting of directors, unless the articles or bylaws  
22 provide some other time or method of election, or provide that some  
23 other person or persons shall appoint some or all of the directors,  
24 or designate some other manner of appointment, for example, ex  
25 officio directors.

26 NEW SECTION. **Sec. 2406.** TERMS OF DIRECTORS, GENERALLY. (1) The  
27 articles or bylaws may specify the terms of directors. If a term is  
28 not specified in the articles or bylaws, then the term of a director  
29 is one year. Each term of a director elected by the members or  
30 directors, or by some other method provided in the articles or  
31 bylaws, may not exceed five years except as provided in subsection  
32 (2) of this section. Terms of directors appointed by some other  
33 person or persons, or designated in some other manner, may be of any  
34 length.

35 (2) For a corporation formed before the effective date of this  
36 section, if the articles or bylaws current as of the effective date  
37 of this section provided for terms of elected directors longer than  
38 five years, then the terms for elected directors provided in those

1 articles or bylaws may continue in effect until and unless the  
2 articles or bylaws are amended to shorten those terms.

3 (3) The initial directors named in the articles hold office until  
4 the first annual election of directors or for any other period  
5 specified in the articles.

6 (4) A reduction in directors' terms of office does not shorten an  
7 incumbent director's term.

8 (5) Except as provided in the articles or bylaws, the term of a  
9 director elected to fill a vacancy expires at the end of the  
10 unexpired term that the director is filling.

11 (6) Despite the expiration of a director's term, the director  
12 continues to serve until the director's successor is elected,  
13 appointed, or designated and until the director's successor takes  
14 office, unless otherwise provided in the articles or bylaws.

15 NEW SECTION. **Sec. 2407.** STAGGERED TERMS FOR DIRECTORS. The  
16 articles or bylaws may provide for staggering the terms of directors  
17 by dividing the total number of directors into groups of one or more  
18 directors. The terms of office and number of directors in each group  
19 do not need to be uniform.

20 NEW SECTION. **Sec. 2408.** RESIGNATION OF DIRECTOR. (1) A director  
21 may resign at any time by delivering an executed notice in the form  
22 of a record to the president, the secretary of the corporation, or  
23 another officer designated for that purpose in the articles or  
24 bylaws. A director may also resign by giving oral notice to the board  
25 at a meeting of the board.

26 (2) A resignation is effective when the notice is delivered  
27 unless the notice specifies a later effective time.

28 (3) If the resignation of a director of a charitable corporation  
29 results in the charitable corporation having no directors in office,  
30 then the resigning director shall notify the attorney general that  
31 the charitable corporation has no directors in office. Such notice  
32 must be in the form of a record delivered to the attorney general  
33 within ten calendar days after the effective date of the director's  
34 resignation.

35 NEW SECTION. **Sec. 2409.** REMOVAL OF DIRECTORS. (1) Removal of  
36 directors of a membership corporation is subject to the following  
37 provisions:

1 (a) The members may remove, with or without cause, one or more  
2 directors who have been elected by the members, unless the articles  
3 or bylaws provide that directors may be removed only for cause. The  
4 articles or bylaws may specify what constitutes cause for removal.

5 (b) The board of a membership corporation may not remove a  
6 director who has been elected by the members except as provided in  
7 subsection (5) of this section or in the articles or bylaws.

8 (c) The directors may remove, with or without cause, one or more  
9 directors who have been elected by the directors, unless the articles  
10 or bylaws provide that directors may be removed only for cause. The  
11 articles or bylaws may specify what constitutes cause for removal.

12 (d) Except as provided in the articles or bylaws, if a director  
13 is elected by a voting group of members, or by a chapter or other  
14 organizational unit, or by a region or other geographic grouping,  
15 then only the members of that voting group or chapter, unit, region,  
16 or grouping may participate in the vote to remove the director.

17 (e) The notice of a meeting of members at which removal of a  
18 director is to be considered shall state that the purpose, or one of  
19 the purposes, of the meeting is removal of the director.

20 (2) The board may remove a director of a nonmembership  
21 corporation who was elected by the directors:

22 (a) With or without cause, unless the articles or bylaws provide  
23 that directors may be removed only for cause. The articles or bylaws  
24 may specify what constitutes cause for removal.

25 (b) A nonprofit corporation shall give notice of any meeting of  
26 directors at which removal of a director is to be considered in  
27 accordance with the articles or bylaws governing notice for special  
28 meetings, but in no event less than forty-eight hours before the  
29 meeting. Such notice shall state that the purpose, or one of the  
30 purposes, of the meeting is removal of a director.

31 (c) As provided in subsection (5) of this section.

32 (3) A director who is designated by name in the articles or  
33 bylaws may be removed by an amendment to the articles or bylaws  
34 deleting or changing the designation.

35 (4) Except as provided in the articles or bylaws, a director who  
36 is appointed by persons other than the members or the directors may  
37 be removed with or without cause only by those persons.

38 (5) Notwithstanding anything else to the contrary in this section  
39 or the articles or bylaws, the board of a membership corporation or  
40 nonmembership corporation may remove a director:

1 (a) Who has been appointed a guardian under RCW 11.130.185 or  
2 11.130.265;

3 (b) Who has been appointed a conservator under RCW 11.130.360;

4 (c) Who is subject to a written certification by his or her  
5 attending physician that in the physician's opinion the director is  
6 substantially unable to manage his or her financial resources or  
7 resist fraud or undue influence;

8 (d) Who has been convicted of a felony;

9 (e) Who has been found by a final order of any court of competent  
10 jurisdiction to have breached a duty as a director under section 2402  
11 of this act;

12 (f) Who has missed the number of board meetings specified in the  
13 articles or bylaws, if the articles or bylaws at the beginning of the  
14 director's current term provided that a director may be removed for  
15 missing the specified number of board meetings; or

16 (g) Who does not satisfy any of the qualifications for directors  
17 set forth in the articles or bylaws at the beginning of the  
18 director's current term, if the decision that the director fails to  
19 satisfy a qualification is made by the vote of a majority of the  
20 directors who meet all of the required qualifications.

21 (6) Notwithstanding anything else to the contrary in this section  
22 or the articles or bylaws, the board of a charitable corporation that  
23 is a membership corporation or a nonmembership corporation may remove  
24 a director if the director's continued service would cause the  
25 charitable corporation to be prohibited from soliciting charitable  
26 funds under RCW 19.09.100(13).

27 NEW SECTION. **Sec. 2410.** VACANCY ON BOARD OF DIRECTORS. (1)  
28 Except as provided in subsection (2) of this section, the articles,  
29 or the bylaws, if a vacancy occurs on the board, including a vacancy  
30 resulting from an increase in the number of directors, then the  
31 vacancy may be filled by a majority of the directors remaining in  
32 office even if they constitute less than a quorum. For purposes of  
33 section 2409 of this act, any director so elected is deemed to have  
34 been elected by the members, voting group, or persons who would elect  
35 that director at a regular election.

36 (2) Except as provided in the articles or bylaws, a vacancy in  
37 the position of a director who is:

38 (a) Appointed by persons other than the members, may be filled  
39 only by those persons; or

1 (b) Designated by name in the articles or bylaws, may not be  
2 filled by action of the board.

3 (3) A vacancy that will occur at a specific later time, by reason  
4 of a resignation effective at a later time under section 2408(2) of  
5 this act, or otherwise, may be filled before the vacancy occurs but  
6 the new director may not take office until the vacancy occurs.

7 (4) If no directors remain in office, and there are no members  
8 with the right to elect directors, then the attorney general has the  
9 power to appoint one or more directors selected for their interest  
10 and ability to carry out the purposes of the corporation, unless the  
11 articles or bylaws provide a different method for electing,  
12 appointing, or designating at least one director.

13 NEW SECTION. **Sec. 2411.** LIABILITY OF DIRECTORS. (1) A director  
14 of a nonprofit corporation is not liable to the nonprofit corporation  
15 for any action taken, or any failure to take any action, as a  
16 director, except as provided in subsection (2) or (3) of this section  
17 or in the articles or bylaws.

18 (2) Notwithstanding any provision to the contrary in the articles  
19 or bylaws, a director is liable to the corporation for:

20 (a) The value of any benefit in cash, other property, or services  
21 received by the director to which the director is not legally  
22 entitled; or

23 (b) Intentional misconduct or a knowing violation of law,  
24 including but not limited to criminal law or this chapter, by the  
25 director.

26 (3) A director is liable to the corporation for a violation of  
27 any additional standard of conduct specified in the nonprofit  
28 corporation's articles as an exception to the limitation on  
29 director's liability.

30 (4) A director of a nonprofit corporation is not liable to any  
31 member of the nonprofit corporation for any action taken, or any  
32 failure to take action, as a director, except as provided in  
33 subsection (5) of this section.

34 (5) A director is liable to a member of the corporation only for:

35 (a) A knowing infliction of harm upon the member; or

36 (b) An intentional violation of criminal law or this chapter that  
37 results in harm or loss to the member.

38 (6) The party seeking to establish the director's liability to  
39 the corporation or any member of the corporation:

1 (a) For money damages, also has the burden of establishing that:

2 (i) Harm to the nonprofit corporation or its members has been  
3 suffered; and

4 (ii) The harm suffered was proximately caused by the director's  
5 challenged conduct; or

6 (b) For other money payment under a legal remedy, such as  
7 compensation for the unauthorized use of corporate assets, also has  
8 whatever burden of persuasion may be called for to establish that the  
9 payment sought is appropriate in the circumstances; or

10 (c) For other money payment under an equitable remedy, such as  
11 profit recovery by or disgorgement to the corporation, also has  
12 whatever burden of persuasion may be called for to establish that the  
13 equitable remedy sought is appropriate in the circumstances.

14 (7) Nothing contained in this section:

15 (a) In any instance where fairness is at issue, such as  
16 consideration of the fairness of a transaction to the nonprofit  
17 corporation under section 2703(1)(c) of this act, alters the burden  
18 of proving the fact or lack of fairness otherwise applicable;

19 (b) Alters the fact or lack of liability of a director to the  
20 nonprofit corporation under another section of this chapter, such as  
21 the provisions governing the consequences of an unlawful distribution  
22 under section 2702 of this act, a conflicting interest transaction  
23 under section 2703 of this act, or taking advantage of a business  
24 opportunity under section 2704 of this act;

25 (c) Affects any rights to which the corporation or a director or  
26 member may be entitled under another statute of this state or the  
27 United States; or

28 (d) Affects the authority of the attorney general to take any  
29 action against a director under this chapter or other applicable  
30 Washington state law.

31 NEW SECTION. **Sec. 2412.** COMPENSATION OF DIRECTORS. Unless the  
32 articles or bylaws provide otherwise, the board may fix the  
33 compensation of directors.

34 **ARTICLE 5**

35 **MEETINGS AND ACTION OF THE BOARD**

36 NEW SECTION. **Sec. 2501.** MEETINGS OF THE BOARD. (1) The board  
37 may hold regular or special meetings in or out of this state.



1 (2) Unless the articles or bylaws provide otherwise, the board  
2 may permit any or all directors to participate in a regular or  
3 special meeting by, or conduct the meeting through the use of, one or  
4 more means of remote communication through which all of the directors  
5 may simultaneously participate with each other during the meeting. A  
6 director participating in a meeting by this means is considered  
7 present in person at the meeting. For any meeting at which one or  
8 more directors may participate by means of remote communication,  
9 notice of the meeting must be delivered to each director by a means  
10 which the director has authorized and provide complete instructions  
11 for participating in the meeting by remote communication.

12 NEW SECTION. **Sec. 2502.** NOTICE OF BOARD MEETINGS. (1) Regular  
13 meetings of the board may be held with or without notice as  
14 prescribed in the articles or bylaws, unless notice is required by  
15 section 2409(2) of this act or other provisions of this chapter.

16 (2) Unless the articles or bylaws provide for a longer or shorter  
17 period, special meetings of the board must be preceded by at least  
18 forty-eight hours' notice of the date, time, and place of the  
19 meeting. The notice need not describe the purpose of the special  
20 meeting, except as required by section 2409(2) of this act, other  
21 provisions of this chapter, or the articles or bylaws.

22 (3) Unless the articles or bylaws provide otherwise, the  
23 president, the secretary, or twenty percent of the directors then in  
24 office may call and give, or cause to be given, notice of a meeting  
25 of the board.

26 (4) Oral notice of meetings of the board may be given, unless  
27 oral notice is not permitted by a corporation's articles or bylaws.

28 NEW SECTION. **Sec. 2503.** WAIVER OF NOTICE. (1) A director may  
29 waive any notice required by this chapter, the articles, or the  
30 bylaws before or after the date and time stated in the notice. Except  
31 as provided by subsection (2) of this section, the waiver must be in  
32 the form of a record, executed by the director entitled to the  
33 notice, and filed with the minutes or corporate records.

34 (2) A director's attendance at or participation in a meeting  
35 waives any required notice to the director of the meeting, unless the  
36 director at the beginning of the meeting or promptly upon arrival  
37 objects to holding the meeting or transacting business at the meeting

1 and does not thereafter vote for or assent to action taken at the  
2 meeting.

3 NEW SECTION. **Sec. 2504.** BOARD QUORUM AND VOTING REQUIREMENTS.

4 (1) Except as provided in subsection (2) or (3) of this section, the  
5 articles, or the bylaws, a quorum of the board consists of a majority  
6 of the directors in office before a meeting begins.

7 (2) The articles or bylaws may authorize a quorum of the board to  
8 consist of no fewer than one-third of the number of directors in  
9 office.

10 (3) A quorum shall not be present at any time during a meeting  
11 unless a majority of the directors present are at least 18 years of  
12 age.

13 (4) If a quorum is present when a vote is taken, then the  
14 affirmative vote of a majority of directors present is the act of the  
15 board unless a greater vote is required by the articles or bylaws or  
16 this chapter.

17 (5) No proxy for a director, however appointed, may:

18 (a) Participate in any vote of the board or of any board  
19 committee;

20 (b) Be counted for the purpose of determining whether a quorum is  
21 present at a meeting; or

22 (c) Execute any written consent on behalf of the director.

23 (6) A director who is present at a meeting of the board when  
24 corporate action is taken is considered to have assented to the  
25 action taken unless:

26 (a) The director objects at the beginning of the meeting or  
27 promptly upon arrival to holding it or transacting business at the  
28 meeting;

29 (b) The director dissents or abstains from the action; or

30 (c) The director delivers notice in the form of a record of the  
31 director's dissent or abstention to the president or secretary of the  
32 corporation or another officer of the corporation designated in the  
33 bylaws before or during the meeting or before the approval of the  
34 minutes of the meeting.

35 (7) The right of dissent or abstention is not available to a  
36 director who votes in favor of the action taken.

37 NEW SECTION. **Sec. 2505.** ACTION WITHOUT MEETING BY UNANIMOUS  
38 WRITTEN CONSENT. (1) Unless the articles or bylaws prohibit action

1 without a meeting, action required or permitted by this chapter to be  
2 taken by the board may be taken without a meeting if each director  
3 entitled to vote with respect to the subject matter thereof executes  
4 a consent in the form of a record describing the action to be taken  
5 and delivers it to the nonprofit corporation.

6 (2) For purposes of this section only, "each director entitled to  
7 vote" does not include an "interested director" who abstains in  
8 writing from providing consent, where:

9 (a) The board has determined that:

10 (i) The corporation is entering into the transaction for its own  
11 benefit; and

12 (ii) The transaction is fair and reasonable to the corporation  
13 when it enters into the transaction or the noninterested directors  
14 determine in good faith after reasonable investigation that the  
15 corporation cannot obtain a more advantageous arrangement with  
16 reasonable effort under the circumstances, at or before execution of  
17 the written consent;

18 (b) That determination of the board is included in the written  
19 consent executed by the noninterested directors or in other records  
20 of the corporation; and

21 (c) All of the noninterested directors approve the action.

22 (3) Action taken under this section is the act of the board when  
23 one or more consents executed by all the directors entitled to vote  
24 are delivered to the nonprofit corporation. In no event may the  
25 period between the date of the first signature by a director on such  
26 a consent and the date on which all directors have executed the  
27 consent be more than sixty days. The consent may specify the time at  
28 which the action taken in the consent is to be effective. A  
29 director's consent may be withdrawn by a revocation in the form of a  
30 record executed by the director and delivered to the president,  
31 secretary, or other officer of the corporation specified by the board  
32 for that purpose before delivery to the corporation of unrevoked  
33 consents executed by all the directors.

34 (4) A written consent executed under this section has the effect  
35 of action taken at a meeting of the board and may be described as  
36 such in any document.

37 NEW SECTION. **Sec. 2506.** BOARD AND ADVISORY COMMITTEES. (1)  
38 Unless this chapter, the articles, or the bylaws provide otherwise, a  
39 board may create one or more committees of the board that consist of

1 two or more directors. A committee of the board shall not include as  
2 voting members persons who are not directors, except:

3 (a) As provided in Title 48 RCW or the regulations promulgated  
4 thereunder;

5 (b) If the only powers delegated to the committee are those  
6 necessary for the committee to serve in any fiduciary capacity with  
7 respect to one or more employee benefit plans established under the  
8 federal employee retirement income security act of 1974, or any  
9 successor statute; or

10 (c) Unless without the inclusion of persons who are not directors  
11 it is impossible or impracticable for the corporation to comply with  
12 applicable law other than this chapter.

13 (2) Unless this chapter otherwise provides, the creation of a  
14 committee of the board and appointment of directors to it shall be  
15 approved by the greater of:

16 (a) A majority of all the directors in office when the action is  
17 taken; or

18 (b) The number of directors required by the articles or bylaws to  
19 take action under section 2504 of this act.

20 (3) Sections 2501 through 2505 of this act apply to both  
21 committees of the board and their members to the greatest practicable  
22 extent.

23 (4) To the extent specified by the board or in the articles or  
24 bylaws, each committee of the board may exercise the powers of the  
25 board granted through section 2401(2) of this act, except as limited  
26 by subsection (5) of this section.

27 (5) A committee of the board may not:

28 (a) Authorize distributions;

29 (b) Adopt, amend, alter, or repeal bylaws;

30 (c) In the case of a membership corporation, approve or propose  
31 to members action that must be approved by members under the articles  
32 or bylaws;

33 (d) Elect, appoint or remove any member of any committee of the  
34 board or any director or officer of the corporation;

35 (e) Amend the articles;

36 (f) Adopt a plan of merger with another corporation;

37 (g) Adopt a plan of domestication, for-profit conversion, or  
38 entity conversion;

1 (h) Authorize the sale, lease, or exchange of all or  
2 substantially all of the property and assets of the corporation not  
3 in the ordinary course of business;

4 (i) Authorize the voluntary dissolution of the corporation or  
5 revoke proceedings therefor;

6 (j) Adopt a plan for the distribution of the assets of the  
7 corporation; or

8 (k) Amend, alter, or repeal any resolution of the board, unless  
9 the resolution provides by its terms that it may be amended, altered,  
10 or repealed by a committee.

11 (6) The creation of, delegation of authority to, or action by a  
12 committee of the board does not alone constitute compliance by a  
13 director with the standards of conduct described in section 2402 of  
14 this act.

15 (7) A nonprofit corporation may create or authorize the creation  
16 of one or more advisory committees whose members need not be  
17 directors or meet the qualification requirements for directors. The  
18 board shall not delegate any of its authority to an advisory  
19 committee. An advisory committee:

20 (a) Is not a committee of the board; and

21 (b) May not exercise any of the powers of the board.

22 NEW SECTION. **Sec. 2507.** PROCEDURE FOR REMOTE MEETINGS. Unless  
23 otherwise provided in the articles or bylaws, meetings of the board  
24 or any committee held by remote communication must follow the  
25 provisions of sections 2501 through 2506 of this act to the greatest  
26 practicable extent.

## 27 **ARTICLE 6**

### 28 **OFFICERS**

29 NEW SECTION. **Sec. 2601.** OFFICERS—DUTIES. (1) The officers of a  
30 nonprofit corporation consist of a president, secretary, and  
31 treasurer, and other officers as may be authorized by the articles,  
32 the bylaws, or the board.

33 (2) Unless the articles or bylaws provide otherwise, the board  
34 shall elect or appoint all officers annually, and officers shall  
35 serve until their respective successors have been elected or  
36 appointed or until their earlier removal or resignation.

1 (3) The same individual may simultaneously hold more than one  
2 office in a nonprofit corporation, except that the same individual  
3 may not hold the offices of president and secretary.

4 (4) Each officer has the authority and shall perform the duties  
5 set forth in the articles or bylaws or, to the extent consistent with  
6 the articles and bylaws, the duties prescribed by the board or by  
7 direction of an officer authorized by the board to prescribe the  
8 duties of other officers.

9 NEW SECTION. **Sec. 2602.** STANDARDS OF CONDUCT FOR OFFICERS. (1)  
10 An officer with discretionary authority shall discharge his or her  
11 duties under that authority:

12 (a) In good faith;

13 (b) With the care an ordinarily prudent person in a like position  
14 would exercise under similar circumstances; and

15 (c) In a manner the officer reasonably believes to be in the best  
16 interests of the corporation.

17 (2) The duty of an officer includes the obligation to convey to  
18 his or her superior officer, the board, a board committee, or another  
19 appropriate person within the nonprofit corporation:

20 (a) Information about the affairs of the nonprofit corporation  
21 within the scope of the officer's functions, and known to the officer  
22 to be material to the superior officer, board, or committee thereof;  
23 and

24 (b) Information regarding any actual or probable material  
25 violation of law involving the corporation or material breach of duty  
26 to the corporation by an officer, director, employee, agent, or  
27 vendor of the corporation, that the officer believes has occurred or  
28 is likely to occur.

29 (3) In discharging his or her duties, an officer who does not  
30 have knowledge that makes reliance unwarranted may rely on  
31 information, opinions, reports, or statements, including financial  
32 statements and other financial data, if prepared or presented by:

33 (a) One or more officers or employees of the nonprofit  
34 corporation whom the officer reasonably believes to be reliable and  
35 competent in the functions performed or the information, opinions,  
36 reports, or statements provided;

37 (b) Legal counsel, public accountants, or other persons retained  
38 by the corporation as to matters involving skills or expertise the  
39 officer reasonably believes are matters:

1 (i) Within the particular person's professional or expert  
2 competence; or

3 (ii) As to which the particular person merits confidence.

4 (4) An officer is not a trustee with respect to the nonprofit  
5 corporation or with respect to any property held or administered by  
6 the corporation, including property that may be subject to  
7 restrictions imposed by the donor or transferor of the property.

8 NEW SECTION. **Sec. 2603.** RESIGNATION AND REMOVAL OF OFFICERS.

9 (1) An officer may resign at any time by delivering notice to the  
10 nonprofit corporation. A resignation is effective when the notice is  
11 delivered unless the notice specifies a later effective time. If a  
12 resignation is made effective at a later time and the board or the  
13 appointing officer accepts the future effective time, then the board  
14 or the appointing officer may designate a successor before the  
15 effective time if the board or the appointing officer provides that  
16 the successor does not take office until the effective time.

17 (2) Except as provided in the articles or bylaws, an officer may  
18 be removed at any time with or without cause by:

19 (a) The board;

20 (b) The officer who appointed the officer being removed, unless  
21 the board provides otherwise; or

22 (c) Any other officer authorized by the articles, the bylaws, or  
23 the board to remove the officer being removed.

24 (3) In this section, "appointing officer" means the officer,  
25 including any successor to that officer who appointed the officer  
26 resigning or being removed.

27 NEW SECTION. **Sec. 2604.** CONTRACT RIGHTS OF OFFICERS. (1) The  
28 appointment or election of an officer does not itself create contract  
29 rights.

30 (2) An officer's removal does not affect the officer's contract  
31 rights, if any, with the nonprofit corporation. An officer's  
32 resignation does not affect the corporation's contract rights, if  
33 any, with the officer.

34 **ARTICLE 7**

35 **PROVISIONS COMMON TO DIRECTORS AND OFFICERS**

1        NEW SECTION.    **Sec. 2701.**    LOANS OR GUARANTEES. (1) A nonprofit  
2 corporation may not lend money to, advance credit to, or guarantee  
3 the obligation of a director or officer of the corporation.

4        (2) Subsection (1) of this section does not apply to:

5        (a) An advance to pay reimbursable expenses reasonably expected  
6 to be incurred within a time period that is reasonable under the  
7 circumstances by a director or officer;

8        (b) Advances pursuant to section 2706 of this act;

9        (c) Loans or advances pursuant to employee benefit plans; or

10       (d) A loan to pay reasonable relocation expenses of an officer.

11       (3) The fact that a loan or guarantee is made in violation of  
12 this section does not affect the borrower's liability on the loan.

13       (4) The directors who vote for or assent to any loan, advance, or  
14 guarantee in violation of subsection (1) of this section, and any  
15 officer materially participating in the making of such a loan,  
16 advance, or guarantee, are personally liable on a joint and several  
17 basis to the nonprofit corporation on the loan, advance, or  
18 guarantee. Liability under this subsection terminates upon the  
19 repayment of any funds advanced by the nonprofit corporation in  
20 violation of subsection (1) of this section or, if no funds have been  
21 advanced under a guarantee, upon the termination of the guarantee.

22       (5) A director or officer held liable under subsection (4) of  
23 this section for any unlawful loan or guarantee is entitled to  
24 contribution from every other director or officer who could be held  
25 liable under subsection (4) of this section for the unlawful loan or  
26 guarantee.

27       (6) A proceeding to enforce contribution or recoupment under  
28 subsection (5) of this section is barred unless it is commenced  
29 within one year after the liability of the claimant has been finally  
30 adjudicated under subsection (4) of this section.

31       NEW SECTION.    **Sec. 2702.**    LIABILITY FOR UNLAWFUL DISTRIBUTIONS.

32       (1) A director or officer is personally liable to the nonprofit  
33 corporation for the amount of any distribution that exceeds the  
34 amount the corporation could have distributed without violating  
35 section 1406 of this act if:

36       (a) The nature or amount of the distribution was material to the  
37 interests of the corporation for any reason under all of the facts  
38 and circumstances including, but not limited to, federal excise tax



1 liability or federal tax penalties imposed on the corporation as a  
2 result of the distribution;

3 (b) The director or officer voted for or assented to that  
4 distribution as a director, or participated beyond the level of a  
5 ministerial function in making that distribution as an officer; and

6 (c) The party asserting liability establishes that, when taking  
7 the action, the director or officer violated the standard of conduct  
8 set forth in subsection (2) of this section.

9 (2) A director or officer may be held liable under this section:

10 (a) For a distribution by a charitable corporation, or a  
11 distribution of assets held for charitable purposes, if the director  
12 did not comply with section 2402 of this act or the officer did not  
13 comply with section 2602 of this act; or

14 (b) If the conduct of the director or officer with respect to the  
15 distribution constitutes gross negligence.

16 (3) A director or officer held liable under this section for an  
17 unlawful distribution is entitled to:

18 (a) Contribution from every other director or officer who could  
19 be held liable under this section for the unlawful distribution; and

20 (b) Recoupment from each person of the pro rata portion of the  
21 amount of the unlawful distribution the person received:

22 (i) Whether or not the person knew the distribution was made in  
23 violation of this chapter, for a distribution by a charitable  
24 corporation or of property held for charitable purposes; or

25 (ii) Knowing the distribution was made in violation of this  
26 chapter, for a distribution of property not held for charitable  
27 purposes.

28 (4) A proceeding to enforce:

29 (a) The liability of a director or officer under this section is  
30 barred, unless it is commenced within three years after the date on  
31 which the distribution was made; or

32 (b) Contribution or recoupment under subsection (3) of this  
33 section is barred, unless it is commenced within one year after the  
34 liability of the claimant under this section has been finally  
35 adjudicated.

36 NEW SECTION. **Sec. 2703.** CONFLICTING INTEREST TRANSACTIONS—  
37 VOIDABILITY. (1) A contract or transaction between a nonprofit  
38 corporation and one or more of its members, directors, or officers;  
39 or between a nonprofit corporation and any other entity in which one

1 or more of its directors or officers are directors or officers, hold  
2 a similar position, or have a financial interest is not void or  
3 voidable solely for that reason, or solely because the member,  
4 director, or officer is present at or participates in the meeting of  
5 the board that authorizes the contract or transaction or solely  
6 because his or her or their votes are counted for that purpose, if:

7 (a) The material facts as to the relationship or interest and as  
8 to the contract or transaction are disclosed or are known to the  
9 board and the board in good faith authorizes the contract or  
10 transaction by the affirmative vote of a majority of the  
11 disinterested directors even though the disinterested directors are  
12 less than a quorum;

13 (b) The material facts as to the relationship or interest of the  
14 member, director, or officer and as to the contract or transaction  
15 are disclosed or are known to the members entitled to vote thereon,  
16 if any, and the contract or transaction is specifically approved in  
17 good faith by vote of those members; or

18 (c) The contract or transaction is fair as to the corporation as  
19 of the time the board or the members authorize, approve, or ratify  
20 the transaction.

21 (2) Interested directors or directors holding a similar position  
22 in the other entity involved in a contract or transaction specified  
23 in subsection (1) of this section may be counted in determining the  
24 presence of a quorum at a meeting of the board that authorizes the  
25 contract or transaction.

26 (3) This section is applicable except as provided in the articles  
27 or bylaws.

28 NEW SECTION. **Sec. 2704.** BUSINESS OPPORTUNITIES. (1) The taking  
29 advantage, directly or indirectly, by a director or officer of a  
30 business opportunity may not be the subject of equitable relief, or  
31 give rise to an award of damages or other sanctions against the  
32 director or officer, in a proceeding by or in the right of the  
33 nonprofit corporation on the ground that the opportunity should have  
34 first been offered to the corporation, if before becoming legally  
35 obligated or entitled respecting the opportunity the director or  
36 officer brings it to the attention of the corporation and action by  
37 the members or the directors disclaiming the corporation's interest  
38 in the opportunity is taken in compliance with the procedures set

1 forth in section 2703 of this act, as if the decision being made  
2 concerned a conflicting interest transaction.

3 (2) In any proceeding seeking equitable relief or other remedies,  
4 based upon an alleged improper taking advantage of a business  
5 opportunity by a director or officer, the fact that the director or  
6 officer did not employ the procedure described in subsection (1) of  
7 this section before taking advantage of the opportunity does not  
8 support an inference that the opportunity should have been first  
9 presented to the nonprofit corporation or alter the burden of proof  
10 otherwise applicable to establish that the director or officer  
11 breached a duty to the corporation in the circumstances.

12 NEW SECTION. **Sec. 2705.** REMOVAL BY JUDICIAL PROCEEDING. (1) The  
13 court may remove a director or officer from office in a proceeding  
14 commenced by or in the right of the corporation if the court finds  
15 that:

16 (a) The director or officer engaged in fraudulent conduct with  
17 respect to the corporation or its members, knowingly inflicted harm  
18 on the corporation, or engaged in acts or omissions constituting  
19 gross negligence with respect to the director's or officer's duties;  
20 and

21 (b) Considering the course of conduct of the director or officer  
22 and the inadequacy of other available remedies, removal would be in  
23 the best interest of the corporation.

24 (2) An action under this section may be commenced by a member,  
25 individual director, or delegate. The attorney general may also  
26 commence an action under this section if the corporation holds  
27 property for charitable purposes.

28 (3) The court, in addition to removing the director or officer,  
29 may bar the director or officer from being reelected, redesignated,  
30 or reappointed as a director, an officer, or both for a period  
31 prescribed by the court.

32 (4) Nothing in this section limits the equitable powers of the  
33 court to order other relief.

34 (5) If a proceeding is commenced under this section to remove a  
35 director or officer of a charitable corporation, then the plaintiff  
36 shall give the attorney general notice in the form of a record of the  
37 commencement of the proceeding.



1 (2) Amendments to the articles of a charitable corporation to  
2 include one or more purposes of the corporation substantially  
3 different from the corporation's purposes before the amendment are  
4 subject to the reporting requirement set out in section 1205 of this  
5 act.

6 NEW SECTION. **Sec. 3102.** AMENDMENT OF ARTICLES BY NONMEMBERSHIP  
7 CORPORATION. (1) Except as provided in the articles, the board of a  
8 nonmembership corporation may adopt amendments to the corporation's  
9 articles by the vote of a majority of the directors in office.

10 (2) Except as provided in subsection (3) of this section, an  
11 amendment adopted by the board under this subsection must also be  
12 approved, if the amendment changes or deletes a provision regarding  
13 the appointment of a director by persons other than the board, by  
14 those persons as if they constituted a voting group.

15 (3) Unless the articles provide otherwise, the board of a  
16 nonmembership corporation may adopt amendments to the corporation's  
17 articles without approval of any of the other persons identified in  
18 subsection (2) of this section to:

19 (a) Extend the duration of the corporation if it was incorporated  
20 at a time when limited duration was required by law;

21 (b) Delete the names and addresses of the initial directors;

22 (c) Notwithstanding section 1303(1) of this act, delete the name  
23 of each incorporator and the name and address of the initial  
24 registered agent or registered office, if a statement of change is on  
25 file with the secretary of state; and

26 (d) Restate without change all of the then operative provisions  
27 of the articles.

28 NEW SECTION. **Sec. 3103.** AMENDMENT BEFORE ADMISSION OF MEMBERS.  
29 If a membership corporation has not yet admitted members, then its  
30 board may adopt one or more amendments to the articles.

31 NEW SECTION. **Sec. 3104.** AMENDMENT AFTER ADMISSION OF MEMBERS.  
32 (1) An amendment to the articles of a membership corporation must be  
33 adopted in the following manner:

34 (a) Except as provided in (e) of this subsection, a proposed  
35 amendment must be adopted by the board.

1 (b) Except as provided in sections 3107 and 3108 of this act, a  
2 proposed amendment must be submitted to the members entitled to vote  
3 on the amendment, if any, for their approval.

4 (c) The board shall deliver to all members a recommendation that  
5 the members approve an amendment, unless the board makes a  
6 determination that because of conflicts of interest or other special  
7 circumstances it should not make such a recommendation, in which case  
8 the board shall deliver to the members the basis for that  
9 determination.

10 (d) The board may condition its submission of an amendment to the  
11 members on any basis. Such a condition is in addition to any approval  
12 requirements set forth in the corporation's articles or bylaws or in  
13 this chapter.

14 (e) If the articles or bylaws so permit, an amendment may be  
15 proposed by ten percent or more of the members entitled to vote on  
16 the amendment, or by a greater number of members if the articles or  
17 bylaws so specify. The provisions of (a), (c), and (d) of this  
18 subsection do not apply to an amendment proposed by the members under  
19 this subsection.

20 (f) If an amendment is required to be approved by the members,  
21 including under (e) of this subsection, and the approval is to be  
22 given at a meeting, then the corporation shall give notice to each  
23 member, whether or not entitled to vote on the amendment, of the  
24 meeting of members at which the amendment is to be submitted for  
25 approval. The notice shall state that the purpose, or one of the  
26 purposes, of the meeting is to consider the amendment and must  
27 contain or be accompanied by a copy or summary of the amendment. If a  
28 summary is provided in lieu of a copy of the amendment, then a copy  
29 must be available to members upon request and the notice shall state  
30 that fact.

31 (g) At a meeting described in (f) of this subsection, those  
32 members entitled to vote on the amendment may:

33 (i) Approve or reject the amendment exactly as provided or  
34 summarized in the notice of the meeting; or

35 (ii) Approve revisions to the amendment at the meeting, if the  
36 subject matter of the revisions is within the scope of the subject  
37 matter of the amendment as provided or summarized in the notice of  
38 the meeting.

39 (h) The board shall determine whether the subject matter of any  
40 revisions approved by members remains within the scope of the subject

1 matter of the amendment as provided or summarized in the notice of  
2 the meeting. If the board determines that the revisions approved by  
3 the members are not within that scope, then the amendment is deemed  
4 rejected by the membership. If the board determines that the  
5 revisions by members are within scope, then the board may:

6 (i) Accept the amendment incorporating the revisions approved by  
7 the members; or

8 (ii) Propose a further revised amendment to the members for  
9 approval.

10 This process may continue until an amendment acceptable to the  
11 board has been approved by the members. If successive votes take  
12 place at the same meeting of members, then no further notices or  
13 meetings are required.

14 (i) Unless the articles or bylaws, or the board acting pursuant  
15 to (d) of this subsection, requires a greater vote or a greater  
16 number of votes to be present, the approval of an amendment by the  
17 members entitled to vote thereon requires the approval of those  
18 members at a meeting at which a quorum is present, and, if any class  
19 of members is entitled to vote as a separate group on the amendment,  
20 the approval of each separate voting group entitled to vote at a  
21 meeting at which a quorum of the voting group is present.

22 (j) Except as provided in subsection (2) of this section, an  
23 amendment adopted by the board under this subsection must also be  
24 approved, if the amendment changes or deletes a provision regarding  
25 the appointment of a director by persons other than the board, by  
26 those persons as if they constituted a voting group.

27 (k) If a membership corporation has no members entitled to vote  
28 on the amendment, then the corporation shall deliver notice of the  
29 approval of the amendment by the board to all members of the  
30 corporation at least five days before filing articles of amendment or  
31 restated articles of incorporation with the secretary of state.

32 (2) Unless the articles provide otherwise, the board of a  
33 membership corporation may adopt amendments to the corporation's  
34 articles without approval of the members to:

35 (a) Delete the names and addresses of the initial directors;

36 (b) Notwithstanding section 1303(2) of this act, delete the name  
37 of each incorporator and the name and address of the initial  
38 registered agent or registered office, if a statement of change is on  
39 file with the secretary of state; or

1 (c) Restate without change all of the then operative provisions  
2 of the articles.

3 NEW SECTION. **Sec. 3105.** VOTING ON AMENDMENTS BY VOTING GROUPS.

4 (1) If a nonprofit corporation has more than one class of members  
5 entitled to vote on an amendment to the articles, then the articles  
6 or bylaws may provide that the members of each class entitled to vote  
7 on the amendment are entitled to vote as a separate voting group if  
8 the amendment would change the rights, powers, preferences, or  
9 limitations of the class.

10 (2) If a class of members will be divided into two or more  
11 classes by an amendment to the articles, then the amendment must be  
12 approved by a majority of the members of each class that will be  
13 created.

14 NEW SECTION. **Sec. 3106.** ARTICLES OF AMENDMENT. After an  
15 amendment to the articles has been adopted and approved in the manner  
16 required by sections 3101 through 3114 of this act and by the  
17 articles, the nonprofit corporation shall deliver to the secretary of  
18 state for filing articles of amendment, which must be executed by an  
19 officer or other authorized representative and set forth:

- 20 (1) The name of the corporation;  
21 (2) The text of the amendment adopted;  
22 (3) The date of the amendment's adoption; and  
23 (4) If the amendment:  
24 (a) Was adopted by the board without member approval, a statement  
25 that the amendment was adopted by the board of directors, and that  
26 member approval was not required; or  
27 (b) Required approval by the members, a statement that the  
28 amendment was approved by the members in the manner required by this  
29 chapter and by the articles and bylaws.

30 NEW SECTION. **Sec. 3107.** RESTATED ARTICLES OF INCORPORATION. (1)  
31 The board of a nonprofit corporation may restate its articles of  
32 incorporation at any time, without approval by the members or any  
33 other person, to consolidate all amendments into a single document  
34 without substantive change.

35 (2) A restatement of the articles may include one or more  
36 amendments to the articles. If restated articles of incorporation of  
37 a nonmembership corporation include one or more new amendments, then



1 these amendments must have been adopted and approved as provided in  
2 section 3102 of this act. If restated articles of incorporation of a  
3 membership corporation include one or more new amendments that  
4 require member approval, then the amendments must have been adopted  
5 and approved as provided in section 3103 or 3104 of this act, as  
6 appropriate.

7 (3) A nonprofit corporation that restates its articles of  
8 incorporation shall deliver to the secretary of state for filing  
9 articles of restatement setting forth the name of the nonprofit  
10 corporation and the text of the restated articles of incorporation  
11 together with a certificate setting forth:

12 (a) If the restatement does not include any amendments to the  
13 articles, a statement of that fact;

14 (b) If the restatement contains one or more amendments to the  
15 articles, the information required by section 3106 (1) through (4) of  
16 this act.

17 (4) The articles of restatement and the certificate must be  
18 executed by an officer or other authorized representative.

19 (5) Duly adopted restated articles of incorporation supersede the  
20 original articles and all amendments thereto.

21 (6) The secretary of state shall certify restated articles of  
22 incorporation as the articles currently in effect.

23 NEW SECTION. **Sec. 3108.** AMENDMENT OF ARTICLES PURSUANT TO  
24 REORGANIZATION. (1) A nonprofit corporation's articles of  
25 incorporation may be amended without action by the board or the  
26 members to carry out a plan of reorganization ordered or decreed by  
27 any court of competent jurisdiction in a proceeding relating to the  
28 corporation.

29 (2) An individual designated by the court shall deliver to the  
30 secretary of state for filing articles of amendment setting forth:

31 (a) The name of the corporation;

32 (b) The text of each amendment approved by the court;

33 (c) The date of the court's order or decree approving the  
34 articles of amendment;

35 (d) The title of the reorganization proceeding in which the order  
36 or decree was entered; and

37 (e) A statement that the court had jurisdiction of the  
38 proceeding.

1 (3) This section does not apply after entry of a final decree in  
2 the reorganization proceeding even though the court retains  
3 jurisdiction of the proceeding for limited purposes unrelated to  
4 consummation of the reorganization plan.

5 NEW SECTION. **Sec. 3109.** EFFECTIVE DATE. Unless a delayed  
6 effective date is specified, articles of amendment or restated  
7 articles of incorporation become effective on the date the articles  
8 of amendment or restated articles of incorporation are filed by the  
9 secretary of state.

10 NEW SECTION. **Sec. 3110.** EFFECT OF ARTICLES OF AMENDMENT. (1)  
11 Except as provided in subsection (2) of this section, an amendment to  
12 the articles does not affect a cause of action existing against or in  
13 favor of the nonprofit corporation, a proceeding to which the  
14 corporation is a party, or the existing rights of persons other than  
15 members of the corporation or persons referred to in the articles. An  
16 amendment changing a corporation's name does not abate a proceeding  
17 brought by or against the corporation in its former name.

18 (2) No amendment to the articles shall modify any restriction  
19 imposed through any means upon property held for charitable purposes  
20 unless, before the delivery of the amendment to the secretary of  
21 state for filing, the restriction is modified:

22 (a) In the case of a restriction imposed pursuant to a trust  
23 instrument governed by chapter 11.110 RCW in which the nonprofit  
24 corporation is a trustee or a beneficiary, through an appropriate  
25 order of the court or the agreement of all interested parties,  
26 including the attorney general, under chapter 11.96A RCW; or

27 (b) In the case of any other restriction, pursuant to section  
28 1503 of this act.

29 (3) A person who is a member or otherwise affiliated with a  
30 charitable corporation may not receive a direct or indirect financial  
31 benefit in connection with an amendment of the articles unless the  
32 person is itself a charitable corporation, the federal government, a  
33 state, a governmental subdivision, or an unincorporated entity that  
34 has charitable purposes. This subsection does not apply to the  
35 receipt of reasonable compensation for services rendered.

36 NEW SECTION. **Sec. 3111.** POWER TO AMEND BYLAWS. The power to  
37 alter, amend, or repeal the bylaws or adopt new bylaws is vested in

1 the board unless otherwise provided in the articles, the bylaws, or  
2 this chapter.

3 NEW SECTION. **Sec. 3112.** BYLAW AMENDMENTS REQUIRING MEMBER  
4 APPROVAL. (1) Except as provided in the articles or bylaws, the board  
5 of a membership corporation that has one or more members may not,  
6 without approval of the class or classes of members affected, adopt  
7 or amend a provision of the bylaws:

8 (a) That would eliminate any existing right, power, or privilege  
9 of membership contained in the bylaws;

10 (b) Under section 2107 of this act, providing that some of the  
11 members have different rights or obligations than other members with  
12 respect to voting, dissolution, transfer of memberships or other  
13 matters;

14 (c) Under section 2110 of this act, levying dues, assessments, or  
15 fees on some or all of the members;

16 (d) Under section 2113 of this act, relating to the termination  
17 or suspension of members; or

18 (e) Under section 2114 of this act, authorizing the purchase of  
19 memberships.

20 (2) The board of a membership corporation that has members may  
21 not amend the articles or bylaws without approval of every class or  
22 classes of members affected to vary the application of subsection (1)  
23 of this section to the corporation.

24 (3) If a nonprofit corporation has more than one class of  
25 members, then the members of a class are entitled to vote as a  
26 separate voting group on an amendment to the bylaws that:

27 (a) Is described in subsection (1) of this section, if the  
28 amendment would affect the members of that class differently than the  
29 members of another class; or

30 (b) Has any of the effects described in section 3104(1)(j) of  
31 this act.

32 (4) If a class of members will be divided into two or more  
33 classes by an amendment to the bylaws, then the amendment must be  
34 approved by a majority of the members of each class that will be  
35 created.

36 NEW SECTION. **Sec. 3113.** EFFECT OF BYLAW AMENDMENT. (1) No  
37 amendment to the bylaws shall modify any restriction imposed through  
38 any means upon property held for charitable purposes unless, before

1 or simultaneously with the adoption of the bylaws amendment, the  
2 restriction is modified:

3 (a) In the case of a restriction imposed pursuant to a trust  
4 instrument governed by chapter 11.110 RCW in which the nonprofit  
5 corporation is a trustee or a beneficiary, through an appropriate  
6 order of the court or the agreement of all interested parties,  
7 including the attorney general, under chapter 11.96A RCW; or

8 (b) In the case of any other restriction, pursuant to section  
9 1503 of this act.

10 (2) A person who is a member or otherwise affiliated with a  
11 charitable corporation may not receive a direct or indirect financial  
12 benefit in connection with an amendment of the bylaws unless the  
13 person is itself a charitable corporation, the federal government, a  
14 state, a governmental subdivision, or an unincorporated entity that  
15 has charitable purposes. This subsection does not apply to the  
16 receipt of reasonable compensation for services rendered.

17 NEW SECTION. **Sec. 3114.** APPROVAL OF AMENDMENTS BY THIRD  
18 PARTIES. (1) The articles of incorporation may require that an  
19 amendment to the articles be approved in the form of a record by a  
20 specified person or group of persons in addition to the board or  
21 members.

22 (2) The articles or bylaws may require that an amendment to the  
23 bylaws be approved in the form of a record by a specified person or  
24 group of persons in addition to the board or members.

25 (3) A requirement in the articles or bylaws described in  
26 subsection (1) or (2) of this section may only be amended with the  
27 approval in the form of a record of the specified person or group of  
28 persons.

29 **ARTICLE 2**  
30 **MERGER**

31 NEW SECTION. **Sec. 3201.** DEFINITIONS. The definitions in this  
32 section apply throughout this section and sections 3202 through 3209  
33 of this act unless the context clearly requires otherwise.

34 (1) "Eligible interests" means interests or shares.

35 (2) "Interests" means either or both of the following rights  
36 under the organic law of an unincorporated entity:

1 (a) The right to receive distributions from the entity either in  
2 the ordinary course or upon liquidation; or

3 (b) The right to receive notice or vote on issues involving its  
4 internal affairs, other than as an agent, assignee, proxy, or person  
5 responsible for managing its business, activities, or affairs.

6 (3) "Merger" means a transaction pursuant to section 3205 of this  
7 act.

8 (4) "Party to a merger" means any domestic or foreign nonprofit  
9 corporation or eligible entity that will merge under a plan of  
10 merger.

11 (5) "Shares" means the units into which the proprietary interests  
12 in a domestic or foreign for-profit corporation are divided.

13 (6) "Survivor" in a merger means the corporation or eligible  
14 entity into which one or more other corporations or eligible entities  
15 are merged. A survivor of a merger may preexist the merger or be  
16 created by the merger.

17 NEW SECTION. **Sec. 3202.** PROPERTY HELD FOR CHARITABLE PURPOSES.

18 (1) In a merger under sections 3201 through 3209 of this act,  
19 property held for charitable purposes by a nonprofit corporation may  
20 not be diverted from charitable purposes.

21 (2) The survivor of any merger under sections 3201 through 3209  
22 of this act remains bound by any restriction imposed through any  
23 means upon property held for charitable purposes by any party to the  
24 merger including, but not limited to, any restriction that affects  
25 existing rights of persons other than members, shareholders, or  
26 interest holders of the other party, unless the restriction is  
27 modified:

28 (a) In the case of a restriction imposed pursuant to a trust  
29 instrument governed by chapter 11.110 RCW in which the nonprofit  
30 corporation is a trustee or a beneficiary, through an appropriate  
31 order of the court or the agreement of all interested parties,  
32 including the attorney general, under chapter 11.96A RCW; or

33 (b) In the case of any other restriction, pursuant to section  
34 1503 of this act.

35 (3) Property held by a nonprofit corporation for charitable  
36 purposes upon condition requiring return, transfer, or conveyance,  
37 which condition occurs by reason of the merger, must be returned,  
38 transferred, or conveyed in accordance with that condition.

1 (4) A corporation that is not a charitable corporation but holds  
2 property for charitable purposes shall deliver to the attorney  
3 general notice of its intent to consummate a merger, unless the  
4 survivor of the merger is a charitable corporation. The notice must  
5 be delivered to the attorney general in the form of a record at least  
6 twenty days before the meeting at which the proposed transaction is  
7 to be approved. Such a merger may not be implemented without the  
8 approval of the attorney general, or the approval of the court in a  
9 proceeding to which the attorney general is made a party. In the  
10 event that the attorney general does not deliver a notice of  
11 objection in the form of a record to the corporation within twenty  
12 days after the delivery to the attorney general of notice of the  
13 transaction, approval of the transaction is deemed to have been  
14 given.

15 (5) The notice described in subsection (4) of this section shall  
16 include:

17 (a) A statement specifying how the merger will comply with  
18 subsections (1) through (3) of this section; and

19 (b) A brief description of:

20 (i) Real property held by the corporation for charitable  
21 purposes, and its nature and location;

22 (ii) Cash, bank deposits, brokerage accounts, or other financial  
23 assets held by the corporation for charitable purposes, and their  
24 approximate total fair market value;

25 (iii) Other personal property held by the corporation for  
26 charitable purposes, and its nature and approximate total fair market  
27 value; and

28 (iv) All gift restrictions applicable to any property described  
29 in (b) (i) through (iii) of this subsection, and the nature of those  
30 restrictions.

31 NEW SECTION. **Sec. 3203.** PROHIBITION OF FINANCIAL BENEFIT. A  
32 person who is a member, director, officer, interest holder, or  
33 otherwise affiliated with a charitable corporation or any other  
34 eligible entity with a charitable purpose may not receive a direct or  
35 indirect financial benefit in connection with a merger governed by  
36 sections 3201 through 3209 of this act to which the charitable  
37 corporation or unincorporated entity is a party unless the person is  
38 itself a charitable corporation, the federal government, a tribal  
39 government, a state or local government, a governmental subdivision,

1 or an eligible entity that is organized exclusively for charitable  
2 purposes. This section does not apply to the receipt of reasonable  
3 compensation for services rendered.

4 NEW SECTION. **Sec. 3204.** LIMITATIONS ON CHARITABLE CORPORATIONS.

5 (1) A charitable corporation may merge only with:

6 (a) Another charitable corporation;

7 (b) A foreign corporation that, if it were a domestic  
8 corporation, would qualify under this chapter as a charitable  
9 corporation; or

10 (c) A foreign or domestic for-profit or nonprofit corporation, or  
11 unincorporated entity, only if the charitable corporation is the  
12 surviving corporation and continues to qualify as a charitable  
13 corporation after the merger.

14 (2) No member of a charitable corporation may receive or keep  
15 anything as a result of a merger other than a membership in the  
16 surviving charitable corporation, unless:

17 (a) The attorney general, or the court in a proceeding in which  
18 the attorney general has been given notice, has provided prior  
19 written consent; or

20 (b) The member is a charitable corporation, another entity that  
21 is organized and operated exclusively for one or more charitable  
22 purposes, the federal government, or a tribal, state, or local  
23 government.

24 NEW SECTION. **Sec. 3205.** MERGER. (1) Subject to the

25 restrictions in sections 3202 through 3204 of this act, one or more  
26 domestic nonprofit corporations may merge with one or more domestic  
27 or foreign nonprofit corporations or eligible entities pursuant to a  
28 plan of merger or two or more foreign nonprofit corporations or  
29 domestic or foreign eligible entities may merge into a new domestic  
30 nonprofit corporation to be created in the merger in the manner  
31 provided in sections 3201 through 3209 of this act.

32 (2) A foreign nonprofit corporation, or a foreign eligible  
33 entity, may be a party to a merger with a domestic nonprofit  
34 corporation, or may be created by the terms of the plan of merger,  
35 only if the merger is permitted by the organic law of the corporation  
36 or eligible entity.

37 (3) If the law of this state, other than this chapter, permits  
38 the merger of a domestic eligible entity with a nonprofit corporation

1 but does not provide procedures for the approval of such a merger,  
2 then a plan of merger may be adopted and approved, and the merger may  
3 be effectuated, in accordance with the procedures in sections 3201  
4 through 3209 of this act. For the purposes of applying sections 3201  
5 through 3209 of this act, as the context may require:

6 (a) The eligible entity is treated as a domestic nonprofit  
7 corporation, its interest holders are treated as members, eligible  
8 interests are treated as memberships, and organic records are treated  
9 as articles and bylaws; and

10 (b) If there is no board of directors and the business and  
11 affairs of the eligible entity are managed by a team or body of  
12 persons that is not identical to the interest holders, that team or  
13 body is deemed to be the board of directors.

14 (4) The plan of merger must be in the form of a record and  
15 include:

16 (a) The name of each domestic or foreign nonprofit corporation or  
17 eligible entity that will merge and the name of the domestic or  
18 foreign nonprofit corporation or eligible entity that will be the  
19 survivor of the merger;

20 (b) The terms and conditions of the merger;

21 (c) The manner and basis of converting the memberships of each  
22 merging domestic or foreign nonprofit membership corporation and the  
23 eligible interests of each merging domestic or foreign eligible  
24 entity into memberships, eligible interests, securities, or  
25 obligations; rights to acquire memberships, eligible interests,  
26 securities, or obligations; cash; other property or other  
27 consideration; or any combination of the foregoing;

28 (d) The articles and bylaws of any corporation, or the organic  
29 records of any eligible entity, to be created by the merger; or if a  
30 new corporation or eligible entity is not to be created by the  
31 merger, any changes to the survivor's articles or bylaws or organic  
32 records;

33 (e) Whether the corporation is a charitable corporation or is  
34 holding assets for charitable purposes;

35 (f) If the corporation is a charitable corporation or is holding  
36 assets for charitable purposes, a plan setting forth how the merging  
37 entities will comply with sections 3202 and 3204 of this act; and

38 (g) Any other provisions relating to the merger that the parties  
39 desire be included in the plan of merger.



1 (5) The plan of merger may also include a provision that the plan  
2 may be amended before filing articles of merger, but if the members  
3 of a domestic corporation that is a party to the merger are required  
4 or entitled to vote on the plan, then the plan shall provide that  
5 after approval of the plan by those members the plan may not be  
6 amended to change:

7 (a) The amount or kind of memberships, eligible interests,  
8 securities, or obligations; rights to acquire memberships, eligible  
9 interests, securities, or obligations; cash; or other property or  
10 other consideration to be received by the members of or owners of  
11 eligible interests in any party to the merger;

12 (b) The articles or bylaws of any corporation, or the organic  
13 records of any unincorporated entity, that will survive or be created  
14 as a result of the merger, except for changes permitted by section  
15 3104(2) of this act or by comparable provisions of the organic law of  
16 a foreign nonprofit or for-profit corporation or domestic or foreign  
17 unincorporated entity; or

18 (c) Any of the other terms or conditions of the plan, if the  
19 change would adversely affect those members in any material respect.

20 (6) Terms of a plan of merger may be made dependent on facts  
21 objectively ascertainable outside the plan in accordance with section  
22 1202(3) of this act.

23 NEW SECTION. **Sec. 3206.** ADOPTION OF PLAN OF MERGER. In the case  
24 of a nonprofit corporation that is a party to a merger:

25 (1) The plan of merger must be adopted by the board.

26 (2) Except as provided in subsection (9) of this section, section  
27 3205 of this act, or the articles or bylaws, after adopting the plan  
28 of merger, the board shall submit the plan to those members entitled  
29 to vote on the plan for their approval. The board shall also deliver  
30 to the members a recommendation that the members approve the plan,  
31 unless the board makes a determination that because of conflicts of  
32 interest or other special circumstances it should not make such a  
33 recommendation, in which case the board shall deliver to the members  
34 the basis for that determination.

35 (3) The board may condition its submission of the plan of merger  
36 to the members on any basis.

37 (4) If the plan of merger is required to be approved by the  
38 members, and if the approval is to be given at a meeting, then the  
39 nonprofit corporation shall give notice to each member, whether or

1 not entitled to vote on the merger, of the meeting of members at  
2 which the plan is to be submitted for approval. The notice shall  
3 state that the purpose, or one of the purposes, of the meeting is to  
4 consider the plan and must contain or be accompanied by a copy or  
5 summary of the plan. If the corporation is to be merged into an  
6 existing corporation or eligible entity, then the notice shall also  
7 include a copy or summary of the articles and bylaws or organic  
8 records of that corporation or eligible entity. If the corporation is  
9 to be merged into a corporation or eligible entity that is to be  
10 created pursuant to the merger, then the notice shall include a copy  
11 or a summary of the articles and bylaws or organic records of the new  
12 corporation or eligible entity. If a summary is provided in lieu of a  
13 copy of the plan or of the articles and bylaws, then a copy of the  
14 plan and articles and bylaws, as applicable, must be available to  
15 members upon request and this fact must be stated in the notice. Such  
16 copy of the plan and articles and bylaws, as applicable, may be made  
17 available in electronic format.

18 (5) Unless the articles or bylaws, or the board acting pursuant  
19 to subsection (3) of this section, requires a greater vote or a  
20 greater number of votes to be present, the approval of the plan of  
21 merger by the members entitled to vote thereon requires the approval  
22 of a majority of those members at a meeting at which a quorum is  
23 present, and, if any class of members is entitled to vote as a  
24 separate group on the plan of merger, the approval of a majority of  
25 the members of each voting group entitled to vote at a meeting at  
26 which a quorum of the voting group is present.

27 (6) Separate voting on a plan of merger is required:

28 (a) By each class of members:

29 (i) Whose memberships are to be converted into eligible  
30 interests, securities, or obligations; rights to acquire eligible  
31 interests, securities, or obligations; cash; other property or other  
32 consideration; or any combination of the foregoing;

33 (ii) Which is to experience a change in the rights, powers,  
34 preferences, or limitations of the class as a result of the merger;  
35 or

36 (iii) That would be entitled to vote as a separate group on a  
37 provision in the plan that, if contained in a proposed amendment to  
38 articles of incorporation, would require action by separate voting  
39 groups under the articles or bylaws.

1 (b) By a voting group, if the voting group is entitled under the  
2 articles or bylaws to vote as a voting group to approve a plan of  
3 merger.

4 (7) If a plan of merger would affect in the same or a  
5 substantially similar way two or more classes of members entitled to  
6 vote separately on the plan of merger under subsection (6)(a) of this  
7 section, then, instead of voting separately, all similarly affected  
8 classes of members shall vote together as a single voting group on  
9 the plan of merger, unless otherwise provided in the articles or as a  
10 condition imposed by the board under subsection (3) of this section.

11 (8) If as a result of a merger one or more members of a domestic  
12 nonprofit corporation would become subject to owner liability for the  
13 debts, obligations or liabilities of any other person or entity, then  
14 approval of the plan of merger requires the execution, by each member  
15 who would become subject to owner liability, of a separate record  
16 consenting to become subject to owner liability.

17 (9) If a domestic nonprofit corporation that is a party to a  
18 merger does not have any members entitled to vote on the merger, then  
19 a plan of merger is deemed adopted by the corporation when it has  
20 been adopted by the board pursuant to subsection (1) of this section.  
21 If a membership corporation has no members entitled to vote on the  
22 merger, then the corporation shall deliver notice of the proposed  
23 merger to all members of the corporation at least five days before  
24 the meeting at which the board is to adopt the plan of merger.

25 (10) In addition to the adoption and approval of the plan of  
26 merger by the board and members as required by this section, the plan  
27 of merger must also be approved in the form of a record by any person  
28 or group of persons whose approval is required under section 3114 of  
29 this act to amend the articles or bylaws.

30 (11) Adoption and approval of a plan of merger by all required  
31 persons under the procedures set forth in this section constitutes  
32 adoption and approval of all changes to the approving party's  
33 articles, bylaws, or other organic documents contained within the  
34 plan of merger.

35 NEW SECTION. **Sec. 3207.** ARTICLES OF MERGER. (1) After a plan of  
36 merger has been adopted and approved as required by sections 3201  
37 through 3209 of this act, articles of merger must be executed on  
38 behalf of each party to the merger by an officer or other authorized  
39 representative of the party. The articles of merger shall set forth:

- 1 (a) The names of the parties to the merger;
- 2 (b) If the articles of the surviving domestic nonprofit  
3 corporation are being changed, or if a new domestic nonprofit  
4 corporation is created as a result of a merger, the changes to the  
5 articles of the surviving corporation or the articles of the new  
6 corporation;
- 7 (c) If the plan of merger required approval by the members of a  
8 domestic nonprofit corporation that was a party to the merger, a  
9 statement that the plan was approved by the members and, if voting by  
10 any separate voting group was required, by each separate voting group  
11 entitled to vote, in the manner required by this chapter and the  
12 articles or bylaws;
- 13 (d) If the plan of merger did not require approval by the members  
14 of a domestic nonprofit corporation that was a party to the merger, a  
15 statement to that effect;
- 16 (e) If a party to the merger is a noncharitable corporation  
17 holding property for charitable purposes, and the survivor is not a  
18 charitable corporation, a statement that the attorney general has  
19 approved, or is deemed to have approved, the merger pursuant to  
20 section 3202 of this act; and
- 21 (f) As to each foreign nonprofit corporation or eligible entity  
22 that was a party to the merger, a statement that the participation of  
23 the foreign corporation or eligible entity was authorized as required  
24 by the organic law of the corporation or eligible entity.
- 25 (2) Terms of articles of merger may be made dependent on facts  
26 objectively ascertainable outside the articles in accordance with  
27 section 1202(3) of this act.
- 28 (3) Articles of merger must be delivered to the secretary of  
29 state for filing by the surviving entity of the merger and shall take  
30 effect at the effective time provided in RCW 23.95.210. Articles of  
31 merger filed under this section may be combined with any filing  
32 required under the organic law of any domestic eligible entity  
33 involved in the transaction if the combined filing satisfies the  
34 requirements of both this section and the other organic law.

35 NEW SECTION. **Sec. 3208.** EFFECT OF MERGER. (1) Subject to  
36 sections 3202 and 3203 of this act, if the surviving entity is a  
37 domestic nonprofit corporation when a merger becomes effective:

1 (a) The domestic nonprofit corporation that is designated in the  
2 plan of merger as the surviving corporation continues or comes into  
3 existence, as the case may be;

4 (b) The separate existence of every domestic or foreign nonprofit  
5 corporation or eligible entity that is merged into the survivor  
6 ceases;

7 (c) All property owned by, and every contract and other right  
8 possessed by, each domestic or foreign nonprofit corporation or  
9 eligible entity that merges into the surviving corporation is vested  
10 in the surviving corporation without reversion or impairment;

11 (d) All liabilities of each domestic or foreign nonprofit  
12 corporation or eligible entity that is merged into the survivor are  
13 vested in the surviving corporation;

14 (e) The name of the surviving corporation may, but need not be,  
15 substituted in any pending proceeding for the name of any party to  
16 the merger whose separate existence ceased in the merger;

17 (f) The articles and bylaws or organic records of the surviving  
18 corporation are amended to the extent of the changes provided in the  
19 plan of merger;

20 (g) The articles and bylaws of a surviving corporation that is  
21 created by the merger become effective; and

22 (h) The memberships of each corporation that is a party to the  
23 merger, and the eligible interests in an eligible entity that is a  
24 party to a merger, that are to be converted under the plan of merger  
25 into memberships, eligible interests, securities, or obligations;  
26 rights to acquire memberships, eligible interests, securities, or  
27 obligations; cash; other property or other consideration; or any  
28 combination of the foregoing; are converted.

29 (2) A person who becomes subject to owner liability for some or  
30 all of the debts, obligations, or liabilities of any entity as a  
31 result of a merger has owner liability only to the extent provided in  
32 the organic law of the entity and only for those debts, obligations,  
33 and liabilities that arise after the effective time of the articles  
34 of merger, except to the extent that the person consented to become  
35 subject to liability under section 3206(8) of this act.

36 (3) The effect of a merger on the owner liability of a person who  
37 had owner liability for some or all of the debts, obligations, or  
38 liabilities of a party to the merger is as follows:

39 (a) The merger does not discharge any owner liability under the  
40 organic law of the entity in which the person was a member,

1 shareholder, or interest holder to the extent that owner liability  
2 arose before the effective time of the articles of merger.

3 (b) The person does not have owner liability under the organic  
4 law of the entity in which the person was a member, shareholder, or  
5 interest holder before the merger for any debt, obligation, or  
6 liability that arises after the effective time of the articles of  
7 merger.

8 (c) The provisions of the organic law of any entity for which the  
9 person had owner liability before the merger continue to apply to the  
10 collection or discharge of any owner liability preserved by  
11 subsection (1) of this section, as if the merger had not occurred.

12 (d) The person has whatever rights of contribution from other  
13 persons are provided by the organic law of the entity for which the  
14 person had owner liability with respect to any owner liability  
15 preserved by (a) of this subsection, as if the merger had not  
16 occurred.

17 (4) A devise, bequest, gift, grant, or promise contained in a  
18 will or other instrument, in trust or otherwise, made before or after  
19 a merger, to or for any of the parties to the merger, inures to the  
20 survivor, subject to the express terms of the will or other  
21 instrument.

22 NEW SECTION. **Sec. 3209.** ABANDONMENT OF MERGER. (1) Unless  
23 otherwise provided in a plan of merger or in the organic law of a  
24 foreign nonprofit corporation or a domestic or foreign eligible  
25 entity that is a party to a merger, after the plan has been adopted  
26 and approved as required by sections 3201 through 3209 of this act,  
27 and at any time before the merger has become effective, it may be  
28 abandoned by a domestic nonprofit corporation that is a party thereto  
29 without action by its members, in accordance with any procedures set  
30 forth in the plan of merger or, if no procedures are set forth in the  
31 plan, in the manner determined by the board, subject to any  
32 contractual rights of other parties to the merger.

33 (2) If a merger is abandoned under subsection (1) of this section  
34 after articles of merger have been filed by the secretary of state  
35 but before the merger has become effective, then a statement that the  
36 merger has been abandoned in accordance with this section, executed  
37 on behalf of a party to the merger by an officer or other authorized  
38 representative, must be delivered to the secretary of state for  
39 filing before the effective date of the merger. Upon filing by the

1 secretary of state, the statement takes effect and the merger is  
2 deemed abandoned and shall not become effective.

3 **ARTICLE 3**

4 **DOMESTICATION AND CONVERSION**

5 NEW SECTION. **Sec. 3301.** DEFINITIONS. The definitions in this  
6 section apply throughout this section and sections 3302 through 3326  
7 of this act unless the context clearly requires otherwise.

8 (1) "Conversion" means a transaction authorized by section 3312,  
9 3317, or 3321 of this act.

10 (2) "Converting corporation" means the domestic or foreign  
11 nonprofit or for-profit corporation that approves a conversion  
12 pursuant to sections 3301 through 3326 of this act or its organic  
13 law.

14 (3) "Converting entity" means the domestic or foreign entity that  
15 approves a conversion pursuant to section 3321 of this act or its  
16 organic law.

17 (4) "Domesticated corporation" means the domesticating  
18 corporation as it continues in existence after a domestication.

19 (5) "Domesticating corporation" means the domestic nonprofit  
20 corporation that adopts a plan of domestication pursuant to section  
21 3308 of this act or the foreign nonprofit corporation that approves a  
22 domestication pursuant to its organic law.

23 (6) "Domestication" means a transaction authorized by section  
24 3307 of this act.

25 (7) "Surviving corporation" means the corporation as it continues  
26 in existence immediately after consummation of a for-profit  
27 conversion pursuant to section 3312 of this act, a foreign for-profit  
28 conversion and domestication pursuant to section 3317 of this act, or  
29 an entity conversion pursuant to section 3321 of this act.

30 (8) "Surviving entity" means the unincorporated entity as it  
31 continues in existence immediately after consummation of an entity  
32 conversion pursuant to section 3321 of this act.

33 NEW SECTION. **Sec. 3302.** EXCLUDED TRANSACTIONS. Sections 3301  
34 through 3326 of this act may not be used to effect a transaction  
35 that:

36 (1) Converts a nonprofit or mutual insurance company to a for-  
37 profit stock corporation; or

1 (2) Is governed by chapter 70.45 RCW.

2 NEW SECTION. **Sec. 3303.** REQUIRED APPROVALS. If a domestic or  
3 foreign nonprofit corporation or eligible entity may not be a party  
4 to a merger or sale of its assets without the approval of a federal  
5 or state agency other than the secretary of state, then the  
6 corporation or eligible entity shall not be a party to a transaction  
7 under sections 3301 through 3326 of this act without the prior  
8 approval of that agency.

9 NEW SECTION. **Sec. 3304.** PROPERTY HELD FOR CHARITABLE PURPOSES.

10 (1) In any transaction under sections 3301 through 3326 of this act,  
11 property held for charitable purposes by a nonprofit corporation may  
12 not be diverted from charitable purposes.

13 (2) No transaction under sections 3301 through 3326 of this act  
14 shall modify any restriction imposed through any means upon property  
15 held for charitable purposes by any entity involved in the  
16 transaction, including but not limited to a restriction that affects  
17 existing rights of persons other than members, shareholders, or  
18 interest holders of the entity, unless the restriction is modified:

19 (a) In the case of a restriction imposed pursuant to a trust  
20 instrument governed by chapter 11.110 RCW in which the nonprofit  
21 corporation is a trustee or a beneficiary, through an appropriate  
22 order of the court or the agreement of all interested parties,  
23 including the attorney general, under chapter 11.96A RCW; or

24 (b) In the case of any other restriction, pursuant to section  
25 1503 of this act.

26 (3) Property held by a nonprofit corporation for charitable  
27 purposes upon condition requiring return, transfer or conveyance,  
28 which condition occurs by reason of a transaction under sections 3301  
29 through 3326 of this act, must be returned, transferred, or conveyed  
30 in accordance with that condition.

31 (4) A corporation holding property for charitable purposes shall  
32 deliver to the attorney general notice of its intent to consummate  
33 any transaction under sections 3301 through 3326 of this act. The  
34 notice must be delivered to the attorney general in the form of a  
35 record at least forty-five days before the meeting at which the  
36 proposed transaction is to be approved. Such a transaction may not be  
37 implemented without the approval of the attorney general, or the  
38 approval of the court in a proceeding to which the attorney general



1 is made a party. In the event that the attorney general does not  
2 deliver a notice of objection in the form of a record to the  
3 corporation within twenty days after the delivery to the attorney  
4 general of notice of the transaction, approval of the transaction is  
5 deemed to have been given.

6 (5) The notice described in subsection (4) of this section shall  
7 include:

8 (a) A statement specifying how the transaction will comply with  
9 subsections (1) through (3) of this section, as applicable; and

10 (b) A brief description of:

11 (i) Real property held for charitable purposes by the  
12 corporation, and its nature and location;

13 (ii) Cash, bank deposits, brokerage accounts, or other financial  
14 assets held for charitable purposes by the corporation, and their  
15 approximate total fair market value;

16 (iii) Other personal property held for charitable purposes by the  
17 corporation, and its nature and approximate total fair market value;  
18 and

19 (iv) Any gift restrictions applicable to any property described  
20 in (b)(i) through (iii) of this subsection, and the nature of those  
21 restrictions.

22 (6) An event of domestication or conversion does not affect the  
23 applicability of chapter 11.110, 19.09, or 24.55 RCW to any entity.

24 NEW SECTION. **Sec. 3305.** PROHIBITION ON FINANCIAL BENEFIT. A  
25 person who is a member, interest holder, or otherwise affiliated with  
26 a charitable corporation or an unincorporated entity with charitable  
27 purposes may not receive a direct or indirect financial benefit in  
28 connection with a transaction governed by sections 3301 through 3326  
29 of this act to which the charitable corporation or unincorporated  
30 entity is a party unless the person is itself a charitable  
31 corporation, the federal government, a tribal, state, or local  
32 government, a governmental subdivision, or an unincorporated entity  
33 that has charitable purposes. This section does not apply to the  
34 receipt of reasonable compensation for services rendered.

35 NEW SECTION. **Sec. 3306.** VOTING RIGHTS IN EXISTING CORPORATIONS.  
36 For any corporation formed before January 1, 2022, any member or  
37 other person who is entitled under the articles or bylaws to vote on  
38 or approve a merger transaction involving the corporation is deemed

1 entitled, to the same extent, to vote on or approve any transaction  
2 under sections 3301 through 3326 of this act involving the  
3 corporation.

4 NEW SECTION. **Sec. 3307.** DOMESTICATION. (1) A foreign nonprofit  
5 corporation may become a domestic nonprofit corporation only if the  
6 law of the foreign jurisdiction allows the domestication.

7 (2) A domestic nonprofit corporation may become a foreign  
8 nonprofit corporation if the law of the foreign jurisdiction allows  
9 the domestication.

10 (3) Regardless of whether the laws of the foreign jurisdiction  
11 require the adoption of a plan of domestication, the domestication  
12 must be approved by the corporation's adoption of a plan of  
13 domestication in the manner provided in sections 3301 through 3326 of  
14 this act.

15 (4) The plan of domestication shall include:

16 (a) A statement of the jurisdiction in which the corporation is  
17 to be domesticated;

18 (b) The terms and conditions of the domestication;

19 (c) The manner and basis of canceling or reclassifying the  
20 memberships of the corporation following its domestication into  
21 memberships, obligations, rights to acquire memberships, cash, other  
22 property, or any combination of the foregoing;

23 (d) If the corporation is a charitable corporation or is holding  
24 assets for charitable purposes, a plan setting forth how the  
25 corporation will comply with section 3304 (1) through (3) of this  
26 act; and

27 (e) Any desired changes to the articles or bylaws of the  
28 corporation in connection with its domestication.

29 (5) The plan of domestication may also include a provision that  
30 the plan may be amended before filing the document required by the  
31 laws of this state or the other jurisdiction to consummate the  
32 domestication; except that, after approval of the plan by the  
33 members, the plan may not be amended without the approval of the  
34 members entitled to vote thereon to change:

35 (a) The amount or kind of memberships, obligations, rights to  
36 acquire memberships, cash, or other property to be received by the  
37 members under the plan;

38 (b) The articles as they will be in effect immediately following  
39 the domestication, except for changes permitted by section 3104 of

1 this act or by comparable provisions of the laws of the other  
2 jurisdiction; or

3 (c) Any of the other terms or conditions of the plan if the  
4 change would adversely affect any of the members in any material  
5 respect.

6 (6) Terms of a plan of domestication may be made dependent upon  
7 facts objectively ascertainable outside the plan in accordance with  
8 section 1202(3) of this act.

9 (7) If any debt security, note, or similar evidence of  
10 indebtedness for money borrowed, whether secured or unsecured, or a  
11 contract of any kind, issued, incurred or executed by a domestic  
12 nonprofit corporation before January 1, 2022, contains a provision  
13 applying to a merger of the corporation and the document does not  
14 refer to a domestication of the corporation, then the provision is  
15 deemed to apply to a domestication of the corporation until the  
16 provision is amended after that date.

17 NEW SECTION. **Sec. 3308.** ACTION ON A PLAN OF DOMESTICATION. In  
18 the case of a domestication of a domestic nonprofit corporation in a  
19 foreign jurisdiction:

20 (1) The plan of domestication must be adopted by the board.

21 (2) If there are no members entitled to vote on the plan, then  
22 the plan must be adopted by a vote of the majority of directors then  
23 in office. If a membership corporation has no members entitled to  
24 vote on the plan, then the corporation shall deliver notice of the  
25 proposed domestication to all members of the corporation at least ten  
26 days before the meeting at which the board is to adopt the plan.

27 (3) After adopting the plan of domestication, the board shall  
28 submit the plan to the members for their approval, if there are  
29 members entitled to vote on the plan. The board shall also transmit  
30 to the members a recommendation that the members approve the plan,  
31 unless the board determines that, because of conflicts of interest or  
32 other special circumstances, it should not make such a  
33 recommendation, in which case the board shall transmit to the members  
34 the basis for that determination.

35 (4) The board may condition its submission of the plan of  
36 domestication to the members on any basis.

37 (5) If the approval of the members is to be given at a meeting,  
38 then the corporation shall notify each member, whether or not  
39 entitled to vote, of the meeting of members at which the plan of

1 domestication is to be submitted for approval. The notice shall state  
2 that the purpose, or one of the purposes, of the meeting is to  
3 consider the plan and must contain or be accompanied by a copy or  
4 summary of the plan. The notice shall include a copy of the articles  
5 and bylaws as they will be in effect immediately after the  
6 domestication. If a summary is provided in lieu of a copy of the  
7 plan, then a copy of the plan must be available to members upon  
8 request and this fact must be stated in the notice.

9 (6) Unless the articles or bylaws, or the board acting pursuant  
10 to subsection (4) of this section, requires a greater vote or a  
11 greater number of votes to be present, the approval of the plan of  
12 domestication by the members entitled to vote thereon requires the  
13 approval of a majority of those members at a meeting at which a  
14 quorum is present, and, if any class of members is entitled to vote  
15 as a separate group on the plan, the approval of a majority of the  
16 members of each separate voting group entitled to vote at a meeting  
17 at which a quorum of the voting group is present.

18 (7) A separate voting by voting groups is required by each class  
19 of members that:

20 (a) Is to be reclassified under the plan of domestication into a  
21 different class of members, or into obligations, rights to acquire  
22 memberships, cash, other property, or any combination of the  
23 foregoing;

24 (b) Would be entitled to vote as a separate group on a provision  
25 of the plan that, if contained in a proposed amendment to articles of  
26 incorporation, would require action by separate voting groups under  
27 section 3105 of this act; or

28 (c) Is entitled under the articles or bylaws to vote as a voting  
29 group to approve an amendment of the articles.

30 (8) If any provision of the articles, bylaws, or an agreement to  
31 which any of the directors or members are parties, adopted or entered  
32 into before January 1, 2022, applies to a merger of the corporation  
33 and that document does not refer to a domestication of the  
34 corporation, then the provision is deemed to apply to a domestication  
35 of the corporation until the provision is later amended.

36 NEW SECTION. **Sec. 3309.** ARTICLES OF DOMESTICATION. (1) Articles  
37 of domestication must be executed on behalf of the domesticating  
38 corporation by an officer or other authorized representative. The  
39 articles shall set forth:

1 (a) The name and jurisdiction of incorporation of the  
2 domesticating corporation;

3 (b) The name and jurisdiction of incorporation of the  
4 domesticated entity; and

5 (c) If the domesticating corporation is a domestic nonprofit  
6 corporation, a statement that the plan of domestication was approved  
7 in accordance with sections 3301 through 3326 of this act or, if the  
8 domesticating corporation is a foreign nonprofit corporation, a  
9 statement that the domestication was approved in accordance with the  
10 law of its jurisdiction of incorporation.

11 (2) The articles of domestication must be delivered to the  
12 secretary of state for filing, and take effect at the effective time  
13 provided in RCW 23.95.210.

14 (3) If the domesticating corporation is a foreign corporation,  
15 then the domesticating corporation must, simultaneously with the  
16 delivery of the articles of domestication, deliver articles of  
17 incorporation that comply with this title to the secretary of state  
18 for filing and the secretary of state shall file the articles.  
19 Provisions that would not be required to be included in restated  
20 articles of incorporation may be omitted, except that the name and  
21 address of the initial registered agent of the corporation must be  
22 included and the name of the corporation must satisfy the  
23 requirements of section 1302 of this act.

24 (4) If the domesticating corporation is a registered foreign  
25 corporation, then its registration is terminated automatically on the  
26 effective date of its domestication, and the secretary of state shall  
27 record the termination of the registration.

28 NEW SECTION. **Sec. 3310.** EFFECT OF DOMESTICATION. (1) Except as  
29 provided in section 3304 of this act, when a domestication becomes  
30 effective:

31 (a) The title to all real and personal property, both tangible  
32 and intangible, of the domesticating corporation remains in the  
33 domesticated corporation without reversion or impairment;

34 (b) The liabilities of the domesticating corporation remain the  
35 liabilities of the domesticated corporation;

36 (c) An action or proceeding pending against the domesticating  
37 corporation continues against the domesticated corporation as if the  
38 domestication had not occurred;

1 (d) The articles of incorporation filed pursuant to section  
2 3309(3) of this act constitute the articles of a foreign corporation  
3 domesticating in Washington state;

4 (e) The memberships in the domesticating corporation are  
5 reclassified into memberships, obligations, rights to acquire  
6 memberships, or cash or other property in accordance with the terms  
7 of the domestication, and the members are entitled only to the rights  
8 provided by those terms;

9 (f) Gift restrictions binding the domestic corporation remain in  
10 place as if the domestication had not occurred, unless modified in  
11 accordance with section 1503 of this act;

12 (g) A devise, bequest, gift, grant, or promise contained in a  
13 will or other instrument, in trust or otherwise, made to or for the  
14 domesticating corporation before or after the domestication, inures  
15 to the domesticated corporation, subject to the express terms of the  
16 will or other instrument; and

17 (h) The domesticating corporation is deemed to be:

18 (i) Incorporated under and subject to the organic law of the  
19 domesticated corporation for all purposes; and

20 (ii) The same corporation without interruption as the  
21 domesticating corporation.

22 (2) The interest holder liability of a member in a foreign  
23 nonprofit corporation that is domesticated in the state of Washington  
24 is as follows:

25 (a) The domestication does not discharge any interest holder  
26 liability under the laws of the foreign jurisdiction to the extent  
27 the interest holder liability arose before the effective time of the  
28 articles of domestication.

29 (b) The member does not have interest holder liability under the  
30 laws of the foreign jurisdiction for any debt, obligation, or  
31 liability of the corporation that arises after the effective time of  
32 the articles of domestication.

33 (c) The provisions of the laws of the foreign jurisdiction  
34 continue to apply to the collection or discharge of any interest  
35 holder liability preserved by (a) of this subsection, as if the  
36 domestication had not occurred.

37 (d) The domestication has no effect on any member's rights of  
38 contribution from other members provided by the laws of the foreign  
39 jurisdiction with respect to any interest holder liability preserved  
40 by (a) of this subsection.

1           NEW SECTION.       **Sec. 3311.**       ABANDONMENT OF DOMESTICATION. (1)

2 Unless otherwise provided in a plan of domestication of a domestic  
3 nonprofit corporation, after the plan has been adopted and approved  
4 as required by sections 3301 through 3326 of this act, and at any  
5 time before the domestication has become effective, it may be  
6 abandoned by the members if there are members entitled to vote on the  
7 plan of domestication, or by the board without action by members.

8           (2) If a domestication is abandoned under subsection (1) of this  
9 section after articles of domestication have been filed by the  
10 secretary of state but before the domestication has become effective,  
11 then a statement that the domestication has been abandoned in  
12 accordance with this section, executed by an officer or other  
13 authorized representative, must be delivered to the secretary of  
14 state for filing before the effective date of the domestication. The  
15 statement takes effect upon filing and the domestication is abandoned  
16 and does not become effective.

17           (3) If the domestication of a foreign nonprofit corporation in  
18 Washington state is abandoned in accordance with the laws of the  
19 foreign jurisdiction after articles of domestication have been filed  
20 by the secretary of state, then a statement that the domestication  
21 has been abandoned, executed by an officer or other authorized  
22 representative, must be delivered to the secretary of state for  
23 filing. The statement takes effect upon filing and the domestication  
24 is abandoned and does not become effective.

25           NEW SECTION.       **Sec. 3312.**       FOR-PROFIT CONVERSION OF NONCHARITABLE

26 CORPORATIONS. (1) A domestic nonprofit corporation, other than a  
27 charitable corporation, may become a domestic for-profit corporation  
28 pursuant to a plan of for-profit conversion if the for-profit  
29 conversion is permitted under Title 23B RCW.

30           (2) A domestic nonprofit corporation, other than a charitable  
31 corporation, may become a foreign for-profit corporation if the for-  
32 profit conversion is permitted by the laws of the foreign  
33 jurisdiction. Regardless of whether the laws of the foreign  
34 jurisdiction require the adoption of a plan of for-profit conversion,  
35 the foreign for-profit conversion must be approved by the adoption by  
36 the domestic nonprofit corporation of a plan of for-profit conversion  
37 in the manner provided in sections 3301 through 3326 of this act.

38           (3) The plan of for-profit conversion shall include:

39           (a) The terms and conditions of the conversion;

1 (b) The manner and basis of:

2 (i) Issuing at least one share in the corporation following its  
3 conversion; and

4 (ii) Otherwise reclassifying the memberships in the corporation,  
5 if any, following its conversion into shares and other securities,  
6 obligations, rights to acquire shares or other securities, cash,  
7 other property, or any combination of the foregoing;

8 (c) If the corporation is holding assets for charitable purposes,  
9 a plan setting forth how the corporation will comply with section  
10 3304 (1) through (3) of this act;

11 (d) Any desired changes to the articles or bylaws of the  
12 corporation following its conversion; and

13 (e) If the domestic nonprofit corporation is to be converted to a  
14 foreign for-profit corporation, a statement of the jurisdiction in  
15 which the corporation will be incorporated after the conversion.

16 (4) The plan of for-profit conversion may also include a  
17 provision that the plan may be amended before filing articles of for-  
18 profit conversion, except that after approval of the plan by the  
19 members the plan may not be amended without the approval of the  
20 members to change:

21 (a) The amount or kind of shares and other securities,  
22 obligations, rights to acquire shares or other securities, cash, or  
23 other property to be received by the members under the plan;

24 (b) The articles of incorporation as they will be in effect  
25 immediately following the conversion, except for changes permitted by  
26 section 3104 of this act; or

27 (c) Any of the other terms or conditions of the plan if the  
28 change would adversely affect any of the members in any material  
29 respect.

30 (5) Terms of a plan of for-profit conversion may be made  
31 dependent upon facts objectively ascertainable outside the plan in  
32 accordance with section 1202(3) of this act.

33 (6) If any debt security, note, or similar evidence of  
34 indebtedness for money borrowed, whether secured or unsecured, or a  
35 contract of any kind, issued, incurred, or executed by a domestic  
36 nonprofit corporation before January 1, 2022, contains a provision  
37 applying to a merger of the corporation and the document does not  
38 refer to a for-profit conversion of the corporation, then the  
39 provision is deemed to apply to a for-profit conversion of the  
40 corporation until the provision is later amended.



1        NEW SECTION.        **Sec. 3313.**        ACTION ON A PLAN OF FOR-PROFIT  
2        CONVERSION. In the case of a conversion of a domestic nonprofit  
3        corporation to a domestic or foreign for-profit corporation:

4        (1) The plan of for-profit conversion must be adopted by the  
5        board.

6        (2) If there are no members entitled to vote on the plan, then  
7        the plan must be adopted by a vote of the majority of directors then  
8        in office. If a membership corporation has no members entitled to  
9        vote on the plan, then the corporation shall deliver notice of the  
10       proposed for-profit conversion to all members of the corporation at  
11       least ten days before the meeting at which the board is to adopt the  
12       plan.

13       (3) After adopting the plan of for-profit conversion, the board  
14       shall submit the plan to the members for their approval if there are  
15       members entitled to vote on the plan. The board shall also deliver to  
16       the members a recommendation that the members approve the plan,  
17       unless the board determines that because of conflicts of interest or  
18       other special circumstances, it should not make such a  
19       recommendation, in which case the board shall deliver to the members  
20       the basis for that determination.

21       (4) The board may condition its submission of the plan of for-  
22       profit conversion to the members on any basis.

23       (5) If the approval of the members is to be given at a meeting,  
24       then the corporation shall notify each member of the meeting of  
25       members at which the plan of for-profit conversion is to be submitted  
26       for approval. The notice shall state that the purpose, or one of the  
27       purposes, of the meeting is to consider the plan and must contain or  
28       be accompanied by a copy or summary of the plan. The notice shall  
29       include a copy of the articles as they will be in effect immediately  
30       after the for-profit conversion. If a summary is provided in lieu of  
31       a copy of the plan, then a copy of the plan must be available to  
32       members upon request and this fact must be stated in the notice.

33       (6) Unless the articles or bylaws, or the board acting pursuant  
34       to subsection (4) of this section, require a greater vote or a  
35       greater number of votes to be present, the approval of the plan of  
36       for-profit conversion by the members entitled to vote thereon  
37       requires approval of a majority of those members at a meeting at  
38       which a quorum is present, and, if any class of members is entitled  
39       to vote as a separate group on the plan of for-profit conversion, the  
40       approval of a majority of the members of each separate voting group

1 entitled to vote at a meeting at which a quorum of the voting group  
2 is present.

3 (7) If any provision of the articles, bylaws, or an agreement to  
4 which any of the directors or members are parties, adopted or entered  
5 into before January 1, 2022, applies to a merger of the corporation  
6 and the document does not refer to a for-profit conversion of the  
7 corporation, then the provision is deemed to apply to a for-profit  
8 conversion of the corporation until the provision is later amended.

9 NEW SECTION. **Sec. 3314.** ARTICLES OF FOR-PROFIT CONVERSION. (1)  
10 Articles of for-profit conversion must be executed on behalf of the  
11 converting corporation by an officer of the corporation. The articles  
12 shall set forth:

13 (a) If the surviving corporation is a domestic business  
14 corporation, the name of the corporation immediately before the  
15 filing of the articles of for-profit conversion and if that name does  
16 not satisfy the requirements of RCW 23B.04.010, or the corporation  
17 desires to change its name in connection with the conversion, a name  
18 that satisfies the requirements of RCW 23B.04.010;

19 (b) Whether the corporation is holding assets for charitable  
20 purposes;

21 (c) If the corporation is holding assets for charitable purposes,  
22 that the attorney general has approved, or is deemed to have  
23 approved, the for-profit conversion pursuant to section 3304(4) of  
24 this act;

25 (d) If the surviving corporation is a foreign for-profit  
26 corporation, its name after the conversion and its jurisdiction of  
27 incorporation;

28 (e) If the nonprofit corporation has members with voting rights  
29 with respect to the for-profit conversion, a statement that the plan  
30 of for-profit conversion was approved by the members in the manner  
31 required by this chapter and the articles or bylaws; and

32 (f) Where there are no members or no members having voting rights  
33 with respect to the for-profit conversion, a statement to that  
34 effect, the date of the meeting of the board at which the amendment  
35 was adopted, and a statement that the amendment received the vote of  
36 a majority of directors in office.

37 (2) If the surviving corporation is a domestic for-profit  
38 corporation, then the articles of for-profit conversion shall either  
39 contain all of the provisions that RCW 23B.02.020 requires to be set

1 forth in articles of incorporation of a domestic for-profit  
2 corporation and any other desired provisions permitted under Title  
3 23B RCW, or have attached articles of incorporation that satisfy the  
4 requirements of RCW 23B.02.020. In either case, provisions that would  
5 not be required to be included in restated articles of incorporation  
6 of a domestic for-profit corporation may be omitted, except that the  
7 name and address of the initial registered agent of the for-profit  
8 corporation must be included.

9 (3) The articles of for-profit conversion and articles of  
10 incorporation, if a separate document, must be delivered to the  
11 secretary of state for filing, and take effect at the effective time  
12 provided in RCW 23.95.210.

13 NEW SECTION. **Sec. 3315.** EFFECT OF FOR-PROFIT CONVERSION. (1)  
14 Except as provided in section 3304 of this act, when a conversion of  
15 a domestic nonprofit corporation to a domestic or foreign for-profit  
16 corporation becomes effective:

17 (a) The title to all real and personal property, both tangible  
18 and intangible, of the corporation remains in the corporation without  
19 reversion or impairment;

20 (b) The liabilities of the corporation remain the liabilities of  
21 the corporation;

22 (c) An action or proceeding pending against the corporation  
23 continues against the corporation as if the conversion had not  
24 occurred;

25 (d) The articles of the domestic or foreign for-profit  
26 corporation become effective;

27 (e) The memberships of the corporation are reclassified into  
28 shares or other securities, obligations, rights to acquire shares or  
29 other securities, or into cash or other property in accordance with  
30 the plan of conversion, and the members are entitled only to the  
31 rights provided in the plan of for-profit conversion;

32 (f) A devise, bequest, gift, grant, or promise contained in a  
33 will or other instrument, in trust or otherwise, made to or for the  
34 corporation before or after the for-profit conversion, continues to  
35 inure to the corporation, subject to the express terms of the will or  
36 other instrument; and

37 (g) The corporation is deemed to:

38 (i) Be a domestic or foreign for-profit corporation for all  
39 purposes; and

1 (ii) Be the same corporation without interruption as the  
2 nonprofit corporation.

3 (2) The interest holder liability of a member in a domestic  
4 nonprofit corporation that converts to a domestic for-profit  
5 corporation is as follows:

6 (a) The conversion does not discharge any interest holder  
7 liability of the member as a member of the nonprofit corporation to  
8 the extent the interest holder liability arose before the effective  
9 time of the articles of for-profit conversion.

10 (b) The member does not have interest holder liability for any  
11 debt, obligation, or liability of the for-profit corporation that  
12 arises after the effective time of the articles of for-profit  
13 conversion.

14 (c) The laws of this state continue to apply to the collection or  
15 discharge of any interest holder liability preserved by (a) of this  
16 subsection, as if the conversion had not occurred.

17 (d) The member has whatever rights of contribution from other  
18 members are provided by the laws of this state with respect to any  
19 interest holder liability preserved by (a) of this subsection, as if  
20 the conversion had not occurred.

21 (3) A member who becomes subject to interest holder liability for  
22 some or all of the debts, obligations, or liabilities of the for-  
23 profit corporation has interest holder liability only for those  
24 debts, obligations, or liabilities of the for-profit corporation that  
25 arise after the effective time of the articles of for-profit  
26 conversion.

27 NEW SECTION. **Sec. 3316.** ABANDONMENT OF FOR-PROFIT CONVERSION.

28 (1) Unless otherwise provided in a plan of for-profit conversion of a  
29 domestic nonprofit corporation, after the plan has been adopted and  
30 approved as required by sections 3301 through 3326 of this act, and  
31 at any time before the for-profit conversion has become effective, it  
32 may be abandoned by the members if there are members entitled to vote  
33 on the for-profit conversion, or by the board without action by  
34 members.

35 (2) If a for-profit conversion is abandoned under subsection (1)  
36 of this section after articles of for-profit conversion have been  
37 filed by the secretary of state but before the for-profit conversion  
38 has become effective, then a statement that the for-profit conversion  
39 has been abandoned in accordance with this section, executed by an

1 officer of the corporation, must be delivered to the secretary of  
2 state for filing before the effective date of the for-profit  
3 conversion. The statement takes effect upon filing and the for-profit  
4 conversion is abandoned and does not become effective.

5 NEW SECTION. **Sec. 3317.** FOR-PROFIT DOMESTICATION AND  
6 CONVERSION. A foreign for-profit corporation may become a domestic  
7 nonprofit corporation if the domestication and conversion is  
8 permitted by the law of the foreign jurisdiction.

9 NEW SECTION. **Sec. 3318.** ARTICLES OF DOMESTICATION AND  
10 CONVERSION. (1) Articles of domestication and conversion must be  
11 executed on behalf of the domesticating and converting corporation by  
12 an officer or other authorized representative. The articles shall set  
13 forth:

14 (a) The name of the corporation immediately before the filing of  
15 the articles of domestication and conversion and, if that name is  
16 unavailable for use in Washington state or the corporation desires to  
17 change its name in connection with the domestication and conversion,  
18 a name that satisfies the requirements of section 1302 of this act;

19 (b) The jurisdiction of incorporation of the corporation  
20 immediately before the filing of the articles of domestication and  
21 conversion and the date the corporation was incorporated in that  
22 jurisdiction; and

23 (c) A statement that the domestication and conversion of the  
24 corporation in this state was authorized as required by the laws of  
25 the jurisdiction in which the corporation was incorporated  
26 immediately before its domestication and conversion in Washington  
27 state.

28 (2) The articles of domestication and conversion shall either  
29 contain all of the provisions that section 1303(1) of this act  
30 requires to be set forth in articles of incorporation and any other  
31 desired provisions that section 1303 (2) and (3) of this act permit  
32 to be included in articles of incorporation, or have attached  
33 articles of incorporation that comply with this chapter. In either  
34 case, provisions that would not be required to be included in  
35 restated articles of incorporation may be omitted, except that the  
36 name and address of the initial registered agent of the domestic  
37 nonprofit corporation must be included.

1 (3) If the domesticating corporation is a foreign corporation,  
2 then the domesticating corporation must, simultaneously with the  
3 delivery of the articles of domestication and conversion, deliver  
4 articles of incorporation that comply with this chapter to the  
5 secretary of state for filing and the secretary of state shall file  
6 the articles. Provisions that would not be required to be included in  
7 restated articles of incorporation may be omitted, except that the  
8 name and address of the initial registered agent of the corporation  
9 must be included and the name of the corporation must satisfy the  
10 requirements of section 1302 of this act.

11 (4) If the foreign for-profit corporation is authorized to  
12 transact business in Washington state under chapter 23B.01 RCW, then  
13 its registration shall be terminated automatically on the effective  
14 date of its domestication and conversion and the secretary of state  
15 shall record the termination of registration.

16 NEW SECTION. **Sec. 3319.** EFFECT OF FOR-PROFIT DOMESTICATION AND  
17 CONVERSION. (1) When a domestication and conversion of a foreign for-  
18 profit corporation to a domestic nonprofit corporation becomes  
19 effective:

20 (a) The title to all real and personal property, both tangible  
21 and intangible, of the corporation remains in the corporation without  
22 reversion or impairment;

23 (b) The liabilities of the corporation remain the liabilities of  
24 the corporation;

25 (c) An action or proceeding pending against the corporation  
26 continues against the corporation as if the domestication and  
27 conversion had not occurred;

28 (d) The articles of domestication and conversion, or the articles  
29 attached to the articles of domestication and conversion, constitute  
30 the articles of incorporation of the corporation;

31 (e) Memberships, securities, obligations, rights to acquire  
32 memberships or securities of the corporation, or cash or other  
33 property must be issued or paid as provided pursuant to the laws of  
34 the foreign jurisdiction;

35 (f) A devise, bequest, gift, grant, or promise contained in a  
36 will or other instrument, in trust or otherwise, made to or for the  
37 foreign for-profit corporation before or after the domestication and  
38 conversion, inures to the domestic nonprofit corporation, subject to

1 the express terms of the will or other instrument and to applicable  
2 law of the foreign jurisdiction; and

3 (g) The corporation is deemed to be:

4 (i) A domestic corporation for all purposes; and

5 (ii) The same corporation without interruption as the foreign  
6 for-profit corporation.

7 (2) The interest holder liability of a shareholder of the foreign  
8 for-profit corporation who becomes a member of the domestic nonprofit  
9 corporation in the domestication and conversion is as follows:

10 (a) The domestication and conversion does not discharge any  
11 interest holder liability under the laws of the foreign jurisdiction  
12 to the extent the interest holder liability arose before the  
13 effective time of the articles of domestication and conversion.

14 (b) The member does not have interest holder liability under the  
15 laws of the foreign jurisdiction for any debt, obligation, or  
16 liability of the corporation that arises after the effective time of  
17 the articles of domestication and conversion.

18 (c) The provisions of the laws of the foreign jurisdiction  
19 continue to apply to the collection or discharge of any interest  
20 holder liability preserved by (a) of this subsection, as if the  
21 domestication and conversion had not occurred.

22 (d) The member has whatever rights of contribution from other  
23 members are provided by the laws of the foreign jurisdiction with  
24 respect to any interest holder liability preserved by (a) of this  
25 subsection, as if the domestication and conversion had not occurred.

26 (3) A shareholder of a foreign for-profit corporation who becomes  
27 subject to interest holder liability for some or all of the debts,  
28 obligations, or liabilities of the corporation as a result of its  
29 domestication and conversion in this state has interest holder  
30 liability only for those debts, obligations, or liabilities of the  
31 corporation that arise after the effective time of the articles of  
32 domestication and conversion.

33 NEW SECTION. **Sec. 3320.** ABANDONMENT OF FOR-PROFIT DOMESTICATION  
34 AND CONVERSION. If the domestication and conversion of a foreign  
35 for-profit corporation to a domestic nonprofit corporation is  
36 abandoned in accordance with the laws of the foreign jurisdiction  
37 after articles of domestication and conversion have been filed by the  
38 secretary of state, then a statement that the domestication and  
39 conversion has been abandoned, executed by an officer or other

1 authorized representative, must be delivered to the secretary of  
2 state for filing. The statement takes effect upon filing and the  
3 domestication and conversion is abandoned and does not become  
4 effective.

5 NEW SECTION. **Sec. 3321.** ENTITY CONVERSION FOR NONCHARITABLE  
6 CORPORATIONS. (1) A domestic nonprofit corporation, other than a  
7 charitable corporation, may become a domestic unincorporated entity  
8 pursuant to a plan of entity conversion only if the entity conversion  
9 is permitted under the organic law governing the entity that would  
10 survive the entity conversion.

11 (2) A domestic nonprofit corporation, other than a charitable  
12 corporation, may become a foreign unincorporated entity if the entity  
13 conversion is permitted by the laws of the foreign jurisdiction.

14 (3) A domestic unincorporated entity may be converted into a  
15 domestic nonprofit corporation only if applicable Washington state  
16 law provides procedures for the approval of an entity conversion into  
17 a domestic nonprofit corporation.

18 (4) A foreign unincorporated entity may become a domestic  
19 nonprofit corporation if the law of the foreign jurisdiction  
20 authorizes it to become a nonprofit corporation in another  
21 jurisdiction.

22 (5) If any provision of a debt security, note, or similar  
23 evidence of indebtedness for money borrowed, whether secured or  
24 unsecured, or a contract of any kind, issued, incurred, or executed  
25 by a domestic nonprofit corporation before January 1, 2022, applies  
26 to a merger of the corporation and the document does not refer to an  
27 entity conversion of the corporation, then the provision is deemed to  
28 apply to an entity conversion of the corporation until the provision  
29 is later amended.

30 NEW SECTION. **Sec. 3322.** PLAN OF ENTITY CONVERSION. (1) A plan  
31 of entity conversion shall include:

32 (a) A statement of the type of unincorporated entity the  
33 surviving entity will be and, if it will be a foreign unincorporated  
34 entity, its jurisdiction of organization;

35 (b) The terms and conditions of the conversion;

36 (c) The manner and basis of converting the memberships in the  
37 domestic nonprofit corporation following its conversion into  
38 interests or other securities, obligations, rights to acquire



1 interests or other securities, cash, other property, or any  
2 combination of the foregoing;

3 (d) If the corporation is holding assets for charitable purposes,  
4 a plan setting forth how the corporation will comply with section  
5 3304 (1) through (3) of this act; and

6 (e) The full text, as they will be in effect immediately  
7 following the conversion, of the organic documents of the surviving  
8 entity.

9 (2) The plan of entity conversion may also include a provision  
10 that the plan may be amended before filing articles of entity  
11 conversion, except that after approval of the plan by the members the  
12 plan may not be amended to change:

13 (a) The amount or kind of memberships or other securities,  
14 interests, obligations, rights to acquire memberships, securities, or  
15 interests, cash, or other property to be received under the plan by  
16 the members;

17 (b) The organic documents that will be in effect immediately  
18 following the conversion, except for changes permitted by a provision  
19 of the organic law of the surviving entity comparable to section  
20 3104(2) of this act; or

21 (c) Any of the other terms or conditions of the plan if the  
22 change would adversely affect any of the members in any material  
23 respect.

24 (3) Terms of a plan of entity conversion may be made dependent  
25 upon facts objectively ascertainable outside the plan in accordance  
26 with section 1202(3) of this act.

27 NEW SECTION. **Sec. 3323.** ACTION ON A PLAN OF ENTITY CONVERSION.

28 In the case of an entity conversion of a domestic nonprofit  
29 corporation to a domestic or foreign unincorporated entity:

30 (1) The plan of entity conversion must be adopted by a vote of  
31 the majority of the directors in office.

32 (2) If there are no members entitled to vote on the plan, then  
33 the plan must be adopted by a vote of the majority of directors then  
34 in office. If a membership corporation has no members entitled to  
35 vote on the plan, then the corporation shall deliver notice of the  
36 proposed entity conversion to all members of the corporation at least  
37 ten days before the meeting at which the board is to adopt the plan.

38 (3) After adopting the plan of entity conversion, the board shall  
39 submit the plan to the members for their approval if there are

1 members entitled to vote on the plan. The board shall also deliver to  
2 the members a recommendation that the members approve the plan,  
3 unless the board determines that because of conflicts of interest or  
4 other special circumstances it should not make such a recommendation,  
5 in which case the board shall deliver to the members the basis for  
6 that determination.

7 (4) The board may condition its submission of the plan of entity  
8 conversion to the members on any basis.

9 (5) If the approval of the members is to be given at a meeting,  
10 then the corporation shall notify each member, whether or not  
11 entitled to vote, of the meeting of members at which the plan of  
12 entity conversion is to be submitted for approval. The notice shall  
13 state that the purpose, or one of the purposes, of the meeting is to  
14 consider the plan and must contain or be accompanied by a copy or  
15 summary of the plan. The notice shall include a copy of the organic  
16 documents as they will be in effect immediately after the entity  
17 conversion. The notice may additionally be accompanied by a summary  
18 of the required materials. If a summary is provided in lieu of a copy  
19 of the plan, then a copy of the plan must be available to members  
20 upon request and this fact must be stated in the notice. Such copy of  
21 the plan may be made available to members electronically.

22 (6) Unless the articles, or the board acting pursuant to  
23 subsection (3) of this section, requires a greater vote or a greater  
24 number of votes to be present, the approval of the plan of entity  
25 conversion by the members entitled to vote thereon requires the  
26 approval of a majority of those members at a meeting at which a  
27 quorum is present, and, if any class of members is entitled to vote  
28 as a separate group on the plan of entity conversion, the approval of  
29 a majority of the members of each separate voting group entitled to  
30 vote at a meeting at which a quorum of the voting group is present.

31 (7) If any provision of the articles, bylaws, or an agreement to  
32 which any of the directors or members are parties, adopted or entered  
33 into before January 1, 2022, applies to a merger of the corporation  
34 and the document does not refer to an entity conversion of the  
35 corporation, then the provision is deemed to apply to an entity  
36 conversion of the corporation until the provision is later amended.

37 (8) If, as a result of the conversion, one or more members of the  
38 corporation would become subject to interest holder liability for the  
39 debts, obligations, or liabilities of any other person or entity,  
40 then approval of the plan of conversion requires the execution, by

1 each affected member, of a separate written consent to become subject  
2 to interest holder liability.

3 NEW SECTION. **Sec. 3324.** ARTICLES OF ENTITY CONVERSION. (1)  
4 After the conversion of a domestic nonprofit corporation to a  
5 domestic or foreign unincorporated entity has been adopted and  
6 approved as required under sections 3301 through 3326 of this act,  
7 articles of entity conversion must be executed on behalf of the  
8 converting corporation by an officer of the corporation. The articles  
9 must:

10 (a) Set forth the name of the corporation immediately before the  
11 filing of the articles of entity conversion and the name to which the  
12 name of the corporation is to be changed, which must be a name that  
13 satisfies the organic law of the surviving entity if the surviving  
14 entity is a domestic entity;

15 (b) State whether the corporation is holding assets for  
16 charitable purposes;

17 (c) If the corporation is holding assets for charitable purposes,  
18 state that the attorney general has approved, or is deemed to have  
19 approved, the entity conversion pursuant to section 3304(4) of this  
20 act;

21 (d) State the type of unincorporated entity that the surviving  
22 entity will be and its jurisdiction of organization;

23 (e) State that the plan of entity conversion was approved in the  
24 manner required by this chapter; and

25 (f) If the surviving entity is a domestic filing entity, either  
26 contain all of the provisions required to be set forth in its public  
27 organic record and any other desired provisions that are permitted,  
28 or have attached a public organic record.

29 (2) After the conversion of a domestic unincorporated entity to a  
30 domestic nonprofit corporation has been adopted and approved as  
31 required by the organic law of the unincorporated entity, articles of  
32 entity conversion must be executed on behalf of the unincorporated  
33 entity by an officer or other authorized representative. The articles  
34 must:

35 (a) Set forth the name of the unincorporated entity immediately  
36 before the filing of the articles of entity conversion and the name  
37 to which the name of the unincorporated entity is to be changed,  
38 which must be a name that satisfies the requirements of section 1302  
39 of this act;

1 (b) Set forth a statement that the plan of entity conversion was  
2 approved in accordance with the organic law of the unincorporated  
3 entity; and

4 (c) Either contain all of the provisions that section 1303(1) of  
5 this act requires to be set forth in articles of incorporation and  
6 any other desired provisions that section 1303 (2) and (3) of this  
7 act permit to be included in articles of incorporation, or have  
8 attached articles of incorporation that comply with this act.

9 (3) After the conversion of a foreign unincorporated entity to a  
10 domestic nonprofit corporation has been authorized as required by the  
11 laws of the foreign jurisdiction, articles of entity conversion must  
12 be executed on behalf of the foreign unincorporated entity by an  
13 officer or other authorized representative. The articles must:

14 (a) Set forth the name of the unincorporated entity immediately  
15 before the filing of the articles of entity conversion and the name  
16 to which the name of the unincorporated entity is to be changed,  
17 which must be a name that satisfies the requirements of section 1302  
18 of this act;

19 (b) Set forth the jurisdiction under the laws of which the  
20 unincorporated entity was organized immediately before the filing of  
21 the articles of entity conversion and the date on which the  
22 unincorporated entity was organized in that jurisdiction;

23 (c) Set forth a statement that the conversion of the  
24 unincorporated entity was approved in the manner required by the law  
25 of the foreign jurisdiction; and

26 (d) Either contain all of the provisions that section 1303(1) of  
27 this act requires to be set forth in articles of incorporation and  
28 any other desired provisions that section 1303 (2) and (3) of this  
29 act permit to be included in articles of incorporation, or have  
30 attached articles of incorporation that comply with this act; except  
31 that, in either case, provisions that would not be required to be  
32 included in restated articles of incorporation of a domestic  
33 nonprofit corporation may be omitted.

34 (4) The articles of entity conversion and articles of  
35 incorporation must be simultaneously delivered to the secretary of  
36 state for filing. The articles of entity conversion and articles of  
37 incorporation take effect at the effective time provided in RCW  
38 23.95.210. Articles of entity conversion filed under subsection (1)  
39 or (2) of this section may be combined with any required conversion  
40 filing under the organic law of the domestic unincorporated entity if

1 the combined filing satisfies the requirements of both this section  
2 and the other organic law.

3 (5) If the converting entity is a foreign unincorporated entity  
4 that is registered to do business in this state under chapter 23.95  
5 RCW, then its registration statement is canceled automatically on the  
6 effective date of its conversion.

7 NEW SECTION. **Sec. 3325.** EFFECT OF ENTITY CONVERSION. (1) Except  
8 as provided in section 3304 of this act, when a conversion under  
9 sections 3301 through 3326 of this act becomes effective:

10 (a) The title to all real and personal property, both tangible  
11 and intangible, of the converting entity remains in the surviving  
12 entity without reversion or impairment;

13 (b) The liabilities of the converting entity remain the  
14 liabilities of the surviving entity;

15 (c) An action or proceeding pending against the converting entity  
16 continues against the surviving entity as if the conversion had not  
17 occurred;

18 (d) In the case of a surviving entity that is a filing entity,  
19 its articles or public organic record and its private organic rules  
20 become effective;

21 (e) In the case of a surviving entity that is a nonfiling entity,  
22 its private organic rules become effective;

23 (f) The memberships or interests of the converting entity are  
24 reclassified into memberships, interests, other securities,  
25 obligations, rights to acquire memberships, interests, or securities,  
26 or into cash or other property in accordance with the plan of  
27 conversion; and the members or interest holders of the converting  
28 entity are entitled only to the rights provided to them under the  
29 terms of the conversion and to any appraisal rights they may have  
30 under the organic law of the converting entity;

31 (g) A devise, bequest, gift, grant, or promise contained in a  
32 will or other instrument, in trust or otherwise, made to or for the  
33 converting entity before or after the conversion, inures to the  
34 surviving entity, subject to the express terms of the will or other  
35 instrument; and

36 (h) The surviving entity is deemed to be:

37 (i) Incorporated or organized under and subject to the organic  
38 law of the converting entity for all purposes; and

1 (ii) The same nonprofit corporation or unincorporated entity  
2 without interruption as the converting entity.

3 (2) A member who becomes subject to interest holder liability for  
4 some or all of the debts, obligations, or liabilities of the  
5 surviving entity has interest holder liability only for those debts,  
6 obligations, or liabilities of the surviving entity that arise after  
7 the effective time of the articles of entity conversion.

8 (3) The interest holder liability of an interest holder in an  
9 unincorporated entity that converts to a domestic nonprofit  
10 corporation is as follows:

11 (a) The conversion does not discharge any interest holder  
12 liability under the organic law of the unincorporated entity to the  
13 extent the interest holder liability arose before the effective time  
14 of the articles of entity conversion.

15 (b) The interest holder does not have interest holder liability  
16 under the organic law of the unincorporated entity for any debt,  
17 obligation, or liability of the corporation that arises after the  
18 effective time of the articles of entity conversion.

19 (c) The provisions of the organic law of the unincorporated  
20 entity continue to apply to the collection or discharge of any  
21 interest holder liability preserved by (a) of this subsection, as if  
22 the conversion had not occurred.

23 (d) The interest holder has whatever rights of contribution from  
24 other interest holders are provided by the organic law of the  
25 unincorporated entity with respect to any interest holder liability  
26 preserved by (a) of this subsection, as if the conversion had not  
27 occurred.

28 NEW SECTION. **Sec. 3326.** ABANDONMENT OF ENTITY CONVERSION. (1)  
29 Unless otherwise provided in a plan of entity conversion of a  
30 domestic nonprofit corporation, after the plan has been adopted and  
31 approved as required by sections 3301 through 3326 of this act, and  
32 at any time before the entity conversion has become effective, it may  
33 be abandoned by the members if there are members entitled to vote, or  
34 by the board without action by the members.

35 (2) If an entity conversion is abandoned after articles of entity  
36 conversion have been filed by the secretary of state but before the  
37 entity conversion has become effective, then a statement that the  
38 entity conversion has been abandoned in accordance with this section,  
39 executed by an officer of the corporation, must be delivered to the

1 secretary of state for filing before the effective date of the entity  
2 conversion. Upon filing, the statement takes effect and the entity  
3 conversion is abandoned and does not become effective.

4 **ARTICLE 4**

5 **DISPOSITION OF ASSETS**

6 NEW SECTION. **Sec. 3401.** DISPOSITIONS NOT REQUIRING MEMBER  
7 APPROVAL. Unless the articles or bylaws otherwise provide, approval  
8 of the members of a nonprofit corporation is not required:

9 (1) To sell, lease, exchange, or otherwise dispose of any or all  
10 of the corporation's assets:

11 (a) In the usual and regular course of its activities; or

12 (b) If the assets disposed of represent less than fifty percent  
13 of the total assets of the corporation and its consolidated  
14 subsidiaries, determined as of the end of the most recently completed  
15 fiscal year;

16 (2) To mortgage, pledge, dedicate to the repayment of  
17 indebtedness whether with or without recourse, or otherwise encumber  
18 any or all of the corporation's assets, whether or not in the usual  
19 and regular course of business its activities; or

20 (3) To transfer any or all of the corporation's assets to one or  
21 more corporations or other entities all of the memberships or  
22 interests of which are owned by the corporation.

23 NEW SECTION. **Sec. 3402.** DISPOSITIONS REQUIRING MEMBER APPROVAL.

24 (1) A sale, lease, exchange, or other disposition of assets, other  
25 than a disposition described in section 3401 of this act, requires  
26 approval of the corporation's members that are entitled to vote on  
27 the disposition, unless the articles or bylaws otherwise provide.

28 (2) A disposition that requires approval of the members must be  
29 initiated by a resolution by the board authorizing the disposition.  
30 After adoption of the resolution, the board shall submit the proposed  
31 disposition to the members for their approval. The board shall also  
32 deliver to the members a recommendation that the members approve the  
33 proposed disposition, unless the board makes a determination that  
34 because of conflicts of interest or other special circumstances it  
35 should not make a recommendation, in which case the board shall  
36 deliver to the members the basis for that determination.

1 (3) The board may condition its submission of a disposition to  
2 the members under subsection (2) of this section on any basis.

3 (4) If a disposition is required to be approved by the members,  
4 and if the approval is to be given at a meeting, then the nonprofit  
5 corporation shall give notice to each member, whether or not entitled  
6 to vote, of the meeting of members at which the disposition is to be  
7 submitted for approval. The notice shall state that the purpose, or  
8 one of the purposes, of the meeting is to consider the disposition  
9 and must contain a description of the disposition, including the  
10 terms and conditions thereof and the consideration to be received by  
11 the corporation.

12 (5) Unless the articles, bylaws, or the board acting pursuant to  
13 subsection (3) of this section requires a greater vote, or a greater  
14 number of votes to be present, the approval of a disposition by the  
15 members entitled to vote thereon requires the approval of a majority  
16 of those members at a meeting at which a quorum is present, and, if  
17 any class of members is entitled to vote as a separate group on the  
18 disposition, the approval of a majority of the members of each  
19 separate voting group entitled to vote at a meeting at which a quorum  
20 of the voting group is present.

21 (6) If a membership corporation has no members entitled to vote  
22 on a disposition, then the corporation shall deliver notice of a  
23 proposed disposition to all members of the corporation at least ten  
24 days before the meeting at which the board is to act upon the  
25 disposition.

26 (7) After a disposition has been approved by the members under  
27 subsection (5) of this section, and at any time before the  
28 disposition has been consummated, it may be abandoned by the  
29 nonprofit corporation without action by the members, subject to any  
30 contractual rights of other parties to the disposition.

31 (8) In addition to the approval of a disposition of assets by the  
32 board and members as required by this section, the disposition must  
33 also be approved in the form of a record by any person or group of  
34 persons whose approval is required under section 3114 of this act to  
35 amend the articles or bylaws.

36 (9) The assets of a direct or indirect consolidated subsidiary  
37 are deemed the assets of the parent nonprofit corporation for the  
38 purposes of this section.



1 (10) A disposition of assets in the course of a dissolution  
2 governed by sections 3501 through 3512 of this act is not governed by  
3 sections 3401 through 3405 of this act.

4 NEW SECTION. **Sec. 3403.** EFFECT OF DISPOSITIONS. Unless a  
5 domestic entity that is a party to a disposition of assets obtains an  
6 appropriate order of the court or approval from the attorney general  
7 under the law of this state, a disposition of assets under sections  
8 3401 through 3405 of this act may not affect:

9 (1) Any restriction imposed upon the entity by its organic  
10 documents or other governing authority that may not be amended by its  
11 directors, members, or interest holders; or

12 (2) The existing rights of persons other than members,  
13 shareholders, or interest holders of the entity.

14 NEW SECTION. **Sec. 3404.** PROPERTY HELD FOR CHARITABLE PURPOSES.

15 (1) In a disposition of assets under sections 3401 through 3405 of  
16 this act, property held for charitable purposes by a nonprofit  
17 corporation may not be diverted from charitable purposes.

18 (2) Property held by a nonprofit corporation and restricted to  
19 charitable purposes by a gift instrument may not be diverted from the  
20 restricted charitable purpose by a disposition of assets under  
21 sections 3401 through 3405 of this act unless modified in accordance  
22 with section 1503 of this act.

23 (3) Property held for charitable purposes pursuant to a trust  
24 instrument governed by chapter 11.110 RCW in which the nonprofit  
25 corporation is a trustee or a beneficiary may not be diverted from  
26 the charitable purposes specified in the trust instrument unless  
27 those purposes are modified by the court or pursuant to an agreement  
28 between all interested parties, including the attorney general, under  
29 chapter 11.96A RCW.

30 (4) Property held by a nonprofit corporation for charitable  
31 purposes upon condition requiring return, transfer, or conveyance,  
32 which condition occurs by reason of a disposition of assets under  
33 sections 3401 through 3405 of this act, must be returned,  
34 transferred, or conveyed in accordance with that condition.

35 (5) A charitable corporation or a corporation holding property  
36 for charitable purposes shall deliver to the attorney general of its  
37 intent to consummate a disposition, other than a disposition  
38 described in section 3401 of this act. The notice must be delivered

1 to the attorney general in the form of a record at least twenty days  
2 before the meeting at which the proposed disposition is to be  
3 approved. Such a disposition may not be implemented without the  
4 approval of the attorney general, or the approval of the court in a  
5 proceeding to which the attorney general is made a party. In the  
6 event that the attorney general does not deliver a notice of  
7 objection in the form of a record to the corporation within twenty  
8 days after the delivery to the attorney general of notice of the  
9 disposition, approval of the disposition is deemed to have been  
10 given.

11 (6) The notice described in subsection (5) of this section shall  
12 include:

13 (a) A statement specifying how the disposition will comply with  
14 subsections (1) through (4) of this section; and

15 (b) A brief description of:

16 (i) Real property held for charitable purposes that will be  
17 included in the disposition, and its nature and location;

18 (ii) Cash, bank deposits, brokerage accounts, or other financial  
19 assets held for charitable purposes that will be included in the  
20 disposition in full or in part, and their approximate total fair  
21 market value;

22 (iii) Other personal property held for charitable purposes that  
23 will be included in the disposition, and its nature and approximate  
24 total fair market value; and

25 (iv) Any gift restrictions applicable to any property described  
26 in (b)(i) through (iii) of this subsection, and the nature of those  
27 restrictions.

28 NEW SECTION. **Sec. 3405.** PROHIBITION OF FINANCIAL BENEFIT. A  
29 person who is a member or otherwise affiliated with a charitable  
30 corporation may not receive a direct or indirect financial benefit in  
31 connection with a disposition of assets governed by sections 3401  
32 through 3405 of this act unless the person is a charitable  
33 corporation, the federal government, a tribal government, a state or  
34 local government, a governmental subdivision, or an unincorporated  
35 entity that has charitable purposes. This section does not apply to  
36 the receipt of reasonable compensation for services rendered.

37 **ARTICLE 5**  
38 **VOLUNTARY DISSOLUTION**

1        NEW SECTION.    **Sec. 3501.**    AUTHORIZATION OF VOLUNTARY DISSOLUTION.

2    (1) Unless the articles or bylaws require a greater vote, a majority  
3    of the directors in office of a nonprofit corporation may authorize  
4    the dissolution of any nonprofit corporation that is not a membership  
5    corporation or is a membership corporation but has no members  
6    entitled to vote on its dissolution.

7        (2) If a membership corporation has no members entitled to vote  
8    on dissolution, then the corporation shall deliver notice of the  
9    proposed dissolution to all members of the corporation at least ten  
10    days before the meeting at which the board is to authorize the  
11    dissolution.

12        (3) For a membership corporation that has members that are  
13    entitled to vote on its dissolution:

14        (a) The board may propose dissolution for submission to the  
15    members entitled to vote, and for such a proposal to dissolve to be  
16    authorized:

17        (i) The board shall recommend dissolution to the members entitled  
18    to vote on the dissolution, unless the board determines that because  
19    of conflict of interest or other special circumstances it should make  
20    no recommendation and communicates the basis for its determination to  
21    the members entitled to vote on the dissolution;

22        (ii) The board may condition its submission of the proposal for  
23    dissolution on any basis, including approval of the proposed plan of  
24    distribution if required under section 3502 of this act;

25        (iii) The nonprofit corporation shall give notice to each member,  
26    whether or not entitled to vote, of the proposed meeting of members  
27    that includes the following statements:

28        (A) That the purpose, or one of the purposes, of the meeting is  
29    to consider dissolving the corporation; and

30        (B) How the assets of the corporation will be distributed after  
31    all creditors have been paid or how the distribution of assets will  
32    be determined; and

33        (iv) The members entitled to vote on the dissolution shall  
34    approve the proposal to dissolve as provided in (b) of this  
35    subsection.

36        (b) Unless the articles, the bylaws, or the board acting pursuant  
37    to (a)(ii) of this subsection requires a greater vote or a greater  
38    number of members to be present, the adoption of the proposal to  
39    dissolve by the members entitled to vote thereon requires the  
40    approval of at least a majority of those members at a meeting at

1 which a quorum is present, and, if any class of members is entitled  
2 to vote as a separate group on the proposal, the approval by a  
3 majority of the members in each separate voting group entitled to  
4 vote at a meeting at which a quorum of the voting group is present.

5 NEW SECTION. **Sec. 3502.** DISTRIBUTION OF ASSETS ON DISSOLUTION.

6 The assets of a corporation in the process of dissolution shall be  
7 applied and distributed in the following order:

8 (1) All known liabilities and obligations of the corporation must  
9 be paid, satisfied, and discharged, or adequate provision must be  
10 made to pay, satisfy, and discharge those liabilities.

11 (2) All property held for charitable purposes by the corporation,  
12 including all assets of a charitable corporation remaining after  
13 satisfaction of subsection (1) of this section, must be applied and  
14 distributed consistently with the corporation's articles, such that  
15 property is not diverted from charitable purposes, and as follows:

16 (a) Property held for charitable purposes pursuant to a trust  
17 instrument in which the nonprofit corporation is a trustee or a  
18 beneficiary must be governed by and distributed in accordance with  
19 the trust instrument and chapter 11.110 RCW, and any modification of  
20 restrictions imposed through the trust instrument accomplished  
21 through an appropriate order of the court or the agreement of all  
22 interested parties, including the attorney general, pursuant to  
23 chapter 11.96A RCW.

24 (b) Property owned outright and held for charitable purposes, but  
25 not held upon a condition requiring return, transfer, or conveyance  
26 by reason of the dissolution and not subject to any gift restriction,  
27 must be transferred or conveyed:

28 (i) To one or more entities operated exclusively for one or more  
29 charitable purposes;

30 (ii) To the federal government, a tribal government, or a state  
31 or local government for a public purpose; or

32 (iii) Subject to one or more gift restrictions requiring the  
33 property to be used exclusively for the same charitable purposes for  
34 which the dissolving corporation holds the property.

35 (c) Property that is subject to charitable purpose or management  
36 or investment restrictions that do not require modification at the  
37 time of dissolution and is not held upon a condition requiring  
38 return, transfer, or conveyance by reason of the dissolution must be  
39 transferred or conveyed subject to all restrictions applicable to the

1 property, except to the extent restrictions are modified pursuant to  
2 section 1503 of this act before distribution, pursuant to a plan of  
3 distribution adopted by the board and as provided by sections 3501  
4 through 3512 of this act.

5 (d) Property subject to charitable purpose or management or  
6 investment restrictions that require modification at the time of  
7 dissolution and are not held upon a condition requiring return,  
8 transfer, or conveyance by reason of dissolution, must be modified  
9 pursuant to section 1503 of this act before the gifts can be  
10 distributed, pursuant to a plan of distribution adopted by the board  
11 and as provided by sections 3501 through 3512 of this act.

12 (e) Property held for charitable purposes by the nonprofit  
13 corporation upon condition requiring return, transfer, or conveyance,  
14 which condition occurs by reason of the dissolution, must be  
15 returned, transferred, or conveyed in accordance with those  
16 requirements.

17 (3) Property held by a corporation upon condition requiring  
18 return, transfer, or conveyance, which condition occurs by reason of  
19 the dissolution, must be returned, transferred, or conveyed in  
20 accordance with the requirements of the condition.

21 (4) Other assets of a corporation other than a charitable  
22 corporation, if any, must be distributed:

23 (a) To members or other persons in accordance with the articles  
24 or bylaws, to the extent that the articles or bylaws determine the  
25 rights of members to distributions upon dissolution, or provide for  
26 distribution to other persons or classes of persons; and

27 (b) To the extent that the articles or bylaws do not govern  
28 distribution of assets on dissolution, to any persons the board may  
29 select.

30 NEW SECTION. **Sec. 3503.** CORPORATIONS HOLDING PROPERTY FOR  
31 CHARITABLE PURPOSES. (1) A nonprofit corporation holding property for  
32 charitable purposes, including any charitable corporation, may not  
33 deliver articles of dissolution to the secretary of state for filing  
34 pursuant to section 3504 of this act until it has complied with all  
35 of the requirements of this section.

36 (2) A nonprofit corporation described in subsection (1) of this  
37 section shall adopt a plan for the distribution of assets for the  
38 purpose of authorizing any transfer or conveyance of property held  
39 for charitable purposes, which shall:

1 (a) Be consistent with sections 3502 and 3506 of this act; and  
2 (b) Include a brief description of the following:  
3 (i) Real property held for charitable purposes, and its nature  
4 and location;  
5 (ii) Cash, bank deposits, brokerage accounts, or other financial  
6 assets held for charitable purposes, and their approximate total fair  
7 market value;  
8 (iii) Other personal property held for charitable purposes, and  
9 its nature and approximate total fair market value; and  
10 (iv) Any gift restrictions applicable to any property described  
11 in (b)(i) through (iii) of this subsection, and the nature of those  
12 restrictions.  
13 (3) A plan of distribution shall be adopted in the following  
14 manner:  
15 (a) Where there are no members, or no members having voting  
16 rights, a plan of distribution is adopted at a meeting of the board  
17 upon receiving a vote of a majority of the directors in office.  
18 (b) Where there are members having voting rights, the board shall  
19 adopt a resolution recommending a plan of distribution and directing  
20 the submission thereof to a vote at a meeting of members having  
21 voting rights. Such vote may take place at the same meeting during  
22 which members having voting rights vote upon dissolution of the  
23 nonprofit corporation. Notice in the form of a record setting forth  
24 the proposed plan of distribution or a summary thereof must be given  
25 to each member, whether or not entitled to vote at the meeting,  
26 within the time and in the manner provided in this chapter for the  
27 giving of notice of meetings of members. Such plan of distribution is  
28 adopted upon receiving votes from a majority of the members entitled  
29 to vote at a meeting at which a quorum is present, and, if any class  
30 of members is entitled to vote as a separate group on the plan, the  
31 approval by a majority of the members in each separate voting group  
32 entitled to vote at a meeting at which a quorum of the voting group  
33 is present. If the members entitled to vote on the dissolution  
34 approve the proposal to dissolve but do not approve the proposed plan  
35 of distribution in all material respects, then the board may either  
36 accept the plan of distribution, as approved by the members, or  
37 propose a new plan of distribution to the members for approval. This  
38 process shall continue until a plan of distribution acceptable to the  
39 board has been approved by the members. If successive votes take

1 place at the same meeting of members, then no further notices or  
2 meetings are required.

3 (4) A nonprofit corporation described in subsection (1) of this  
4 section shall give the attorney general notice that it intends to  
5 dissolve. The notice shall include:

6 (a) A copy of the plan of distribution proposed to be adopted in  
7 accordance with subsection (3) of this section; and

8 (b) The names and phone numbers of individuals available to  
9 answer questions regarding the dissolution and proposed plan of  
10 distribution.

11 (5) Notice required under subsection (4) of this section must be  
12 delivered to the attorney general in the form of a record at least  
13 twenty days before the meeting at which the proposed plan is to be  
14 adopted. No plan of distribution for a corporation described in  
15 subsection (1) of this section may be implemented without the  
16 approval of the attorney general, or the approval of the court in a  
17 proceeding to which the attorney general is made a party. In the  
18 event that the attorney general does not deliver a notice of  
19 objection in the form of a record to the corporation within twenty  
20 days after the delivery to the attorney general of notice of the  
21 plan, approval of the plan is deemed to have been given.

22 NEW SECTION. **Sec. 3504.** ARTICLES OF DISSOLUTION. (1) At any  
23 time after dissolution is authorized, the nonprofit corporation may  
24 dissolve by filing with the secretary of state articles of  
25 dissolution, accompanied by a revenue clearance certificate issued  
26 pursuant to RCW 82.32.260. The articles of dissolution shall set  
27 forth:

28 (a) The name of the corporation;

29 (b) The date of its incorporation;

30 (c) The effective date of the dissolution, which may be the date  
31 on which the articles of dissolution are filed or any date and time  
32 up to thirty days thereafter;

33 (d) Whether it is a membership corporation and, if it is a  
34 membership corporation, whether it has members that have a right to  
35 vote on its dissolution;

36 (e) If the corporation is not a membership corporation or has no  
37 members that have a right to vote on its dissolution, that the  
38 dissolution was authorized by the requisite number of directors;

1 (f) If the corporation is a membership corporation that has  
2 members that have a right to vote on its dissolution, that the  
3 requisite number of members has approved the proposal to dissolve;

4 (g) Whether the corporation is a charitable corporation or is  
5 holding property for charitable purposes;

6 (h) If the corporation is a charitable corporation or is holding  
7 property for charitable purposes, that the attorney general has  
8 approved, or is deemed to have approved, the corporation's plan of  
9 distribution pursuant to section 3503 of this act; and

10 (i) That the net assets of the corporation remaining after  
11 winding up have been, or will be, distributed in accordance with the  
12 corporation's articles and bylaws and the corporation's adopted plan  
13 of distribution.

14 (2) A nonprofit corporation is dissolved upon the effective date  
15 of its articles of dissolution.

16 (3) For purposes of sections 3501 through 3512 of this act,  
17 "dissolved corporation" means a nonprofit corporation whose articles  
18 of dissolution have become effective and includes a liquidating  
19 trust, if any, or other acquirer entity to which the remaining assets  
20 of the corporation are transferred subject to its liabilities for  
21 purposes of liquidation.

22 NEW SECTION. **Sec. 3505.** REVOCATION OF DISSOLUTION. (1) A  
23 nonprofit corporation may revoke its dissolution within one hundred  
24 twenty days of the effective date of the dissolution.

25 (2) Revocation of dissolution must be authorized in the same  
26 manner as the dissolution was authorized unless that authorization  
27 permitted revocation by action of the board alone, in which event the  
28 board may revoke the dissolution without action by the members.

29 (3) Except as provided in subsection (4) of this section, after  
30 the revocation of dissolution is authorized, the nonprofit  
31 corporation may revoke the dissolution by delivering to the secretary  
32 of state for filing articles of revocation of dissolution, together  
33 with a copy of its articles of dissolution, that set forth:

34 (a) The name of the corporation;

35 (b) The effective date of the dissolution that was revoked;

36 (c) The date that the revocation of dissolution was authorized;

37 and

38 (d) That the revocation of dissolution was approved in the manner  
39 required by this chapter and by the articles and bylaws.



1 (4) A charitable corporation or a nonprofit corporation holding  
2 property restricted to charitable purposes shall not deliver articles  
3 of revocation of dissolution to the secretary of state for filing  
4 without the approval of the attorney general. Such a corporation  
5 shall give the attorney general notice in the form of a record that  
6 it intends to revoke its dissolution, to which notice a copy of the  
7 articles of revocation of dissolution adopted in accordance with  
8 subsection (2) of this section must be attached. In the event that  
9 the attorney general does not deliver a notice of objection in the  
10 form of a record to the corporation within twenty days after the  
11 delivery to the attorney general of notice of the revocation of  
12 dissolution, approval of the revocation of dissolution is deemed to  
13 have been given.

14 (5) Revocation of dissolution is effective upon the effective  
15 date of the articles of revocation of dissolution.

16 (6) When the revocation of dissolution is effective, it relates  
17 back to and takes effect as of the effective date of the dissolution  
18 and the nonprofit corporation resumes carrying on its activities as  
19 if dissolution had never occurred.

20 NEW SECTION. **Sec. 3506.** EFFECT OF DISSOLUTION. (1) A nonprofit  
21 corporation, the dissolution of which has been authorized, continues  
22 its corporate existence but may not carry on any activities except  
23 those appropriate to wind up and liquidate its affairs, including:

24 (a) Collecting its assets;

25 (b) Disposing of its properties that will not be distributed in  
26 kind;

27 (c) Discharging or making provision for discharging its  
28 liabilities;

29 (d) Distributing its remaining property as required by the plan  
30 of distribution; and

31 (e) Doing every other act necessary to wind up and liquidate its  
32 activities and affairs.

33 (2) Dissolution of or authorization to dissolve a nonprofit  
34 corporation does not:

35 (a) Transfer title to the corporation's property;

36 (b) Subject its directors or officers to standards of conduct  
37 different from those prescribed in sections 2402 and 2602 of this  
38 act;

1 (c) Change quorum or voting requirements for its board or  
2 members; change provisions for selection, resignation, or removal of  
3 its directors or officers or both; or change provisions for amending  
4 its bylaws;

5 (d) Prevent commencement of a proceeding by or against the  
6 corporation in its corporate name;

7 (e) Abate or suspend a proceeding pending by or against the  
8 corporation on the effective date of dissolution;

9 (f) Terminate the authority of the registered agent of the  
10 corporation; or

11 (g) Modify any gift restriction, unless the restriction is  
12 modified in accordance with section 1503 of this act.

13 NEW SECTION. **Sec. 3507.** PROHIBITION OF FINANCIAL BENEFIT. No  
14 person may receive a direct or indirect financial benefit in  
15 connection with the dissolution of a charitable corporation unless  
16 the person is an entity operated exclusively for one or more  
17 charitable purposes, the federal government, a tribal government, a  
18 state or local government, or an unincorporated entity that has  
19 charitable purposes. This section does not apply to the receipt of  
20 reasonable compensation for services rendered.

21 NEW SECTION. **Sec. 3508.** KNOWN CLAIMS AGAINST DISSOLVED  
22 CORPORATION. (1) A dissolved nonprofit corporation shall deliver  
23 notice of the dissolution in the form of a record to all of the  
24 corporation's known claimants within thirty days of the date when the  
25 corporation delivered articles of dissolution to the secretary of  
26 state for filing.

27 (2) A dissolved nonprofit corporation may dispose of the known  
28 claims against it by delivering a notice in the form of a record that  
29 meets the requirements listed in subsection (3) of this section to  
30 its known claimants at any time after the date when the corporation  
31 delivered articles of dissolution to the secretary of state for  
32 filing. Delivery of a notice under this subsection shall satisfy the  
33 requirement of subsection (1) of this section if the notice is  
34 delivered to all known claimants within thirty days of the date when  
35 the corporation delivered articles of dissolution to the secretary of  
36 state for filing.

37 (3) A notice to claimants under subsection (2) of this section  
38 must:

1 (a) Describe information that must be included in a claim;  
2 (b) Provide a mailing address where a claim may be sent;  
3 (c) State the deadline, which may not be fewer than one hundred  
4 twenty days from the effective date of the notice, by which the  
5 dissolved nonprofit corporation must receive the claim; and

6 (d) State that the claim will be barred if not received by the  
7 deadline.

8 (4) A claim against the dissolved nonprofit corporation is  
9 barred:

10 (a) If a claimant who was given notice under subsection (2) of  
11 this section does not deliver the claim to the dissolved corporation  
12 by the deadline; or

13 (b) If a claimant whose claim was rejected by the dissolved  
14 corporation does not commence a proceeding to enforce the claim  
15 within ninety days from the effective date of the rejection notice.

16 (5) For purposes of this section, "claim" does not include a  
17 contingent liability or a claim based on an event occurring after the  
18 effective date of dissolution.

19 NEW SECTION. **Sec. 3509.** OTHER CLAIMS AGAINST DISSOLVED  
20 CORPORATION. (1) A dissolved nonprofit corporation may publish notice  
21 of its dissolution and request that persons with claims against the  
22 dissolved corporation present them in accordance with the notice.

23 (2) The notice must:

24 (a) Be published three times during three successive weeks in a  
25 newspaper of general circulation in the county where the principal  
26 office of the dissolved nonprofit corporation or, if none in this  
27 state, its registered office is or was last located;

28 (b) Describe the information that must be included in a claim and  
29 provide a mailing address where the claim shall be sent; and

30 (c) State that a claim against the dissolved corporation will be  
31 barred unless a proceeding to enforce the claim is commenced within  
32 three years after the last publication of the notice.

33 (3) If the dissolved nonprofit corporation publishes a newspaper  
34 notice in accordance with subsection (2) of this section, then the  
35 claim of each of the following claimants is barred unless the  
36 claimant commences a proceeding to enforce the claim against the  
37 dissolved corporation within three years after the last publication  
38 date of the newspaper notice:

- 1 (a) A claimant who was not given notice under section 3508 of  
2 this act;
- 3 (b) A claimant whose claim was timely sent to the dissolved  
4 corporation but not acted on; or
- 5 (c) A claimant whose claim is contingent or based on an event  
6 occurring after the effective date of dissolution.

7 NEW SECTION. **Sec. 3510.** ENFORCEMENT OF CLAIMS. A claim that is  
8 not barred by section 3508(4) or 3509(3) of this act may be enforced:

9 (1) Against the dissolved nonprofit corporation, to the extent of  
10 its undistributed assets; or

11 (2) Except as provided in section 3511(4) of this act, if the  
12 assets have been distributed in liquidation, against any person,  
13 other than a creditor of the dissolved corporation, to whom the  
14 corporation distributed its property, subject to the following  
15 restrictions:

16 (a) Recovery is limited to the amount of the distributee's pro  
17 rata share of the claim or the corporate assets distributed to the  
18 distributee in liquidation, whichever is less;

19 (b) A distributee's total liability for all claims under this  
20 section may not exceed the total amount of assets distributed to the  
21 distributee; and

22 (c) A distributee is only liable to the extent permitted by  
23 existing common law or statutory remedies, and nothing in this  
24 section creates a separate cause of action against a distributee.

25 NEW SECTION. **Sec. 3511.** COURT PROCEEDINGS. (1) A dissolved  
26 nonprofit corporation that has published a notice under section 3508  
27 of this act may file an application with the court for a  
28 determination of the amount and form of security to be provided for  
29 payment of claims that are contingent or have not been made known to  
30 the dissolved corporation or that are based on an event occurring  
31 after the effective date of dissolution but that, based on the facts  
32 known to the dissolved corporation, are reasonably estimated to be  
33 presented after the effective date of dissolution. Provision need not  
34 be made for any claim that is or is reasonably anticipated to be  
35 barred under section 3508(3) of this act.

36 (2) Within ten days after the filing of the application, the  
37 dissolved corporation shall give notice of the proceeding to each

1 claimant holding a contingent claim whose contingent claim is shown  
2 on the records of the dissolved corporation.

3 (3) The court may appoint a special representative to represent  
4 the interests of all claimants whose identities are unknown in any  
5 proceeding brought under this section. The dissolved corporation  
6 shall pay reasonable fees and expenses of the special representative,  
7 including all reasonable expert witness fees.

8 (4) Provision by the dissolved nonprofit corporation for security  
9 in the amount and the form ordered by the court under this section  
10 satisfies the dissolved corporation's obligations with respect to  
11 claims that are contingent, have not been made known to the dissolved  
12 corporation, or are based on an event occurring after the effective  
13 date of dissolution. Such claims may not be enforced against a person  
14 who received assets in liquidation.

15 NEW SECTION. **Sec. 3512.** DIRECTORS' DUTIES. (1) Directors shall  
16 cause the dissolved corporation to discharge or make reasonable  
17 provision for the payment of claims and make distributions of assets  
18 in accordance with the plan of distribution after payment or  
19 provision for claims.

20 (2) Directors of a dissolved corporation that has disposed of  
21 claims under section 3508, 3509, or 3511 of this act are not liable  
22 for breach of subsection (1) of this section with respect to claims  
23 against the dissolved corporation that are barred or satisfied under  
24 section 3508, 3509, or 3511 of this act.

25 (3) Failure to dispose of claims under section 3508, 3509, or  
26 3511 of this act is not, in and of itself, a violation of this  
27 section.

## 28 **ARTICLE 6**

### 29 **ADMINISTRATIVE AND JUDICIAL DISSOLUTION**

30 NEW SECTION. **Sec. 3601.** ADMINISTRATIVE DISSOLUTION. The  
31 secretary of state may commence a proceeding under RCW 23.95.610 to  
32 administratively dissolve a nonprofit corporation for any reason set  
33 forth in RCW 23.95.605.

34 NEW SECTION. **Sec. 3602.** PROCEDURE AND EFFECT OF ADMINISTRATIVE  
35 DISSOLUTION. (1) Administrative dissolution does not terminate, bar,

1 or otherwise modify any claim against the administratively dissolved  
2 corporation.

3 (2) A person is not liable in contract, tort, or otherwise solely  
4 by reason of being a director, officer, or member of a nonprofit  
5 corporation that was dissolved under sections 3601 through 3608 of  
6 this act, with respect to the activities or affairs of the  
7 corporation that have been continued, without knowledge of the  
8 dissolution.

9 NEW SECTION. **Sec. 3603.** PROPERTY HELD FOR CHARITABLE PURPOSES.

10 (1) If a charitable corporation, or a corporation holding property  
11 for charitable purposes, has been administratively dissolved and has  
12 not been reinstated, then neither the corporation nor any other  
13 person may transfer or distribute to any other person any property  
14 held for charitable purposes by the corporation unless the  
15 corporation has:

16 (a) Adopted a plan of distribution satisfying the requirements of  
17 section 3503(2) of this act and following the procedure set out in  
18 section 3503(3) of this act; and

19 (b) Obtained the approval or deemed approval of the attorney  
20 general of the plan of distribution, following the procedure set out  
21 in section 3503 (4) and (5) of this act.

22 (2) A corporation that has been administratively dissolved is not  
23 required to apply for reinstatement if its only activities will  
24 consist of adopting a plan of distribution, obtaining the approval or  
25 deemed approval of the attorney general of the plan of distribution,  
26 and distributing assets in accordance with the plan of distribution.

27 NEW SECTION. **Sec. 3604.** REINSTATEMENT OF ADMINISTRATIVELY

28 DISSOLVED CORPORATION. A nonprofit corporation administratively  
29 dissolved under RCW 23.95.610 may apply to the secretary of state for  
30 reinstatement by following the procedure and meeting the requirements  
31 set forth in RCW 23.95.615. A nonprofit corporation denied  
32 reinstatement may obtain judicial review of the denial within the  
33 time specified in RCW 23.95.620.

34 NEW SECTION. **Sec. 3605.** JUDICIAL DISSOLUTION. The court may

35 dissolve a nonprofit corporation:

36 (1) In a proceeding by the attorney general, if it is established  
37 that:

1 (a) The corporation obtained its articles through fraud; or

2 (b) The corporation has exceeded or abused, and is continuing to  
3 exceed or abuse, the authority conferred upon it by law; or

4 (c) The directors are deadlocked in the management of the  
5 corporate affairs; the members, if any, are unable to break the  
6 deadlock; and irreparable injury to the corporation or its purposes  
7 is threatened or being suffered because of the deadlock; or

8 (d) The corporation is misapplying or wasting property held for  
9 charitable purposes;

10 (2) Except as provided in the articles or bylaws, in a proceeding  
11 by fifty members or members holding at least five percent of the  
12 voting power, whichever is less, or by a director, if it is  
13 established that:

14 (a) The directors are deadlocked in the management of the  
15 corporate affairs; the members, if any, are unable to break the  
16 deadlock; and irreparable injury to the corporation or its mission is  
17 threatened or being suffered because of the deadlock;

18 (b) The directors or those in control of the corporation have  
19 acted, are acting, or have expressed intent to act in a manner that  
20 is illegal, oppressive, or fraudulent;

21 (c) The members are deadlocked in voting power and have failed,  
22 for a period that includes at least two consecutive annual meeting  
23 dates, to elect successors to directors whose terms have, or  
24 otherwise would have, expired;

25 (d) The corporate assets are being misapplied or wasted; or

26 (e) The corporation has insufficient assets to continue its  
27 activities and it is no longer able to assemble a quorum of directors  
28 or members;

29 (3) In a proceeding by a creditor, if it is established that:

30 (a) The creditor's claim has been reduced to judgment, the  
31 execution on the judgment returned unsatisfied, and the corporation  
32 is insolvent; or

33 (b) The corporation has admitted in a record that the creditor's  
34 claim is due and owing and the corporation is insolvent; or

35 (4) In a proceeding by the corporation to have its voluntary  
36 dissolution continued under court supervision.

37 NEW SECTION. **Sec. 3606.** PROCEDURE FOR JUDICIAL DISSOLUTION. (1)

38 It is not necessary to make directors or members parties to a

1 proceeding to dissolve a nonprofit corporation unless relief is  
2 sought against them individually.

3 (2) A person commencing a proceeding to dissolve a nonprofit  
4 corporation shall notify the attorney general of the proceeding in  
5 the form of a record if:

6 (a) The corporation is recognized by the internal revenue service  
7 as an organization described in section 501(c)(3) of the Internal  
8 Revenue Code; or

9 (b) The person bringing the proceeding knows that the nonprofit  
10 corporation is a charitable corporation or has property held for  
11 charitable purposes.

12 (3) The court in a proceeding brought to dissolve a nonprofit  
13 corporation may issue injunctions, take other action required to  
14 preserve the corporate assets wherever located, and carry on the  
15 activities of the corporation until a full hearing can be held.

16 NEW SECTION. **Sec. 3607.** RECEIVERSHIP. The court in a judicial  
17 proceeding brought to dissolve a nonprofit corporation may appoint  
18 one or more receivers to wind up and liquidate, or to manage, the  
19 affairs of the corporation, pursuant to chapter 7.60 RCW.

20 NEW SECTION. **Sec. 3608.** DECREE OF DISSOLUTION. (1) If, after a  
21 hearing, the court determines that one or more grounds for judicial  
22 dissolution described in section 3605 of this act exist, then it may  
23 enter a decree dissolving the nonprofit corporation and specifying  
24 the effective date of the dissolution, and the clerk of the court  
25 shall deliver a certified copy of the decree to the secretary of  
26 state, who shall file it.

27 (2) After entering a decree of dissolution, the court shall  
28 direct the winding up and liquidation of the nonprofit corporation's  
29 affairs in accordance with section 3506 of this act and the  
30 notification of claimants in accordance with sections 3508 and 3509  
31 of this act.

32 **PART IV**  
33 **ACTIONS INVOLVING NONPROFIT CORPORATIONS**  
34 **ARTICLE 1**  
35 **SUPERVISION OF PROPERTY HELD FOR CHARITABLE PURPOSES**



1        NEW SECTION.    **Sec. 4101.**    NOTICE TO ATTORNEY GENERAL. (1) Every  
2 notice to the attorney general required under this chapter must be  
3 served upon the attorney general. Service upon the attorney general  
4 must be via United States mail, postage prepaid, or by other means as  
5 authorized by the attorney general.

6        (2) Every notice to the attorney general under this chapter shall  
7 identify the provisions of this chapter relevant to the subject  
8 matter of the notice.

9        (3) Any person that has commenced any proceeding which this  
10 chapter authorizes the attorney general to bring, including but not  
11 limited to any proceeding involving a charitable corporation or  
12 property held for charitable purposes brought under section 1502,  
13 1505, 2702, 3510, 3605, or 4203 of this act, shall serve notice of  
14 the commencement of the proceeding upon the attorney general. Any  
15 other party to such a proceeding may serve notice of the commencement  
16 of the proceeding upon the attorney general. To be valid, the notice  
17 must identify that it is being given pursuant to this subsection. The  
18 attorney general may waive this notice at any time.

19        (4) Notice to the attorney general is effective:

20        (a) Five days after its deposit in the United States mail, only  
21 if the postage is paid and the notice is correctly addressed; or

22        (b) When given, if the notice is delivered in any other manner  
23 that the attorney general has authorized.

24        NEW SECTION.    **Sec. 4102.**    ACTIONS TO SECURE PROPERTY HELD FOR  
25 CHARITABLE PURPOSES. The attorney general may commence in the court  
26 described in section 1105 of this act any action or proceeding to:

27        (1) Ensure compliance by a nonprofit corporation, or its members,  
28 directors, officers, employees, or agents, with any provision of this  
29 chapter that governs the distribution, disposition, management, or  
30 expenditure of, or reporting obligations relating to, any property  
31 held for charitable purposes;

32        (2) Secure the proper administration of a charitable corporation,  
33 or of property held for charitable purposes by a nonprofit  
34 corporation, when reasonably necessary to protect property held for  
35 charitable purposes; and

36        (3) Restrain and prevent any act that violates any provision of  
37 this chapter that governs the distribution, disposition, management,  
38 or expenditure of, or reporting obligations relating to, any property  
39 held for charitable purposes.

1        NEW SECTION.    **Sec. 4103.**    ATTORNEY GENERAL'S RIGHT TO INTERVENE.

2    The attorney general, as of right, may intervene in any proceeding  
3    that has been commenced by a person other than the attorney general  
4    if the attorney general is otherwise authorized to bring such a  
5    proceeding under this chapter.

6        NEW SECTION.    **Sec. 4104.**    ATTORNEY GENERAL'S INVESTIGATIVE POWER.

7    Upon reasonable suspicion that there has been a violation of any  
8    provision of this chapter that governs the distribution, disposition,  
9    management, or expenditure of, or reporting obligations relating to,  
10   any property held for charitable purposes, or that a charitable  
11   corporation or property held for charitable purposes by a nonprofit  
12   corporation has been improperly administered, the attorney general  
13   may institute an investigation for the purpose of determining whether  
14   there has been such a violation or improper administration.

15       NEW SECTION.    **Sec. 4105.**    CIVIL INVESTIGATIVE DEMANDS. (1) The

16   attorney general may, before the institution of a civil proceeding  
17   arising from an investigation instituted under section 4104 of this  
18   act, execute in writing and cause to be served upon a person a civil  
19   investigative demand requiring the person to produce documentary  
20   material and permit inspection and copying, to answer in writing  
21   written interrogatories, to give oral testimony, or any combination  
22   of those demands, whenever the attorney general believes that the  
23   person:

24        (a) May be in possession, custody, or control of any original or  
25        copy of any record, report, memorandum, paper, communication,  
26        tabulation, map, chart, photograph, mechanical transcription, or  
27        other document or recording, wherever situated, which the attorney  
28        general reasonably believes to be relevant to the subject matter of  
29        any investigation instituted under section 4104 of this act; or

30        (b) May have knowledge of any information which the attorney  
31        general reasonably believes to be relevant to the subject matter of  
32        any such investigation.

33        (2) The provisions of RCW 19.86.110 (2) through (9) except for  
34        RCW 19.86.110(7) (b) and (c), shall apply to every civil  
35        investigative demand issued under this section.

36        (3) With respect to a civil investigative demand issued under  
37        this section, the venue for filing a petition to extend a return date  
38        under RCW 19.86.110(8) or a petition for an order of enforcement

1 under RCW 19.86.110(9) shall include any court described in section  
2 1105 of this act.

3 (4) The attorney general may provide copies of documentary  
4 material, answers to written interrogatories, or transcripts of oral  
5 testimony provided under this section to an official of this state,  
6 another state, or the federal government who is charged with the  
7 enforcement of state or federal laws related to the protection or  
8 regulation of property held for charitable purposes, provided that  
9 before the disclosure the receiving official agrees in the form of a  
10 record that the information may not be disclosed to anyone other than  
11 that official or the official's authorized employees or agents.  
12 Material provided under this subsection is subject to the limitations  
13 on disclosure contained in RCW 19.86.110(7)(a), and, where  
14 applicable, Title 5 U.S.C. Sec. 552, and may not be introduced as  
15 evidence in a criminal prosecution.

16 (5) The attorney general may use such copies of documentary  
17 material, answers to written interrogatories, or transcripts of oral  
18 testimony as the attorney general determines necessary in the  
19 enforcement of any provision of this chapter that governs the  
20 distribution, disposition, management, or expenditure of, or  
21 reporting obligations relating to, any property held for charitable  
22 purposes, including presentation before any court, provided, however,  
23 that any such material, answers to written interrogatories, or  
24 transcripts of oral testimony which contain trade secrets shall not  
25 be presented except with the approval of the court in which the  
26 action is pending after adequate notice to the person furnishing such  
27 material, answers to written interrogatories, or oral testimony.

28 NEW SECTION. **Sec. 4106.** RELIGIOUS CORPORATIONS. The attorney  
29 general shall not commence any action under section 4102 of this act  
30 against a religious corporation; intervene in any action under  
31 section 4103 of this act involving a religious corporation; institute  
32 any investigation under section 4104 of this act, the subject of  
33 which is a religious corporation; or serve any civil investigative  
34 demand under section 4105 of this act on a religious corporation,  
35 unless for the purposes of this section only:

36 (1) The basis for the action, investigation, or civil  
37 investigative demand is the attorney general's knowledge of facts,  
38 circumstances, or results that property held by the religious

1 corporation for charitable purposes has been, is threatened to be, or  
2 is about to be distributed in violation of section 1406 of this act;

3 (2) The board of directors of the religious corporation has  
4 adopted a resolution in the form of a record requesting the attorney  
5 general's involvement in the action or investigation; or

6 (3) The attorney general has knowledge of facts, circumstances,  
7 or results indicating that the religious corporation has no directors  
8 in office, in which case the attorney general may investigate the  
9 issue of whether the religious corporation has directors in office,  
10 and, if necessary, appoint one or more directors of the religious  
11 corporation following the procedure set out in section 2410(4) of  
12 this act.

13 NEW SECTION. **Sec. 4107.** ASSURANCES OF DISCONTINUANCE. In the  
14 enforcement of the provisions of this chapter that govern the  
15 distribution, disposition, or expenditure of, or reporting  
16 obligations relating to, property held for charitable purposes, the  
17 attorney general may accept an assurance of discontinuance of any act  
18 or practice deemed in violation of such provision, from any person  
19 engaging in, or who has engaged in, such act or practice. Any such  
20 assurance must be in writing and be filed with and subject to the  
21 approval of the court. Such assurance of discontinuance is not an  
22 admission of a violation for any purpose, but proof of failure to  
23 comply with the assurance of discontinuance is prima facie evidence  
24 of a violation of this chapter.

25 NEW SECTION. **Sec. 4108.** CIVIL PENALTIES, COSTS, AND FEES. (1)  
26 Pursuant to an action by the attorney general, a person shall forfeit  
27 and pay a civil penalty of not more than five thousand dollars for  
28 each violation if such person:

29 (a) Engages in conduct that violates any provision of this  
30 chapter governing the distribution, disposition, management, or  
31 expenditure of, or reporting obligations relating to, property held  
32 for charitable purposes, intending or knowing that such conduct was  
33 in violation of this chapter;

34 (b) As a director or officer of a corporation, votes for or  
35 assents to a distribution of property held for charitable purposes  
36 that would give rise to liability under section 2702 of this act; or

1 (c) Receives any portion of a distribution described in (b) of  
2 this subsection knowing that the distribution was made in violation  
3 of this chapter.

4 (2) Any person who shall violate the terms of any injunction  
5 issued pursuant to an action by the attorney general under section  
6 4102 of this act shall forfeit and pay a civil penalty of not more  
7 than twenty-five thousand dollars for each violation.

8 (3) At the discretion of the court, the attorney general is  
9 entitled to recovery of its costs and fees incurred in securing  
10 compliance with the provisions of this chapter governing the  
11 distribution, disposition, management, or expenditure of, or  
12 reporting obligations relating to, property held for charitable  
13 purposes.

14 NEW SECTION. **Sec. 4109.** CHARITABLE ASSET PROTECTION ACCOUNT.

15 (1) The Washington state attorney general charitable asset protection  
16 account is created in the custody of the state treasurer. Only the  
17 attorney general or the attorney general's designee may authorize  
18 expenditures from the account. Moneys in the account shall be used  
19 exclusively for:

20 (a) The costs associated with the attorney general's enforcement  
21 of the provisions of this chapter governing the distribution,  
22 disposition, management, or expenditure of, or reporting obligations  
23 relating to, property held for charitable purposes, or the proper  
24 administration of a charitable corporation or property held for  
25 charitable purposes;

26 (b) The costs associated with the attorney general's review and  
27 handling of notices and requests submitted to the attorney general  
28 under the provisions of this chapter including, but not limited to,  
29 binding agreements described in section 1504 of this act, major  
30 changes in purposes or programs reported under section 1205 of this  
31 act, and notices of proposed transactions under sections 3101 through  
32 3608 of this act;

33 (c) The costs associated with the attorney general's review and  
34 handling of notices and requests submitted to the attorney general in  
35 connection with the release or modification under RCW 24.55.045 of  
36 restrictions applicable to institutional funds;

37 (d) The costs associated with the attorney general's supervision  
38 of charitable trusts under the authority granted in chapter 11.110

1 RCW, including review and handling of binding agreements under  
2 chapter 11.96A RCW, involving assets held in charitable trust; and

3 (e) The charitable solicitation education program.

4 An appropriation is not required for expenditures, but the  
5 account is subject to allotment procedures under chapter 43.88 RCW.

6 (2)(a) The secretary of state shall collect a charitable asset  
7 protection fee, in addition to fees that the secretary of state may  
8 set under section 1207 of this act, for filing:

9 (i) Annual reports under section 1204 of this act;

10 (ii) Articles of incorporation of newly formed corporations under  
11 section 1303 of this act;

12 (iii) Articles of domestication under section 3309 of this act;  
13 and

14 (iv) Articles of domestication and conversion under section 3318  
15 of this act.

16 (b) The charitable asset protection fee is fifty dollars per  
17 year, reduced to ten dollars if the corporation certifies that its  
18 total gross revenue in the most recent fiscal year was less than five  
19 hundred thousand dollars.

20 (c) Revenue generated from the charitable asset protection fee  
21 must be distributed as follows:

22 (i) Ninety-five percent of the revenue must be deposited into the  
23 Washington state attorney general charitable asset protection account  
24 created in subsection (1) of this section; and

25 (ii) Five percent of the revenue must be deposited into the  
26 secretary of state's revolving fund to cover the administrative costs  
27 of assessing the fee.

## 28 **ARTICLE 2**

### 29 **CONTESTED CORPORATE ACTION**

30 NEW SECTION. **Sec. 4201.** DEFINITIONS. This section and sections  
31 4202 and 4203 of this act apply to, and the term "corporate action"  
32 in this section and sections 4202 and 4203 of this act means, any of  
33 the following actions:

34 (1) The election, appointment, designation, or other selection  
35 and the suspension, removal, or expulsion of members, delegates,  
36 directors, or officers of a nonprofit corporation;

37 (2) The taking of any action on any matter that:

1 (a) Is required under this chapter or any other provision of law  
2 to be submitted for approval of or adoption by the members,  
3 delegates, directors, or officers of a nonprofit corporation;

4 (b) Under the articles or bylaws may be submitted for approval of  
5 or adoption by the members, delegates, directors, or officers of a  
6 nonprofit corporation; or

7 (c) Is in fact approved or adopted by the members, delegates,  
8 directors, or officers of a nonprofit corporation.

9 NEW SECTION. **Sec. 4202.** PROCEEDINGS PRIOR TO CORPORATE ACTION.

10 (1) Where under applicable law or the articles or bylaws of a  
11 nonprofit corporation there has been a failure to hold a meeting to  
12 take corporate action and the failure has continued for thirty days  
13 after the date designated or appropriate therefor, the court may  
14 summarily order a meeting to be held upon the application of any  
15 person entitled, either alone or in conjunction with other persons  
16 similarly seeking relief under this section, to call a meeting to  
17 consider the corporate action in issue, and, in the case of a  
18 charitable corporation, upon the application of the attorney general.

19 (2) The court may determine the right to vote at the meeting of  
20 persons claiming that right, may appoint an individual to hold the  
21 meeting under such orders and powers as the court may deem proper,  
22 and may take such action as may be required to give due notice of the  
23 meeting and convene and conduct the meeting in the interests of  
24 justice.

25 NEW SECTION. **Sec. 4203.** REVIEW OF CONTESTED CORPORATE ACTION.

26 (1) Except as provided in subsection (3) of this section, upon  
27 petition of a person whose status as, or whose rights or duties as, a  
28 member, delegate, director, or officer of a corporation are or may be  
29 affected by any corporate action, or, in the case of a charitable  
30 corporation, the attorney general, the court may hear and determine  
31 the validity of the corporate action. The petitioner shall provide  
32 notice of the proceeding to every other person the petitioner knows,  
33 or should reasonably know, to be affected by the proceeding.

34 (2) The court may make such orders in any such case as may be  
35 just and proper, with power to enforce the production of any books,  
36 papers, and records of the corporation and other evidence that may  
37 relate to the issue, and may provide for notice of the proceeding to  
38 other parties if necessary. If it is determined that no valid

1 corporate action has been taken, the court may order a meeting to be  
2 held in accordance with section 4202 of this act.

3 (3) If a nonprofit corporation has provided in its articles or  
4 bylaws for a means of resolving a challenge to a corporate action,  
5 then subsection (1) of this section shall not apply, except in the  
6 case of actions brought by the attorney general with respect to  
7 corporate actions of charitable corporations. The court may enforce  
8 provisions of the articles or bylaws if appropriate.

9 **PART V**

10 **REVISIONS TO EXISTING STATUTES**

11 **ARTICLE 1**

12 **SUBSTANTIVE AMENDMENTS**

13 **Sec. 5101.** RCW 11.110.020 and 1985 c 30 s 114 are each amended  
14 to read as follows:

15 ~~((When used in))~~ The definitions in this section apply throughout  
16 this chapter~~((,))~~ unless the context clearly requires otherwise  
17 ~~((requires)).~~

18 (1) "Person" means an individual, organization, group,  
19 association, partnership, corporation, or any combination of them.

20 (2) (a) "Trustee" means ~~((1))~~:

21 (i) Any person holding property in trust for a public charitable  
22 purpose; except the United States, its states, territories, and  
23 possessions, the District of Columbia, Puerto Rico, and their  
24 agencies and subdivisions; ~~((and (2)))~~

25 (ii) A corporation formed for the administration of a charitable  
26 trust ~~((or))~~; and

27 (iii) Any person holding assets subject to limitations permitting  
28 their use only for charitable, religious, eleemosynary, benevolent,  
29 educational, or similar purposes ~~((: PROVIDED, That))~~.

30 (b) Unless they are described in (a) (i) or (ii) of this  
31 subsection, the term "trustee" does not apply to ~~((a))~~:

32 (i) Washington nonprofit corporations incorporated under chapter  
33 24.-- RCW (the new chapter created in section 6101 of this act) or to  
34 which chapter 24.-- RCW (the new chapter created in section 6101 of  
35 this act) applies through operation of section 1107 of this act;

36 (ii) Religious corporations duly organized and operated in good  
37 faith as religious organizations, which have received a declaration  
38 of current tax exempt status from the government of the United



1 States; their duly organized branches or chapters; and charities,  
2 agencies, and organizations affiliated with and forming an integral  
3 part of said organization, or operated, supervised, or controlled  
4 directly by such religious corporations nor any officer of any such  
5 religious organization who holds property for religious purposes(~~+~~  
6 ~~PROVIDED, That~~). However, if such organization has not received from  
7 the United States government a declaration of current tax exempt  
8 status prior to the time it receives property under the terms of a  
9 charitable trust, this exemption shall be applicable for two years  
10 only from the time of receiving such property, or until such tax  
11 exempt status is finally declared, whichever is sooner; or (~~(b)~~)

12 (iii) An educational institution which is nonprofit and  
13 charitable, having a program of primary, secondary, or collegiate  
14 instruction comparable in scope to that of any public school or  
15 college operated by the state of Washington or any of its school  
16 districts.

17 **Sec. 5102.** RCW 23.95.255 and 2017 c 31 s 2 are each amended to  
18 read as follows:

19 (1) A domestic entity other than a limited liability partnership  
20 or nonprofit corporation shall, within one hundred twenty days of the  
21 date on which its public organic record became effective, deliver to  
22 the secretary of state for filing an initial report that states the  
23 information required under subsection (2) of this section.

24 (2) A domestic entity or registered foreign entity shall deliver  
25 to the secretary of state for filing an annual report that states:

26 (a) The name of the entity and its jurisdiction of formation;

27 (b) The name and street and mailing addresses of the entity's  
28 registered agent in this state;

29 (c) The street and mailing addresses of the entity's principal  
30 office;

31 (d) In the case of a registered foreign entity, the street and  
32 mailing address of the entity's principal office in the state or  
33 country under the laws of which it is incorporated;

34 (e) The names of the entity's governors;

35 (f) A brief description of the nature of the entity's business;

36 (~~and~~)

37 (g) The entity's unified business identifier number;

38 (h) In the case of a nonprofit corporation, the corporation's  
39 federal employer identification number; and

1 (i) In the case of a nonprofit corporation, any information  
2 required under section 1205 of this act.

3 (3) Information in an initial or annual report must be current as  
4 of the date the report is executed by the entity.

5 (4) Annual reports must be delivered to the secretary of state on  
6 a date determined by the secretary of state and at such additional  
7 times as the entity elects.

8 (5) If an initial or annual report does not contain the  
9 information required by this section, the secretary of state promptly  
10 shall notify the reporting entity in a record and return the report  
11 for correction.

12 (6) If an initial or annual report contains the name or address  
13 of a registered agent that differs from the information shown in the  
14 records of the secretary of state immediately before the annual  
15 report becomes effective, the differing information in the initial or  
16 annual report is considered a statement of change under RCW  
17 23.95.430.

18 (7) The secretary of state shall send to each domestic entity and  
19 registered foreign entity, not less than thirty or more than ninety  
20 days prior to the expiration date of the entity's annual renewal, a  
21 notice that the entity's annual report must be filed as required by  
22 this chapter and that any applicable annual renewal fee must be paid,  
23 and stating that if the entity fails to file its annual report or pay  
24 the annual renewal fee it will be administratively dissolved. The  
25 notice may be sent by postal or email as elected by the entity,  
26 addressed to its registered agent within the state, or to an  
27 electronic address designated by the entity in a record retained by  
28 the secretary of state. Failure of the secretary of state to provide  
29 any such notice does not relieve a domestic entity or registered  
30 foreign entity from its obligations to file the annual report  
31 required by this chapter or to pay any applicable annual renewal fee.  
32 The option to receive the notice provided under this section by email  
33 may be selected only when the secretary of state makes the option  
34 available.

35 **Sec. 5103.** RCW 23.95.305 and 2019 c 37 s 1402 are each amended  
36 to read as follows:

37 (1) (a) The name of a business corporation:

38 (i) (A) Except in the case of a social purpose corporation, must  
39 contain the word "corporation," "incorporated," "company," or

1 "limited," or the abbreviation "Corp.," "Inc.," "Co.," or "Ltd.," or  
2 words or abbreviations of similar import in another language; or

3 (B) In the case of a social purpose corporation, must contain the  
4 words "social purpose corporation" or the abbreviation "SPC" or  
5 "S.P.C."; and

6 (ii) Must not contain any of the following words or phrases:  
7 "Bank," "banking," "banker," "trust," "cooperative," or any  
8 combination of the words "industrial" and "loan," or any combination  
9 of any two or more of the words "building," "savings," "loan,"  
10 "home," "association," and "society," or any other words or phrases  
11 prohibited by any statute of this state.

12 (b) The name of a professional service corporation must contain  
13 either the words "professional service" or "professional corporation"  
14 or the abbreviation "P.S." or "P.C." The name may also contain either  
15 the words "corporation," "incorporated," "company," or "limited," or  
16 the abbreviation "Corp.," "Inc.," "Co.," or "Ltd." The name of a  
17 professional service corporation organized to render dental services  
18 must contain the full names or surnames of all shareholders and no  
19 other word than "chartered" or the words "professional services" or  
20 the abbreviation "P.S." or "P.C."

21 (2) The name of a nonprofit corporation:

22 (a) May include "club," "league," "association," "services,"  
23 "committee," "fund," "society," "foundation," "guild," ". . . . . ,  
24 a nonprofit corporation," ". . . . . , a nonprofit mutual  
25 corporation," or any name of like import;

26 (b) Except for nonprofit corporations formed prior to January 1,  
27 1969, must not include or end with "incorporated," "company,"  
28 "corporation," "partnership," "limited partnership," or "Ltd.," or  
29 any abbreviation thereof; (~~and~~)

30 (c) May not be deceptively similar to the name of an existing  
31 domestic entity which is not then administratively dissolved; and

32 (d) May only include the term "public benefit" or names of like  
33 import if the nonprofit corporation has been designated as a public  
34 benefit nonprofit corporation by the secretary of state in accordance  
35 with chapter (~~24.03 RCW~~) 24.-- RCW (the new chapter created in  
36 section 6101 of this act).

37 (3) The name of a limited partnership may contain the name of any  
38 partner. The name of a partnership that is not a limited liability  
39 limited partnership must contain the words "limited partnership" or  
40 the abbreviation "LP" or "L.P." and may not contain the words

1 "limited liability limited partnership" or the abbreviation "LLLP" or  
2 "L.L.L.P." If the limited partnership is a limited liability limited  
3 partnership, the name must contain the words "limited liability  
4 limited partnership" or the abbreviation "LLLP" or "L.L.L.P." and may  
5 not contain the abbreviation "LP" or "L.P."

6 (4) The name of a limited liability partnership must contain the  
7 words "limited liability partnership" or the abbreviation "LLP" or  
8 "L.L.P." If the name of a foreign limited liability partnership  
9 contains the words "registered limited liability partnership" or the  
10 abbreviation "R.L.L.P." or "RLLP," it may include those words or  
11 abbreviations in its foreign registration statement.

12 (5) (a) The name of a limited liability company:

13 (i) Must contain the words "limited liability company," the words  
14 "limited liability" and abbreviation "Co.," or the abbreviation  
15 "L.L.C." or "LLC"; and

16 (ii) May not contain any of the following words or phrases:  
17 "Cooperative," "partnership," "corporation," "incorporated," or the  
18 abbreviations "Corp.," "Ltd.," or "Inc.," or "LP," "L.P.," "LLP,"  
19 "L.L.P.," "LLLP," "L.L.L.P.," or any words or phrases prohibited by  
20 any statute of this state.

21 (b) The name of a professional limited liability company must  
22 contain either the words "professional limited liability company," or  
23 the words "professional limited liability" and the abbreviation  
24 "Co.," or the abbreviation "P.L.L.C." or "PLLC," provided that the  
25 name of a professional limited liability company organized to render  
26 dental services must contain the full names or surnames of all  
27 members and no other word than "chartered" or the words "professional  
28 services" or the abbreviation "P.L.L.C." or "PLLC."

29 (6) The name of a cooperative association organized under chapter  
30 23.86 RCW may contain the words "corporation," "incorporated," or  
31 "limited," or the abbreviation "Corp.," "Inc.," or "Ltd."

32 (7) The name of a limited cooperative association must contain  
33 the phrase "limited cooperative association" or "limited cooperative"  
34 or the abbreviation "L.C.A." or "LCA." "Limited" may be abbreviated  
35 as "Ltd." "Cooperative" may be abbreviated as "Co-op." or "Coop."  
36 "Association" may be abbreviated as "Assoc." or "Assn."

37 NEW SECTION. **Sec. 5104.** A new section is added to chapter 74.15  
38 RCW to read as follows:

1 (1) A host home program must register with the secretary of  
2 state's office. This registration may occur when the secretary of  
3 state files articles of incorporation of the host home program under  
4 chapter 24.-- RCW (the new chapter created in section 6101 of this  
5 act).

6 (2) The host home program registration must include a notarized  
7 statement by the host home program that it meets all of the  
8 requirements set out in RCW 74.15.020(2)(o).

9 (3) The secretary of state has no duty to confirm that a host  
10 home program is meeting its statutory requirements. A filing under  
11 this section does not imply an endorsement by the secretary of state.

12 (4) The secretary of state may adopt rules necessary to carry out  
13 its duties under this section.

## 14 ARTICLE 2

### 15 AMENDMENTS TO UPDATE REFERENCES

16 **Sec. 5201.** RCW 7.60.025 and 2019 c 389 s 1 are each amended to  
17 read as follows:

18 (1) A receiver may be appointed by the superior court of this  
19 state in the following instances, but except in any case in which a  
20 receiver's appointment is expressly required by statute, or any case  
21 in which a receiver's appointment is sought by a state agent whose  
22 authority to seek the appointment of a receiver is expressly  
23 conferred by statute, or any case in which a receiver's appointment  
24 with respect to real property is sought under (b)(ii) of this  
25 subsection, a receiver shall be appointed only if the court  
26 additionally determines that the appointment of a receiver is  
27 reasonably necessary and that other available remedies either are not  
28 available or are inadequate:

29 (a) On application of any party, when the party is determined to  
30 have a probable right to or interest in property that is a subject of  
31 the action and in the possession of an adverse party, or when the  
32 property or its revenue-producing potential is in danger of being  
33 lost or materially injured or impaired. A receiver may be appointed  
34 under this subsection (1)(a) whether or not the application for  
35 appointment of a receiver is combined with, or is ancillary to, an  
36 action seeking a money judgment or other relief;

37 (b) Provisionally, after commencement of any judicial action or  
38 nonjudicial proceeding to foreclose upon any lien against or for

1 forfeiture of any interest in real or personal property, on  
2 application of any person, when the interest in the property that is  
3 the subject of such an action or proceeding of the person seeking the  
4 receiver's appointment is determined to be probable and either:

5 (i) The property or its revenue-producing potential is in danger  
6 of being lost or materially injured or impaired; or

7 (ii) The appointment of a receiver with respect to the real or  
8 personal property that is the subject of the action or proceeding is  
9 provided for by agreement or is reasonably necessary to effectuate or  
10 enforce an assignment of rents or other revenues from the property.  
11 For purposes of this subsection (1)(b), a judicial action is  
12 commenced as provided in superior court civil rule 3(a), a  
13 nonjudicial proceeding is commenced under chapter 61.24 RCW upon the  
14 service of notice of default described in RCW 61.24.030(8), and a  
15 proceeding for forfeiture is commenced under chapter 61.30 RCW upon  
16 the recording of the notice of intent to forfeit described in RCW  
17 61.30.060;

18 (c) After judgment, in order to give effect to the judgment;

19 (d) To dispose of property according to provisions of a judgment  
20 dealing with its disposition;

21 (e) To the extent that property is not exempt from execution, at  
22 the instance of a judgment creditor either before or after the  
23 issuance of any execution, to preserve or protect it, or prevent its  
24 transfer;

25 (f) If and to the extent that property is subject to execution to  
26 satisfy a judgment, to preserve the property during the pendency of  
27 an appeal, or when an execution has been returned unsatisfied, or  
28 when an order requiring a judgment debtor to appear for proceedings  
29 supplemental to judgment has been issued and the judgment debtor  
30 fails to submit to examination as ordered;

31 (g) Upon an attachment of real or personal property when the  
32 property attached is of a perishable nature or is otherwise in danger  
33 of waste, impairment, or destruction, or where the abandoned  
34 property's owner has absconded with, secreted, or abandoned the  
35 property, and it is necessary to collect, conserve, manage, control,  
36 or protect it, or to dispose of it promptly, or when the court  
37 determines that the nature of the property or the exigency of the  
38 case otherwise provides cause for the appointment of a receiver;

1 (h) In an action by a transferor of real or personal property to  
2 avoid or rescind the transfer on the basis of fraud, or in an action  
3 to subject property or a fund to the payment of a debt;

4 (i) In an action against any person who is not an individual if  
5 the object of the action is the dissolution of that person, or if  
6 that person has been dissolved, or if that person is insolvent or is  
7 not generally paying the person's debts as those debts become due  
8 unless they are the subject of bona fide dispute, or if that person  
9 is in imminent danger of insolvency;

10 (j) In accordance with RCW 7.08.030 (4) and (6), in cases in  
11 which a general assignment for the benefit of creditors has been  
12 made;

13 (k) In quo warranto proceedings under chapter 7.56 RCW;

14 (l) As provided under RCW 11.64.022;

15 (m) In an action by the department of licensing under RCW  
16 18.35.220(3) with respect to persons engaged in the business of  
17 dispensing of hearing aids, RCW 18.85.430 in the case of persons  
18 engaged in the business of a real estate broker, associate real  
19 estate broker, or real estate salesperson, or RCW 19.105.470 with  
20 respect to persons engaged in the business of camping resorts;

21 (n) In an action under RCW 18.44.470 or 18.44.490 in the case of  
22 persons engaged in the business of escrow agents;

23 (o) Upon a petition with respect to a nursing home in accordance  
24 with and subject to receivership provisions under chapter 18.51 RCW;

25 (p) In connection with a proceeding for relief with respect to a  
26 voidable transfer as to a present or future creditor under RCW  
27 19.40.041 or a present creditor under RCW 19.40.051;

28 (q) Under RCW 19.100.210(1), in an action by the attorney general  
29 or director of financial institutions to restrain any actual or  
30 threatened violation of the franchise investment protection act;

31 (r) In an action by the attorney general or by a prosecuting  
32 attorney under RCW 19.110.160 with respect to a seller of business  
33 opportunities;

34 (s) In an action by the director of financial institutions under  
35 RCW 21.20.390 in cases involving actual or threatened violations of  
36 the securities act of Washington or under RCW 21.30.120 in cases  
37 involving actual or threatened violations of chapter 21.30 RCW with  
38 respect to certain businesses and transactions involving commodities;

39 (t) In an action for or relating to dissolution of a business  
40 corporation under RCW 23B.14.065, 23B.14.300, 23B.14.310, or

1 23B.14.320, for dissolution of a nonprofit corporation under ((RCW  
2 ~~24.03.271~~) section 3605 of this act, for dissolution of a mutual  
3 corporation under RCW 24.06.305, or in any other action for the  
4 dissolution or winding up of any other entity provided for by Title  
5 23, 23B, 24, or 25 RCW;

6 (u) In any action in which the dissolution of any public or  
7 private entity is sought, in any action involving any dispute with  
8 respect to the ownership or governance of such an entity, or upon the  
9 application of a person having an interest in such an entity when the  
10 appointment is reasonably necessary to protect the property of the  
11 entity or its business or other interests;

12 (v) Under RCW 25.05.215, in aid of a charging order with respect  
13 to a partner's interest in a partnership;

14 (w) Under and subject to RCW 30A.44.100, 30A.44.270, and  
15 30A.56.030, in the case of a state commercial bank, RCW 30B.44B.100,  
16 in the case of a state trust company, RCW 32.24.070, 32.24.073,  
17 32.24.080, and 32.24.090, in the case of a state savings bank;

18 (x) Under and subject to RCW 31.12.637 and 31.12.671 through  
19 31.12.724, in the case of credit unions;

20 (y) Upon the application of the director of financial  
21 institutions under RCW 31.35.090 in actions to enforce chapter 31.35  
22 RCW applicable to agricultural lenders, under RCW 31.40.120 in  
23 actions to enforce chapter 31.40 RCW applicable to entities engaged  
24 in federally guaranteed small business loans, under RCW 31.45.160 in  
25 actions to enforce chapter 31.45 RCW applicable to persons licensed  
26 as check cashers or check sellers, or under RCW 19.230.230 in actions  
27 to enforce chapter 19.230 RCW applicable to persons licensed under  
28 the uniform money services act;

29 (z) Under RCW 35.82.090 or 35.82.180, with respect to a housing  
30 project;

31 (aa) Under RCW 39.84.160 or 43.180.360, in proceedings to enforce  
32 rights under any revenue bonds issued for the purpose of financing  
33 industrial development facilities or bonds of the Washington state  
34 housing finance commission, or any financing document securing any  
35 such bonds;

36 (bb) Under and subject to RCW 43.70.195, in an action by the  
37 secretary of health or by a local health officer with respect to a  
38 public water system;



1 (cc) As contemplated by RCW 61.24.030, with respect to real  
2 property that is the subject of nonjudicial foreclosure proceedings  
3 under chapter 61.24 RCW;

4 (dd) As contemplated by RCW 61.30.030(3), with respect to real  
5 property that is the subject of judicial or nonjudicial forfeiture  
6 proceedings under chapter 61.30 RCW;

7 (ee) Under RCW 64.32.200(2), in an action or proceeding commenced  
8 under chapter 61.12 or 61.24 RCW to foreclose upon a lien for common  
9 expenses against a dwelling unit subject to the horizontal property  
10 regimes act, chapter 64.32 RCW. For purposes of this subsection  
11 (1)(ee), a judicial action is commenced as provided in superior court  
12 civil rule 3(a) and a nonjudicial proceeding is commenced under  
13 chapter 61.24 RCW upon the service of notice of default described in  
14 RCW 61.24.030(8);

15 (ff) Under RCW 64.34.364(10), in an action or proceeding  
16 commenced under chapter 61.12 or 61.24 RCW by a unit owners'  
17 association to foreclose a lien for nonpayment of delinquent  
18 assessments against condominium units. For purposes of this  
19 subsection (1)(ff), a judicial action is commenced as provided in  
20 superior court civil rule (3)(a) and a nonjudicial proceeding is  
21 commenced under chapter 61.24 RCW upon the service of notice of  
22 default described in RCW 61.24.030(8);

23 (gg) Upon application of the attorney general under RCW  
24 64.36.220(3), in aid of any writ or order restraining or enjoining  
25 violations of chapter 64.36 RCW applicable to timeshares;

26 (hh) Under RCW (~~70.95A.050~~) 70A.210.070(3), in aid of the  
27 enforcement of payment or performance of municipal bonds issued with  
28 respect to facilities used to abate, control, or prevent pollution;

29 (ii) Upon the application of the department of social and health  
30 services under RCW 74.42.580, in cases involving nursing homes;

31 (jj) Upon the application of the utilities and transportation  
32 commission under RCW 80.28.040, with respect to a water company or  
33 wastewater company that has failed to comply with an order of such  
34 commission within the time deadline specified therein;

35 (kk) Under RCW 87.56.065, in connection with the dissolution of  
36 an irrigation district;

37 (ll) Upon application of the attorney general or the department  
38 of licensing, in any proceeding that either of them are authorized by  
39 statute to bring to enforce Title 18 or 19 RCW; the securities act of  
40 Washington, chapter 21.20 RCW; the Washington commodities act,

1 chapter 21.30 RCW; the land development act, chapter 58.19 RCW; or  
2 under chapter 64.36 RCW relating to the regulation of timeshares;

3 (mm) Upon application of the director of financial institutions  
4 in any proceeding that the director of financial institutions is  
5 authorized to bring to enforce chapters 31.35, 31.40, and 31.45 RCW;  
6 or

7 (nn) In such other cases as may be provided for by law, or when,  
8 in the discretion of the court, it may be necessary to secure ample  
9 justice to the parties.

10 (2) The superior courts of this state shall appoint as receiver  
11 of property located in this state a person who has been appointed by  
12 a federal or state court located elsewhere as receiver with respect  
13 to the property specifically or with respect to the owner's property  
14 generally, upon the application of the person or of any party to that  
15 foreign proceeding, and following the appointment shall give effect  
16 to orders, judgments, and decrees of the foreign court affecting the  
17 property in this state held by the receiver, unless the court  
18 determines that to do so would be manifestly unjust or inequitable.  
19 The venue of such a proceeding may be any county in which the person  
20 resides or maintains any office, or any county in which any property  
21 over which the receiver is to be appointed is located at the time the  
22 proceeding is commenced.

23 (3) At least seven days' notice of any application for the  
24 appointment of a receiver must be given to the owner of property to  
25 be subject thereto and to all other parties in the action, and to  
26 other parties in interest as the court may require. If any execution  
27 by a judgment creditor under Title 6 RCW or any application by a  
28 judgment creditor for the appointment of a receiver, with respect to  
29 property over which the receiver's appointment is sought, is pending  
30 in any other action at the time the application is made, then notice  
31 of the application for the receiver's appointment also must be given  
32 to the judgment creditor in the other action. The court may shorten  
33 or expand the period for notice of an application for the appointment  
34 of a receiver upon good cause shown.

35 (4) The order appointing a receiver in all cases must reasonably  
36 describe the property over which the receiver is to take charge, by  
37 category, individual items, or both if the receiver is to take charge  
38 of less than all of the owner's property. If the order appointing a  
39 receiver does not expressly limit the receiver's authority to  
40 designated property or categories of property of the owner, the

1 receiver is a general receiver with the authority to take charge over  
2 all of the owner's property, wherever located.

3 (5) The court may condition the appointment of a receiver upon  
4 the giving of security by the person seeking the receiver's  
5 appointment, in such amount as the court may specify, for the payment  
6 of costs and damages incurred or suffered by any person should it  
7 later be determined that the appointment of the receiver was  
8 wrongfully obtained.

9 **Sec. 5202.** RCW 9.46.0209 and 2020 c 150 s 1 are each amended to  
10 read as follows:

11 (1)(a) "Bona fide charitable or nonprofit organization," as used  
12 in this chapter, means:

13 (i) Any organization duly existing under the provisions of  
14 chapter 24.12, 24.20, or 24.28 RCW, any agricultural fair authorized  
15 under the provisions of chapter(~~s~~) 15.76 or 36.37 RCW, or any  
16 nonprofit corporation duly existing under the provisions of chapter  
17 19.09 or (~~(24.03 RCW)~~) 24.-- RCW (the new chapter created in section  
18 6101 of this act) for charitable, benevolent, eleemosynary,  
19 educational, civic, patriotic, political, religious, scientific,  
20 social, fraternal, athletic, or agricultural purposes only, or any  
21 nonprofit organization, whether incorporated or otherwise, when found  
22 by the commission to be organized and operating for one or more of  
23 the aforesaid purposes only, all of which in the opinion of the  
24 commission have been organized and are operated primarily for  
25 purposes other than the operation of gambling activities authorized  
26 under this chapter; or

27 (ii) Any corporation which has been incorporated under Title 36  
28 U.S.C. and whose principal purposes are to furnish volunteer aid to  
29 members of the armed forces of the United States and also to carry on  
30 a system of national and international relief and to apply the same  
31 in mitigating the sufferings caused by pestilence, famine, fire,  
32 floods, and other national calamities and to devise and carry on  
33 measures for preventing the same.

34 (b) An organization defined under (a) of this subsection must:

35 (i) Have been organized and continuously operating for at least  
36 twelve calendar months immediately preceding making application for  
37 any license to operate a gambling activity, or the operation of any  
38 gambling activity authorized by this chapter for which no license is  
39 required; and

1 (ii) Demonstrate to the commission that it has made significant  
2 progress toward the accomplishment of the purposes of the  
3 organization during the twelve consecutive month period preceding the  
4 date of application for a license or license renewal. The fact that  
5 contributions to an organization do not qualify for charitable  
6 contribution deduction purposes or that the organization is not  
7 otherwise exempt from payment of federal income taxes pursuant to the  
8 internal revenue code of 1954, as amended, shall constitute prima  
9 facie evidence that the organization is not a bona fide charitable or  
10 nonprofit organization for the purposes of this section.

11 (c) Any person, association or organization which pays its  
12 employees, including members, compensation other than is reasonable  
13 therefor under the local prevailing wage scale shall be deemed paying  
14 compensation based in part or whole upon receipts relating to  
15 gambling activities authorized under this chapter and shall not be a  
16 bona fide charitable or nonprofit organization for the purposes of  
17 this chapter.

18 (2) For the purposes of RCW 9.46.0315 and 9.46.110, a bona fide  
19 nonprofit organization can be licensed by the commission and  
20 includes:

21 (a) A credit union organized and operating under state or federal  
22 law. All revenue less prizes and expenses received from raffles  
23 conducted by credit unions must be devoted to purposes authorized  
24 under this section for charitable and nonprofit organizations; and

25 (b) A group of executive branch state employees that:

26 (i) Has requested and received revocable approval from the  
27 agency's chief executive official, or such official's designee, to  
28 conduct one or more raffles in compliance with this section;

29 (ii) Conducts a raffle solely to raise funds for either the state  
30 combined fund drive, created under RCW 41.04.033; an entity approved  
31 to receive funds from the state combined fund drive; or a charitable  
32 or benevolent entity, including but not limited to a person or family  
33 in need, as determined by a majority vote of the approved group of  
34 employees. No person or other entity may receive compensation in any  
35 form from the group for services rendered in support of this purpose;

36 (iii) Promptly provides such information about the group's  
37 receipts, expenditures, and other activities as the agency's chief  
38 executive official or designee may periodically require, and  
39 otherwise complies with this section and RCW 9.46.0315; and

1 (iv) Limits the participation in the raffle such that raffle  
2 tickets are sold only to, and winners are determined only from, the  
3 employees of the agency.

4 (3) For the purposes of RCW 9.46.0277, a bona fide nonprofit  
5 organization also includes a county, city, or town, provided that all  
6 revenue less prizes and expenses from raffles conducted by the  
7 county, city, or town must be used for community activities or  
8 tourism promotion activities.

9 **Sec. 5203.** RCW 15.105.020 and 2004 c 26 s 3 are each amended to  
10 read as follows:

11 (1) The department may cooperate with other agencies, boards,  
12 commissions, and associations in the state of Washington to establish  
13 a private, nonprofit corporation for the purpose of carrying out the  
14 program. The nonprofit corporation must be organized under chapter  
15 (~~(24.03 RCW)~~) 24.-- RCW (the new chapter created in section 6101 of  
16 this act) and has the powers granted under that chapter. However,  
17 this chapter does not prohibit the department or other agencies,  
18 boards, commissions, and associations from separately continuing to  
19 promote Washington products under their existing authorities.

20 (2) The department may contract with the successor organization  
21 to carry out the program. The contract must require the successor  
22 organization to aggressively seek to fund its continued operation  
23 from nonstate funding sources.

24 (3) The successor organization must report to the department each  
25 January 1st on the amounts it has secured from both nonstate and  
26 state funding sources, its operations, and its programs.

27 (4) Debts and other liabilities of the successor organization are  
28 successor organization debts and liabilities only and may be  
29 satisfied only from the resources of the successor organization. The  
30 state of Washington is not liable for the debts or liabilities of the  
31 successor organization.

32 **Sec. 5204.** RCW 18.100.050 and 2020 c 80 s 21 are each amended to  
33 read as follows:

34 (1) An individual or group of individuals duly licensed or  
35 otherwise legally authorized to render the same professional services  
36 within this state may organize and become a shareholder or  
37 shareholders of a professional corporation for pecuniary profit under  
38 the provisions of Title 23B RCW for the purpose of rendering

1 professional service. One or more of the legally authorized  
2 individuals shall be the incorporators of the professional  
3 corporation.

4 (2) Notwithstanding any other provision of this chapter,  
5 registered architects and registered engineers may own stock in and  
6 render their individual professional services through one  
7 professional service corporation.

8 (3) Licensed health care professionals, providing services to  
9 enrolled participants either directly or through arrangements with a  
10 health maintenance organization registered under chapter 48.46 RCW or  
11 federally qualified health maintenance organization, may own stock in  
12 and render their individual professional services through one  
13 professional service corporation.

14 (4) Professionals may organize a nonprofit nonstock corporation  
15 under this chapter and chapter (~~(24.03 RCW)~~) 24.-- RCW (the new  
16 chapter created in section 6101 of this act) to provide professional  
17 services, and the provisions of this chapter relating to stock and  
18 referring to Title 23B RCW shall not apply to any such corporation.

19 (5)(a) Notwithstanding any other provision of this chapter,  
20 health care professionals who are licensed or certified pursuant to  
21 chapters 18.06, 18.225, 18.22, 18.25, 18.29, 18.34, 18.35, 18.36A,  
22 18.50, 18.53, 18.55, 18.57, 18.64, 18.71, 18.71A, 18.79, 18.83,  
23 18.89, 18.108, and 18.138 RCW may own stock in and render their  
24 individual professional services through one professional service  
25 corporation and are to be considered, for the purpose of forming a  
26 professional service corporation, as rendering the "same specific  
27 professional services" or "same professional services" or similar  
28 terms.

29 (b) Notwithstanding any other provision of this chapter, health  
30 care professionals who are regulated under chapters 18.59 and 18.74  
31 RCW may own stock in and render their individual professional  
32 services through one professional service corporation formed for the  
33 sole purpose of providing professional services within their  
34 respective scope of practice.

35 (c) Formation of a professional service corporation under this  
36 subsection does not restrict the application of the uniform  
37 disciplinary act under chapter 18.130 RCW, or applicable health care  
38 professional statutes under Title 18 RCW, including but not limited  
39 to restrictions on persons practicing a health profession without

1 being appropriately credentialed and persons practicing beyond the  
2 scope of their credential.

3 **Sec. 5205.** RCW 18.100.130 and 1991 c 72 s 5 are each amended to  
4 read as follows:

5 (1) For a professional service corporation organized for  
6 pecuniary profit under this chapter, the provisions of Title 23B RCW  
7 shall be applicable except to the extent that any of the provisions  
8 of this chapter are interpreted to be in conflict with the provisions  
9 thereof, and in such event the provisions and sections of this  
10 chapter shall take precedence with respect to a corporation organized  
11 pursuant to the provisions of this chapter.

12 (2) For a professional service corporation organized under this  
13 chapter and chapter ((24.03 RCW)) 24.-- RCW (the new chapter created  
14 in section 6101 of this act) as a nonprofit ((~~nonstock~~)) corporation,  
15 the provisions of chapter ((24.03 RCW)) 24.-- RCW (the new chapter  
16 created in section 6101 of this act) shall be applicable except to  
17 the extent that any of the provisions of this chapter are interpreted  
18 to be in conflict with the provisions thereof, and in such event the  
19 provisions and sections of this chapter shall take precedence with  
20 respect to a corporation organized under the provisions of this  
21 chapter.

22 **Sec. 5206.** RCW 18.100.134 and 1991 c 72 s 7 are each amended to  
23 read as follows:

24 A professional corporation may amend its articles of  
25 incorporation to delete from its stated purposes the rendering of  
26 professional services and to conform to the requirements of Title 23B  
27 RCW, or to the requirements of chapter ((24.03 RCW)) 24.-- RCW (the  
28 new chapter created in section 6101 of this act) if organized  
29 pursuant to RCW 18.100.050 as a nonprofit ((~~nonstock~~)) corporation.  
30 Upon the effective date of such amendment, the corporation shall no  
31 longer be subject to the provisions of this chapter and shall  
32 continue in existence as a corporation under Title 23B RCW or chapter  
33 ((24.03 RCW)) 24.-- RCW (the new chapter created in section 6101 of  
34 this act).

35 **Sec. 5207.** RCW 19.142.010 and 1990 c 55 s 1 and 1990 c 33 s 556  
36 are each reenacted and amended to read as follows:

1 Unless the context clearly requires otherwise, the definitions in  
2 this section apply throughout this chapter:

3 (1) "Business day" means any day except a Sunday or a legal  
4 holiday.

5 (2) "Buyer" or "member" means a person who purchases health  
6 studio services.

7 (3) "Health studio" includes any person or entity engaged in the  
8 sale of instruction, training, assistance or use of facilities which  
9 purport to assist patrons to improve their physical condition or  
10 appearance through physical exercise, body building, weight loss,  
11 figure development, the martial arts, or any other similar activity.

12 For the purposes of this chapter, "health studio" does not include:

13 (a) Public common schools, private schools approved under RCW  
14 28A.195.010, and public or private institutions of higher education;

15 (b) persons providing professional services within the scope of a  
16 person's license under Title 18 RCW; (c) bona fide nonprofit  
17 organizations which have been granted tax-exempt status by the  
18 Internal Revenue Service, the functions of which as health studios  
19 are only incidental to their overall functions and purposes; (d) a

20 person or entity which offers physical exercise, body building,  
21 figure development or similar activities as incidental features of a  
22 plan of instruction or assistance relating to diet or control of  
23 eating habits; (e) bona fide nonprofit corporations organized under  
24 chapter ((24.03 RCW)) 24.-- RCW (the new chapter created in section

25 6101 of this act) which have members and whose members have  
26 meaningful voting rights to elect and remove a board of directors  
27 which is responsible for the operation of the health club and  
28 corporation; and (f) a preexisting facility primarily offering  
29 aerobic classes, where the initiation fee is less than fifty dollars  
30 and no memberships are sold which exceed one year in duration. For  
31 purposes of this subsection, "preexisting facility" means an existing  
32 building used for health studio services covered by the fees  
33 collected.

34 (4) "Health studio services" means instruction, services,  
35 privileges, or rights offered for sale by a health studio. "Health  
36 studio services" do not include: (a) Instruction or assistance  
37 relating to diet or control of eating habits not involving  
38 substantial on-site physical exercise, body building, figure  
39 development, or any other similar activity; or (b) recreational or



1 social programs which either involve no physical exercise or exercise  
2 only incidental to the program.

3 (5) "Initiation or membership fee" means a fee paid either in a  
4 lump sum or in installments within twelve months of execution of the  
5 health studio services contract on a one-time basis when a person  
6 first joins a health studio for the privilege of belonging to the  
7 health studio.

8 (6) "Special offer or discount" means any offer of health studio  
9 services at a reduced price or without charge to a prospective  
10 member.

11 (7) "Use fees or dues" means fees paid on a regular periodic  
12 basis for use of a health studio. This does not preclude prepayment  
13 of use fees at the buyer's option.

14 **Sec. 5208.** RCW 23.95.105 and 2020 c 57 s 29 are each amended to  
15 read as follows:

16 The definitions in this section apply throughout this chapter  
17 unless the context clearly requires otherwise or as set forth in RCW  
18 23.95.400 or 23.95.600.

19 (1) "Annual report" means the report required by RCW 23.95.255.

20 (2) "Business corporation" means a domestic business corporation  
21 incorporated under or subject to Title 23B RCW or a foreign business  
22 corporation.

23 (3) "Commercial registered agent" means a person listed under RCW  
24 23.95.420.

25 (4) "Domestic," with respect to an entity, means governed as to  
26 its internal affairs by the law of this state.

27 (5) "Electronic transmission" means an electronic communication:

28 (a) Not directly involving the physical transfer of a record in a  
29 tangible medium; and

30 (b) That may be retained, retrieved, and reviewed by the sender  
31 and the recipient thereof, and that may be directly reproduced in a  
32 tangible medium by such a sender and recipient.

33 (6) "Entity" means:

34 (a) A business corporation;

35 (b) A nonprofit corporation;

36 (c) A limited liability partnership;

37 (d) A limited partnership;

38 (e) A limited liability company;

39 (f) A general cooperative association; or

- 1 (g) A limited cooperative association.
- 2 (7) "Entity filing" means a record delivered to the secretary of  
3 state for filing pursuant to this chapter.
- 4 (8) "Execute," "executes," or "executed" means with present  
5 intent to authenticate or adopt a record:
- 6 (a) To sign or adopt a tangible symbol;
- 7 (b) To attach to or logically associate with the record an  
8 electronic symbol, sound, or process; or
- 9 (c) With respect to a record to be filed with the secretary of  
10 state, in compliance with the standards for filing with the office of  
11 the secretary of state as prescribed by the secretary of state.
- 12 (9) "Filed record" means a record filed by the secretary of state  
13 pursuant to this chapter.
- 14 (10) "Foreign," with respect to an entity, means governed as to  
15 its internal affairs by the law of a jurisdiction other than this  
16 state.
- 17 (11) "General cooperative association" means a domestic general  
18 cooperative association formed under or subject to chapter 23.86 RCW.
- 19 (12) "Governor" means:
- 20 (a) A director of a business corporation;
- 21 (b) A director of a nonprofit corporation;
- 22 (c) A partner of a limited liability partnership;
- 23 (d) A general partner of a limited partnership;
- 24 (e) A manager of a manager-managed limited liability company;
- 25 (f) A member of a member-managed limited liability company;
- 26 (g) A director of a general cooperative association;
- 27 (h) A director of a limited cooperative association; or
- 28 (i) Any other person under whose authority the powers of an  
29 entity are exercised and under whose direction the activities and  
30 affairs of the entity are managed pursuant to the organic law and  
31 organic rules of the entity.
- 32 (13) "Interest" means:
- 33 (a) A share in a business corporation;
- 34 (b) A membership in a nonprofit corporation;
- 35 (c) A share in a nonprofit corporation formed under chapter 24.06  
36 RCW;
- 37 (d) A partnership interest in a limited liability partnership;
- 38 (e) A partnership interest in a limited partnership;
- 39 (f) A limited liability company interest;

- 1 (g) A share or membership in a general cooperative association;  
2 or  
3 (h) A member's interest in a limited cooperative association.  
4 (14) "Interest holder" means:  
5 (a) A shareholder of a business corporation;  
6 (b) A member of a nonprofit corporation;  
7 (c) A shareholder of a nonprofit corporation formed under chapter  
8 24.06 RCW;  
9 (d) A partner of a limited liability partnership;  
10 (e) A general partner of a limited partnership;  
11 (f) A limited partner of a limited partnership;  
12 (g) A member of a limited liability company;  
13 (h) A shareholder or member of a general cooperative association;  
14 or  
15 (i) A member of a limited cooperative association.  
16 (15) "Jurisdiction," when used to refer to a political entity,  
17 means the United States, a state, a foreign country, or a political  
18 subdivision of a foreign country.  
19 (16) "Jurisdiction of formation" means the jurisdiction whose law  
20 includes the organic law of an entity.  
21 (17) "Limited cooperative association" means a domestic limited  
22 cooperative association formed under or subject to chapter 23.100 RCW  
23 or a foreign limited cooperative association.  
24 (18) "Limited liability company" means a domestic limited  
25 liability company formed under or subject to chapter 25.15 RCW or a  
26 foreign limited liability company.  
27 (19) "Limited liability limited partnership" means a domestic  
28 limited liability limited partnership formed under or subject to  
29 chapter 25.10 RCW or a foreign limited liability limited partnership.  
30 (20) "Limited liability partnership" means a domestic limited  
31 liability partnership registered under or subject to chapter 25.05  
32 RCW or a foreign limited liability partnership.  
33 (21) "Limited partnership" means a domestic limited partnership  
34 formed under or subject to chapter 25.10 RCW or a foreign limited  
35 partnership. "Limited partnership" includes a limited liability  
36 limited partnership.  
37 (22) "Noncommercial registered agent" means a person that is not  
38 a commercial registered agent and is:  
39 (a) An individual or domestic or foreign entity that serves in  
40 this state as the registered agent of an entity;

1 (b) An individual who holds the office or other position in an  
2 entity which is designated as the registered agent pursuant to RCW  
3 23.95.415(1)(b)(ii); or

4 (c) A government, governmental subdivision, agency, or  
5 instrumentality, or a separate legal entity comprised of two or more  
6 of these entities, that serves as the registered agent of an entity.

7 (23) "Nonprofit corporation" means a domestic nonprofit  
8 corporation incorporated under or subject to chapter (~~(24.03)~~) 24.--  
9 (the new chapter created in section 6101 of this act) or 24.06 RCW or  
10 a foreign nonprofit corporation.

11 (24) "Nonregistered foreign entity" means a foreign entity that  
12 is not registered to do business in this state pursuant to a  
13 statement of registration filed by the secretary of state.

14 (25) "Organic law" means the law of an entity's jurisdiction of  
15 formation governing the internal affairs of the entity.

16 (26) "Organic rules" means the public organic record and private  
17 organic rules of an entity.

18 (27) "Person" means an individual, business corporation,  
19 nonprofit corporation, partnership, limited partnership, limited  
20 liability company, general cooperative association, limited  
21 cooperative association, unincorporated nonprofit association,  
22 statutory trust, business trust, common-law business trust, estate,  
23 trust, association, joint venture, public corporation, government or  
24 governmental subdivision, agency, or instrumentality, or any other  
25 legal or commercial entity.

26 (28) "Principal office" means the principal executive office of  
27 an entity, whether or not the office is located in this state.

28 (29) "Private organic rules" means the rules, whether or not in a  
29 record, that govern the internal affairs of an entity, are binding on  
30 all its interest holders, and are not part of its public organic  
31 record, if any. "Private organic rules" includes:

32 (a) The bylaws of a business corporation and any agreement among  
33 shareholders pursuant to RCW 23B.07.320;

34 (b) The bylaws of a nonprofit corporation;

35 (c) The partnership agreement of a limited liability partnership;

36 (d) The partnership agreement of a limited partnership;

37 (e) The limited liability company agreement;

38 (f) The bylaws of a general cooperative association; and

39 (g) The bylaws of a limited cooperative association.

1 (30) "Proceeding" means civil suit and criminal, administrative,  
2 and investigatory action.

3 (31) "Property" means all property, whether real, personal, or  
4 mixed or tangible or intangible, or any right or interest therein.

5 (32) "Public organic record" means the record the filing of which  
6 by the secretary of state is required to form an entity and any  
7 amendment to or restatement of that record. The term includes:

8 (a) The articles of incorporation of a business corporation;

9 (b) The articles of incorporation of a nonprofit corporation;

10 (c) The certificate of limited partnership of a limited  
11 partnership;

12 (d) The certificate of formation of a limited liability company;

13 (e) The articles of incorporation of a general cooperative  
14 association;

15 (f) The articles of organization of a limited cooperative  
16 association; and

17 (g) The document under the laws of another jurisdiction that is  
18 equivalent to a document listed in this subsection.

19 (33) "Receipt," as used in this chapter, means actual receipt.  
20 "Receive" has a corresponding meaning.

21 (34) "Record" means information that is inscribed on a tangible  
22 medium or that is stored in an electronic or other medium and is  
23 retrievable in perceivable form.

24 (35) "Registered agent" means an agent of an entity which is  
25 authorized to receive service of any process, notice, or demand  
26 required or permitted by law to be served on the entity. The term  
27 includes a commercial registered agent and a noncommercial registered  
28 agent.

29 (36) "Registered foreign entity" means a foreign entity that is  
30 registered to do business in this state pursuant to a certificate of  
31 registration filed by the secretary of state.

32 (37) "State" means a state of the United States, the District of  
33 Columbia, Puerto Rico, the United States Virgin Islands, or any  
34 territory or insular possession subject to the jurisdiction of the  
35 United States.

36 (38) "Tangible medium" means a writing, copy of a writing,  
37 facsimile, or a physical reproduction, each on paper or on other  
38 tangible material.

39 (39) "Transfer" includes:

40 (a) An assignment;

- 1 (b) A conveyance;
- 2 (c) A sale;
- 3 (d) A lease;
- 4 (e) An encumbrance, including a mortgage or security interest;
- 5 (f) A change of record owner of interest;
- 6 (g) A gift; and
- 7 (h) A transfer by operation of law.

8 (40) "Type of entity" means a generic form of entity:

9 (a) Recognized at common law; or

10 (b) Formed under an organic law, whether or not some entities  
11 formed under that law are subject to provisions of that law that  
12 create different categories of the form of entity.

13 **Sec. 5209.** RCW 24.50.010 and 2011 c 310 s 1 are each amended to  
14 read as follows:

15 (1) Washington manufacturing services is organized as a private,  
16 nonprofit corporation in accordance with chapter (~~(24.03-RCW)~~) 24.--  
17 RCW (the new chapter created in section 6101 of this act) and this  
18 section. The mission of the corporation is to operate a modernization  
19 extension system, coordinate a network of public and private  
20 modernization resources, and stimulate the competitiveness of small  
21 and midsize manufacturers in Washington.

22 (2) The corporation must be governed by a board of directors. A  
23 majority of the board of directors shall be representatives of small  
24 and medium-sized manufacturing firms and industry associations,  
25 networks, or consortia. The board must also include at least one  
26 member representing labor unions or labor councils and, as ex officio  
27 members, the director of the department of commerce, the executive  
28 director of the state board for community and technical colleges, and  
29 the director of the workforce training and education coordinating  
30 board, or their respective designees.

31 (3) The corporation may be known as impact Washington and may:

32 (a) Charge fees for services, make and execute contracts with any  
33 individual, corporation, association, public agency, or any other  
34 entity, and employ all other legal instruments necessary or  
35 convenient for the performance of its duties and the exercise of its  
36 powers and functions under this chapter; and

37 (b) Receive funds from federal, state, or local governments,  
38 private businesses, foundations, or any other source for purposes  
39 consistent with this chapter.

- 1 (4) The corporation must:
- 2 (a) Develop policies, plans, and programs to assist in the  
3 modernization of businesses in targeted sectors of Washington's  
4 economy and coordinate the delivery of modernization services;
- 5 (b) Provide information about the advantages of modernization and  
6 the modernization services available in the state to federal, state,  
7 and local economic development officials, state colleges and  
8 universities, and private providers;
- 9 (c) Collaborate with the Washington quality initiative in the  
10 development of manufacturing quality standards and quality  
11 certification programs;
- 12 (d) Collaborate with industry sector and cluster associations to  
13 inform import-impacted manufacturers about federal trade adjustment  
14 assistance funding;
- 15 (e) Serve as an information clearinghouse and provide access for  
16 users to the federal manufacturing extension partnership national  
17 research and information system; and
- 18 (f) Provide, either directly or through contracts, assistance to  
19 industry or cluster associations, networks, or consortia, that would  
20 be of value to their member firms in:
- 21 (i) Adopting advanced business management practices such as  
22 strategic planning and total quality management;
- 23 (ii) Developing mechanisms for interfirm collaboration and  
24 cooperation;
- 25 (iii) Appraising, purchasing, installing, and effectively using  
26 equipment, technologies, and processes that improve the quality of  
27 goods and services and the productivity of the firm;
- 28 (iv) Improving human resource systems and workforce training in a  
29 manner that moves firms toward flexible, high-performance work  
30 organizations;
- 31 (v) Developing new products;
- 32 (vi) Conducting market research, analysis, and development of new  
33 sales channels and export markets;
- 34 (vii) Improving processes to enhance environmental, health, and  
35 safety compliance; and
- 36 (viii) Improving credit, capital management, and business finance  
37 skills.
- 38 (5) Between thirty-five and sixty-five percent of the funds  
39 received by the corporation from the state must be used by the

1 corporation for carrying out the duties under subsection (4)(f) of  
2 this section, consistent with the intent of RCW 24.50.005(2).

3 **Sec. 5210.** RCW 28A.710.010 and 2016 c 241 s 101 are each amended  
4 to read as follows:

5 The definitions in this section apply throughout this chapter  
6 unless the context clearly requires otherwise.

7 (1) "Applicant" means a nonprofit corporation that has submitted  
8 an application to an authorizer. The nonprofit corporation must be  
9 either a public benefit nonprofit corporation as defined in (~~RCW~~  
10 ~~24.03.490~~) section 1701 of this act, or a nonprofit corporation (~~as~~  
11 ~~defined in RCW 24.03.005~~) organized under chapter 24.-- RCW (the new  
12 chapter created in section 6101 of this act) that has applied for tax  
13 exempt status under section 501(c)(3) of the internal revenue code of  
14 1986 (26 U.S.C. Sec. 501(c)(3)). The nonprofit corporation may not be  
15 a sectarian or religious organization and must meet all of the  
16 requirements for a public benefit nonprofit corporation before  
17 receiving any funding under RCW 28A.710.220.

18 (2) "At-risk student" means a student who has an academic or  
19 economic disadvantage that requires assistance or special services to  
20 succeed in educational programs. The term includes, but is not  
21 limited to, students who do not meet minimum standards of academic  
22 proficiency, students who are at risk of dropping out of high school,  
23 students in chronically low-performing schools, students with higher  
24 than average disciplinary sanctions, students with lower  
25 participation rates in advanced or gifted programs, students who are  
26 limited in English proficiency, students who are members of  
27 economically disadvantaged families, and students who are identified  
28 as having special educational needs.

29 (3) "Authorizer" means the commission established in RCW  
30 28A.710.070 or a school district approved under RCW 28A.710.090 to  
31 review, approve, or reject charter school applications; enter into,  
32 renew, or revoke charter contracts with applicants; and oversee the  
33 charter schools the entity has authorized.

34 (4) "Charter contract" means a fixed term, renewable contract  
35 between a charter school and an authorizer that outlines the roles,  
36 powers, responsibilities, and performance expectations for each party  
37 to the contract.

38 (5) "Charter school" or "charter public school" means a public  
39 school that is established in accordance with this chapter, governed



1 by a charter school board, and operated according to the terms of a  
2 charter contract executed under this chapter.

3 (6) "Charter school board" means the board of directors appointed  
4 or selected under the terms of a charter application to manage and  
5 operate the charter school.

6 (7) "Commission" means the Washington state charter school  
7 commission established in RCW 28A.710.070.

8 (8) "Parent" means a parent, guardian, or other person or entity  
9 having legal custody of a child.

10 (9) "Student" means a child eligible to attend a public school in  
11 the state.

12 **Sec. 5211.** RCW 35.67.020 and 2003 c 394 s 1 are each amended to  
13 read as follows:

14 (1) Every city and town may construct, condemn and purchase,  
15 acquire, add to, maintain, conduct, and operate systems of sewerage  
16 and systems and plants for refuse collection and disposal together  
17 with additions, extensions, and betterments thereto, within and  
18 without its limits. Every city and town has full jurisdiction and  
19 authority to manage, regulate, and control them and, except as  
20 provided in subsection (3) of this section, to fix, alter, regulate,  
21 and control the rates and charges for their use.

22 (2) Subject to subsection (3) of this section, the rates charged  
23 under this section must be uniform for the same class of customers or  
24 service and facilities furnished. In classifying customers served or  
25 service and facilities furnished by such system of sewerage, the city  
26 or town legislative body may in its discretion consider any or all of  
27 the following factors:

28 (a) The difference in cost of service and facilities to the  
29 various customers;

30 (b) The location of the various customers within and without the  
31 city or town;

32 (c) The difference in cost of maintenance, operation, repair, and  
33 replacement of the various parts of the system;

34 (d) The different character of the service and facilities  
35 furnished various customers;

36 (e) The quantity and quality of the sewage delivered and the time  
37 of its delivery;

38 (f) The achievement of water conservation goals and the  
39 discouragement of wasteful water use practices;

1 (g) Capital contributions made to the system, including but not  
2 limited to, assessments;

3 (h) The (~~nonprofit~~) public benefit nonprofit corporation  
4 status, as defined in (~~RCW 24.03.490~~) section 1701 of this act, of  
5 the land user; and

6 (i) Any other matters which present a reasonable difference as a  
7 ground for distinction.

8 (3) The rate a city or town may charge under this section for  
9 storm or surface water sewer systems or the portion of the rate  
10 allocable to the storm or surface water sewer system of combined  
11 sanitary sewage and storm or surface water sewer systems shall be  
12 reduced by a minimum of ten percent for any new or remodeled  
13 commercial building that utilizes a permissive rainwater harvesting  
14 system. Rainwater harvesting systems shall be properly sized to  
15 utilize the available roof surface of the building. The jurisdiction  
16 shall consider rate reductions in excess of ten percent dependent  
17 upon the amount of rainwater harvested.

18 (4) Rates or charges for on-site inspection and maintenance  
19 services may not be imposed under this chapter on the development,  
20 construction, or reconstruction of property.

21 (5) A city or town may provide assistance to aid low-income  
22 persons in connection with services provided under this chapter.

23 (6) Under this chapter, after July 1, 1998, any requirements for  
24 pumping the septic tank of an on-site sewage system should be based,  
25 among other things, on actual measurement of accumulation of sludge  
26 and scum by a trained inspector, trained owner's agent, or trained  
27 owner. Training must occur in a program approved by the state board  
28 of health or by a local health officer.

29 (7) Before adopting on-site inspection and maintenance utility  
30 services, or incorporating residences into an on-site inspection and  
31 maintenance or sewer utility under this chapter, notification must be  
32 provided, prior to the applicable public hearing, to all residences  
33 within the proposed service area that have on-site systems permitted  
34 by the local health officer. The notice must clearly state that the  
35 residence is within the proposed service area and must provide  
36 information on estimated rates or charges that may be imposed for the  
37 service.

38 (8) A city or town shall not provide on-site sewage system  
39 inspection, pumping services, or other maintenance or repair services  
40 under this section using city or town employees unless the on-site

1 system is connected by a publicly owned collection system to the city  
2 or town's sewerage system, and the on-site system represents the  
3 first step in the sewage disposal process. Nothing in this section  
4 shall affect the authority of state or local health officers to carry  
5 out their responsibilities under any other applicable law.

6 **Sec. 5212.** RCW 35.67.190 and 1995 c 124 s 4 are each amended to  
7 read as follows:

8 (1) The legislative body of such city or town may provide by  
9 ordinance for revenues by fixing rates and charges for the furnishing  
10 of service to those served by its system of sewerage or system for  
11 refuse collection and disposal, which rates and charges shall be  
12 uniform for the same class of customer or service. In classifying  
13 customers served or service furnished by such system of sewerage, the  
14 city or town legislative body may in its discretion consider any or  
15 all of the following factors: ~~((+1))~~ (a) The difference in cost of  
16 service to the various customers; ~~((+2))~~ (b) the location of the  
17 various customers within and without the city or town; ~~((+3))~~ (c)  
18 the difference in cost of maintenance, operation, repair, and  
19 replacement of the various parts of the system; ~~((+4))~~ (d) the  
20 different character of the service furnished various customers;  
21 ~~((+5))~~ (e) the quantity and quality of the sewage delivered and the  
22 time of its delivery; ~~((+6))~~ (f) capital contributions made to the  
23 system, including but not limited to, assessments; ~~((+7))~~ (g) the  
24 ~~((nonprofit))~~ public benefit nonprofit corporation status, as defined  
25 in ~~((RCW 24.03.490))~~ section 1701 of this act, of the land user; and  
26 ~~((+8))~~ (h) any other matters which present a reasonable difference  
27 as a ground for distinction.

28 (2) If special indebtedness bonds or warrants are issued against  
29 the revenues, the legislative body shall by ordinance fix charges at  
30 rates which will be sufficient to take care of the costs of  
31 maintenance and operation, bond and warrant principal and interest,  
32 sinking fund requirements, and all other expenses necessary for  
33 efficient and proper operation of the system.

34 (3) All property owners within the area served by such sewerage  
35 system shall be compelled to connect their private drains and sewers  
36 with such city or town system, under such penalty as the legislative  
37 body of such city or town may by ordinance direct. Such penalty may  
38 in the discretion of such legislative body be an amount equal to the  
39 charge that would be made for sewer service if the property was

1 connected to such system. All penalties collected shall be considered  
2 revenue of the system.

3 **Sec. 5213.** RCW 35.92.020 and 2020 c 20 s 1014 are each amended  
4 to read as follows:

5 (1) A city or town may construct, condemn and purchase, purchase,  
6 acquire, add to, alter, maintain, and operate systems, plants, sites,  
7 or other facilities of sewerage as defined in RCW 35.67.010, or solid  
8 waste handling as defined by RCW 70A.205.015. A city or town shall  
9 have full authority to manage, regulate, operate, control, and,  
10 except as provided in subsection (3) of this section, to fix the  
11 price of service and facilities of those systems, plants, sites, or  
12 other facilities within and without the limits of the city or town.

13 (2) Subject to subsection (3) of this section, the rates charged  
14 shall be uniform for the same class of customers or service and  
15 facilities. In classifying customers served or service and facilities  
16 furnished by a system or systems of sewerage, the legislative  
17 authority of the city or town may in its discretion consider any or  
18 all of the following factors:

19 (a) The difference in cost of service and facilities to  
20 customers;

21 (b) The location of customers within and without the city or  
22 town;

23 (c) The difference in cost of maintenance, operation, repair, and  
24 replacement of the parts of the system;

25 (d) The different character of the service and facilities  
26 furnished to customers;

27 (e) The quantity and quality of the sewage delivered and the time  
28 of its delivery;

29 (f) Capital contributions made to the systems, plants, sites, or  
30 other facilities, including but not limited to, assessments;

31 (g) The ~~((nonprofit))~~ public benefit nonprofit corporation  
32 status, as defined in ~~((RCW 24.03.490))~~ section 1701 of this act, of  
33 the land user; and

34 (h) Any other factors that present a reasonable difference as a  
35 ground for distinction.

36 (3) The rate a city or town may charge under this section for  
37 storm or surface water sewer systems or the portion of the rate  
38 allocable to the storm or surface water sewer system of combined  
39 sanitary sewage and storm or surface water sewer systems shall be

1 reduced by a minimum of ten percent for any new or remodeled  
2 commercial building that utilizes a permissive rainwater harvesting  
3 system. Rainwater harvesting systems shall be properly sized to  
4 utilize the available roof surface of the building. The jurisdiction  
5 shall consider rate reductions in excess of ten percent dependent  
6 upon the amount of rainwater harvested.

7 (4) Rates or charges for on-site inspection and maintenance  
8 services may not be imposed under this chapter on the development,  
9 construction, or reconstruction of property.

10 (5) A city or town may provide assistance to aid low-income  
11 persons in connection with services provided under this chapter.

12 (6) Under this chapter, after July 1, 1998, any requirements for  
13 pumping the septic tank of an on-site sewage system should be based,  
14 among other things, on actual measurement of accumulation of sludge  
15 and scum by a trained inspector, trained owner's agent, or trained  
16 owner. Training must occur in a program approved by the state board  
17 of health or by a local health officer.

18 (7) Before adopting on-site inspection and maintenance utility  
19 services, or incorporating residences into an on-site inspection and  
20 maintenance or sewer utility under this chapter, notification must be  
21 provided, prior to the applicable public hearing, to all residences  
22 within the proposed service area that have on-site systems permitted  
23 by the local health officer. The notice must clearly state that the  
24 residence is within the proposed service area and must provide  
25 information on estimated rates or charges that may be imposed for the  
26 service.

27 (8) A city or town shall not provide on-site sewage system  
28 inspection, pumping services, or other maintenance or repair services  
29 under this section using city or town employees unless the on-site  
30 system is connected by a publicly owned collection system to the city  
31 or town's sewerage system, and the on-site system represents the  
32 first step in the sewage disposal process. Nothing in this section  
33 shall affect the authority of state or local health officers to carry  
34 out their responsibilities under any other applicable law.

35 **Sec. 5214.** RCW 36.89.080 and 2003 c 394 s 3 are each amended to  
36 read as follows:

37 (1) Subject to subsections (2) and (3) of this section, any  
38 county legislative authority may provide by resolution for revenues  
39 by fixing rates and charges for the furnishing of service to those

1 served or receiving benefits or to be served or to receive benefits  
2 from any stormwater control facility or contributing to an increase  
3 of surface water runoff. In fixing rates and charges, the county  
4 legislative authority may in its discretion consider:

5 (a) Services furnished or to be furnished;

6 (b) Benefits received or to be received;

7 (c) The character and use of land or its water runoff  
8 characteristics;

9 (d) The (~~nonprofit~~) public benefit nonprofit corporation  
10 status, as defined in (~~RCW 24.03.490~~) section 1701 of this act, of  
11 the land user;

12 (e) Income level of persons served or provided benefits under  
13 this chapter, including senior citizens and (~~disabled persons~~)  
14 individuals with disabilities; or

15 (f) Any other matters which present a reasonable difference as a  
16 ground for distinction.

17 (2) The rate a county may charge under this section for  
18 stormwater control facilities shall be reduced by a minimum of ten  
19 percent for any new or remodeled commercial building that utilizes a  
20 permissive rainwater harvesting system. Rainwater harvesting systems  
21 shall be properly sized to utilize the available roof surface of the  
22 building. The jurisdiction shall consider rate reductions in excess  
23 of ten percent dependent upon the amount of rainwater harvested.

24 (3) Rates and charges authorized under this section may not be  
25 imposed on lands taxed as forestland under chapter 84.33 RCW or as  
26 timberland under chapter 84.34 RCW.

27 (4) The service charges and rates collected shall be deposited in  
28 a special fund or funds in the county treasury to be used only for  
29 the purpose of paying all or any part of the cost and expense of  
30 maintaining and operating stormwater control facilities, all or any  
31 part of the cost and expense of planning, designing, establishing,  
32 acquiring, developing, constructing and improving any of such  
33 facilities, or to pay or secure the payment of all or any portion of  
34 any issue of general obligation or revenue bonds issued for such  
35 purpose.

36 **Sec. 5215.** RCW 36.94.140 and 2005 c 324 s 2 are each amended to  
37 read as follows:

38 (1) Every county, in the operation of a system of sewerage and/or  
39 water, shall have full jurisdiction and authority to manage,

1 regulate, and control it. Except as provided in subsection (3) of  
2 this section, every county shall have full jurisdiction and authority  
3 to fix, alter, regulate, and control the rates and charges for the  
4 service and facilities to those to whom such service and facilities  
5 are available, and to levy charges for connection to the system.

6 (2) The rates for availability of service and facilities, and  
7 connection charges so charged must be uniform for the same class of  
8 customers or service and facility. In classifying customers served,  
9 service furnished or made available by such system of sewerage and/or  
10 water, or the connection charges, the county legislative authority  
11 may consider any or all of the following factors:

12 (a) The difference in cost of service to the various customers  
13 within or without the area;

14 (b) The difference in cost of maintenance, operation, repair and  
15 replacement of the various parts of the systems;

16 (c) The different character of the service and facilities  
17 furnished various customers;

18 (d) The quantity and quality of the sewage and/or water delivered  
19 and the time of its delivery;

20 (e) Capital contributions made to the system or systems,  
21 including, but not limited to, assessments;

22 (f) The cost of acquiring the system or portions of the system in  
23 making system improvements necessary for the public health and  
24 safety;

25 (g) The ~~((nonprofit))~~ public benefit nonprofit corporation  
26 status, as defined in ~~((RCW 24.03.490))~~ section 1701 of this act, of  
27 the land user; and

28 (h) Any other matters which present a reasonable difference as a  
29 ground for distinction.

30 (3) The rate a county may charge under this section for storm or  
31 surface water sewer systems or the portion of the rate allocable to  
32 the storm or surface water sewer system of combined sanitary sewage  
33 and storm or surface water sewer systems shall be reduced by a  
34 minimum of ten percent for any new or remodeled commercial building  
35 that utilizes a permissive rainwater harvesting system. Rainwater  
36 harvesting systems shall be properly sized to utilize the available  
37 roof surface of the building. The jurisdiction shall consider rate  
38 reductions in excess of ten percent dependent upon the amount of  
39 rainwater harvested.

1 (4) A county may provide assistance to aid low-income persons in  
2 connection with services provided under this chapter.

3 (5) The service charges and rates shall produce revenues  
4 sufficient to take care of the costs of maintenance and operation,  
5 revenue bond and warrant interest and principal amortization  
6 requirements, and all other charges necessary for the efficient and  
7 proper operation of the system.

8 (6) A connection charge under this section for service to a  
9 manufactured housing community, as defined in RCW 59.20.030, applies  
10 to an individual lot within that community only if the system of  
11 water or sewerage provides and maintains the connection.

12 **Sec. 5216.** RCW 39.34.030 and 2019 c 91 s 1 are each amended to  
13 read as follows:

14 (1) Any power or powers, privileges or authority exercised or  
15 capable of exercise by a public agency of this state may be exercised  
16 and enjoyed jointly with any other public agency of this state having  
17 the power or powers, privilege or authority, and jointly with any  
18 public agency of any other state or of the United States to the  
19 extent that laws of such other state or of the United States permit  
20 such joint exercise or enjoyment. Any agency of the state government  
21 when acting jointly with any public agency may exercise and enjoy all  
22 of the powers, privileges and authority conferred by this chapter  
23 upon a public agency.

24 (2) Any two or more public agencies may enter into agreements  
25 with one another for joint or cooperative action pursuant to the  
26 provisions of this chapter, except that any such joint or cooperative  
27 action by public agencies which are educational service districts  
28 and/or school districts shall comply with the provisions of RCW  
29 28A.320.080. Appropriate action by ordinance, resolution or otherwise  
30 pursuant to law of the governing bodies of the participating public  
31 agencies shall be necessary before any such agreement may enter into  
32 force.

33 (3) Any such agreement shall specify the following:

34 (a) Its duration;

35 (b) The precise organization, composition and nature of any  
36 separate legal or administrative entity created thereby together with  
37 the powers delegated thereto, provided such entity may be legally  
38 created. Such entity may include a nonprofit corporation organized  
39 pursuant to chapter ~~((24.03))~~ 24.-- (the new chapter created in



1 section 6101 of this act) or 24.06 RCW whose membership is limited  
2 solely to the participating public agencies or a partnership  
3 organized pursuant to chapter 25.04 or 25.05 RCW whose partners are  
4 limited solely to participating public agencies, or a limited  
5 liability company organized under chapter 25.15 RCW whose membership  
6 is limited solely to participating public agencies, and the funds of  
7 any such corporation, partnership, or limited liability company shall  
8 be subject to audit in the manner provided by law for the auditing of  
9 public funds;

10 (c) Its purpose or purposes;

11 (d) The manner of financing the joint or cooperative undertaking  
12 and of establishing and maintaining a budget therefor;

13 (e) The permissible method or methods to be employed in  
14 accomplishing the partial or complete termination of the agreement  
15 and for disposing of property upon such partial or complete  
16 termination; and

17 (f) Any other necessary and proper matters.

18 (4) In the event that the agreement does not establish a separate  
19 legal entity to conduct the joint or cooperative undertaking, the  
20 agreement shall contain, in addition to provisions specified in  
21 subsection (3)(a), (c), (d), (e), and (f) of this section, the  
22 following:

23 (a) Provision for an administrator or a joint board responsible  
24 for administering the joint or cooperative undertaking. In the case  
25 of a joint board, public agencies that are party to the agreement  
26 shall be represented; and

27 (b) The manner of acquiring, holding and disposing of real and  
28 personal property used in the joint or cooperative undertaking. Any  
29 joint board is authorized to establish a special fund with a state,  
30 county, city, or district treasurer servicing an involved public  
31 agency designated "Operating fund of . . . . . joint board."

32 (5) No agreement made pursuant to this chapter relieves any  
33 public agency of any obligation or responsibility imposed upon it by  
34 law except that:

35 (a) To the extent of actual and timely performance thereof by a  
36 joint board or other legal or administrative entity created by an  
37 agreement made pursuant to this chapter, the performance may be  
38 offered in satisfaction of the obligation or responsibility; and

39 (b) With respect to one or more public agencies purchasing or  
40 otherwise contracting through a bid, proposal, or contract awarded by

1 another public agency or by a group of public agencies, any  
2 obligation with respect to competitive bids or proposals that applies  
3 to the public agencies involved is satisfied if the public agency or  
4 group of public agencies that awarded the bid, proposal, or contract  
5 complied with its own statutory requirements and either (i) posted  
6 the bid or solicitation notice on a web site established and  
7 maintained by a public agency, purchasing cooperative, or similar  
8 service provider, for purposes of posting public notice of bid or  
9 proposal solicitations, or (ii) provided an access link on the  
10 state's web portal to the notice.

11 (6) (a) Any two or more public agencies may enter into a contract  
12 providing for the joint utilization of architectural or engineering  
13 services if:

14 (i) The agency contracting with the architectural or engineering  
15 firm complies with the requirements for contracting for such services  
16 under chapter 39.80 RCW; and

17 (ii) The services to be provided to the other agency or agencies  
18 are related to, and within the general scope of, the services the  
19 architectural or engineering firm was selected to perform.

20 (b) Any agreement providing for the joint utilization of  
21 architectural or engineering services under this subsection must be  
22 executed for a scope of work specifically detailed in the agreement  
23 and must be entered into prior to commencement of procurement of such  
24 services under chapter 39.80 RCW.

25 (7) Financing of joint projects by agreement shall be as provided  
26 by law.

27 **Sec. 5217.** RCW 39.34.055 and 2011 1st sp.s. c 43 s 246 are each  
28 amended to read as follows:

29 The department of enterprise services may enter into an agreement  
30 with a public benefit nonprofit corporation to allow the public  
31 benefit nonprofit corporation to participate in state contracts for  
32 purchases administered by the department. Such agreement must comply  
33 with the requirements of RCW 39.34.030 through 39.34.050. For the  
34 purposes of this section "public benefit nonprofit corporation" means  
35 a public benefit nonprofit corporation as defined in ((RCW  
36 ~~24.03.005~~) section 1701 of this act that is receiving local, state,  
37 or federal funds either directly or through a public agency other  
38 than an Indian tribe or a political subdivision of another state.

1       **Sec. 5218.** RCW 41.04.382 and 1993 c 194 s 4 are each amended to  
2 read as follows:

3       In order to qualify for services under RCW 41.04.380, state  
4 employee child care organizations shall be organized as nonprofit  
5 under chapter ((24.03 RCW)) 24.-- RCW (the new chapter created in  
6 section 6101 of this act).

7       **Sec. 5219.** RCW 43.06.335 and 2004 c 245 s 1 are each amended to  
8 read as follows:

9       (1) The Washington quality award council shall be organized as a  
10 private, nonprofit corporation, in accordance with chapter ((24.03  
11 RCW)) 24.-- RCW (the new chapter created in section 6101 of this act)  
12 and this section.

13       (2) The council shall oversee the governor's Washington state  
14 quality award program. The purpose of the program is to improve the  
15 overall competitiveness of the state's economy by stimulating  
16 Washington state industries, business, and organizations to bring  
17 about measurable success through setting standards of organizational  
18 excellence, encouraging organizational self-assessment, identifying  
19 successful organizations as role models, and providing a valuable  
20 mechanism for promoting and strengthening a commitment to continuous  
21 quality improvement in all sectors of the state's economy. The  
22 governor shall annually present the award to organizations that  
23 improve the quality of their products and services and are noteworthy  
24 examples of high-performing work organizations, as determined by the  
25 council in consultation with the governor or appointed  
26 representative.

27       (3) The governor shall appoint a representative to serve on the  
28 board of directors of the council.

29       (4) The council shall establish a board of examiners, a  
30 recognition committee, and such other committees or subgroups as it  
31 deems appropriate to carry out its responsibilities.

32       (5) The council may conduct such public information, research,  
33 education, and assistance programs as it deems appropriate to further  
34 quality improvement in organizations operating in the state of  
35 Washington.

36       (6) The council shall:

37       (a) Approve and announce award recipients;

38       (b) Approve guidelines to examine applicant organizations;

39       (c) Approve appointment of board of examiners; and

1 (d) Arrange appropriate annual awards and recognition for  
2 recipients.

3 **Sec. 5220.** RCW 43.07.120 and 2019 c 132 s 3 are each amended to  
4 read as follows:

5 (1) The secretary of state must establish by rule and collect the  
6 fees in this subsection:

7 (a) For a copy of any law, resolution, record, or other document  
8 or paper on file in the secretary's office;

9 (b) For any certificate under seal;

10 (c) For filing and recording trademark;

11 (d) For each deed or patent of land issued by the governor;

12 (e) For recording miscellaneous records, papers, or other  
13 documents.

14 (2) The secretary of state may adopt rules under chapter 34.05  
15 RCW establishing reasonable fees for the following services rendered  
16 under chapter 23.95 RCW, Title 23B RCW, chapter 18.100, 19.09, 19.77,  
17 23.86, 23.90, (~~24.03~~) 24.-- (the new chapter created in section  
18 6101 of this act), 24.06, 24.12, 24.20, 24.24, 24.28, 24.36, 25.04,  
19 25.15, 25.10, 25.05, or 26.60 RCW:

20 (a) Any service rendered in-person at the secretary of state's  
21 office;

22 (b) Any expedited service;

23 (c) The electronic or facsimile transmittal of information from  
24 corporation records or copies of documents;

25 (d) The providing of information by micrographic or other  
26 reduced-format compilation;

27 (e) The handling of checks, drafts, or credit or debit cards upon  
28 adoption of rules authorizing their use for which sufficient funds  
29 are not on deposit; and

30 (f) Special search charges.

31 (3) To facilitate the collection of fees, the secretary of state  
32 may establish accounts for deposits by persons who may frequently be  
33 assessed such fees to pay the fees as they are assessed. The  
34 secretary of state may make whatever arrangements with those persons  
35 as may be necessary to carry out this section.

36 (4) The secretary of state may adopt rules for the use of credit  
37 or debit cards for payment of fees.

38 (5) No member of the legislature, state officer, justice of the  
39 supreme court, judge of the court of appeals, or judge of the

1 superior court may be charged for any search relative to matters  
2 pertaining to the duties of his or her office; nor may such official  
3 be charged for a certified copy of any law or resolution passed by  
4 the legislature relative to his or her official duties, if such law  
5 has not been published as a state law.

6 **Sec. 5221.** RCW 43.07.190 and 2016 c 202 s 62 are each amended to  
7 read as follows:

8 Where the secretary of state determines that a summary face sheet  
9 or cover sheet would expedite review of any documents made under  
10 Title 23B RCW, or chapter 18.100, 23.86, 23.90, ~~((24.03))~~ 24.-- (the  
11 new chapter created in section 6101 of this act), 24.06, 24.12,  
12 24.20, 24.24, 24.36, 25.10, or 25.15 RCW, the secretary of state may  
13 require the use of a summary face sheet or cover sheet that  
14 accurately reflects the contents of the attached document. The  
15 secretary of state may, by rule adopted under chapter 34.05 RCW,  
16 specify the required contents of any summary face sheet and the type  
17 of document or documents in which the summary face sheet will be  
18 required, in addition to any other filing requirements which may be  
19 applicable.

20 **Sec. 5222.** RCW 43.15.030 and 2020 c 114 s 18 are each amended to  
21 read as follows:

22 (1) The Washington state leadership board is organized as a  
23 private, nonprofit, nonpartisan corporation in accordance with  
24 chapter ~~((24.03 RCW))~~ 24.-- RCW (the new chapter created in section  
25 6101 of this act) and this section.

26 (2) The purpose of the Washington state leadership board is to:

27 (a) Provide the state a means of extending formal recognition for  
28 an individual's outstanding services to the state;

29 (b) Bring together those individuals to serve the state as  
30 ambassadors of trade, tourism, and international goodwill; and

31 (c) Expand educational, sports, leadership, and/or employment  
32 opportunities for youth, veterans, and people with disabilities in  
33 Washington state.

34 (3) The Washington state leadership board may conduct activities  
35 in support of their mission.

36 (4) The Washington state leadership board is governed by a board  
37 of directors. The board of directors is composed of the governor, the  
38 lieutenant governor, and the secretary of state, who serve as ex

1 officio, nonvoting members, and other officers and members as the  
2 Washington state leadership board designates. In addition, four  
3 legislators may be appointed to the board of directors as ex officio  
4 members in the following manner: One legislator from each of the two  
5 largest caucuses of the senate, appointed by the president of the  
6 senate, and one legislator from each of the two largest caucuses of  
7 the house of representatives, appointed by the speaker of the house  
8 of representatives.

9 (5) The board of directors shall adopt bylaws and establish  
10 governance and transparency policies.

11 (6) The lieutenant governor's office may provide technical and  
12 financial assistance for the Washington state leadership board, where  
13 the work of the board aligns with the mission of the office.  
14 Assistance from the lieutenant governor's office may include, but is  
15 not limited to:

16 (a) Collaboration with the Washington state leadership board on  
17 the Washington world fellows program, a college readiness and study  
18 abroad fellowship administered by the office of the lieutenant  
19 governor;

20 (b) Beginning January 1, 2019, collaboration with the Washington  
21 state leadership board to administer the sports mentoring program as  
22 established under RCW 43.15.100, a mentoring program to encourage  
23 underserved youth to join sports or otherwise participate in the area  
24 of sports. If approved by the board, boundless Washington, an outdoor  
25 leadership program for young people with disabilities, shall satisfy  
26 the terms of the sports mentoring program; and

27 (c) The compilation of a yearly financial report, which shall be  
28 made available to the legislature no later than January 15th of each  
29 year, detailing all revenues and expenditures associated with the  
30 Washington world fellows program and the sports mentoring program.  
31 Any expenditures made by the Washington state leadership board in  
32 support of the Washington world fellows program and the sports  
33 mentoring program shall be made available to the office of the  
34 lieutenant governor for the purpose of inclusion in the annual  
35 financial report.

36 (7) The legislature may make appropriations in support of the  
37 Washington state leadership board subject to the availability of  
38 funds.

39 (8) The office of the lieutenant governor must post on its web  
40 site detailed information on all funds received by the Washington

1 state leadership board and all expenditures by the Washington state  
2 leadership board.

3 **Sec. 5223.** RCW 43.105.020 and 2017 c 92 s 2 are each amended to  
4 read as follows:

5 The definitions in this section apply throughout this chapter  
6 unless the context clearly requires otherwise.

7 (1) "Agency" means the consolidated technology services agency.

8 (2) "Board" means the technology services board.

9 (3) "Customer agencies" means all entities that purchase or use  
10 information technology resources, telecommunications, or services  
11 from the consolidated technology services agency.

12 (4) "Director" means the state chief information officer, who is  
13 the director of the consolidated technology services agency.

14 (5) "Enterprise architecture" means an ongoing activity for  
15 translating business vision and strategy into effective enterprise  
16 change. It is a continuous activity. Enterprise architecture creates,  
17 communicates, and improves the key principles and models that  
18 describe the enterprise's future state and enable its evolution.

19 (6) "Equipment" means the machines, devices, and transmission  
20 facilities used in information processing, including but not limited  
21 to computers, terminals, telephones, wireless communications system  
22 facilities, cables, and any physical facility necessary for the  
23 operation of such equipment.

24 (7) "Information" includes, but is not limited to, data, text,  
25 voice, and video.

26 (8) "Information security" means the protection of communication  
27 and information resources from unauthorized access, use, disclosure,  
28 disruption, modification, or destruction in order to:

29 (a) Prevent improper information modification or destruction;

30 (b) Preserve authorized restrictions on information access and  
31 disclosure;

32 (c) Ensure timely and reliable access to and use of information;  
33 and

34 (d) Maintain the confidentiality, integrity, and availability of  
35 information.

36 (9) "Information technology" includes, but is not limited to, all  
37 electronic technology systems and services, automated information  
38 handling, system design and analysis, conversion of data, computer  
39 programming, information storage and retrieval, telecommunications,

1 requisite system controls, simulation, electronic commerce, radio  
2 technologies, and all related interactions between people and  
3 machines.

4 (10) "Information technology portfolio" or "portfolio" means a  
5 strategic management process documenting relationships between agency  
6 missions and information technology and telecommunications  
7 investments.

8 (11) "K-20 network" means the network established in RCW  
9 43.41.391.

10 (12) "Local governments" includes all municipal and quasi-  
11 municipal corporations and political subdivisions, and all agencies  
12 of such corporations and subdivisions authorized to contract  
13 separately.

14 (13) "Office" means the office of the state chief information  
15 officer within the consolidated technology services agency.

16 (14) "Oversight" means a process of comprehensive risk analysis  
17 and management designed to ensure optimum use of information  
18 technology resources and telecommunications.

19 (15) "Proprietary software" means that software offered for sale  
20 or license.

21 (16) "Public agency" means any agency of this state or another  
22 state; any political subdivision or unit of local government of this  
23 state or another state including, but not limited to, municipal  
24 corporations, quasi-municipal corporations, special purpose  
25 districts, and local service districts; any public benefit nonprofit  
26 corporation; any agency of the United States; and any Indian tribe  
27 recognized as such by the federal government.

28 (17) "Public benefit nonprofit corporation" means a public  
29 benefit nonprofit corporation as defined in (~~RCW 24.03.005~~) section  
30 1701 of this act that is receiving local, state, or federal funds  
31 either directly or through a public agency other than an Indian tribe  
32 or political subdivision of another state.

33 (18) "Public record" has the definitions in RCW 42.56.010 and  
34 chapter 40.14 RCW and includes legislative records and court records  
35 that are available for public inspection.

36 (19) "Public safety" refers to any entity or services that ensure  
37 the welfare and protection of the public.

38 (20) "Security incident" means an accidental or deliberative  
39 event that results in or constitutes an imminent threat of the



1 unauthorized access, loss, disclosure, modification, disruption, or  
2 destruction of communication and information resources.

3 (21) "State agency" means every state office, department,  
4 division, bureau, board, commission, or other state agency, including  
5 offices headed by a statewide elected official.

6 (22) "Telecommunications" includes, but is not limited to,  
7 wireless or wired systems for transport of voice, video, and data  
8 communications, network systems, requisite facilities, equipment,  
9 system controls, simulation, electronic commerce, and all related  
10 interactions between people and machines.

11 (23) "Utility-based infrastructure services" includes personal  
12 computer and portable device support, servers and server  
13 administration, security administration, network administration,  
14 telephony, email, and other information technology services commonly  
15 used by state agencies.

16 **Sec. 5224.** RCW 43.210.020 and 1998 c 109 s 1 are each amended to  
17 read as follows:

18 A nonprofit corporation, to be known as the small business export  
19 finance assistance center, and branches subject to its authority, may  
20 be formed under chapter ((24.03 RCW)) 24.-- RCW (the new chapter  
21 created in section 6101 of this act) for the following public  
22 purposes:

23 (1) To assist small and medium-sized businesses in both urban and  
24 rural areas in the financing of export transactions.

25 (2) To provide, singly or in conjunction with other  
26 organizations, information and assistance to these businesses about  
27 export opportunities and financing alternatives.

28 **Sec. 5225.** RCW 43.210.040 and 2010 c 166 s 1 are each amended to  
29 read as follows:

30 (1) The small business export finance assistance center formed  
31 under RCW 43.210.020 and 43.210.030 has the powers granted under  
32 chapter ((24.03 RCW)) 24.-- RCW (the new chapter created in section  
33 6101 of this act). In exercising such powers, the center may:

34 (a) Solicit and accept grants, contributions, and any other  
35 financial assistance from the federal government, federal agencies,  
36 and any other sources to carry out its purposes;

37 (b) Make loans or provide loan guarantees on loans made by  
38 financial institutions to Washington businesses with annual sales of

1 two hundred million dollars or less for the purpose of financing  
2 exports of goods or services by those businesses to buyers in foreign  
3 countries and for the purpose of financing business growth to  
4 accommodate increased export sales. Loans or loan guarantees made  
5 under the authority of this section may only be considered upon a  
6 financial institution's assurance that such loan or loan guarantee is  
7 otherwise not available;

8 (c) Provide assistance to businesses with annual sales of two  
9 hundred million dollars or less in obtaining loans and guarantees of  
10 loans made by financial institutions for the purpose of financing  
11 export of goods or services from the state of Washington;

12 (d) Provide export finance and risk mitigation counseling to  
13 Washington exporters with annual sales of two hundred million dollars  
14 or less, provided that such counseling is not practicably available  
15 from a Washington for-profit business. For such counseling, the  
16 center may charge reasonable fees as it determines are necessary;

17 (e) Provide assistance in obtaining export credit insurance or  
18 alternate forms of foreign risk mitigation to facilitate the export  
19 of goods and services from the state of Washington;

20 (f) Be available as a teaching resource to both public and  
21 private sponsors of workshops and programs relating to the financing  
22 and risk mitigation aspects of exporting products and services from  
23 the state of Washington;

24 (g) Develop a comprehensive inventory of export-financing  
25 resources, both public and private, including information on resource  
26 applicability to specific countries and payment terms;

27 (h) Contract with the federal government and its agencies to  
28 become a program administrator for federally provided loan guarantee  
29 and export credit insurance programs; and

30 (i) Take whatever action may be necessary to accomplish the  
31 purposes set forth in this chapter.

32 (2) The center may not use any Washington state funds or funds  
33 which come from the public treasury of the state of Washington to  
34 make loans or to make any payment under a loan guarantee agreement.  
35 Under no circumstances may the center use any funds received under  
36 RCW 43.210.050 to make or assist in making any loan or to pay or  
37 assist in paying any amount under a loan guarantee agreement. Debts  
38 of the center shall be center debts only and may be satisfied only  
39 from the resources of the center. The state of Washington shall not  
40 in any way be liable for such debts.

1 (3) The small business export finance assistance center shall  
2 make every effort to seek nonstate funds for its continued operation.

3 (4) The small business export finance assistance center may  
4 receive such gifts, grants, and endowments from public or private  
5 sources as may be made from time to time, in trust or otherwise, for  
6 the use and benefit of the purposes of the small business export  
7 finance assistance center and expend the same or any income therefrom  
8 according to the terms of the gifts, grants, or endowments.

9 **Sec. 5226.** RCW 43.330.135 and 2009 c 565 s 8 are each amended to  
10 read as follows:

11 (1) The department of commerce shall distribute such funds as are  
12 appropriated for the statewide technical support, development, and  
13 enhancement of court-appointed special advocate programs.

14 (2) In order to receive money under subsection (1) of this  
15 section, an organization providing statewide technical support,  
16 development, and enhancement of court-appointed special advocate  
17 programs must meet all of the following requirements:

18 (a) The organization must provide statewide support, development,  
19 and enhancement of court-appointed special advocate programs that  
20 offer guardian ad litem services as provided in RCW 26.12.175,  
21 26.44.053, and 13.34.100;

22 (b) All guardians ad litem working under court-appointed special  
23 advocate programs supported, developed, or enhanced by the  
24 organization must be volunteers and may not receive payment for  
25 services rendered pursuant to the program. The organization may  
26 include paid positions that are exclusively administrative in nature,  
27 in keeping with the scope and purpose of this section; and

28 (c) The organization providing statewide technical support,  
29 development, and enhancement of court-appointed special advocate  
30 programs must be a public benefit nonprofit corporation as defined in  
31 (~~RCW 24.03.490~~) section 1701 of this act.

32 (3) If more than one organization is eligible to receive money  
33 under this section, the department shall develop criteria for  
34 allocation of appropriated money among the eligible organizations.

35 **Sec. 5227.** RCW 46.19.020 and 2017 c 151 s 1 are each amended to  
36 read as follows:

37 (1) The following organizations may apply for special parking  
38 privileges:

1 (a) Public transportation authorities;  
2 (b) Nursing homes licensed under chapter 18.51 RCW;  
3 (c) Assisted living facilities licensed under chapter 18.20 RCW;  
4 (d) Senior citizen centers;  
5 (e) Accessible van rental companies registered with the  
6 department;

7 (f) Private nonprofit corporations (~~(, as defined in RCW~~  
8 ~~24.03.005)) organized under chapter 24.-- RCW (the new chapter  
9 created in section 6101 of this act);~~

10 (g) Cabulance companies that regularly transport persons with  
11 disabilities who have been determined eligible for special parking  
12 privileges under this section and who are registered with the  
13 department under chapter 46.72 RCW; and

14 (h) Companies that dispatch taxicab vehicles under chapter 81.72  
15 RCW or vehicles for hire under chapter 46.72 RCW, for such vehicles  
16 that are equipped with wheelchair accessible lifts or ramps for the  
17 transport of persons with disabilities and that are regularly  
18 dispatched and used in the transport of such persons. However,  
19 qualifying vehicles under this subsection (1)(h) may utilize special  
20 parking privileges only while in service. For the purposes of this  
21 subsection (1)(h), "in service" means while in the process of picking  
22 up, transporting, or discharging a passenger.

23 (2) An organization that qualifies for special parking privileges  
24 may receive, upon application, special license plates or parking  
25 placards, or both, for persons with disabilities as defined by the  
26 department.

27 (3) An organization that qualifies for special parking privileges  
28 under subsection (1) of this section and receives parking placards or  
29 special license plates under subsection (2) of this section is  
30 responsible for ensuring that the parking placards and special  
31 license plates are not used improperly and is responsible for all  
32 fines and penalties for improper use.

33 (4) The department shall adopt rules to determine organization  
34 eligibility.

35 **Sec. 5228.** RCW 48.30.135 and 2015 c 272 s 4 are each amended to  
36 read as follows:

37 (1) An insurance producer may sponsor events for, or make  
38 contributions to a bona fide charitable or nonprofit organization, if  
39 the sponsorship or contribution is not conditioned upon the

1 organization applying for or obtaining insurance through the  
2 insurance producer.

3 (2) For purposes of this section, a bona fide charitable or  
4 nonprofit organization is:

5 (a) Any nonprofit corporation duly existing under the provisions  
6 of chapter (~~(24.03 RCW)~~) 24.-- RCW (the new chapter created in  
7 section 6101 of this act) for charitable, benevolent, eleemosynary,  
8 educational, civic, patriotic, political, social, fraternal,  
9 cultural, athletic, scientific, agricultural, or horticultural  
10 purposes;

11 (b) Any professional, commercial, industrial, or trade  
12 association;

13 (c) Any organization duly existing under the provisions of  
14 chapter 24.12, 24.20, or 24.28 RCW;

15 (d) Any agricultural fair authorized under the provisions of  
16 chapter 15.76 or 36.37 RCW; or

17 (e) Any nonprofit organization, whether incorporated or  
18 otherwise, when determined by the commissioner to be organized and  
19 operated for one or more of the purposes described in (a) through (d)  
20 of this subsection.

21 (3) RCW 48.30.140 and 48.30.150 do not apply to sponsorships or  
22 charitable contributions that are provided or given in compliance  
23 with subsection (1) of this section.

24 **Sec. 5229.** RCW 48.62.021 and 2015 c 109 s 2 are each reenacted  
25 and amended to read as follows:

26 Unless the context clearly requires otherwise, the definitions in  
27 this section apply throughout this chapter.

28 (1) "Health and welfare benefits" means a plan or program  
29 established by a local government entity or entities for the purpose  
30 of providing its employees and their dependents, and in the case of  
31 school districts, its district employees, students, directors, or any  
32 of their dependents, with health care, accident, disability, death,  
33 and salary protection benefits.

34 (2) "Local government entity" or "entity" means every unit of  
35 local government, both general purpose and special purpose, and  
36 includes, but is not limited to, counties, cities, towns, port  
37 districts, public utility districts, water-sewer districts, school  
38 districts, fire protection districts, irrigation districts,  
39 metropolitan municipal corporations, conservation districts, and

1 other political subdivisions, governmental subdivisions, municipal  
2 corporations, quasi-municipal corporations, nonprofit corporations  
3 comprised of only units of local government, or a group comprised of  
4 local governments joined by an interlocal agreement authorized by  
5 chapter 39.34 RCW.

6 (3) "Nonprofit corporation" or "corporation" has the same meaning  
7 as defined in (~~RCW 24.03.005(3)~~) section 1102 of this act or a  
8 similar statute with similar intent within the entity's state of  
9 domicile.

10 (4) "Property and liability risks" includes the risk of property  
11 damage or loss sustained by a local government entity and the risk of  
12 claims arising from the tortious or negligent conduct or any error or  
13 omission of the local government entity, its officers, employees,  
14 agents, or volunteers as a result of which a claim may be made  
15 against the local government entity.

16 (5) "Risk assumption" means a decision to absorb the entity's  
17 financial exposure to a risk of loss without the creation of a formal  
18 program of advance funding of anticipated losses.

19 (6) "Self-insurance" means a formal program of advance funding  
20 and management of entity financial exposure to a risk of loss that is  
21 not transferred through the purchase of an insurance policy or  
22 contract.

23 (7) "State risk manager" means the risk manager of the office of  
24 risk management within the department of enterprise services.

25 **Sec. 5230.** RCW 48.180.010 and 2015 c 109 s 6 are each amended to  
26 read as follows:

27 The definitions in this section apply throughout this chapter  
28 unless the context clearly requires otherwise.

29 (1) "Nonprofit corporation" or "corporation" has the same meaning  
30 as defined in (~~RCW 24.03.005~~) section 1102 of this act.

31 (2) "Property and liability risks" includes the risk of property  
32 damage or loss sustained by a nonprofit corporation and the risk of  
33 claims arising from the tortious or negligent conduct or any error or  
34 omission of the entity, its officers, employees, agents, or  
35 volunteers as a result of a claim that may be made against the  
36 entity.

37 (3) "Self-insurance" means a formal program of advance funding  
38 and management of entity financial exposure to a risk of loss that is

1 not transferred through the purchase of an insurance policy or  
2 contract.

3 (4) "State risk manager" means the risk manager of the office of  
4 risk management within the department of enterprise services.

5 **Sec. 5231.** RCW 64.34.300 and 1992 c 220 s 14 are each amended to  
6 read as follows:

7 A unit owners' association shall be organized no later than the  
8 date the first unit in the condominium is conveyed. The membership of  
9 the association at all times shall consist exclusively of all the  
10 unit owners. Following termination of the condominium, the membership  
11 of the association shall consist of all of the unit owners at the  
12 time of termination entitled to distributions of proceeds under RCW  
13 64.34.268 or their heirs, successors, or assigns. The association  
14 shall be organized as a profit or nonprofit corporation. In case of  
15 any conflict between Title 23B RCW, the business corporation act,  
16 chapter ((24.03 RCW)) 24.-- RCW (the new chapter created in section  
17 6101 of this act), the nonprofit corporation act, or chapter 24.06  
18 RCW, the nonprofit miscellaneous and mutual corporations act, and  
19 this chapter, this chapter shall control.

20 **Sec. 5232.** RCW 64.38.025 and 2019 c 238 s 222 are each amended  
21 to read as follows:

22 (1) Except as provided in the association's governing documents  
23 or this chapter, the board of directors shall act in all instances on  
24 behalf of the association. In the performance of their duties, the  
25 officers and members of the board of directors shall exercise the  
26 degree of care and loyalty required of an officer or director of a  
27 corporation organized under chapter ((24.03 RCW)) 24.-- RCW (the new  
28 chapter created in section 6101 of this act).

29 (2) The board of directors shall not act on behalf of the  
30 association to amend the articles of incorporation, to take any  
31 action that requires the vote or approval of the owners, to terminate  
32 the association, to elect members of the board of directors, or to  
33 determine the qualifications, powers, and duties, or terms of office  
34 of members of the board of directors; but the board of directors may  
35 fill vacancies in its membership of the unexpired portion of any  
36 term.

37 (3) Except as provided in RCW 64.90.080, 64.90.405(1) (b) and  
38 (c), and 64.90.525, within thirty days after adoption by the board of

1 directors of any proposed regular or special budget of the  
2 association, the board shall set a date for a meeting of the owners  
3 to consider ratification of the budget not less than fourteen nor  
4 more than sixty days after mailing of the summary. Unless at that  
5 meeting the owners of a majority of the votes in the association are  
6 allocated or any larger percentage specified in the governing  
7 documents reject the budget, in person or by proxy, the budget is  
8 ratified, whether or not a quorum is present. In the event the  
9 proposed budget is rejected or the required notice is not given, the  
10 periodic budget last ratified by the owners shall be continued until  
11 such time as the owners ratify a subsequent budget proposed by the  
12 board of directors.

13 (4) As part of the summary of the budget provided to all owners,  
14 the board of directors shall disclose to the owners:

15 (a) The current amount of regular assessments budgeted for  
16 contribution to the reserve account, the recommended contribution  
17 rate from the reserve study, and the funding plan upon which the  
18 recommended contribution rate is based;

19 (b) If additional regular or special assessments are scheduled to  
20 be imposed, the date the assessments are due, the amount of the  
21 assessments per each owner per month or year, and the purpose of the  
22 assessments;

23 (c) Based upon the most recent reserve study and other  
24 information, whether currently projected reserve account balances  
25 will be sufficient at the end of each year to meet the association's  
26 obligation for major maintenance, repair, or replacement of reserve  
27 components during the next thirty years;

28 (d) If reserve account balances are not projected to be  
29 sufficient, what additional assessments may be necessary to ensure  
30 that sufficient reserve account funds will be available each year  
31 during the next thirty years, the approximate dates assessments may  
32 be due, and the amount of the assessments per owner per month or  
33 year;

34 (e) The estimated amount recommended in the reserve account at  
35 the end of the current fiscal year based on the most recent reserve  
36 study, the projected reserve account cash balance at the end of the  
37 current fiscal year, and the percent funded at the date of the latest  
38 reserve study;

39 (f) The estimated amount recommended in the reserve account based  
40 upon the most recent reserve study at the end of each of the next



1 five budget years, the projected reserve account cash balance in each  
2 of those years, and the projected percent funded for each of those  
3 years; and

4 (g) If the funding plan approved by the association is  
5 implemented, the projected reserve account cash balance in each of  
6 the next five budget years and the percent funded for each of those  
7 years.

8 (5) The owners by a majority vote of the voting power in the  
9 association present, in person or by proxy, and entitled to vote at  
10 any meeting of the owners at which a quorum is present, may remove  
11 any member of the board of directors with or without cause.

12 **Sec. 5233.** RCW 64.90.400 and 2018 c 277 s 301 are each amended  
13 to read as follows:

14 (1) A unit owners association must be organized no later than the  
15 date the first unit in the common interest community is conveyed to a  
16 purchaser.

17 (2) The membership of the association at all times consists  
18 exclusively of all unit owners or, following termination of the  
19 common interest community, of all former unit owners entitled to  
20 distributions of proceeds under RCW 64.90.290 or their heirs,  
21 successors, or assigns.

22 (3) The association must have a board and be organized as a for-  
23 profit or nonprofit corporation or limited liability company.

24 (4) In case of any conflict between Title 23B RCW or chapter  
25 23.86, (~~(24.03)~~) 24.-- (the new chapter created in section 6101 of  
26 this act), 24.06, or 25.15 RCW and this chapter, this chapter  
27 controls.

28 **Sec. 5234.** RCW 66.24.495 and 1997 c 321 s 33 are each amended to  
29 read as follows:

30 (1) There shall be a license to be designated as a nonprofit arts  
31 organization license. This shall be a special license to be issued to  
32 any nonprofit arts organization which sponsors and presents  
33 productions or performances of an artistic or cultural nature in a  
34 specific theater or other appropriate designated indoor premises  
35 approved by the board. The license shall permit the licensee to sell  
36 liquor to patrons of productions or performances for consumption on  
37 the premises at these events. The fee for the license shall be two  
38 hundred fifty dollars per annum.

1 (2) For the purposes of this section, the term "nonprofit arts  
2 organization" means an organization which is organized and operated  
3 for the purpose of providing artistic or cultural exhibitions,  
4 presentations, or performances or cultural or art education programs,  
5 as defined in subsection (3) of this section, for viewing or  
6 attendance by the general public. The organization must be a not-for-  
7 profit corporation under chapter ((24.03-RCW)) 24.-- RCW (the new  
8 chapter created in section 6101 of this act) and managed by a  
9 governing board of not less than eight individuals none of whom is a  
10 paid employee of the organization or by a corporation sole under  
11 chapter 24.12 RCW. In addition, the corporation must satisfy the  
12 following conditions:

13 (a) No part of its income may be paid directly or indirectly to  
14 its members, stockholders, officers, directors, or trustees except in  
15 the form of services rendered by the corporation in accordance with  
16 its purposes and bylaws;

17 (b) Salary or compensation paid to its officers and executives  
18 must be only for actual services rendered, and at levels comparable  
19 to the salary or compensation of like positions within the state;

20 (c) Assets of the corporation must be irrevocably dedicated to  
21 the activities for which the license is granted and, on the  
22 liquidation, dissolution, or abandonment by the corporation, may not  
23 inure directly or indirectly to the benefit of any member or  
24 individual except a nonprofit organization, association, or  
25 corporation;

26 (d) The corporation must be duly licensed or certified when  
27 licensing or certification is required by law or regulation;

28 (e) The proceeds derived from sales of liquor, except for  
29 reasonable operating costs, must be used in furtherance of the  
30 purposes of the organization;

31 (f) Services must be available regardless of race, color,  
32 national origin, or ancestry; and

33 (g) The liquor ((control)) and cannabis board shall have access  
34 to its books in order to determine whether the corporation is  
35 entitled to a license.

36 (3) The term "artistic or cultural exhibitions, presentations, or  
37 performances or cultural or art education programs" includes and is  
38 limited to:

1 (a) An exhibition or presentation of works of art or objects of  
2 cultural or historical significance, such as those commonly displayed  
3 in art or history museums;

4 (b) A musical or dramatic performance or series of performances;  
5 or

6 (c) An educational seminar or program, or series of such  
7 programs, offered by the organization to the general public on an  
8 artistic, cultural, or historical subject.

9 **Sec. 5235.** RCW 66.24.680 and 2014 c 78 s 1 are each amended to  
10 read as follows:

11 (1) There shall be a license to be designated as a senior center  
12 license. This shall be a license issued to a nonprofit organization  
13 whose primary service is providing recreational and social activities  
14 for seniors on the licensed premises. This license shall permit the  
15 licensee to sell spirits by the individual glass, including mixed  
16 drinks and cocktails mixed on the premises only, beer and wine, at  
17 retail for consumption on the premises.

18 (2) To qualify for this license, the applicant entity must:

19 (a) Be a nonprofit organization under chapter (~~(24.03 RCW)~~) 24.--  
20 RCW (the new chapter created in section 6101 of this act);

21 (b) Be open at times and durations established by the board; and

22 (c) Provide limited food service as defined by the board.

23 (3) All alcohol servers must have a valid mandatory alcohol  
24 server training permit.

25 (4) The board shall adopt rules to implement this section.

26 (5) The annual fee for this license shall be seven hundred twenty  
27 dollars.

28 **Sec. 5236.** RCW 68.20.020 and 1983 c 3 s 167 are each amended to  
29 read as follows:

30 Any private corporation authorized by its articles so to do, may  
31 establish, maintain, manage, improve, or operate a cemetery, and  
32 conduct any or all of the businesses of a cemetery, either for or  
33 without profit to its members or stockholders. A nonprofit cemetery  
34 corporation may be organized in the manner provided in chapter  
35 (~~(24.03 RCW)~~) 24.-- RCW (the new chapter created in section 6101 of  
36 this act). A profit corporation may be organized in the manner  
37 provided in the general corporation laws of the state of Washington.

1       **Sec. 5237.** RCW 70.45.070 and 1997 c 332 s 7 are each amended to  
2 read as follows:

3       The department shall only approve an application if the parties  
4 to the acquisition have taken the proper steps to safeguard the value  
5 of charitable assets and ensure that any proceeds from the  
6 acquisition are used for appropriate charitable health purposes. To  
7 this end, the department may not approve an application unless, at a  
8 minimum, it determines that:

9       (1) The acquisition is permitted under chapter ~~((24.03—RCW))~~  
10 24.-- RCW (the new chapter created in section 6101 of this act), the  
11 Washington nonprofit corporation act, and other laws governing  
12 nonprofit entities, trusts, or charities;

13       (2) The nonprofit corporation that owns the hospital being  
14 acquired has exercised due diligence in authorizing the acquisition,  
15 selecting the acquiring person, and negotiating the terms and  
16 conditions of the acquisition;

17       (3) The procedures used by the nonprofit corporation's board of  
18 trustees and officers in making its decision fulfilled their  
19 fiduciary duties, that the board and officers were sufficiently  
20 informed about the proposed acquisition and possible alternatives,  
21 and that they used appropriate expert assistance;

22       (4) No conflict of interest exists related to the acquisition,  
23 including, but not limited to, conflicts of interest related to board  
24 members of, executives of, and experts retained by the nonprofit  
25 corporation, acquiring person, or other parties to the acquisition;

26       (5) The nonprofit corporation will receive fair market value for  
27 its assets. The attorney general or the department may employ, at the  
28 expense of the acquiring person, reasonably necessary expert  
29 assistance in making this determination. This expense must be in  
30 addition to the fees charged under RCW 70.45.030;

31       (6) Charitable funds will not be placed at unreasonable risk, if  
32 the acquisition is financed in part by the nonprofit corporation;

33       (7) Any management contract under the acquisition will be for  
34 fair market value;

35       (8) The proceeds from the acquisition will be controlled as  
36 charitable funds independently of the acquiring person or parties to  
37 the acquisition, and will be used for charitable health purposes  
38 consistent with the nonprofit corporation's original purpose,  
39 including providing health care to the disadvantaged, the uninsured,

1 and the underinsured and providing benefits to promote improved  
2 health in the affected community;

3 (9) Any charitable entity established to hold the proceeds of the  
4 acquisition will be broadly based in and representative of the  
5 community where the hospital to be acquired is located, taking into  
6 consideration the structure and governance of such entity; and

7 (10) A right of first refusal to repurchase the assets by a  
8 successor nonprofit corporation or foundation has been retained if  
9 the hospital is subsequently sold to, acquired by, or merged with  
10 another entity.

11 **Sec. 5238.** RCW 70.290.030 and 2013 c 144 s 48 are each amended  
12 to read as follows:

13 (1) The association is comprised of all health carriers issuing  
14 or renewing health benefit plans in Washington state and all third-  
15 party administrators conducting business on behalf of residents of  
16 Washington state or Washington health care providers and facilities.  
17 Third-party administrators are subject to registration under RCW  
18 70.290.075.

19 (2) The association is a nonprofit corporation under chapter  
20 (~~24.03 RCW~~) 24.-- RCW (the new chapter created in section 6101 of  
21 this act) and has the powers granted under that chapter.

22 (3) The board of directors includes the following voting members:

23 (a) Four members, selected from health carriers or third-party  
24 administrators, excluding health maintenance organizations, that have  
25 the most fully insured and self-funded covered lives in Washington  
26 state. The count of total covered lives includes enrollment in all  
27 companies included in their holding company system. Each health  
28 carrier or third-party administrator is entitled to no more than a  
29 single position on the board to represent all entities under common  
30 ownership or control.

31 (b) One member selected from the health maintenance organization  
32 having the most fully insured and self-insured covered lives in  
33 Washington state. The count of total lives includes enrollment in all  
34 companies included in its holding company system. Each health  
35 maintenance organization is entitled to no more than a single  
36 position on the board to represent all entities under common  
37 ownership or control.

38 (c) One member, representing health carriers not otherwise  
39 represented on the board under (a) or (b) of this subsection, who is

1 elected from among the health carrier members not designated under  
2 (a) or (b) of this subsection.

3 (d) One member, representing Taft Hartley plans, appointed by the  
4 secretary from a list of nominees submitted by the Northwest  
5 administrators association.

6 (e) One member representing Washington state employers offering  
7 self-funded health coverage, appointed by the secretary from a list  
8 of nominees submitted by the Puget Sound health alliance.

9 (f) Two physician members appointed by the secretary, including  
10 at least one board certified pediatrician.

11 (g) The secretary, or a designee of the secretary with expertise  
12 in childhood immunization purchasing and distribution.

13 (4) The directors' terms and appointments must be specified in  
14 the plan of operation adopted by the association.

15 (5) The board of directors of the association must:

16 (a) Prepare and adopt articles of association and bylaws;

17 (b) Prepare and adopt a plan of operation. The plan of operation  
18 must include a dispute mechanism through which a carrier or third-  
19 party administrator can challenge an assessment determination by the  
20 board under RCW 70.290.040. The board must include a means to bring  
21 unresolved disputes to an impartial decision maker as a component of  
22 the dispute mechanism;

23 (c) Submit the plan of operation to the secretary for approval;

24 (d) Conduct all activities in accordance with the approved plan  
25 of operation;

26 (e) Enter into contracts as necessary or proper to collect and  
27 disburse the assessment;

28 (f) Enter into contracts as necessary or proper to administer the  
29 plan of operation;

30 (g) Sue or be sued, including taking any legal action necessary  
31 or proper for the recovery of any assessment for, on behalf of, or  
32 against members of the association or other participating person;

33 (h) Appoint, from among its directors, committees as necessary to  
34 provide technical assistance in the operation of the association,  
35 including the hiring of independent consultants as necessary;

36 (i) Obtain such liability and other insurance coverage for the  
37 benefit of the association, its directors, officers, employees, and  
38 agents as may in the judgment of the board of directors be helpful or  
39 necessary for the operation of the association;

1 (j) On an annual basis, beginning no later than November 1, 2010,  
2 and by November 1st of each year thereafter, establish the estimated  
3 amount of the assessment;

4 (k) Notify, in writing, each health carrier and third-party  
5 administrator of the health carrier's or third-party administrator's  
6 estimated total assessment by November 15th of each year;

7 (l) Submit a periodic report to the secretary listing those  
8 health carriers or third-party administrators that failed to remit  
9 their assessments and audit health carrier and third-party  
10 administrator books and records for accuracy of assessment payment  
11 submission;

12 (m) Allow each health carrier or third-party administrator no  
13 more than ninety days after the notification required by (k) of this  
14 subsection to remit any amounts in arrears or submit a payment plan,  
15 subject to approval by the association and initial payment under an  
16 approved payment plan;

17 (n) Deposit annual assessments collected by the association, less  
18 the association's administrative costs, with the state treasurer to  
19 the credit of the universal vaccine purchase account established in  
20 RCW 43.70.720;

21 (o) Borrow and repay such working capital, reserve, or other  
22 funds as, in the judgment of the board of directors, may be helpful  
23 or necessary for the operation of the association; and

24 (p) Perform any other functions as may be necessary or proper to  
25 carry out the plan of operation and to affect any or all of the  
26 purposes for which the association is organized.

27 (6) The secretary must convene the initial meeting of the  
28 association board of directors.

29 **Sec. 5239.** RCW 74.15.020 and 2020 c 331 s 10 and 2020 c 265 s 1  
30 are each reenacted and amended to read as follows:

31 The definitions in this section apply throughout this chapter and  
32 RCW 74.13.031 unless the context clearly requires otherwise.

33 (1) "Agency" means any person, firm, partnership, association,  
34 corporation, or facility which receives children, expectant mothers,  
35 or persons with developmental disabilities for control, care, or  
36 maintenance outside their own homes, or which places, arranges the  
37 placement of, or assists in the placement of children, expectant  
38 mothers, or persons with developmental disabilities for foster care  
39 or placement of children for adoption, and shall include the

1 following irrespective of whether there is compensation to the agency  
2 or to the children, expectant mothers, or persons with developmental  
3 disabilities for services rendered:

4 (a) "Child-placing agency" means an agency which places a child  
5 or children for temporary care, continued care, or for adoption;

6 (b) "Community facility" means a group care facility operated for  
7 the care of juveniles committed to the department under RCW  
8 13.40.185. A county detention facility that houses juveniles  
9 committed to the department under RCW 13.40.185 pursuant to a  
10 contract with the department is not a community facility;

11 (c) "Crisis residential center" means an agency which is a  
12 temporary protective residential facility operated to perform the  
13 duties specified in chapter 13.32A RCW, in the manner provided in RCW  
14 43.185C.295 through 43.185C.310;

15 (d) "Emergency respite center" is an agency that may be commonly  
16 known as a crisis nursery, that provides emergency and crisis care  
17 for up to seventy-two hours to children who have been admitted by  
18 their parents or guardians to prevent abuse or neglect. Emergency  
19 respite centers may operate for up to twenty-four hours a day, and  
20 for up to seven days a week. Emergency respite centers may provide  
21 care for children ages birth through seventeen, and for persons  
22 eighteen through twenty with developmental disabilities who are  
23 admitted with a sibling or siblings through age seventeen. Emergency  
24 respite centers may not substitute for crisis residential centers or  
25 HOPE centers, or any other services defined under this section, and  
26 may not substitute for services which are required under chapter  
27 13.32A or 13.34 RCW;

28 (e) "Foster family home" means an agency which regularly provides  
29 care on a twenty-four hour basis to one or more children, expectant  
30 mothers, or persons with developmental disabilities in the family  
31 abode of the person or persons under whose direct care and  
32 supervision the child, expectant mother, or person with a  
33 developmental disability is placed;

34 (f) "Group-care facility" means an agency, other than a foster  
35 family home, which is maintained and operated for the care of a group  
36 of children on a twenty-four hour basis. "Group care facility"  
37 includes but is not limited to:

38 (i) Qualified residential treatment programs as defined in RCW  
39 13.34.030;



1 (ii) Facilities specializing in providing prenatal, postpartum,  
2 or parenting supports for youth; and

3 (iii) Facilities providing high-quality residential care and  
4 supportive services to children who are, or who are at risk of  
5 becoming, victims of sex trafficking;

6 (g) "HOPE center" means an agency licensed by the secretary to  
7 provide temporary residential placement and other services to street  
8 youth. A street youth may remain in a HOPE center for thirty days  
9 while services are arranged and permanent placement is coordinated.  
10 No street youth may stay longer than thirty days unless approved by  
11 the department and any additional days approved by the department  
12 must be based on the unavailability of a long-term placement option.  
13 A street youth whose parent wants him or her returned to home may  
14 remain in a HOPE center until his or her parent arranges return of  
15 the youth, not longer. All other street youth must have court  
16 approval under chapter 13.34 or 13.32A RCW to remain in a HOPE center  
17 up to thirty days;

18 (h) "Maternity service" means an agency which provides or  
19 arranges for care or services to expectant mothers, before or during  
20 confinement, or which provides care as needed to mothers and their  
21 infants after confinement;

22 (i) "Resource and assessment center" means an agency that  
23 provides short-term emergency and crisis care for a period up to  
24 seventy-two hours, excluding Saturdays, Sundays, and holidays to  
25 children who have been removed from their parent's or guardian's care  
26 by child protective services or law enforcement;

27 (j) "Responsible living skills program" means an agency licensed  
28 by the secretary that provides residential and transitional living  
29 services to persons ages sixteen to eighteen who are dependent under  
30 chapter 13.34 RCW and who have been unable to live in his or her  
31 legally authorized residence and, as a result, the minor lived  
32 outdoors or in another unsafe location not intended for occupancy by  
33 the minor. Dependent minors ages fourteen and fifteen may be eligible  
34 if no other placement alternative is available and the department  
35 approves the placement;

36 (k) "Service provider" means the entity that operates a community  
37 facility.

38 (2) "Agency" shall not include the following:

39 (a) Persons related to the child, expectant mother, or person  
40 with developmental disability in the following ways:

- 1 (i) Any blood relative, including those of half-blood, and  
2 including first cousins, second cousins, nephews or nieces, and  
3 persons of preceding generations as denoted by prefixes of grand,  
4 great, or great-great;
- 5 (ii) Stepfather, stepmother, stepbrother, and stepsister;
- 6 (iii) A person who legally adopts a child or the child's parent  
7 as well as the natural and other legally adopted children of such  
8 persons, and other relatives of the adoptive parents in accordance  
9 with state law;
- 10 (iv) Spouses of any persons named in (a)(i), (ii), or (iii) of  
11 this subsection (2), even after the marriage is terminated;
- 12 (v) Relatives, as named in (a)(i), (ii), (iii), or (iv) of this  
13 subsection (2), of any half sibling of the child; or
- 14 (vi) Extended family members, as defined by the law or custom of  
15 the Indian child's tribe or, in the absence of such law or custom, a  
16 person who has reached the age of eighteen and who is the Indian  
17 child's grandparent, aunt or uncle, brother or sister, brother-in-law  
18 or sister-in-law, niece or nephew, first or second cousin, or  
19 stepparent who provides care in the family abode on a twenty-four-  
20 hour basis to an Indian child as defined in 25 U.S.C. Sec. 1903(4);
- 21 (b) Persons who are legal guardians of the child, expectant  
22 mother, or persons with developmental disabilities;
- 23 (c) Persons who care for a neighbor's or friend's child or  
24 children, with or without compensation, where the parent and person  
25 providing care on a twenty-four-hour basis have agreed to the  
26 placement in writing and the state is not providing any payment for  
27 the care;
- 28 (d) A person, partnership, corporation, or other entity that  
29 provides placement or similar services to exchange students or  
30 international student exchange visitors or persons who have the care  
31 of an exchange student in their home;
- 32 (e) A person, partnership, corporation, or other entity that  
33 provides placement or similar services to international children who  
34 have entered the country by obtaining visas that meet the criteria  
35 for medical care as established by the United States citizenship and  
36 immigration services, or persons who have the care of such an  
37 international child in their home;
- 38 (f) Schools, including boarding schools, which are engaged  
39 primarily in education, operate on a definite school year schedule,

1 follow a stated academic curriculum, accept only school-age children  
2 and do not accept custody of children;

3 (g) Hospitals licensed pursuant to chapter 70.41 RCW when  
4 performing functions defined in chapter 70.41 RCW, nursing homes  
5 licensed under chapter 18.51 RCW and assisted living facilities  
6 licensed under chapter 18.20 RCW;

7 (h) Licensed physicians or lawyers;

8 (i) Facilities approved and certified under chapter 71A.22 RCW;

9 (j) Any agency having been in operation in this state ten years  
10 prior to June 8, 1967, and not seeking or accepting moneys or  
11 assistance from any state or federal agency, and is supported in part  
12 by an endowment or trust fund;

13 (k) Persons who have a child in their home for purposes of  
14 adoption, if the child was placed in such home by a licensed child-  
15 placing agency, an authorized public or tribal agency or court or if  
16 a replacement report has been filed under chapter 26.33 RCW and the  
17 placement has been approved by the court;

18 (l) An agency operated by any unit of local, state, or federal  
19 government or an agency licensed by an Indian tribe pursuant to RCW  
20 74.15.190;

21 (m) A maximum or medium security program for juvenile offenders  
22 operated by or under contract with the department;

23 (n) An agency located on a federal military reservation, except  
24 where the military authorities request that such agency be subject to  
25 the licensing requirements of this chapter;

26 (o)(i) A host home program, and host home, operated by a tax  
27 exempt organization for youth not in the care of or receiving  
28 services from the department, if that program: (A) Recruits and  
29 screens potential homes in the program, including performing  
30 background checks on individuals over the age of eighteen residing in  
31 the home through the Washington state patrol or equivalent law  
32 enforcement agency and performing physical inspections of the home;

33 (B) screens and provides case management services to youth in the  
34 program; (C) obtains a notarized permission slip or limited power of  
35 attorney from the parent or legal guardian of the youth authorizing  
36 the youth to participate in the program and the authorization is  
37 updated every six months when a youth remains in a host home longer  
38 than six months; (D) obtains insurance for the program through an  
39 insurance provider authorized under Title 48 RCW; (E) provides  
40 mandatory reporter and confidentiality training; and (F) registers

1 with the secretary of state (~~as provided in RCW 24.03.550~~) under  
2 section 5104 of this act.

3 (ii) For purposes of this section, a "host home" is a private  
4 home that volunteers to host youth in need of temporary placement  
5 that is associated with a host home program.

6 (iii) For purposes of this section, a "host home program" is a  
7 program that provides support to individual host homes and meets the  
8 requirements of (o)(i) of this subsection.

9 (iv) Any host home program that receives local, state, or  
10 government funding shall report the following information to the  
11 office of homeless youth prevention and protection programs annually  
12 by December 1st of each year: The number of children the program  
13 served, why the child was placed with a host home, and where the  
14 child went after leaving the host home, including but not limited to  
15 returning to the parents, running away, reaching the age of majority,  
16 or becoming a dependent of the state;

17 (p) Receiving centers as defined in RCW 7.68.380.

18 (3) "Department" means the department of children, youth, and  
19 families.

20 (4) "Juvenile" means a person under the age of twenty-one who has  
21 been sentenced to a term of confinement under the supervision of the  
22 department under RCW 13.40.185.

23 (5) "Performance-based contracts" or "contracting" means the  
24 structuring of all aspects of the procurement of services around the  
25 purpose of the work to be performed and the desired results with the  
26 contract requirements set forth in clear, specific, and objective  
27 terms with measurable outcomes. Contracts may also include provisions  
28 that link the performance of the contractor to the level and timing  
29 of the reimbursement.

30 (6) "Probationary license" means a license issued as a  
31 disciplinary measure to an agency that has previously been issued a  
32 full license but is out of compliance with licensing standards.

33 (7) "Requirement" means any rule, regulation, or standard of care  
34 to be maintained by an agency.

35 (8) "Secretary" means the secretary of the department.

36 (9) "Street youth" means a person under the age of eighteen who  
37 lives outdoors or in another unsafe location not intended for  
38 occupancy by the minor and who is not residing with his or her parent  
39 or at his or her legally authorized residence.

1 (10) "Transitional living services" means at a minimum, to the  
2 extent funds are available, the following:

3 (a) Educational services, including basic literacy and  
4 computational skills training, either in local alternative or public  
5 high schools or in a high school equivalency program that leads to  
6 obtaining a high school equivalency degree;

7 (b) Assistance and counseling related to obtaining vocational  
8 training or higher education, job readiness, job search assistance,  
9 and placement programs;

10 (c) Counseling and instruction in life skills such as money  
11 management, home management, consumer skills, parenting, health care,  
12 access to community resources, and transportation and housing  
13 options;

14 (d) Individual and group counseling; and

15 (e) Establishing networks with federal agencies and state and  
16 local organizations such as the United States department of labor,  
17 employment and training administration programs including the  
18 workforce innovation and opportunity act which administers private  
19 industry councils and the job corps; vocational rehabilitation; and  
20 volunteer programs.

21 **Sec. 5240.** RCW 79A.30.030 and 2013 c 31 s 2 are each amended to  
22 read as follows:

23 (1) A nonprofit corporation may be formed under the nonprofit  
24 corporation provisions of chapter (~~(24.03 RCW)~~) 24.-- RCW (the new  
25 chapter created in section 6101 of this act) to carry out the  
26 purposes of this chapter. Except as provided in RCW 79A.30.040, the  
27 corporation shall have all the powers and be subject to the same  
28 restrictions as are permitted or prescribed to nonprofit corporations  
29 and shall exercise those powers only for carrying out the purposes of  
30 this chapter and those purposes necessarily implied therefrom. The  
31 nonprofit corporation shall be known as the Washington state horse  
32 park authority. The articles of incorporation shall provide that it  
33 is the responsibility of the authority to develop, promote, operate,  
34 manage, and maintain the Washington state horse park. The articles of  
35 incorporation shall provide for appointment of directors and other  
36 conduct of business consistent with the requirements of this chapter.

37 (2)(a) The articles of incorporation shall provide for an  
38 eleven-member board of directors for the authority, all appointed by  
39 the commission. Board members shall serve three-year terms, except

1 that two of the original appointees shall serve one-year terms, and  
2 two of the original appointees shall serve two-year terms. Of the  
3 board members appointed pursuant to chapter 31, Laws of 2013, one  
4 shall serve an initial one-year term, one shall serve an initial two-  
5 year term, and two shall serve an initial term of three years. A  
6 board member may serve consecutive terms.

7 (b) The articles of incorporation shall provide that the  
8 commission appoint board members as follows:

9 (i) One board member shall represent the interests of the  
10 commission;

11 (ii) One board member shall represent the interests of the county  
12 in which the park is located. In making this appointment, the  
13 commission shall solicit recommendations from the county legislative  
14 authority; and

15 (iii) Nine board members shall represent the geographic and  
16 sports discipline diversity of equestrian interests in the state, and  
17 at least three of these members shall have business experience  
18 relevant to the organization of horse shows or operation of a horse  
19 show facility. In making these appointments, the commission shall  
20 solicit recommendations from a variety of active horse-related  
21 organizations in the state.

22 (3) The articles of incorporation shall include a policy that  
23 provides for the preferential use of a specific area of the horse  
24 park facilities at nominal cost for horse groups associated with  
25 youth groups and individuals with disabilities.

26 (4) The commission shall make appointments to fill board  
27 vacancies for positions authorized under subsection (2) of this  
28 section, upon additional solicitation of recommendations from the  
29 board of directors.

30 (5) The board of directors shall perform their duties in the best  
31 interests of the authority, consistent with the standards applicable  
32 to directors of nonprofit corporations under (~~RCW 24.03.127~~)  
33 section 2402 of this act.

34 **Sec. 5241.** RCW 79A.30.040 and 1995 c 200 s 5 are each amended to  
35 read as follows:

36 To meet its responsibility for developing, promoting, operating,  
37 managing, and maintaining the state horse park, the authority is  
38 empowered to do the following:

1 (1) Exercise the general powers authorized for any nonprofit  
2 corporation as specified in (~~RCW 24.03.035~~) section 1403 of this  
3 act. All debts of the authority shall be in the name of the authority  
4 and shall not be debts of the state of Washington for which the state  
5 or any state agency shall have any obligation to pay; and the  
6 authority may not issue bonds. Neither the full faith and credit of  
7 the state nor the state's taxing power is pledged for any  
8 indebtedness of the authority;

9 (2) Employ and discharge at its discretion employees, agents,  
10 advisors, and other personnel;

11 (3) Apply for or solicit, accept, administer, and dispose of  
12 grants, gifts, and bequests of money, services, securities, real  
13 estate, or other property. However, if the authority accepts a  
14 donation designated for a specific purpose, the authority shall use  
15 the donation for the designated purpose;

16 (4) Establish, revise, collect, manage, and expend such fees and  
17 charges at the state horse park as the authority deems necessary to  
18 accomplish its responsibilities;

19 (5) Make such expenditures as are appropriate for paying the  
20 administrative costs and expenses of the authority and the state  
21 horse park;

22 (6) Authorize use of the state horse park facilities by the  
23 general public and by and for compatible nonequestrian events as the  
24 authority deems reasonable, so long as the primacy of the center for  
25 horse-related purposes is not compromised;

26 (7) Insure its obligations and potential liability;

27 (8) Enter into cooperative agreements with and provide for  
28 private nonprofit groups to use the state horse park facilities and  
29 property to raise money to contribute gifts, grants, and support to  
30 the authority for the purposes of this chapter;

31 (9) Grant concessions or leases at the state horse park upon such  
32 terms and conditions as the authority deems appropriate, but in no  
33 event shall the term of a concession or lease exceed twenty-five  
34 years. Concessions and leases shall be consistent with the purposes  
35 of this chapter and may be renegotiated at least every five years;  
36 and

37 (10) Generally undertake any and all lawful acts necessary or  
38 appropriate to carry out the purposes for which the authority and the  
39 state horse park are created.

1       **Sec. 5242.** RCW 79A.35.130 and 2011 c 56 s 1 are each amended to  
2 read as follows:

3       Participants in conservation corps programs offered by a  
4 nonprofit organization affiliated with a national service  
5 organization established under the authority of the national and  
6 community service trust act of 1993, P.L. 103-82, are exempt from  
7 provisions related to rates of compensation while performing  
8 environmental and trail maintenance work provided:

9       (1) The nonprofit organization must be registered as a nonprofit  
10 corporation pursuant to chapter (~~(24.03—RCW)~~) 24.-- RCW (the new  
11 chapter created in section 6101 of this act);

12       (2) The nonprofit organization's management and administrative  
13 headquarters must be located in Washington;

14       (3) Participants in the program spend at least fifteen percent of  
15 their time in the program on education and training activities; and

16       (4) Participants in the program receive a stipend or living  
17 allowance as authorized by federal or state law.

18       Participants are exempt from provisions related to rates of  
19 compensation only for environmental and trail maintenance work  
20 conducted pursuant to the conservation corps program.

21       **Sec. 5243.** RCW 79A.70.030 and 2014 c 86 s 8 are each amended to  
22 read as follows:

23       (1) By September 1, 2000, the commission shall file articles of  
24 incorporation in accordance with the Washington nonprofit corporation  
25 act, chapter (~~(24.03—RCW)~~) 24.-- RCW (the new chapter created in  
26 section 6101 of this act), to establish the Washington state parks  
27 foundation. The foundation shall not be an agency, instrumentality,  
28 or political subdivision of the state and shall not disburse public  
29 funds.

30       (2) The foundation shall have a board of directors consisting of  
31 up to fifteen members, whose terms, method of appointment, and  
32 authority must be in accordance with the Washington nonprofit  
33 corporation act, chapter (~~(24.03—RCW)~~) 24.-- RCW (the new chapter  
34 created in section 6101 of this act).

35       **Sec. 5244.** RCW 82.04.4251 and 2006 c 310 s 1 are each amended to  
36 read as follows:

37       This chapter does not apply to amounts received by a nonprofit  
38 corporation organized under chapter (~~(24.03—RCW)~~) 24.-- RCW (the new



1 chapter created in section 6101 of this act) as payments or  
2 contributions from the state or any county, city, town, municipal  
3 corporation, quasi-municipal corporation, federally recognized Indian  
4 tribe, port district, or public corporation for the promotion of  
5 conventions and tourism.

6 **Sec. 5245.** RCW 82.04.4264 and 2012 c 10 s 71 are each amended to  
7 read as follows:

8 (1) This chapter does not apply to amounts received by a  
9 nonprofit assisted living facility licensed under chapter 18.20 RCW  
10 for providing room and domiciliary care to residents of the assisted  
11 living facility.

12 (2) As used in this section:

13 (a) "Domiciliary care" has the meaning provided in RCW 18.20.020.

14 (b) "Nonprofit assisted living facility" means an assisted living  
15 facility that is operated as a religious or charitable organization,  
16 is exempt from federal income tax under 26 U.S.C. Sec. 501(c)(3), is  
17 incorporated under chapter ((24.03-RCW)) 24.-- RCW (the new chapter  
18 created in section 6101 of this act), is operated as part of a  
19 nonprofit hospital, or is operated as part of a public hospital  
20 district.

21 **Sec. 5246.** RCW 82.04.431 and 2011 1st sp.s. c 19 s 3 are each  
22 amended to read as follows:

23 (1) The term "health or social welfare organization" means an  
24 organization, including any community action council, which renders  
25 health or social welfare services as defined in subsection (2) of  
26 this section, which is a domestic or foreign ((not-for-profit))  
27 nonprofit corporation under chapter ((24.03-RCW)) 24.-- RCW (the new  
28 chapter created in section 6101 of this act) and which is managed by  
29 a governing board of not less than eight individuals none of whom is  
30 a paid employee of the organization or which is a corporation sole  
31 under chapter 24.12 RCW. Health or social welfare organization does  
32 not include a corporation providing professional services as  
33 authorized in chapter 18.100 RCW. In addition a corporation in order  
34 to be exempt under RCW 82.04.4297 must satisfy the following  
35 conditions:

36 (a) No part of its income may be paid directly or indirectly to  
37 its members, stockholders, officers, directors, or trustees except in

1 the form of services rendered by the corporation in accordance with  
2 its purposes and bylaws;

3 (b) Salary or compensation paid to its officers and executives  
4 must be only for actual services rendered, and at levels comparable  
5 to the salary or compensation of like positions within the public  
6 service of the state;

7 (c) Assets of the corporation must be irrevocably dedicated to  
8 the activities for which the exemption is granted and, on the  
9 liquidation, dissolution, or abandonment by the corporation, may not  
10 inure directly or indirectly to the benefit of any member or  
11 individual except a nonprofit organization, association, or  
12 corporation which also would be entitled to the exemption;

13 (d) The corporation must be duly licensed or certified where  
14 licensing or certification is required by law or regulation;

15 (e) The amounts received qualifying for exemption must be used  
16 for the activities for which the exemption is granted;

17 (f) Services must be available regardless of race, color,  
18 national origin, or ancestry; and

19 (g) The director of revenue must have access to its books in  
20 order to determine whether the corporation is exempt from taxes  
21 within the intent of RCW 82.04.4297 and this section.

22 (2) The term "health or social welfare services" includes and is  
23 limited to:

24 (a) Mental health, drug, or alcoholism counseling or treatment;

25 (b) Family counseling;

26 (c) Health care services;

27 (d) Therapeutic, diagnostic, rehabilitative, or restorative  
28 services for the care of the sick, aged, or physically,  
29 developmentally, or emotionally-disabled individuals;

30 (e) Activities which are for the purpose of preventing or  
31 ameliorating juvenile delinquency or child abuse, including  
32 recreational activities for those purposes;

33 (f) Care of orphans or foster children;

34 (g) Day care of children;

35 (h) Employment development, training, and placement;

36 (i) Legal services to the indigent;

37 (j) Weatherization assistance or minor home repair for low-income  
38 homeowners or renters;

1 (k) Assistance to low-income homeowners and renters to offset the  
2 cost of home heating energy, through direct benefits to eligible  
3 households or to fuel vendors on behalf of eligible households;

4 (l) Community services to low-income individuals, families, and  
5 groups, which are designed to have a measurable and potentially major  
6 impact on causes of poverty in communities of the state; and

7 (m) Temporary medical housing, as defined in RCW 82.08.997, if  
8 the housing is provided only:

9 (i) While the patient is receiving medical treatment at a  
10 hospital required to be licensed under RCW 70.41.090 or at an  
11 outpatient clinic associated with such hospital, including any period  
12 of recuperation or observation immediately following such medical  
13 treatment; and

14 (ii) By a person that does not furnish lodging or related  
15 services to the general public.

16 **Sec. 5247.** RCW 82.04.4328 and 2020 c 139 s 9 are each amended to  
17 read as follows:

18 (1) For the purposes of RCW 82.04.4327, 82.08.031, and 82.12.031,  
19 the term "artistic or cultural organization" means an organization  
20 that is organized and operated exclusively for the purpose of  
21 providing artistic or cultural exhibitions, presentations, or  
22 performances or cultural or art education programs, as defined in  
23 subsection (2) of this section, for viewing or attendance by the  
24 general public. The organization must be a (~~not-for-profit~~)  
25 nonprofit corporation under chapter (~~24.03 RCW~~) 24.-- RCW (the new  
26 chapter created in section 6101 of this act) and managed by a  
27 governing board of not less than eight individuals none of whom is a  
28 paid employee of the organization or by a corporation sole under  
29 chapter 24.12 RCW. In addition, to qualify for deduction or exemption  
30 from taxation under RCW 82.04.4327, 82.08.031, and 82.12.031, the  
31 corporation must satisfy the following conditions:

32 (a) No part of its income may be paid directly or indirectly to  
33 its members, stockholders, officers, directors, or trustees except in  
34 the form of services rendered by the corporation in accordance with  
35 its purposes and bylaws;

36 (b) Salary or compensation paid to its officers and executives  
37 must be only for actual services rendered, and at levels comparable  
38 to the salary or compensation of like positions within the state;

1 (c) Assets of the corporation must be irrevocably dedicated to  
2 the activities for which the exemption is granted and, on the  
3 liquidation, dissolution, or abandonment by the corporation, may not  
4 inure directly or indirectly to the benefit of any member or  
5 individual except a nonprofit organization, association, or  
6 corporation which also would be entitled to the exemption;

7 (d) The corporation must be duly licensed or certified when  
8 licensing or certification is required by law or regulation;

9 (e) The amounts received that qualify for exemption must be used  
10 for the activities for which the exemption is granted;

11 (f) Services must be available regardless of race, color,  
12 national origin, or ancestry; and

13 (g) The director of revenue must have access to its books in  
14 order to determine whether the corporation is exempt from taxes.

15 (2) The term "artistic or cultural exhibitions, presentations, or  
16 performances or cultural or art education programs" includes and is  
17 limited to:

18 (a) An exhibition or presentation of works of art or objects of  
19 cultural or historical significance, such as those commonly displayed  
20 in art or history museums;

21 (b) A musical or dramatic performance or series of performances;  
22 or

23 (c) An educational seminar or program, or series of such  
24 programs, offered by the organization to the general public on an  
25 artistic, cultural, or historical subject.

26 **Sec. 5248.** RCW 82.08.0203 and 2008 c 260 s 1 are each amended to  
27 read as follows:

28 The tax levied by RCW 82.08.020 does not apply to sales of trail  
29 grooming services to the state of Washington or nonprofit  
30 corporations organized under chapter (~~(24.03 RCW)~~) 24.-- RCW (the new  
31 chapter created in section 6101 of this act). For the purposes of  
32 this section, "trail grooming" means the activity of snow compacting,  
33 snow redistribution, or snow removal on state-owned or privately  
34 owned trails.

35 **Sec. 5249.** RCW 82.08.0293 and 2019 c 8 s 401 are each amended to  
36 read as follows:

37 (1) The tax levied by RCW 82.08.020 does not apply to sales of  
38 food and food ingredients. "Food and food ingredients" means

1 substances, whether in liquid, concentrated, solid, frozen, dried, or  
2 dehydrated form, that are sold for ingestion or chewing by humans and  
3 are consumed for their taste or nutritional value. "Food and food  
4 ingredients" does not include:

5 (a) "Alcoholic beverages," which means beverages that are  
6 suitable for human consumption and contain one-half of one percent or  
7 more of alcohol by volume;

8 (b) "Tobacco," which means cigarettes, cigars, chewing or pipe  
9 tobacco, or any other item that contains tobacco; and

10 (c) Marijuana, useable marijuana, or marijuana-infused products.

11 (2) The exemption of "food and food ingredients" provided for in  
12 subsection (1) of this section does not apply to prepared food, soft  
13 drinks, bottled water, or dietary supplements. The definitions in  
14 this subsection apply throughout this section unless the context  
15 clearly requires otherwise.

16 (a) "Bottled water" means water that is placed in a safety sealed  
17 container or package for human consumption. Bottled water is calorie  
18 free and does not contain sweeteners or other additives except that  
19 it may contain: (i) Antimicrobial agents; (ii) fluoride; (iii)  
20 carbonation; (iv) vitamins, minerals, and electrolytes; (v) oxygen;  
21 (vi) preservatives; and (vii) only those flavors, extracts, or  
22 essences derived from a spice or fruit. "Bottled water" includes  
23 water that is delivered to the buyer in a reusable container that is  
24 not sold with the water.

25 (b) "Dietary supplement" means any product, other than tobacco,  
26 intended to supplement the diet that:

27 (i) Contains one or more of the following dietary ingredients:

28 (A) A vitamin;

29 (B) A mineral;

30 (C) An herb or other botanical;

31 (D) An amino acid;

32 (E) A dietary substance for use by humans to supplement the diet  
33 by increasing the total dietary intake; or

34 (F) A concentrate, metabolite, constituent, extract, or  
35 combination of any ingredient described in this subsection;

36 (ii) Is intended for ingestion in tablet, capsule, powder,  
37 softgel, gelcap, or liquid form, or if not intended for ingestion in  
38 such form, is not represented as conventional food and is not  
39 represented for use as a sole item of a meal or of the diet; and

1 (iii) Is required to be labeled as a dietary supplement,  
2 identifiable by the "supplement facts" box found on the label as  
3 required pursuant to 21 C.F.R. Sec. 101.36, as amended or renumbered  
4 as of January 1, 2003.

5 (c) (i) "Prepared food" means:

6 (A) Food sold in a heated state or heated by the seller;

7 (B) Food sold with eating utensils provided by the seller,  
8 including plates, knives, forks, spoons, glasses, cups, napkins, or  
9 straws. A plate does not include a container or packaging used to  
10 transport the food; or

11 (C) Two or more food ingredients mixed or combined by the seller  
12 for sale as a single item, except:

13 (I) Food that is only cut, repackaged, or pasteurized by the  
14 seller; or

15 (II) Raw eggs, fish, meat, poultry, and foods containing these  
16 raw animal foods requiring cooking by the consumer as recommended by  
17 the federal food and drug administration in chapter 3, part 401.11 of  
18 The Food Code, published by the food and drug administration, as  
19 amended or renumbered as of January 1, 2003, so as to prevent  
20 foodborne illness.

21 (ii) Food is "sold with eating utensils provided by the seller"  
22 if:

23 (A) The seller's customary practice for that item is to  
24 physically deliver or hand a utensil to the customer with the food or  
25 food ingredient as part of the sales transaction. If the food or food  
26 ingredient is prepackaged with a utensil, the seller is considered to  
27 have physically delivered a utensil to the customer unless the food  
28 and utensil are prepackaged together by a food manufacturer  
29 classified under sector 311 of the North American industry  
30 classification system (NAICS);

31 (B) A plate, glass, cup, or bowl is necessary to receive the food  
32 or food ingredient, and the seller makes those utensils available to  
33 its customers; or

34 (C) (I) The seller makes utensils available to its customers, and  
35 the seller has more than seventy-five percent prepared food sales.  
36 For purposes of this subsection (2) (c) (ii) (C), a seller has more than  
37 seventy-five percent prepared food sales if the seller's gross retail  
38 sales of prepared food under (c) (i) (A), (c) (i) (C), and (c) (ii) (B) of  
39 this subsection equal more than seventy-five percent of the seller's

1 gross retail sales of all food and food ingredients, including  
2 prepared food, soft drinks, and dietary supplements.

3 (II) However, even if a seller has more than seventy-five percent  
4 prepared food sales, four servings or more of food or food  
5 ingredients packaged for sale as a single item and sold for a single  
6 price are not "sold with utensils provided by the seller" unless the  
7 seller's customary practice for the package is to physically hand or  
8 otherwise deliver a utensil to the customer as part of the sales  
9 transaction. Whenever available, the number of servings included in a  
10 package of food or food ingredients must be determined based on the  
11 manufacturer's product label. If no label is available, the seller  
12 must reasonably determine the number of servings.

13 (III) The seller must determine a single prepared food sales  
14 percentage annually for all the seller's establishments in the state  
15 based on the prior year of sales. The seller may elect to determine  
16 its prepared food sales percentage based either on the prior calendar  
17 year or on the prior fiscal year. A seller may not change its elected  
18 method for determining its prepared food percentage without the  
19 written consent of the department. The seller must determine its  
20 annual prepared food sales percentage as soon as possible after  
21 accounting records are available, but in no event later than ninety  
22 days after the beginning of the seller's calendar or fiscal year. A  
23 seller may make a good faith estimate of its first annual prepared  
24 food sales percentage if the seller's records for the prior year are  
25 not sufficient to allow the seller to calculate the prepared food  
26 sales percentage. The seller must adjust its good faith estimate  
27 prospectively if its relative sales of prepared foods in the first  
28 ninety days of operation materially depart from the seller's  
29 estimate.

30 (iii) "Prepared food" does not include the following items, if  
31 sold without eating utensils provided by the seller:

32 (A) Food sold by a seller whose proper primary NAICS  
33 classification is manufacturing in sector 311, except subsector 3118  
34 (bakeries), as provided in the "North American industry  
35 classification system—United States, 2002";

36 (B) Food sold in an unheated state by weight or volume as a  
37 single item; or

38 (C) Bakery items. The term "bakery items" includes bread, rolls,  
39 buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes,  
40 tortes, pies, tarts, muffins, bars, cookies, or tortillas.

1 (d) "Soft drinks" means nonalcoholic beverages that contain  
2 natural or artificial sweeteners. Soft drinks do not include  
3 beverages that contain: Milk or milk products; soy, rice, or similar  
4 milk substitutes; or greater than fifty percent of vegetable or fruit  
5 juice by volume.

6 (3) Notwithstanding anything in this section to the contrary, the  
7 exemption of "food and food ingredients" provided in this section  
8 applies to food and food ingredients that are furnished, prepared, or  
9 served as meals:

10 (a) Under a state administered nutrition program for the aged as  
11 provided for in the older Americans act (P.L. 95-478 Title III) and  
12 RCW 74.38.040(6);

13 (b) That are provided to senior citizens, individuals with  
14 disabilities, or low-income persons by a (~~not-for-profit~~) nonprofit  
15 organization organized under chapter (~~(24.03)~~) 24.-- (the new chapter  
16 created in section 6101 of this act) or 24.12 RCW; or

17 (c) That are provided to residents, sixty-two years of age or  
18 older, of a qualified low-income senior housing facility by the  
19 lessor or operator of the facility. The sale of a meal that is billed  
20 to both spouses of a marital community or both domestic partners of a  
21 domestic partnership meets the age requirement in this subsection  
22 (3)(c) if at least one of the spouses or domestic partners is at  
23 least sixty-two years of age. For purposes of this subsection,  
24 "qualified low-income senior housing facility" means a facility:

25 (i) That meets the definition of a qualified low-income housing  
26 project under 26 U.S.C. Sec. 42 of the federal internal revenue code,  
27 as existing on August 1, 2009;

28 (ii) That has been partially funded under 42 U.S.C. Sec. 1485;  
29 and

30 (iii) For which the lessor or operator has at any time been  
31 entitled to claim a federal income tax credit under 26 U.S.C. Sec. 42  
32 of the federal internal revenue code.

33 (4)(a) Subsection (1) of this section notwithstanding, the retail  
34 sale of food and food ingredients is subject to sales tax under RCW  
35 82.08.020 if the food and food ingredients are sold through a vending  
36 machine. Except as provided in (b) of this subsection, the selling  
37 price of food and food ingredients sold through a vending machine for  
38 purposes of RCW 82.08.020 is fifty-seven percent of the gross  
39 receipts.



1 (b) For soft drinks, bottled water, and hot prepared food and  
2 food ingredients, other than food and food ingredients which are  
3 heated after they have been dispensed from the vending machine, the  
4 selling price is the total gross receipts of such sales divided by  
5 the sum of one plus the sales tax rate expressed as a decimal.

6 (c) For tax collected under this subsection (4), the requirements  
7 that the tax be collected from the buyer and that the amount of tax  
8 be stated as a separate item are waived.

9 **Sec. 5250.** RCW 82.12.0293 and 2017 3rd sp.s. c 28 s 102 are each  
10 amended to read as follows:

11 (1) The provisions of this chapter do not apply in respect to the  
12 use of food and food ingredients for human consumption. "Food and  
13 food ingredients" has the same meaning as in RCW 82.08.0293.

14 (2) The exemption of "food and food ingredients" provided for in  
15 subsection (1) of this section does not apply to prepared food, soft  
16 drinks, bottled water, or dietary supplements. "Prepared food," "soft  
17 drinks," "bottled water," and "dietary supplements" have the same  
18 meanings as in RCW 82.08.0293.

19 (3) Notwithstanding anything in this section to the contrary, the  
20 exemption of "food and food ingredients" provided in this section  
21 applies to food and food ingredients which are furnished, prepared,  
22 or served as meals:

23 (a) Under a state administered nutrition program for the aged as  
24 provided for in the older Americans act (P.L. 95-478 Title III) and  
25 RCW 74.38.040(6);

26 (b) Which are provided to senior citizens, individuals with  
27 disabilities, or low-income persons by a (~~not-for-profit~~) nonprofit  
28 organization organized under chapter (~~(24.03)~~) 24.-- (the new chapter  
29 created in section 6101 of this act) or 24.12 RCW; or

30 (c) That are provided to residents, sixty-two years of age or  
31 older, of a qualified low-income senior housing facility by the  
32 lessor or operator of the facility. The sale of a meal that is billed  
33 to both spouses of a marital community or both domestic partners of a  
34 domestic partnership meets the age requirement in this subsection  
35 (3)(c) if at least one of the spouses or domestic partners is at  
36 least sixty-two years of age. For purposes of this subsection,  
37 "qualified low-income senior housing facility" has the same meaning  
38 as in RCW 82.08.0293.

1       **Sec. 5251.** RCW 88.46.065 and 1994 sp.s. c 9 s 853 are each  
2 amended to read as follows:

3       A nonprofit corporation established for the sole purpose of  
4 providing contingency plan coverage for any vessel in compliance with  
5 RCW 88.46.060 is entitled to liability protection as provided in this  
6 section. Obligations incurred by the corporation and any other  
7 liabilities or claims against the corporation may be enforced only  
8 against the assets of the corporation, and no liability for the debts  
9 or actions of the corporation exists against a director, officer,  
10 member, employee, incident commander, agent, contractor, or  
11 subcontractor of the corporation in his or her individual or  
12 representative capacity. Except as otherwise provided in this  
13 chapter, neither the directors, officers, members, employees,  
14 incident (~~commander[s]~~) commanders, or agents of the corporation,  
15 nor the business entities by whom they are regularly employed may be  
16 held individually responsible for discretionary decisions, errors in  
17 judgment, mistakes, or other acts, either of commission or omission,  
18 that are directly related to the operation or implementation of  
19 contingency plans, other than for acts of gross negligence or willful  
20 or wanton misconduct. The corporation may insure and defend and  
21 indemnify the directors, officers, members, employees, incident  
22 commanders, and agents to the extent permitted by chapters 23B.08 and  
23 (~~(24.03)~~) 24.-- (the new chapter created in section 6101 of this act)  
24 RCW. This section does not alter or limit the responsibility or  
25 liability of any person for the operation of a motor vehicle.

26       **Sec. 5252.** RCW 89.08.405 and 2015 c 88 s 1 are each amended to  
27 read as follows:

28       (1) Any county legislative authority may approve by resolution  
29 revenues to a conservation district by fixing rates and charges. The  
30 county legislative authority may provide for this system of rates and  
31 charges as an alternative to, but not in addition to, a special  
32 assessment provided by RCW 89.08.400. In fixing rates and charges,  
33 the county legislative authority may in its discretion consider the  
34 information proposed to the county legislative authority by a  
35 conservation district consistent with this section.

36       (2) A conservation district, in proposing a system of rates and  
37 charges, may consider:

38       (a) Services furnished, to be furnished, or available to the  
39 landowner;

1 (b) Benefits received, to be received, or available to the  
2 property;

3 (c) The character and use of land;

4 (d) The ~~((nonprofit))~~ public benefit nonprofit corporation  
5 status, as defined in ~~((RCW 24.03.490))~~ section 1701 of this act, of  
6 the land user;

7 (e) The income level of persons served or provided benefits under  
8 this chapter, including senior citizens and disabled persons; or

9 (f) Any other matters that present a reasonable difference as a  
10 ground for distinction, including the natural resource needs within  
11 the district and the capacity of the district to provide either  
12 services or improvements, or both.

13 (3)(a) The system of rates and charges may include an annual per  
14 acre amount, an annual per parcel amount, or an annual per parcel  
15 amount plus an annual per acre amount. If included in the system of  
16 rates and charges, the maximum annual per acre rate or charge shall  
17 not exceed ten cents per acre. The maximum annual per parcel rate  
18 shall not exceed five dollars, except that for counties with a  
19 population of over four hundred eighty thousand persons, the maximum  
20 annual per parcel rate shall not exceed ten dollars, and for counties  
21 with a population of over one million five hundred thousand persons,  
22 the maximum annual per parcel rate shall not exceed fifteen dollars.

23 (b) Public land, including lands owned or held by the state,  
24 shall be subject to rates and charges to the same extent as privately  
25 owned lands. The procedures provided in chapter 79.44 RCW shall be  
26 followed if lands owned or held by the state are subject to the rates  
27 and charges of a conservation district.

28 (c) Forestlands used solely for the planting, growing, or  
29 harvesting of trees may be subject to rates and charges if such lands  
30 are served by the activities of the conservation district. However,  
31 if the system of rates and charges includes an annual per acre amount  
32 or an annual per parcel amount plus an annual per acre amount, the  
33 per acre rate or charge on such forestlands shall not exceed  
34 one-tenth of the weighted average per acre rate or charge on all  
35 other lands within the conservation district that are subject to  
36 rates and charges. The calculation of the weighted average per acre  
37 shall be a ratio calculated as follows: (i) The numerator shall be  
38 the total amount of money estimated to be derived from the per acre  
39 special rates and charges on the nonforestlands in the conservation  
40 district; and (ii) the denominator shall be the total number of

1 nonforestland acres in the conservation district that are served by  
2 the activities of the conservation district and that are subject to  
3 the rates or charges of the conservation district. No more than ten  
4 thousand acres of such forestlands that is both owned by the same  
5 person or entity and is located in the same conservation district may  
6 be subject to the rates and charges that are imposed for that  
7 conservation district in any year. Per parcel charges shall not be  
8 imposed on forestland parcels. However, in lieu of a per parcel  
9 charge, a charge of up to three dollars per forestland owner may be  
10 imposed on each owner of forestlands whose forestlands are subject to  
11 a per acre rate or charge.

12 (4) The consideration, development, adoption, and implementation  
13 of a system of rates and charges shall follow the same public notice  
14 and hearing process and be subject to the same procedure and  
15 authority of RCW 89.08.400(2).

16 (5)(a) Following the adoption of a system of rates and charges,  
17 the conservation district board of supervisors shall establish by  
18 resolution a process providing for landowner appeals of the  
19 individual rates and charges as applicable to a parcel or parcels.

20 (b) Any appeal must be filed by the landowner with the  
21 conservation district no later than twenty-one days after the date  
22 property taxes are due. The decision of the board of supervisors  
23 regarding any appeal shall be final and conclusive.

24 (c) Any appeal of the decision of the board shall be to the  
25 superior court of the county in which the district is located, and  
26 served and filed within twenty-one days of the date of the board's  
27 written decision.

28 (6) A conservation district shall prepare a roll that implements  
29 the system of rates and charges approved by the county legislative  
30 authority. The rates and charges from the roll shall be spread by the  
31 county assessor as a separate item on the tax rolls and shall be  
32 collected and accounted for with property taxes by the county  
33 treasurer. The amount of the rates and charges shall constitute a  
34 lien against the land that shall be subject to the same conditions as  
35 a tax lien, and collected by the treasurer in the same manner as  
36 delinquent real property taxes, and subject to the same interest and  
37 penalty as for delinquent property taxes. The county treasurer shall  
38 deduct an amount from the collected rates and charges, as established  
39 by the county legislative authority, to cover the costs incurred by  
40 the county assessor and county treasurer in spreading and collecting

1 the rates and charges, but not to exceed the actual costs of such  
2 work. All remaining funds collected under this section shall be  
3 transferred to the conservation district and used by the conservation  
4 district in accordance with this section.

5 (7) The rates and charges for a conservation district shall not  
6 be spread on the tax rolls and shall not be allocated with property  
7 tax collections in the following year if, after the system of rates  
8 and charges has been approved by the county legislative authority but  
9 before the fifteenth day of December in that year, a petition has  
10 been filed with the county legislative authority objecting to the  
11 imposition of such rates and charges, which petition has been signed  
12 by at least twenty percent of the owners of land that would be  
13 subject to the rate or charge to be imposed for a conservation  
14 district.

15 **ARTICLE 3**  
16 **REPEALER**

17 NEW SECTION. **Sec. 5301.** The following acts or parts of acts are  
18 each repealed:

19 (1) RCW 24.03.005 (Definitions) and 2020 c 57 s 80, 2015 c 176 s  
20 3101, 2004 c 265 s 1, 2002 c 74 s 4, 1989 c 291 s 3, 1986 c 240 s 1,  
21 1982 c 35 s 72, & 1967 c 235 s 2;

22 (2) RCW 24.03.009 (Notice by electronic transmission—Consent  
23 required—When effective) and 2004 c 265 s 4;

24 (3) RCW 24.03.010 (Applicability) and 1971 ex.s. c 53 s 1 & 1967  
25 c 235 s 3;

26 (4) RCW 24.03.015 (Purposes) and 1986 c 240 s 2, 1983 c 106 s 22,  
27 & 1967 c 235 s 4;

28 (5) RCW 24.03.017 (Corporation may elect to have chapter apply to  
29 it—Procedure) and 2015 c 176 s 3102, 2004 c 265 s 5, 1982 c 35 s 73,  
30 & 1971 ex.s. c 53 s 2;

31 (6) RCW 24.03.020 (Incorporators) and 2004 c 265 s 6, 1986 c 240  
32 s 3, 1982 c 35 s 74, & 1967 c 235 s 5;

33 (7) RCW 24.03.025 (Articles of incorporation) and 1987 c 212 s  
34 703, 1982 c 35 s 75, & 1967 c 235 s 6;

35 (8) RCW 24.03.027 (Filing false statements—Penalty);

36 (9) RCW 24.03.030 (Limitations) and 1986 c 240 s 4 & 1967 c 235 s  
37 7;

1 (10) RCW 24.03.035 (General powers) and 1991 c 72 s 42, 1986 c  
2 240 s 5, & 1967 c 235 s 8;  
3 (11) RCW 24.03.040 (Defense of ultra vires) and 1967 c 235 s 9;  
4 (12) RCW 24.03.043 (Indemnification of agents of any corporation  
5 authorized);  
6 (13) RCW 24.03.045 (Corporate name) and 2015 c 176 s 3103, 2004 c  
7 265 s 7, 1998 c 102 s 3, 1994 c 211 s 1305, 1989 c 291 s 10, 1987 c  
8 55 s 39, 1986 c 240 s 6, 1982 c 35 s 76, & 1967 c 235 s 10;  
9 (14) RCW 24.03.046 (Reservation of exclusive right to use a  
10 corporate name) and 2015 c 176 s 3104, 1993 c 356 s 1, & 1982 c 35 s  
11 77;  
12 (15) RCW 24.03.047 (Registration of corporate name) and 2015 c  
13 176 s 3105, 1994 c 211 s 1306, 1993 c 356 s 2, 1987 c 55 s 40, 1986 c  
14 240 s 7, & 1982 c 35 s 78;  
15 (16) RCW 24.03.048 (Renewal of registration of corporate name)  
16 and 2015 c 176 s 3106, 1986 c 240 s 8, & 1982 c 35 s 79;  
17 (17) RCW 24.03.050 (Registered agent) and 2015 c 176 s 3107, 2009  
18 c 202 s 1, 2004 c 265 s 8, 1986 c 240 s 9, 1982 c 35 s 80, 1969 ex.s.  
19 c 163 s 1, & 1967 c 235 s 11;  
20 (18) RCW 24.03.055 (Change of registered agent) and 2015 c 176 s  
21 3108, 2004 c 265 s 9, 1993 c 356 s 3, 1986 c 240 s 10, 1982 c 35 s  
22 81, & 1967 c 235 s 12;  
23 (19) RCW 24.03.060 (Service of process on corporation) and 2015 c  
24 176 s 3109, 1986 c 240 s 11, 1982 c 35 s 82, & 1967 c 235 s 13;  
25 (20) RCW 24.03.065 (Members—Member committees) and 2004 c 98 s 1,  
26 1986 c 240 s 12, & 1967 c 235 s 14;  
27 (21) RCW 24.03.070 (Bylaws) and 1991 c 72 s 43, 1986 c 240 s 13,  
28 & 1967 c 235 s 15;  
29 (22) RCW 24.03.075 (Meetings of members and committees of  
30 members) and 2004 c 98 s 2, 1986 c 240 s 14, & 1967 c 235 s 16;  
31 (23) RCW 24.03.080 (Notice of members' meetings) and 2004 c 265 s  
32 10, 1969 ex.s. c 115 s 1, & 1967 c 235 s 17;  
33 (24) RCW 24.03.085 (Voting) and 2004 c 265 s 11, 1969 ex.s. c 115  
34 s 2, & 1967 c 235 s 18;  
35 (25) RCW 24.03.090 (Quorum) and 1967 c 235 s 19;  
36 (26) RCW 24.03.095 (Board of directors) and 1967 c 235 s 20;  
37 (27) RCW 24.03.100 (Number and election or appointment of  
38 directors) and 1986 c 240 s 15 & 1967 c 235 s 21;  
39 (28) RCW 24.03.103 (Removal of directors) and 1986 c 240 s 16;

1 (29) RCW 24.03.1031 (Judicial removal of directors) and 1999 c 32  
2 s 1;  
3 (30) RCW 24.03.105 (Vacancies) and 2011 c 336 s 655, 1986 c 240 s  
4 17, & 1967 c 235 s 22;  
5 (31) RCW 24.03.110 (Quorum of directors) and 1986 c 240 s 18 &  
6 1967 c 235 s 23;  
7 (32) RCW 24.03.113 (Assent presumed—Procedures for dissent or  
8 abstention) and 2004 c 265 s 12 & 1986 c 240 s 19;  
9 (33) RCW 24.03.115 (Committees) and 2011 c 336 s 656, 1986 c 240  
10 s 20, & 1967 c 235 s 24;  
11 (34) RCW 24.03.120 (Place and notice of directors' meetings) and  
12 2004 c 265 s 13, 1986 c 240 s 21, & 1967 c 235 s 25;  
13 (35) RCW 24.03.125 (Officers) and 1986 c 240 s 22 & 1967 c 235 s  
14 26;  
15 (36) RCW 24.03.127 (Duties of a director) and 1986 c 240 s 23;  
16 (37) RCW 24.03.130 (Removal of officers) and 1967 c 235 s 27;  
17 (38) RCW 24.03.135 (Required documents in the form of a record—  
18 Inspection—Copying) and 2004 c 265 s 14, 1986 c 240 s 24, & 1967 c  
19 235 s 28;  
20 (39) RCW 24.03.140 (Loans to directors and officers prohibited)  
21 and 1967 c 235 s 29;  
22 (40) RCW 24.03.145 (Filing of articles of incorporation) and 2015  
23 c 176 s 3110, 2002 c 74 s 7, 1982 c 35 s 83, & 1967 c 235 s 30;  
24 (41) RCW 24.03.150 (Effect of filing the articles of  
25 incorporation) and 1986 c 240 s 25, 1982 c 35 s 84, & 1967 c 235 s  
26 31;  
27 (42) RCW 24.03.155 (Organization meetings) and 2004 c 265 s 15,  
28 1986 c 240 s 26, & 1967 c 235 s 32;  
29 (43) RCW 24.03.160 (Right to amend articles of incorporation) and  
30 1967 c 235 s 33;  
31 (44) RCW 24.03.165 (Procedure to amend articles of incorporation)  
32 and 2004 c 265 s 16, 1986 c 240 s 27, & 1967 c 235 s 34;  
33 (45) RCW 24.03.170 (Articles of amendment) and 2004 c 265 s 17,  
34 1982 c 35 s 85, & 1967 c 235 s 35;  
35 (46) RCW 24.03.175 (Filing of articles of amendment) and 2015 c  
36 176 s 3111, 2002 c 74 s 8, 1982 c 35 s 86, & 1967 c 235 s 36;  
37 (47) RCW 24.03.180 (Effect of filing of articles of amendment)  
38 and 2015 c 176 s 3112, 1986 c 240 s 28, 1982 c 35 s 87, & 1967 c 235  
39 s 37;

1 (48) RCW 24.03.183 (Restated articles of incorporation) and 2015  
2 c 176 s 3113, 2004 c 265 s 18, 2002 c 74 s 9, 1986 c 240 s 29, & 1982  
3 c 35 s 88;

4 (49) RCW 24.03.185 (Procedure for merger) and 1986 c 240 s 30 &  
5 1967 c 235 s 38;

6 (50) RCW 24.03.190 (Procedure for consolidation) and 1986 c 240 s  
7 31 & 1967 c 235 s 39;

8 (51) RCW 24.03.195 (Approval of merger or consolidation) and 2004  
9 c 265 s 19, 1986 c 240 s 32, & 1967 c 235 s 40;

10 (52) RCW 24.03.200 (Articles of merger or consolidation) and 2015  
11 c 176 s 3114, 2004 c 265 s 20, 2002 c 74 s 10, 1986 c 240 s 33, 1982  
12 c 35 s 89, & 1967 c 235 s 41;

13 (53) RCW 24.03.205 (Merger or consolidation—When effective) and  
14 2015 c 176 s 3115, 1986 c 240 s 34, 1982 c 35 s 90, & 1967 c 235 s  
15 42;

16 (54) RCW 24.03.207 (Merger or consolidation of domestic and  
17 foreign corporation) and 2015 c 176 s 3116, 2004 c 265 s 21, 1986 c  
18 240 s 35, & 1982 c 35 s 91;

19 (55) RCW 24.03.210 (Effect of merger or consolidation) and 1967 c  
20 235 s 43;

21 (56) RCW 24.03.215 (Sale, lease, exchange, or other disposition  
22 of assets not in the ordinary course of business) and 2004 c 265 s  
23 22, 1986 c 240 s 36, & 1967 c 235 s 44;

24 (57) RCW 24.03.217 (Sale, lease, exchange, or disposition of  
25 assets in course of business—Mortgage and pledge of assets) and 1986  
26 c 240 s 37;

27 (58) RCW 24.03.220 (Voluntary dissolution) and 2004 c 265 s 23,  
28 1986 c 240 s 38, 1982 c 35 s 92, & 1967 c 235 s 45;

29 (59) RCW 24.03.225 (Distribution of assets) and 1967 c 235 s 46;

30 (60) RCW 24.03.230 (Plan of distribution) and 2011 c 336 s 657,  
31 2004 c 265 s 24, 1969 ex.s. c 115 s 3, & 1967 c 235 s 47;

32 (61) RCW 24.03.235 (Revocation of voluntary dissolution  
33 proceedings) and 2004 c 265 s 25 & 1967 c 235 s 48;

34 (62) RCW 24.03.240 (Articles of dissolution) and 2004 c 265 s 26,  
35 1993 c 356 s 4, 1982 c 35 s 93, & 1967 c 235 s 49;

36 (63) RCW 24.03.245 (Filing of articles of dissolution) and 2015 c  
37 176 s 3117, 2002 c 74 s 11, 1982 c 35 s 94, & 1967 c 235 s 50;

38 (64) RCW 24.03.250 (Involuntary dissolution) and 1969 ex.s. c 163  
39 s 2 & 1967 c 235 s 51;



1 (65) RCW 24.03.255 (Notification to attorney general) and 1982 c  
2 35 s 95, 1969 ex.s. c 163 s 3, & 1967 c 235 s 52;

3 (66) RCW 24.03.260 (Venue and process) and 1967 c 235 s 53;

4 (67) RCW 24.03.266 (Dissolution of a nonprofit corporation—  
5 Superior courts) and 2010 c 212 s 1;

6 (68) RCW 24.03.271 (Dissolution of a nonprofit corporation—Venue  
7 —Proceedings—Court's authority—Distribution of assets) and 2010 c  
8 212 s 2;

9 (69) RCW 24.03.276 (Dissolution of a nonprofit corporation—  
10 Decree) and 2010 c 212 s 3;

11 (70) RCW 24.03.295 (Filing of decree of dissolution) and 1986 c  
12 240 s 40 & 1967 c 235 s 60;

13 (71) RCW 24.03.300 (Survival of remedy after dissolution—  
14 Extension of duration of corporation) and 2015 c 176 s 3118, 1986 c  
15 240 s 41, 1982 c 35 s 96, & 1967 c 235 s 61;

16 (72) RCW 24.03.302 (Administrative dissolution—Reinstatement—  
17 Survival of actions) and 2015 c 176 s 3119, 1994 c 287 s 8, 1993 c  
18 356 s 5, 1987 c 117 s 3, 1986 c 240 s 42, 1982 c 35 s 97, 1971 ex.s.  
19 c 128 s 1, & 1969 ex.s. c 163 s 9;

20 (73) RCW 24.03.305 (Registration of foreign corporation—Authority  
21 to conduct affairs) and 2015 c 176 s 3120, 1993 c 181 s 12, 1986 c  
22 240 s 43, & 1967 c 235 s 62;

23 (74) RCW 24.03.310 (Powers of foreign corporation—Effect of  
24 registration—Governing law) and 2015 c 176 s 3121 & 1967 c 235 s 63;

25 (75) RCW 24.03.315 (Corporate name of foreign corporation—  
26 Fictitious name) and 2015 c 176 s 3122, 1982 c 35 s 98, & 1967 c 235  
27 s 64;

28 (76) RCW 24.03.325 (Foreign registration statement) and 2015 c  
29 176 s 3123, 2002 c 74 s 12, 1986 c 240 s 45, & 1967 c 235 s 66;

30 (77) RCW 24.03.332 (Certificate of authority as insurance company  
31 —Filing of records) and 2004 c 265 s 28 & 1998 c 23 s 12;

32 (78) RCW 24.03.334 (Certificate of authority as insurance company  
33 —Registration or reservation of name) and 1998 c 23 s 13;

34 (79) RCW 24.03.335 (Effect of foreign registration statement—  
35 Right of state to terminate registration) and 2015 c 176 s 3124, 1982  
36 c 35 s 100, & 1967 c 235 s 68;

37 (80) RCW 24.03.340 (Registered agent of foreign corporation) and  
38 2015 c 176 s 3125, 2004 c 265 s 29, 1982 c 35 s 101, & 1967 c 235 s  
39 69;

1 (81) RCW 24.03.345 (Change of registered agent of foreign  
2 corporation) and 2015 c 176 s 3126, 2004 c 265 s 30, 1993 c 356 s 6,  
3 1986 c 240 s 47, 1982 c 35 s 102, & 1967 c 235 s 70;

4 (82) RCW 24.03.350 (Service on foreign corporation) and 2015 c  
5 176 s 3127, 2011 c 336 s 658, 1986 c 240 s 48, 1982 c 35 s 103, &  
6 1967 c 235 s 71;

7 (83) RCW 24.03.360 (Merger of foreign corporation authorized to  
8 conduct affairs in this state) and 1986 c 240 s 49 & 1967 c 235 s 73;

9 (84) RCW 24.03.365 (Amended foreign registration statement) and  
10 2015 c 176 s 3128, 2004 c 265 s 31, & 1967 c 235 s 74;

11 (85) RCW 24.03.370 (Withdrawal of foreign corporation) and 2015 c  
12 176 s 3129, 1993 c 356 s 7, 1982 c 35 s 104, & 1967 c 235 s 75;

13 (86) RCW 24.03.380 (Termination of registration) and 2015 c 176 s  
14 3130, 2004 c 265 s 32, 1986 c 240 s 50, 1982 c 35 s 106, & 1967 c 235  
15 s 77;

16 (87) RCW 24.03.390 (Conducting affairs without registering) and  
17 2015 c 176 s 3131, 1986 c 240 s 52, & 1967 c 235 s 79;

18 (88) RCW 24.03.395 (Annual report of domestic and foreign  
19 corporations) and 2015 c 176 s 3132, 1993 c 356 s 10, 1989 c 291 s 2,  
20 1987 c 117 s 4, 1986 c 240 s 53, 1982 c 35 s 108, & 1967 c 235 s 80;

21 (89) RCW 24.03.405 (Applicable fees, charges, and penalties) and  
22 2015 c 176 s 3133, 2010 1st sp.s. c 29 s 3, 1993 c 269 s 5, 1991 c  
23 223 s 1, 1987 c 117 s 5, 1986 c 240 s 55, 1982 c 35 s 110, 1981 c 230  
24 s 5, 1969 ex.s. c 163 s 5, & 1967 c 235 s 82;

25 (90) RCW 24.03.417 (Fees for services by secretary of state);

26 (91) RCW 24.03.420 (Penalties imposed upon corporation) and 1969  
27 ex.s. c 163 s 7 & 1967 c 235 s 85;

28 (92) RCW 24.03.425 (Penalties imposed upon directors and  
29 officers) and 2015 c 176 s 3134, 2004 c 265 s 34, & 1967 c 235 s 86.

30 (93) RCW 24.03.430 (Interrogatories by secretary of state) and  
31 2004 c 265 s 35, 1982 c 35 s 112, & 1967 c 235 s 87;

32 (94) RCW 24.03.435 (Confidential nature of information disclosed  
33 by interrogatories) and 1982 c 35 s 113 & 1967 c 235 s 88;

34 (95) RCW 24.03.440 (Power and authority of secretary of state)  
35 and 1982 c 35 s 114 & 1967 c 235 s 89;

36 (96) RCW 24.03.445 (Duty of secretary of state to file—Review of  
37 refusal to file) and 2015 c 176 s 3135, 2004 c 265 s 36, 1986 c 240 s  
38 56, 1982 c 35 s 115, & 1967 c 235 s 90;

39 (97) RCW 24.03.455 (Greater voting requirements) and 1967 c 235 s  
40 92;

1 (98) RCW 24.03.460 (Waiver of notice) and 2004 c 265 s 38 & 1967  
2 c 235 s 93;  
3 (99) RCW 24.03.465 (Action by members or directors without a  
4 meeting) and 2004 c 265 s 39 & 1967 c 235 s 94;  
5 (100) RCW 24.03.470 (Unauthorized assumption of corporate powers)  
6 and 1967 c 235 s 95;  
7 (101) RCW 24.03.480 (Postsecondary education loans—Interest  
8 rates) and 1989 c 166 s 1;  
9 (102) RCW 24.03.490 (Public benefit nonprofit corporation  
10 designation established) and 1989 c 291 s 4;  
11 (103) RCW 24.03.500 (Public benefit nonprofit corporations—  
12 Temporary designation) and 1989 c 291 s 5;  
13 (104) RCW 24.03.510 (Public benefit nonprofit corporations—  
14 Application) and 1989 c 291 s 6;  
15 (105) RCW 24.03.520 (Public benefit nonprofit corporations—  
16 Renewal) and 1989 c 291 s 7;  
17 (106) RCW 24.03.530 (Public benefit nonprofit corporations—Fees)  
18 and 1989 c 291 s 8;  
19 (107) RCW 24.03.540 (Public benefit nonprofit corporations—  
20 Removal of status) and 1989 c 291 s 9;  
21 (108) RCW 24.03.550 (Host home programs—Registration) and 2016 c  
22 166 s 3;  
23 (109) RCW 24.03.900 (Short title) and 1967 c 235 s 1;  
24 (110) RCW 24.03.905 (Savings—1967 c 235) and 1967 c 235 s 96;  
25 (111) RCW 24.03.915 (Notice to existing corporations) and 1982 c  
26 35 s 117, 1969 ex.s. c 163 s 8, & 1967 c 235 s 98;  
27 (112) RCW 24.03.920 (Repealer—Exception) and 1967 c 235 s 100;  
28 and  
29 (113) RCW 24.03.925 (Effective date—1967 c 235) and 1967 c 235 s  
30 99.

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**PART VI**  
**IMPLEMENTATION**

33 NEW SECTION. **Sec. 6101.** CODIFICATION. Sections 1101 through  
34 4203 of this act constitute a new chapter in Title 24 RCW.

35 NEW SECTION. **Sec. 6102.** SEVERABILITY. If any provision of this  
36 act or its application to any person or circumstance is held invalid,

1 the remainder of the act or the application of the provision to other  
2 persons or circumstances is not affected.

3 NEW SECTION. **Sec. 6103.** EFFECTIVE DATE. Except for section 5204  
4 of this act, this act takes effect January 1, 2022.

5 NEW SECTION. **Sec. 6104.** EFFECTIVE DATE. Section 5204 of this  
6 act takes effect July 1, 2022."

7 Correct the title.

EFFECT: Removes the requirement that a director of a nonprofit corporation must be at least 16 years of age. Removes a requirement that a court dispose of an application for a court order to compel access to corporate records on an expedited basis. Provides that 5 percent of the charitable asset protection fee must be deposited into the Secretary of State's revolving fund to cover the cost of assessing the fee. Makes numerous technical corrections throughout the bill, including: Changes to numerous dates to reflect the January 1, 2022, effective date of the act; correction of erroneous cross-references; and clarification of language and references.

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