
SENATE BILL 5786

State of Washington

68th Legislature

2024 Regular Session

By Senators Pedersen, Padden, Mullet, Nobles, and Salomon; by request of Washington State Bar Association

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1 AN ACT Relating to making updates to the Washington business
2 corporation act; amending RCW 23B.07.250, 23B.07.270, 23B.08.080,
3 23B.08.240, 23B.09.030, 23B.10.030, 23B.12.020, 23B.13.020,
4 23B.13.200, 23B.13.210, 23B.13.220, 23B.17.015, 23B.25.100, and
5 23B.25.130; reenacting and amending RCW 23B.01.400; adding a new
6 chapter to Title 23B RCW; and repealing RCW 23B.11.010, 23B.11.020,
7 23B.11.030, 23B.11.035, 23B.11.040, 23B.11.045, 23B.11.050,
8 23B.11.060, 23B.11.070, 23B.11.080, 23B.11.090, 23B.11.100, and
9 23B.11.110.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

11 NEW SECTION. **Sec. 1.** The definitions in this section apply
12 throughout this chapter unless the context clearly requires
13 otherwise.

14 (1) "Acquired entity" means the domestic corporation or other
15 entity that will have all of one or more classes or series of its
16 shares or interests acquired in a share exchange.

17 (2) "Acquiring entity" means the domestic corporation or other
18 entity that will acquire all of one or more classes or series of
19 shares or interests of the acquired entity in a share exchange.

20 (3) "New owner liability" means owner liability of a person,
21 resulting from a merger or share exchange, that is (a) in respect of

1 an entity which is different from the entity in which the person held
2 shares or interests immediately before the merger or share exchange
3 became effective; or (b) in respect of the same entity as the one in
4 which the person held shares or interests immediately before the
5 merger or share exchange became effective if (i) the person did not
6 have owner liability immediately before the merger or share exchange
7 became effective, or (ii) the person had owner liability immediately
8 before the merger or share exchange became effective, the terms and
9 conditions of which were changed when the merger or share exchange
10 became effective.

11 (4) "Party to a merger" means any domestic corporation or other
12 entity that will merge under a plan of merger but does not include a
13 surviving entity created by the merger pursuant to section 2 (1)(b)
14 or (2) of this act.

15 (5) "Surviving entity" in a merger means the domestic corporation
16 or other entity into which one or more other domestic corporations or
17 other entities are merged.

18 NEW SECTION. **Sec. 2.** (1) By complying with this chapter:

19 (a) One or more domestic corporations may merge with one or more
20 domestic corporations or other entities in accordance with a plan of
21 merger, resulting in a surviving entity; and

22 (b) Two or more other entities may merge, resulting in a
23 surviving entity that is a domestic corporation created by the
24 merger.

25 (2) By complying with the provisions of this chapter applicable
26 to other entities, an other entity may be a party to a merger with a
27 domestic corporation or may be created as the surviving entity in a
28 merger in which a domestic corporation is a party, but only if the
29 merger is permitted by the organic law of the other entity.

30 (3) If the organic law or organic rules of a domestic other
31 entity do not provide procedures for the approval of a merger, a plan
32 of merger may nonetheless be approved by the unanimous consent of all
33 of the interest holders of that other entity, and the merger may
34 thereafter be effected as provided in the other provisions of this
35 chapter. For the purposes of applying this chapter in such a case:

36 (a) The other entity, its interest holders, interests, and
37 organic rules taken together will be deemed to be a domestic
38 corporation, shareholders, shares, and articles of incorporation,
39 respectively, and vice versa as the context may require; and

1 (b) If the business and affairs of the other entity are managed
2 by a person or persons that are not identical to the interest
3 holders, that group will be deemed to be the board of directors.

4 (4) The plan of merger must include:

5 (a) As to each party to the merger, its name, jurisdiction of
6 organization, and type of entity;

7 (b) The surviving entity's name, jurisdiction of organization,
8 and type of entity, and, if the surviving entity is to be created in
9 the merger pursuant to subsection (1)(b) or (2) of this section, a
10 statement to that effect;

11 (c) The manner and basis of converting the shares of each merging
12 domestic corporation and interests of each merging other entity into
13 shares or other securities, interests, obligations, rights to acquire
14 shares, other securities or interests, cash, or other property, or of
15 canceling some or all of such shares or interests, or any combination
16 of the foregoing;

17 (d) The articles of incorporation of any domestic corporation, or
18 the public organic record of any other entity, to be created by the
19 merger pursuant to subsection (1)(b) or (2) of this section; and

20 (e) Any other provisions required by the laws under which any
21 party to the merger is organized or by which it is governed, or by
22 the articles of incorporation or organic rules of any such party.

23 (5) In addition to the requirements of subsection (4) of this
24 section, a plan of merger may contain amendments to the articles of
25 incorporation or public organic record of any party to the merger
26 that will be the surviving entity, a restatement that includes one or
27 more amendments to the surviving entity's articles of incorporation
28 or public organic record, and any other provision not prohibited by
29 law.

30 (6) Terms of a plan of merger may be made dependent on facts
31 objectively ascertainable outside the plan in accordance with RCW
32 23B.01.200(3).

33 (7) A plan of merger may be amended only with the consent of each
34 party to the merger, except as provided in the plan of merger. An
35 amendment to a plan of merger that has previously been approved by a
36 party's shareholders or interest holders must be approved:

37 (a) In the same manner as the plan was approved, if the plan of
38 merger does not provide for the manner in which it may be amended; or

39 (b) In the manner provided in the plan of merger, except that
40 shareholders or interest holders that were entitled to vote on or

1 consent to approval of the plan of merger are entitled to vote on or
2 consent to any amendment of the plan of merger that will change:

3 (i) The amount or kind of shares or other securities, interests,
4 obligations, rights to acquire shares, other securities or interests,
5 cash, or other property to be received under the plan of merger by
6 the shareholders or interest holders of any party to the merger;

7 (ii) The articles of incorporation of any domestic corporation,
8 or the organic rules of any other entity, that will be the surviving
9 entity of the merger, unless (A) the change constitutes an amendment
10 to the articles of incorporation or organic rules of the surviving
11 entity that would be permitted without approval of shareholders or
12 interest holders by RCW 23B.10.020 or by comparable provisions of the
13 organic law of any such other entity, or (B) the shareholders or
14 interest holders that were entitled to vote on or consent to approval
15 of the plan of merger will not continue as or become shareholders or
16 interest holders of the surviving entity; or

17 (iii) Any of the other terms or conditions of the plan of merger
18 if the change would adversely affect such shareholders or interest
19 holders in any material respect.

20 NEW SECTION. **Sec. 3.** (1) By complying with this chapter:

21 (a) A domestic corporation may acquire all of the shares of one
22 or more classes or series of shares of another domestic corporation,
23 or all of the interests of one or more classes or series of interests
24 of an other entity, in exchange for shares or other securities,
25 interests, obligations, rights to acquire shares or other securities
26 or interests, cash, other property, or any combination of the
27 foregoing, pursuant to a plan of share exchange; or

28 (b) All of the shares of one or more classes or series of shares
29 of a domestic corporation may be acquired by another domestic
30 corporation or an other entity, in exchange for shares or other
31 securities, interests, obligations, rights to acquire shares or other
32 securities or interests, cash, other property, or any combination of
33 the foregoing, pursuant to a plan of share exchange.

34 (2) An other entity may be the acquired entity in a share
35 exchange only if the share exchange is permitted by the organic law
36 of that other entity.

37 (3) If the organic law or organic rules of a domestic other
38 entity do not provide procedures for the approval of a share
39 exchange, a plan of share exchange may be approved, and the share

1 exchange effected, in accordance with the procedures, if any, for a
2 merger. If the organic law or organic rules of a domestic other
3 entity do not provide procedures for the approval of either a share
4 exchange or a merger, a plan of share exchange may nonetheless be
5 approved by the unanimous consent of all of the interest holders of
6 the other entity whose interests will be exchanged under the plan of
7 share exchange, and the share exchange may thereafter be effected as
8 provided in the other provisions of this chapter. For purposes of
9 applying this chapter in such a case:

10 (a) The other entity, its interest holders, interests, and
11 organic rules taken together will be deemed to be a domestic
12 corporation, shareholders, shares, and articles of incorporation,
13 respectively, and vice versa as the context may require; and

14 (b) If the business and affairs of the other entity are managed
15 by a person or persons that are not identical to the interest
16 holders, that person or those persons will be deemed to be the board
17 of directors.

18 (4) The plan of share exchange must include:

19 (a) The name of each domestic corporation or other entity the
20 shares or interests of which will be acquired and the name of the
21 domestic corporation or other entity that will acquire those shares
22 or interests;

23 (b) The manner and basis of exchanging shares of a domestic
24 corporation or interests in an other entity that is the acquired
25 entity for shares or other securities, interests, obligations, rights
26 to acquire shares, other securities, or interests, cash, other
27 property, or any combination of the foregoing; and

28 (c) Any other provisions required by the organic law governing
29 the acquired entity or its organic rules.

30 (5) In addition to the requirements of subsection (4) of this
31 section, a plan of share exchange may contain any other provision not
32 prohibited by law.

33 (6) Terms of a plan of share exchange may be made dependent on
34 facts objectively ascertainable outside the plan in accordance with
35 RCW 23B.01.200(3).

36 (7) A plan of share exchange may be amended only with the consent
37 of each party to the share exchange, except as provided in the plan
38 of share exchange. A domestic corporation or domestic other entity
39 may approve an amendment to a plan of share exchange:

1 (a) In the same manner as the plan of share exchange was
2 approved, if the plan of share exchange does not provide for the
3 manner in which it may be amended; or

4 (b) In the manner provided in the plan of share exchange, except
5 that shareholders or interest holders that were entitled to vote on
6 or consent to approval of the plan of share exchange are entitled to
7 vote on or consent to any amendment of the plan of share exchange
8 that will change:

9 (i) The amount or kind of shares or other securities, interests,
10 obligations, rights to acquire shares, other securities or interests,
11 cash, or other property to be received under the plan by the
12 shareholders or interest holders of the acquired entity; or

13 (ii) Any of the other terms or conditions of the plan of share
14 exchange if the change would adversely affect such shareholders or
15 interest holders in any material respect.

16 NEW SECTION. **Sec. 4.** In the case of a domestic corporation that
17 is a party to a merger or the acquired entity in a share exchange,
18 the plan of merger or share exchange must be approved in the
19 following manner:

20 (1) The plan of merger or share exchange must first be approved
21 by the board of directors.

22 (2) Except as provided in subsection (6) of this section, and in
23 sections 6, 7, and 11 of this act, the plan of merger or share
24 exchange must then be approved by the shareholders. In submitting the
25 plan of merger or share exchange to the shareholders for approval,
26 the board of directors must recommend that the shareholders approve
27 the plan or, in the case of an offer referred to in section 6(1)(b)
28 of this act, that the shareholders tender their shares to the offeror
29 in response to the offer, unless (a) the board of directors makes a
30 determination that because of conflicts of interest or other special
31 circumstances it should not make such a recommendation, or (b) RCW
32 23B.08.245 applies. If either (a) or (b) of this subsection applies,
33 the board of directors must inform the shareholders of the basis for
34 so proceeding.

35 (3) The board of directors may set conditions for the approval of
36 the plan of merger or share exchange by the shareholders or the
37 effectiveness of the plan.

38 (4) If the plan of merger or share exchange is required to be
39 approved by the shareholders, and if the approval is to be given at a

1 meeting, the corporation must notify each shareholder, regardless of
2 whether entitled to vote, of the meeting of shareholders at which the
3 plan is to be submitted for approval. The notice must state that the
4 purpose, or one of the purposes, of the meeting is to consider the
5 plan and must contain or be accompanied by a copy of the plan or a
6 summary of the material terms and conditions of the proposed merger
7 or share exchange and the consideration to be received by
8 shareholders. If the corporation is to be merged into an existing
9 domestic corporation or other entity, the notice must also include or
10 be accompanied by a copy or summary of the articles of incorporation
11 and bylaws of that domestic corporation or the organic rules of that
12 other entity. If the corporation is to be merged with a domestic
13 corporation or other entity and a new domestic corporation or other
14 entity is to be created as a result of the merger, the notice must
15 include or be accompanied by a copy or a summary of the articles of
16 incorporation and bylaws of the new domestic corporation or the
17 organic rules of the new other entity.

18 (5) (a) With respect to a domestic corporation formed before
19 August 1, 2024:

20 (i) Unless the articles of incorporation, or the board of
21 directors acting in accordance with subsection (3) of this section,
22 require a different vote, shareholder approval of the plan of merger
23 or share exchange requires (A) the approval of two-thirds of the
24 voting group comprising all the votes entitled to be cast on the
25 plan, and (B) the approval of two-thirds of the votes entitled to be
26 cast on the plan by each other voting group entitled under section 5
27 of this act or the articles of incorporation to vote separately on
28 the plan; and

29 (ii) The articles of incorporation may require a different vote
30 than that provided in this subsection, or a different vote by
31 separate voting groups, so long as the required vote is not less than
32 a majority of all the votes entitled to be cast on the plan and of
33 each other voting group entitled to vote separately on the plan.

34 (b) With respect to a domestic corporation formed on or after
35 August 1, 2024, unless the articles of incorporation, or the board of
36 directors acting in accordance with subsection (3) of this section,
37 require a greater vote, shareholder approval of the plan of merger or
38 share exchange requires (i) the approval of a majority of the voting
39 group comprising all the votes entitled to be cast on the plan, and
40 (ii) the approval of a majority of the votes entitled to be cast on

1 the plan by each other voting group entitled under section 5 of this
2 act or the articles of incorporation to vote separately on the plan.

3 (6) Unless the articles of incorporation provide otherwise,
4 approval of a plan of merger by the shareholders of a domestic
5 corporation that is a party to the merger is not required if:

6 (a) Such corporation will survive the merger;

7 (b) Except for amendments permitted by RCW 23B.10.020, its
8 articles of incorporation will not be changed; and

9 (c) Each shareholder of such corporation whose shares were
10 outstanding immediately before the merger becomes effective will hold
11 the same number of shares, with identical preferences, rights, and
12 limitations, immediately after the merger becomes effective.

13 (7) If as a result of a merger or share exchange one or more
14 shareholders of a domestic corporation would become subject to new
15 owner liability, approval of the plan of merger or share exchange
16 requires the express written consent of each such shareholder to
17 become subject to that new owner liability in connection with the
18 merger or share exchange, unless in the case of a shareholder that
19 already has owner liability with respect to that domestic
20 corporation, (a) the new owner liability is with respect to a
21 domestic corporation (which may be a different or the same domestic
22 corporation in which the person is a shareholder) or other entity,
23 and (b) the terms and conditions of the new owner liability are
24 substantially identical to those of the existing owner liability
25 (other than for changes that eliminate or reduce that owner
26 liability).

27 NEW SECTION. **Sec. 5.** (1) Subject to subsection (2) of this
28 section, separate voting by voting groups is required:

29 (a) On a plan of merger, by each class or series of shares of a
30 domestic corporation that is a party to the merger that:

31 (i) Is to be converted under the plan into shares, other
32 securities, interests, obligations, rights to acquire shares, other
33 securities or interests, cash, other property, or any combination of
34 the foregoing, or is to be canceled under the plan; or

35 (ii) Is entitled to vote as a separate group on a provision in
36 the plan that constitutes a proposed amendment to the articles of
37 incorporation of such corporation that requires action by separate
38 voting groups under RCW 23B.10.040 if such corporation is the

1 surviving entity in the merger and the holders of such class or
2 series will continue as shareholders of the surviving entity;

3 (b) On a plan of share exchange, by each class or series of
4 shares of a domestic corporation included in the exchange, with each
5 class or series constituting a separate voting group; and

6 (c) On a plan of merger or share exchange, if the voting group is
7 entitled under the articles of incorporation to vote as a separate
8 voting group on the plan of merger or share exchange, respectively.

9 (2) The articles of incorporation may expressly limit or
10 eliminate the separate voting rights provided in subsection (1)(a)(i)
11 and (b) of this section as to any class or series of shares. A
12 provision in the articles of incorporation of a domestic corporation
13 formed before August 1, 2024, limiting or eliminating the separate
14 voting rights provided under RCW 23B.11.035 in effect prior to the
15 effective date of this section will be deemed to limit or eliminate
16 the separate voting rights provided in subsection (1)(a)(i) and (b)
17 of this section to the same extent.

18 (3) If a proposed plan of merger or share exchange that entitles
19 the holders of two or more classes or series of shares to vote as
20 separate voting groups under this section would affect those two or
21 more classes or series in the same or a substantially similar way,
22 then instead of voting as separate voting groups, the holders of
23 shares of the classes or series so affected are to vote together as a
24 single voting group on the proposed plan of merger or share exchange,
25 unless otherwise provided in the articles of incorporation or by the
26 board of directors in accordance with section 4(3) of this act.

27 (4) Holders of shares of two or more classes or series of shares
28 of a domestic corporation that is a party to the merger or the
29 acquired entity in a share exchange who would, under a proposed plan,
30 receive the same type of consideration in the form of shares or other
31 securities, interests, obligations, rights to acquire shares, other
32 securities or interests of the surviving or acquiring entity or of
33 any parent entity of the surviving entity, cash or other form of
34 consideration, or the same combination thereof, but in differing
35 amounts resulting solely from application of provisions in the
36 corporation's articles of incorporation governing distribution of
37 consideration received in a merger or share exchange, are deemed to
38 be affected in the same or a substantially similar way and are not,
39 by reason of receiving the same types or differing amounts of
40 consideration, entitled to vote as separate voting groups on the

1 proposed plan, unless the articles of incorporation of such
2 corporation expressly require otherwise or the board of directors
3 conditions its submission of the proposed plan on a separate vote by
4 one or more classes or series.

5 NEW SECTION. **Sec. 6.** (1) Unless the articles of incorporation
6 provide otherwise, approval by a corporation's shareholders of a plan
7 of merger is not required if:

8 (a) The plan of merger or share exchange expressly (i) permits or
9 requires the merger or share exchange to be effected under this
10 section, and (ii) provides that, if the merger or share exchange is
11 to be effected under this section, the merger or share exchange will
12 be effected as soon as practicable following the satisfaction of the
13 requirements of (f) of this subsection;

14 (b) Another party to the merger, the acquiring entity in the
15 share exchange, or a parent of another party to the merger or the
16 acquiring entity in the share exchange, makes an offer to purchase,
17 on the terms stated in the plan of merger or share exchange, any and
18 all of the outstanding shares of the corporation that, absent this
19 section, would be entitled to vote on the plan of merger or share
20 exchange, except that the offer may exclude shares of the corporation
21 that are owned at the commencement of the offer by the corporation,
22 the offeror, or any parent of the offeror, or by any wholly owned
23 subsidiary of any of the foregoing;

24 (c) The offer discloses that the plan of merger or share exchange
25 provides that the merger or share exchange will be effected as soon
26 as practicable following the satisfaction of the requirements of (f)
27 of this subsection and that the shares of the corporation that are
28 not tendered in response to the offer will be treated as provided in
29 (h) of this subsection;

30 (d) The offer remains open for at least 10 days;

31 (e) The offeror purchases all shares properly tendered in
32 response to the offer and not properly withdrawn;

33 (f) The (i) shares purchased by the offeror in accordance with
34 the offer; (ii) shares otherwise owned by the offeror or by any
35 parent of the offeror or any wholly owned subsidiary of any of the
36 foregoing; and (iii) shares subject to an agreement that they are to
37 be transferred, contributed, or delivered to the offeror, any parent
38 of the offeror, or any wholly owned subsidiary of any of the
39 foregoing in exchange for shares or interests in that offeror,

1 parent, or subsidiary, are collectively entitled to cast at least the
2 minimum number of votes on the merger or share exchange that, absent
3 this section, would be required by this chapter and the articles of
4 incorporation for the approval of the merger or share exchange by the
5 shareholders and by any other voting group entitled to vote on the
6 merger or share exchange at a meeting at which all shares entitled to
7 vote on the merger or share exchange were present and voted;

8 (g) The offeror or a wholly owned subsidiary of the offeror
9 merges with or into, or effects a share exchange in which it acquires
10 shares of, the corporation; and

11 (h) Each outstanding share of each class or series of shares of
12 the corporation that the offeror is offering to purchase in
13 accordance with the offer, and which is not purchased in accordance
14 with the offer, is to be converted in the merger into, or into the
15 right to receive, or is to be exchanged in the share exchange for, or
16 for the right to receive, the same amount and kind of securities,
17 interests, obligations, rights, cash, or other property to be paid or
18 exchanged in accordance with the offer for each share of that class
19 or series of shares that is tendered in response to the offer, except
20 that shares of the corporation that are owned by the corporation or
21 that are described in (f)(ii) or (iii) of this subsection need not be
22 converted into or exchanged for the consideration described in this
23 subsection.

24 (2) As used in this section:

25 (a) "Offer" means the offer referred to in subsection (1)(b) of
26 this section.

27 (b) "Offeror" means the person making the offer.

28 (c) "Parent" of an entity means a person that owns, directly or
29 indirectly, through one or more wholly owned subsidiaries, all of the
30 outstanding shares of or interests in that entity.

31 (d) Shares tendered in response to the offer will be deemed to
32 have been "purchased" in accordance with the offer at the earliest
33 time as of which:

34 (i) The offeror has irrevocably accepted those shares for
35 payment; and

36 (ii) Either: (A) In the case of shares represented by
37 certificates, the offeror, or the offeror's designated depository or
38 other agent, has physically received the certificates representing
39 those shares; or (B) in the case of shares without certificates,
40 those shares have been transferred into the account of the offeror or

1 its designated depository or other agent, or an agent's message
2 relating to those shares has been received by the offeror or its
3 designated depository or other agent.

4 (e) "Wholly owned subsidiary" of a person means an entity of or
5 in which that person owns, directly or indirectly, through one or
6 more wholly owned subsidiaries, all of the outstanding shares or
7 interests.

8 NEW SECTION. **Sec. 7.** (1) A domestic corporation or other entity
9 that owns shares of a domestic corporation that are entitled to cast
10 votes comprising at least 90 percent of the voting power of each
11 class and series of the outstanding voting shares of that subsidiary
12 corporation may: (a) Merge the subsidiary corporation into itself or
13 into (i) another domestic corporation in which the parent entity owns
14 shares that are entitled to cast votes comprising at least 90 percent
15 of the voting power of each class and series of the outstanding
16 voting shares of that other domestic corporation or (ii) an other
17 entity in which the parent entity owns interests that are entitled to
18 cast votes comprising at least 90 percent of the total number of
19 votes entitled to be cast by all outstanding interests of that other
20 entity, or (b) merge itself into that subsidiary corporation, in
21 either case without the approval of the board of directors or
22 shareholders of the subsidiary corporation, unless the articles of
23 incorporation or organic rules of the parent entity or the articles
24 of incorporation of the subsidiary corporation provide otherwise.
25 Section 4(7) of this act applies to a merger under this section. The
26 articles of merger relating to a merger under this section do not
27 need to be executed by the subsidiary corporation.

28 (2) A parent entity must, within 10 days after a merger under
29 subsection (1) of this section becomes effective, notify each of the
30 subsidiary corporation's other shareholders that the merger has
31 become effective. The notice must contain or be accompanied by a copy
32 of the plan of merger or a summary of the material terms and
33 conditions of the merger and the consideration to be received by
34 shareholders.

35 (3) Except as provided in subsections (1) and (2) of this
36 section, a merger under this section will be governed by the
37 provisions of this chapter applicable to mergers generally.

1 NEW SECTION. **Sec. 8.** (1)(a) After (i) a plan of merger has been
2 approved as required by this title, or (ii) if the merger is being
3 effected under section 2(1)(b) of this act, the merger has been
4 approved as required by the organic law governing each other entity
5 that is party to the merger, then articles of merger must be executed
6 by each party to the merger except as provided in section 7(1) of
7 this act.

8 (b) The articles of merger must state:

9 (i) The name, jurisdiction of organization, and type of entity of
10 each party to the merger;

11 (ii) The name, jurisdiction of organization, and type of entity
12 of the surviving entity;

13 (iii) If the surviving entity of the merger is a domestic
14 corporation and its articles of incorporation are amended or amended
15 and restated, or if a new domestic corporation is created as a result
16 of the merger:

17 (A) The amendments to or the amendment and restatement of the
18 surviving entity's articles of incorporation; or

19 (B) The articles of incorporation of the new corporation;

20 (iv) If the surviving entity of the merger is a domestic other
21 entity and its public organic record is amended or amended and
22 restated, or if a new domestic other entity is created as a result of
23 the merger:

24 (A) The amendments or the amendment and restatement of the
25 surviving entity's public organic record; or

26 (B) The public organic record of the new other entity;

27 (v) If the plan of merger required approval by the shareholders
28 of a domestic corporation that is a party to the merger, a statement
29 that the plan was duly approved by the shareholders and, if voting by
30 any separate voting group was required, by each such separate voting
31 group, in the manner required by this title and the articles of
32 incorporation;

33 (vi) If the plan of merger did not require approval by the
34 shareholders of a domestic corporation that is a party to the merger,
35 a statement to that effect; and

36 (vii) As to each other entity that is a party to the merger, a
37 statement that the merger was approved in accordance with its organic
38 law or section 2(3) of this act.

39 (2) After a plan of share exchange has been approved as required
40 by this title, then articles of share exchange must be executed by

1 the acquired entity and the acquiring entity. The articles of share
2 exchange must state:

3 (a) The name, jurisdiction of organization, and type of entity of
4 the acquired entity;

5 (b) The name, jurisdiction of organization, and type of entity of
6 the acquiring entity; and

7 (c) A statement that the plan of share exchange was duly approved
8 by the acquired entity by:

9 (i) The required vote or consent of each class or series of
10 shares or interests included in the exchange; and

11 (ii) The required vote or consent of each other class or series
12 of shares or interests entitled to vote on approval of the exchange
13 by the articles of incorporation or organic rules of the acquired
14 entity or section 3(3) of this act.

15 (3) In addition to the requirements of subsection (1) or (2) of
16 this section, articles of merger or share exchange may contain any
17 other provision not prohibited by law.

18 (4) The articles of merger or share exchange must be delivered to
19 the secretary of state for filing and, subject to subsection (5) of
20 this section, the merger or share exchange will become effective at
21 the effective date and time of the articles of merger or share
22 exchange as determined in accordance with RCW 23B.01.230.

23 (5) With respect to a merger in which one or more other entities
24 is a party or an other entity created by the merger is the surviving
25 entity, the merger will become effective at the later of:

26 (a) The date and time when all documents required to be filed in
27 foreign jurisdictions to effect the merger have become effective; and

28 (b) The effective date and time of the articles of merger as
29 determined in accordance with RCW 23B.01.230.

30 (6) Articles of merger filed under this section may be combined
31 with any filing required under the organic law governing any other
32 entity involved in the transaction if the combined filing satisfies
33 the requirements of both this section and the other organic law.

34 NEW SECTION. **Sec. 9.** (1) When a merger becomes effective:

35 (a) The domestic corporation or other entity that is designated
36 in the plan of merger as the surviving entity continues or comes into
37 existence, as the case may be;

38 (b) The separate existence of every domestic corporation or other
39 entity that is merged into the surviving entity ceases;

1 (c) All property owned by, and every contract right possessed by,
2 each domestic corporation or other entity that is merged into the
3 surviving entity are the property and contract rights of the
4 surviving entity without transfer, reversion, or impairment;

5 (d) All debts, obligations, and other liabilities of each
6 domestic corporation or other entity that is merged into the
7 surviving entity are debts, obligations, or liabilities of the
8 surviving entity;

9 (e) The name of the surviving entity may, but need not be,
10 substituted in any pending proceeding for the name of any party to
11 the merger whose separate existence ceased in the merger;

12 (f) If the surviving entity is a domestic entity, the articles of
13 incorporation and bylaws or the organic rules of the surviving entity
14 are amended, or amended and restated, to the extent provided in the
15 plan of merger;

16 (g) The articles of incorporation and bylaws or the organic rules
17 of the surviving entity that is a domestic corporation or other
18 entity and is created by the merger become effective;

19 (h) The shares of or interests in each entity that is a party to
20 the merger that are to be converted in accordance with the terms of
21 the merger into shares or other securities, interests, obligations,
22 rights to acquire shares, other securities, or interests, cash, other
23 property, or any combination of the foregoing, are converted, and the
24 former holders of such shares or interests are entitled only to the
25 rights provided to them by those terms or to any rights they may have
26 under chapter 23B.13 RCW or the organic law governing the other
27 entity;

28 (i) Except as provided by law or the plan of merger, all the
29 rights, privileges, franchises, and immunities of each entity that is
30 merged into the surviving entity, are the rights, privileges,
31 franchises, and immunities of the surviving entity; and

32 (j) If the surviving entity exists before the merger:

33 (i) All the property and contract rights of the surviving entity
34 remain its property and contract rights without transfer, reversion,
35 or impairment;

36 (ii) The surviving entity remains subject to all its debts,
37 obligations, and other liabilities; and

38 (iii) Except as provided by law or the plan of merger, the
39 surviving entity continues to hold all of its rights, privileges,
40 franchises, and immunities.

1 (2) When a share exchange becomes effective, the shares or
2 interests in the acquired entity that are to be exchanged for shares
3 or other securities, interests, obligations, rights to acquire
4 shares, other securities or interests, cash, other property, or any
5 combination of the foregoing, are entitled only to the rights
6 provided to them in the plan of share exchange or to any rights they
7 may have under chapter 23B.13 RCW or under the organic law governing
8 the acquired entity.

9 (3) Except as provided otherwise in the articles of incorporation
10 of a domestic corporation or the organic law governing or organic
11 rules of an other entity, the effect of a merger or share exchange on
12 owner liability is as follows:

13 (a) A person who becomes subject to new owner liability in
14 respect of an entity as a result of a merger or share exchange will
15 have that new owner liability only in respect of owner liabilities
16 that arise after the merger or share exchange becomes effective;

17 (b) If a person had owner liability with respect to a party to
18 the merger or the acquired entity before the merger or share exchange
19 becomes effective with respect to shares or interests of such party
20 or acquired entity which were exchanged in the merger or share
21 exchange, which were canceled in the merger, or the terms and
22 conditions of which relating to owner liability were amended under
23 the terms of the merger:

24 (i) The merger or share exchange does not discharge that prior
25 owner liability with respect to any owner liabilities that arose
26 before the merger or share exchange becomes effective;

27 (ii) The provisions of the organic law governing any entity for
28 which the person had that prior owner liability will continue to
29 apply to the collection or discharge of any owner liabilities
30 preserved by (b)(i) of this subsection (3), as if the merger or share
31 exchange had not occurred;

32 (iii) The person will have such rights of contribution from other
33 persons as are provided by the organic law governing the entity for
34 which the person had that prior owner liability with respect to any
35 owner liabilities preserved by (b)(i) of this subsection (3), as if
36 the merger or share exchange had not occurred; and

37 (iv) The person will not, by reason of such prior owner
38 liability, have owner liability with respect to any owner liabilities
39 that arise after the merger or share exchange becomes effective;

1 (c) If a person has owner liability both before and after a
2 merger becomes effective with unchanged terms and conditions with
3 respect to the entity that is the surviving entity by reason of
4 owning the same shares or interests before and after the merger
5 becomes effective, the merger has no effect on such owner liability;
6 and

7 (d) A share exchange has no effect on owner liability related to
8 shares or interests of the acquired entity that were not exchanged in
9 the share exchange.

10 (4) Upon a merger becoming effective, a foreign other entity that
11 is the surviving entity of the merger is deemed to:

12 (a) Appoint the secretary of state as its agent for service of
13 process in a proceeding to enforce the rights of shareholders of each
14 domestic corporation that is a party to the merger who are entitled
15 to and exercise dissenters' rights under chapter 23B.13 RCW; and

16 (b) Agree that it will promptly pay the amount, if any, to which
17 such shareholders are entitled under chapter 23B.13 RCW.

18 (5) Except as provided in the organic law governing a party to a
19 merger or in its articles of incorporation or organic rules, the
20 merger does not give rise to any rights that a shareholder, interest
21 holder, governor, or third party would have upon a dissolution,
22 liquidation, or winding up of that party. The merger does not require
23 a party to the merger to wind up its affairs and does not constitute
24 or cause its dissolution or termination.

25 NEW SECTION. **Sec. 10.** (1) After a plan of merger or share
26 exchange has been approved as required by this chapter, and before
27 articles of merger or share exchange have become effective, the plan
28 of merger or share exchange may be abandoned by a domestic
29 corporation that is a party to the plan of merger or share exchange
30 without action by its shareholders in accordance with any procedures
31 provided in the plan of merger or share exchange or, if no such
32 procedures are provided in the plan of merger or share exchange, in
33 the manner determined by the board of directors.

34 (2) If a merger or share exchange is abandoned under subsection
35 (1) of this section after articles of merger or share exchange have
36 been delivered to the secretary of state for filing but before the
37 merger or share exchange has become effective, a statement of
38 abandonment executed by all the parties that executed the articles of
39 merger or share exchange must be delivered to the secretary of state

1 for filing before the articles of merger or share exchange become
2 effective. The statement of abandonment must contain:

3 (a) The name of each party to the merger or the names of the
4 acquiring and acquired entities in the share exchange;

5 (b) The date on which the articles of merger or share exchange
6 were delivered to the secretary of state for filing; and

7 (c) A statement that the merger or share exchange has been
8 abandoned in accordance with this section.

9 (3) The statement of abandonment will become effective at the
10 effective date and time as determined in accordance with RCW
11 23B.01.230 and the merger or share exchange will be deemed abandoned
12 and will not become effective.

13 NEW SECTION. **Sec. 11.** (1) As used in this section:

14 (a) "Holding company" means the corporation that is or becomes
15 the direct parent of the surviving corporation of a merger
16 accomplished under this section and whose capital stock is issued in
17 that merger;

18 (b) "Parent constituent corporation" means the parent corporation
19 that merges with or into the subsidiary constituent corporation in
20 the merger; and

21 (c) "Subsidiary constituent corporation" means the subsidiary
22 corporation with or into which the parent constituent corporation
23 merges in the merger.

24 (2) Unless the articles of incorporation provide otherwise, a
25 parent constituent corporation may merge with or into a single
26 indirect wholly owned subsidiary of the parent constituent
27 corporation without the approval of the plan of merger by the
28 shareholders of the parent constituent corporation if:

29 (a) The plan expressly permits or requires the merger to be
30 effected under this subsection;

31 (b) The holding company and the constituent corporations to the
32 merger are each organized under this title;

33 (c) At all times from its incorporation until consummation of a
34 merger under this section, the holding company was a direct wholly
35 owned subsidiary of the parent constituent corporation;

36 (d) Immediately before consummation of a merger under this
37 section, the subsidiary constituent corporation is a direct wholly
38 owned subsidiary of the holding company and an indirect wholly owned
39 subsidiary of the parent constituent corporation;

1 (e) The parent constituent corporation and the subsidiary
2 constituent corporation are the only constituent entities to the
3 merger;

4 (f) Immediately after the merger becomes effective, the surviving
5 corporation of the merger becomes or remains a direct wholly owned
6 subsidiary of the holding company;

7 (g) Each share or fraction of a share of the parent constituent
8 corporation outstanding immediately before the merger becomes
9 effective is converted in the merger into a share or equal fraction
10 of a share of the holding company having the same designations and
11 relative preferences, rights, and limitations as the share or
12 fraction of a share of the parent constituent corporation being
13 converted in the merger;

14 (h) The articles of incorporation and bylaws of the holding
15 company immediately after the merger becomes effective contain
16 provisions identical to the articles of incorporation and bylaws of
17 the parent constituent corporation immediately before the merger
18 becomes effective, other than any provisions regarding the
19 incorporator or incorporators, the corporate name, the registered
20 office and agent, the initial board of directors and the initial
21 subscribers for shares, and the provisions contained in any amendment
22 to the articles of incorporation of the parent constituent
23 corporation that were necessary to effect an exchange,
24 reclassification, or cancellation of shares if the exchange,
25 reclassification, or cancellation has become effective;

26 (i) The articles of incorporation and bylaws of the surviving
27 corporation immediately after the merger becomes effective contain
28 provisions by specific reference to this subsection requiring that
29 any corporate action by or involving the surviving corporation, other
30 than the election or removal of directors of the surviving
31 corporation, must be approved by the shareholders of the holding
32 company (or any successor by merger) by the same vote as is required
33 by this title or under the articles of incorporation or bylaws of the
34 parent constituent corporation immediately before the merger becomes
35 effective, if that corporate action would have required the approval
36 of the shareholders of the parent constituent corporation under this
37 title or under the articles of incorporation or bylaws of the parent
38 constituent corporation immediately before the merger becomes
39 effective;

1 (j) The directors of the parent constituent corporation
2 immediately before the merger becomes effective become or remain the
3 directors of the holding company immediately after the merger becomes
4 effective; and

5 (k) The board of directors of the parent constituent corporation
6 determines that the shareholders of the parent constituent
7 corporation will not recognize gain or loss for United States federal
8 income tax purposes as a result of the merger.

9 (3) The holding company must, within 10 days after the effective
10 date of a merger effected under subsection (2) of this section,
11 notify each person who was a shareholder of the parent constituent
12 corporation immediately before the merger became effective that the
13 merger has become effective. The notice must contain or be
14 accompanied by a copy of the plan of merger or a summary of the
15 material terms and conditions of the merger and the consideration to
16 be received by those shareholders.

17 (4) To the extent restrictions under chapter 23B.19 RCW applied
18 to the parent constituent corporation or any of its shareholders at
19 the effective time of the merger, those restrictions apply to the
20 holding company and its shareholders immediately after the merger
21 becomes effective as though the holding company were the parent
22 constituent corporation, and all shares of stock of the holding
23 company acquired in the merger will, for the purposes of chapter
24 23B.19 RCW, be deemed to have been acquired at the time that the
25 corresponding shares of stock of the parent constituent corporation
26 were acquired. No shareholder who, immediately before the merger
27 becomes effective, was not an acquiring person of the parent
28 constituent corporation under chapter 23B.19 RCW will, solely by
29 reason of the merger, become an acquiring person of the holding
30 company under chapter 23B.19 RCW.

31 (5) To the extent a shareholder of the parent constituent
32 corporation immediately before the merger was eligible to commence a
33 proceeding in the right of the parent constituent corporation in
34 accordance with RCW 23B.07.400, nothing in this section is deemed to
35 limit or extinguish that eligibility.

36 (6) Except as provided in subsections (2), (3), (4), and (5) of
37 this section, a merger between a parent constituent corporation and a
38 subsidiary constituent corporation will be governed by the provisions
39 of this chapter applicable to mergers generally.

1 NEW SECTION. **Sec. 12.** Sections 1 through 11 of this act
2 constitute a new chapter in Title 23B RCW.

3 NEW SECTION. **Sec. 13.** The following acts or parts of acts are
4 each repealed:

5 (1) RCW 23B.11.010 (Merger) and 2022 c 42 s 107, 2020 c 194 s 11,
6 & 1989 c 165 s 131;

7 (2) RCW 23B.11.020 (Share exchange) and 2020 c 194 s 12 & 1989 c
8 165 s 132;

9 (3) RCW 23B.11.030 (Approval of plan of merger or share exchange)
10 and 2023 c 432 s 5, 2022 c 42 s 108, 2011 c 328 s 6, 2009 c 189 s 38,
11 2003 c 35 s 6, & 1989 c 165 s 133;

12 (4) RCW 23B.11.035 (Plan of merger or share exchange—Separate
13 voting group) and 2003 c 35 s 7;

14 (5) RCW 23B.11.040 (Merger of or into subsidiary) and 2017 c 28 s
15 17, 2009 c 189 s 39, 2002 c 297 s 34, & 1989 c 165 s 134;

16 (6) RCW 23B.11.045 (Merger without approval of plan of merger—
17 Definitions) and 2023 c 432 s 6;

18 (7) RCW 23B.11.050 (Articles of merger or share exchange) and
19 2022 c 42 s 109 & 1989 c 165 s 135;

20 (8) RCW 23B.11.060 (Effect of merger or share exchange) and 2022
21 c 42 s 110 & 1989 c 165 s 136;

22 (9) RCW 23B.11.070 (Merger or share exchange with foreign
23 corporation) and 2015 c 176 s 2124 & 1989 c 165 s 137;

24 (10) RCW 23B.11.080 (Merger) and 2015 c 188 s 110, 2009 c 188 s
25 1401, 1998 c 103 s 1310, & 1991 c 269 s 38;

26 (11) RCW 23B.11.090 (Articles of merger) and 2022 c 42 s 111,
27 2015 c 188 s 111, 2009 c 188 s 1402, 1998 c 103 s 1311, & 1991 c 269
28 s 39;

29 (12) RCW 23B.11.100 (Merger—Corporation is surviving entity) and
30 2022 c 42 s 112, 1998 c 103 s 1312, & 1991 c 269 s 40; and

31 (13) RCW 23B.11.110 (Merger with foreign and domestic entities—
32 Effect) and 2015 c 188 s 112, 2015 c 176 s 2125, 2009 c 188 s 1403,
33 1998 c 103 s 1313, & 1991 c 269 s 41.

34 **Sec. 14.** RCW 23B.01.400 and 2023 c 432 s 1 are each reenacted
35 and amended to read as follows:

36 The definitions in this section apply throughout this title
37 unless the context clearly requires otherwise.

1 (1) "Articles of incorporation" include amended and restated
2 articles of incorporation and articles of merger.

3 (2) "Authorized shares" means the shares of all classes a
4 domestic or foreign corporation is authorized to issue.

5 (3) "Conspicuous" means so prepared that a reasonable person
6 against whom the writing is to operate should have noticed it. For
7 example, text in italics, boldface, contrasting color, capitals, or
8 underlined is conspicuous.

9 (4) "Controlling interest" means ownership of an entity's
10 outstanding shares or interests in such number as to entitle the
11 holder at the time to elect a majority of the entity's directors or
12 other governors without regard to voting power which may thereafter
13 exist upon a default, failure, or other contingency.

14 (5) "Corporate action" means any resolution, act, policy,
15 contract, transaction, plan, adoption or amendment of articles of
16 incorporation or bylaws, or other matter approved by or submitted for
17 approval to a corporation's incorporators, board of directors or a
18 committee thereof, or shareholders.

19 (6) "Corporation" or "domestic corporation" means a corporation
20 for profit, including a social purpose corporation, which is not a
21 foreign corporation, incorporated under or subject to the provisions
22 of this title.

23 (7) "Deliver" or "delivery" means any method of delivery used in
24 conventional commercial practice, including delivery by hand, mail,
25 commercial delivery, and, if authorized in accordance with RCW
26 23B.01.410, by electronic transmission.

27 (8) "Distribution" means a direct or indirect transfer of money
28 or other property, except its own shares, or incurrence of
29 indebtedness by a corporation to or for the benefit of its
30 shareholders in respect to any of its shares. A distribution may be
31 in the form of a declaration or payment of a dividend; a distribution
32 in partial or complete liquidation, or upon voluntary or involuntary
33 dissolution; a purchase, redemption, or other acquisition of shares;
34 a distribution of indebtedness; or otherwise.

35 (9) "Document" means:

36 (a) Any tangible medium on which information is inscribed, and
37 includes handwritten, typed, printed, or similar instruments or
38 copies of such instruments; and

39 (b) An electronic record.

1 (10) "Electronic" means relating to technology having electrical,
2 digital, magnetic, wireless, optical, electromagnetic, or similar
3 capabilities.

4 (11) "Electronic mail" means an electronic transmission directed
5 to a unique electronic mail address, which electronic mail will be
6 deemed to include any files attached thereto and any information
7 hyperlinked to a website if the electronic mail includes the contact
8 information of an officer or agent of the corporation who is
9 available to assist with accessing such files and information.

10 (12) "Electronic mail address" means a destination, commonly
11 expressed as a string of characters, consisting of a unique user name
12 or mailbox, commonly referred to as the "local part" of the address,
13 and a reference to an internet domain, commonly referred to as the
14 "domain part" of the address, whether or not displayed, to which
15 electronic mail can be sent or delivered.

16 (13) "Electronic record" means information that is stored in an
17 electronic or other nontangible medium and: (a) Is retrievable in
18 paper form by the recipient through an automated process used in
19 conventional commercial practice; or (b) if not retrievable in paper
20 form by the recipient through an automated process used in
21 conventional commercial practice, is otherwise authorized in
22 accordance with RCW 23B.01.410(10).

23 (14) "Electronic transmission" or "electronically transmitted"
24 means internet transmission, telephonic transmission, electronic mail
25 transmission, transmission of a telegram, cablegram, or datagram, the
26 use of, or participation in, one or more electronic networks or
27 databases including one or more distributed electronic networks or
28 databases, or any other form or process of communication, not
29 directly involving the physical transfer of paper or another tangible
30 medium, which:

31 (a) Is suitable for the retention, retrieval, and reproduction of
32 information by the recipient; and

33 (b) Is retrievable in paper form by the recipient through an
34 automated process used in conventional commercial practice, or, if
35 not retrievable in paper form by the recipient through an automated
36 process used in conventional commercial practice, is otherwise
37 authorized in accordance with RCW 23B.01.410(10).

38 (15) "Employee" includes an officer but not a director. A
39 director may accept duties that make the director also an employee.

1 (16) "Entity" includes a corporation and foreign corporation,
2 not-for-profit corporation, business trust, estate, trust,
3 partnership, limited liability company, association, joint venture,
4 two or more persons having a joint or common economic interest, the
5 state, United States, and a foreign governmental subdivision, agency,
6 or instrumentality, or any other legal or commercial entity.

7 (17) "Execute," "executes," or "executed" means, with present
8 intent to authenticate or adopt a document:

9 (a) To sign or adopt a tangible symbol to the document, and
10 includes any manual, facsimile, or conformed signature;

11 (b) To attach or logically associate with an electronic
12 transmission an electronic sound, symbol, or process, and includes an
13 electronic signature; or

14 (c) With respect to a document to be filed with the secretary of
15 state, in compliance with the standards for filing with the office of
16 the secretary of state as prescribed by the secretary of state.

17 (18) "Foreign corporation" means a corporation for profit
18 incorporated under a law other than the law of this state.

19 (19) "Foreign limited partnership" means a partnership formed
20 under laws other than of this state and having as partners one or
21 more general partners and one or more limited partners.

22 (20) "Forward stock split" means the pro rata division of all the
23 outstanding shares of a class of stock into a greater number of
24 shares of the same class, whether or not the authorized shares of
25 such a class are increased in the same proportion, but does not
26 include a share dividend under RCW 23B.06.230.

27 (21) "General social purpose" means the general social purpose
28 for which a social purpose corporation is organized as set forth in
29 the articles of incorporation of the corporation in accordance with
30 RCW 23B.25.040(1)(c).

31 (22) "Governmental subdivision" includes authority, county,
32 district, and municipality.

33 (23) "Governor" has the meaning given that term in RCW 23.95.105.

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

35 (25) "Individual" includes the estate of an incompetent or
36 deceased individual.

37 (26) "Limited partnership" or "domestic limited partnership"
38 means a partnership formed by two or more persons under the laws of
39 this state and having one or more general partners and one or more
40 limited partners.

1 (27) "Means" denotes an exhaustive definition.

2 (28) "Notice" has the meaning provided in RCW 23B.01.410.

3 (29) "Person" means an individual, corporation, business trust,
4 estate, trust, partnership, limited liability company, association,
5 joint venture, government, governmental subdivision, agency, or
6 instrumentality, or any other legal or commercial entity.

7 (30) "Principal office" means the office, in or out of this
8 state, so designated in the annual report where the principal
9 executive offices of a domestic or foreign corporation are located.

10 (31) "Proceeding" includes civil suit and criminal,
11 administrative, and investigatory action.

12 (32) "Public company" means a corporation that either has a class
13 of shares registered with the federal securities and exchange
14 commission pursuant to section 12 or which is subject to section
15 15(d) of the securities exchange act of 1934, or section 8 of the
16 investment company act of 1940, or any successor statute.

17 (33) "Qualified director" means (a) with respect to a director's
18 conflicting interest transaction as defined in RCW 23B.08.700, any
19 director who does not have either (i) a conflicting interest
20 respecting the transaction, or (ii) a familial, financial,
21 professional, or employment relationship with a second director who
22 does have a conflicting interest respecting the transaction, which
23 relationship would, in the circumstances, reasonably be expected to
24 exert an influence on the first director's judgment when voting on
25 the transaction; (b) with respect to RCW 23B.08.735, a qualified
26 director under (a) of this subsection if the business opportunity
27 were a director's conflicting interest transaction; and (c) with
28 respect to RCW 23B.02.020(2)(g), a director who is not a director (i)
29 to whom the limitation or elimination of the duty of an officer to
30 offer potential business opportunities to the corporation would
31 apply, or (ii) who has a familial, financial, professional, or
32 employment relationship with another officer to whom the limitation
33 or elimination would apply, which relationship would, in the
34 circumstances, reasonably be expected to exert an influence on the
35 director's judgment when voting on the limitation or elimination.

36 (34) "Record date" means the date fixed for determining the
37 identity of a corporation's shareholders and their shareholdings for
38 purposes of this title. The determinations shall be made as of the
39 close of business on the record date unless another time for doing so
40 is specified when the record date is fixed.

1 (35) "Registered office" means the address of the corporation's
2 registered agent.

3 (36) "Reverse stock split" means the pro rata combination of all
4 the outstanding shares of a class of stock into a smaller number of
5 shares of the same class, whether or not the authorized shares of
6 such a class are reduced in the same proportion.

7 (37) "Secretary" means the corporate officer to whom the board of
8 directors has delegated responsibility under RCW 23B.08.400(3) for
9 custody of the minutes of the meetings of the board of directors and
10 of the shareholders and for authenticating records of the
11 corporation.

12 (38) "Shareholder" means the person in whose name shares are
13 registered in the records of a corporation or the beneficial owner of
14 shares to the extent of the rights granted by a nominee certificate
15 on file with a corporation.

16 (39) "Shares" means the units into which the proprietary
17 interests in a corporation are divided.

18 (40) "Social purpose" includes any general social purpose and any
19 specific social purpose.

20 (41) "Social purpose corporation" means a corporation that has
21 elected to be governed as a social purpose corporation under chapter
22 23B.25 RCW.

23 (42) "Specific social purpose" means the specific social purpose
24 or purposes for which a social purpose corporation is organized as
25 set forth in the articles of incorporation of the corporation in
26 accordance with RCW 23B.25.040(2)(a).

27 (43) "State," when referring to a part of the United States,
28 includes a state and commonwealth, and their agencies and
29 governmental subdivisions, and a territory and insular possession,
30 and their agencies and governmental subdivisions, of the United
31 States.

32 (44) "Stock split" means a forward stock split or a reverse stock
33 split.

34 (45) "Subscriber" means a person who subscribes for shares in a
35 corporation, whether before or after incorporation.

36 (46) "Subsidiary" means an entity in which the corporation has,
37 directly or indirectly, a controlling interest.

38 (47) "United States" includes a district, authority, bureau,
39 commission, department, and any other agency of the United States.

1 (48) "Voting group" means all shares of one or more classes or
2 series that under the articles of incorporation or this title are
3 entitled to vote and be counted together collectively on a matter at
4 a meeting of shareholders. All shares entitled by the articles of
5 incorporation or this title to vote generally on the matter are for
6 that purpose a single voting group.

7 (49) "Writing" or "written" means any information in the form of
8 a document.

9 (50) "Interest" means either or both of the following rights
10 under the organic law governing an other entity:

11 (a) A right to receive distributions from the other entity either
12 in the ordinary course of business or upon liquidation; or

13 (b) The right to receive notice of or vote on issues involving
14 the other entity's internal affairs, other than as an agent,
15 assignee, proxy, or person responsible for managing the other
16 entity's business affairs.

17 (51) "Interest holder" means a person who holds of record an
18 interest.

19 (52) "Jurisdiction of organization" means the state or country
20 the law of which includes the organic law governing a domestic
21 corporation or other entity.

22 (53) "Organic law" means the statute governing the internal
23 affairs of an entity.

24 (54) "Organic rules" means the public organic record and private
25 organic rules of an entity.

26 (55) "Other entity" means any entity that is not any of the
27 following: A domestic corporation, a domestic or foreign not-for-
28 profit corporation, a series of a limited liability company or
29 similar entity, an estate, a trust, a state, the United States, or a
30 foreign governmental subdivision, agency, or instrumentality. The
31 term includes, but is not limited to, a foreign corporation, a
32 limited partnership, a general partnership, a limited liability
33 company, a joint venture, a joint stock company, and a business
34 trust.

35 (56) "Owner liability" means personal liability for a debt,
36 obligation, or liability of an entity that is imposed on a person:

37 (a) Solely by reason of the person's status as a shareholder or
38 interest holder;

39 (b) By the articles of incorporation or bylaws of a corporation
40 authorizing the articles of incorporation or bylaws to make one or

1 more specified shareholders liable in their capacity as shareholders
2 for all or specified debts, obligations, or liabilities of the
3 corporation; or

4 (c) By one or more organic rules of an other entity authorizing
5 the organic rules to make one or more specified interest holders
6 liable in their capacity as interest holders for all or specified
7 debts, obligations, or liabilities of the other entity.

8 (57) "Private organic rules" means (a) the bylaws of a domestic
9 corporation or (b) the rules, regardless of whether in writing, (i)
10 that govern the internal affairs of an other entity, (ii) which are
11 binding on all of the other entity's interest holders, and (iii)
12 which are not part of the other entity's public organic record, if
13 any. Where private organic rules have been amended or restated, the
14 term means the private organic rules as last amended or restated.

15 (58) "Public organic record" means (a) the articles of
16 incorporation of a domestic corporation or (b) the document, if any,
17 the filing of which is required to create an other entity. Where a
18 public organic record has been amended or restated, the term means
19 the public organic record as last amended or restated.

20 (59) "Voting power" means the total number of votes entitled to
21 be cast by all of the outstanding voting shares of a corporation on
22 the date in question.

23 (60) "Voting shares" means the shares of all classes of a
24 corporation entitled to vote generally in the election of directors
25 on the date in question.

26 **Sec. 15.** RCW 23B.07.250 and 2009 c 189 s 18 are each amended to
27 read as follows:

28 (1) Shares entitled to vote as a separate voting group may
29 approve a corporate action at a meeting only if a quorum of those
30 shares exists with respect to that corporate action. Unless the
31 articles of incorporation or this title provide otherwise, a majority
32 of the votes entitled to be cast on the corporate action by the
33 voting group constitutes a quorum of that voting group for approval
34 of that corporate action. Whenever this title requires a particular
35 quorum for a specified corporate action, the articles of
36 incorporation may not provide for a lower quorum.

37 (2) Once a share is represented for any purpose at a meeting
38 other than solely to object to holding the meeting or transacting
39 business at the meeting, it is deemed present for quorum purposes for

1 the remainder of the meeting and for any adjournment of that meeting
2 unless a new record date is or must be set for that adjourned
3 meeting.

4 (3) If a quorum exists, a corporate action, other than the
5 election of directors, is approved by a voting group if the votes
6 cast within the voting group favoring the corporate action exceed the
7 votes cast within the voting group opposing the corporate action,
8 unless the articles of incorporation or this title require a greater
9 number of affirmative votes.

10 (4) An amendment of the articles of incorporation adding,
11 changing, or deleting (~~(either (i) [(a)])~~) a quorum (~~(for a voting~~
12 ~~group greater or lesser than specified in subsection (1) of this~~
13 ~~section,~~) or (~~((ii) [(b)] a)~~) voting requirement for a voting group
14 greater than specified in subsection (1) or (3) of this section(~~(7)~~)
15 is governed by RCW 23B.07.270.

16 (5) Whenever a provision of this title provides for voting of
17 classes or series as separate voting groups, the rules provided in
18 RCW 23B.10.040(3) for amendments of the articles of incorporation
19 apply to that provision.

20 (6) The election of directors is governed by RCW 23B.07.280.

21 **Sec. 16.** RCW 23B.07.270 and 2009 c 189 s 20 are each amended to
22 read as follows:

23 (~~(1) The articles of incorporation may provide for a greater or~~
24 ~~lesser quorum, but not less than one-third of the votes entitled to~~
25 ~~be cast, for shareholders, or voting groups of shareholders, than is~~
26 ~~provided for by this title.~~

27 (~~2) The articles of incorporation may provide for a greater~~
28 ~~voting requirement for shareholders, or voting groups of~~
29 ~~shareholders, than is provided for by this title.~~

30 (~~3) Under RCW 23B.10.030, 23B.11.030, 23B.12.020, and 23B.14.020,~~
31 ~~the articles of incorporation may provide for a lesser vote than is~~
32 ~~otherwise prescribed in those sections or for a lesser vote by~~
33 ~~separate voting groups, so long as the vote provided for each voting~~
34 ~~group entitled to vote separately on the plan or transaction is not~~
35 ~~less than a majority of all the votes entitled to be cast on the plan~~
36 ~~or transaction by that voting group.~~

37 (~~4) Except as provided in subsection (5) of this section, an~~
38 ~~amendment to the articles of incorporation that adds, changes, or~~
39 ~~deletes a greater or lesser quorum or voting requirement for a~~

1 particular corporate action must meet the same quorum requirement and
2 be adopted by the same vote and voting groups as are required under
3 the quorum and voting requirements then in effect for approval of the
4 corporate action.

5 ~~(5))~~ An amendment to the articles of incorporation that adds,
6 changes, or deletes a ~~((greater or lesser))~~ quorum or voting
7 requirement ~~((for a merger, share exchange, sale of substantially all
8 assets, or dissolution must be adopted))~~ must meet the same quorum
9 requirement and be approved by the same vote and voting groups ~~((as
10 are))~~ required ~~((under the quorum and voting requirements then in
11 effect for approval of the particular corporate action, or))~~ to take
12 action under the quorum and voting requirements then in effect ~~((for~~
13 ~~amendments to articles of incorporation))~~ or proposed to be approved,
14 whichever is greater.

15 **Sec. 17.** RCW 23B.08.080 and 1995 c 47 s 7 are each amended to
16 read as follows:

17 (1) The shareholders may remove one or more directors with or
18 without cause unless the articles of incorporation provide that
19 directors may be removed only for cause.

20 (2) If a director is elected by holders of one or more
21 authorized classes or series of shares, only the holders of those
22 classes or series of shares may participate in the vote to remove the
23 director.

24 (3) ~~((If))~~ A director may be removed if the number of votes cast
25 to remove exceeds the number of votes cast not to remove the
26 director, except to the extent the articles of incorporation or
27 bylaws require a greater number; except that if cumulative voting is
28 authorized, and if less than the entire board is to be removed, no
29 director may be removed if, in the case of a meeting, the number of
30 votes sufficient to elect the director under cumulative voting is
31 voted against the director's removal ~~((If cumulative voting is not
32 authorized, a director may be removed only if the number of votes
33 east to remove the director exceeds the number of votes cast not to
34 remove the director))~~ and, if action is taken by less than unanimous
35 written consent, voting shareholders entitled to the number of votes
36 sufficient to elect the director under cumulative voting do not
37 consent to the removal.

38 (4) A director may be removed by the shareholders only at a
39 special meeting called for the purpose of removing the director and

1 the meeting notice must state that (~~the purpose, or one of the~~
2 ~~purposes, of the meeting is~~) removal of the director is a purpose of
3 the meeting.

4 **Sec. 18.** RCW 23B.08.240 and 2020 c 57 s 61 are each amended to
5 read as follows:

6 (1) Unless the articles of incorporation or bylaws (~~require~~)
7 provide for a greater or lesser number or unless otherwise expressly
8 provided in this title, a quorum of a board of directors consists of
9 a majority of the number of directors specified in or fixed in
10 accordance with the articles of incorporation or bylaws.

11 (2) Notwithstanding subsection (1) of this section, a quorum of
12 (~~a~~) the board of directors (~~may in no event be less than one-third~~
13 ~~of the number of directors specified in or fixed in accordance with~~
14 ~~the articles of incorporation or bylaws~~) specified in or fixed in
15 accordance with the articles of incorporation or bylaws may not
16 consist of less than one-third of the specified or fixed number of
17 directors.

18 (3) If a quorum is present when a vote is taken, the affirmative
19 vote of a majority of directors present is the act of the board of
20 directors unless the articles of incorporation or bylaws require the
21 vote of a greater number of directors or unless otherwise expressly
22 provided in this title.

23 (4) A director who is present at a meeting of the board of
24 directors or a committee when corporate action is approved is deemed
25 to have assented to the corporate action unless: (a) The director
26 objects at the beginning of the meeting, or promptly upon the
27 director's arrival, to holding it or transacting business at the
28 meeting; (b) the director's dissent or abstention as to the corporate
29 action is entered in the minutes of the meeting; or (c) the director
30 delivers written notice of the director's dissent or abstention as to
31 the corporate action to the presiding officer of the meeting before
32 adjournment or to the corporation within a reasonable time after
33 adjournment of the meeting. The right of dissent or abstention is not
34 available to a director who votes in favor of the corporate action.

35 **Sec. 19.** RCW 23B.09.030 and 2020 c 57 s 65 are each amended to
36 read as follows:

1 In the case of an entity conversion of a domestic corporation to
2 an other entity, the plan of conversion must be approved in the
3 following manner:

4 (1) The plan of entity conversion must first be ~~((adopted))~~
5 approved by the board of directors of the converting entity ~~((and the~~
6 ~~shareholders entitled to vote must approve the plan))~~.

7 ~~((After adopting a plan of entity conversion, the board of~~
8 ~~directors of the converting entity must submit the plan of entity~~
9 ~~conversion for approval by its shareholders.~~

10 ~~(3))~~ The plan of entity conversion must then be approved by the
11 shareholders of the converting entity. In submitting the plan of
12 entity conversion to the shareholders for approval, the board of
13 directors must recommend that the shareholders approve the plan of
14 entity conversion ~~((to the shareholders))~~, unless (a) the board of
15 directors makes a determination that because of conflicts of interest
16 or other special circumstances it should not make such a
17 recommendation; or (b) RCW 23B.08.245 applies ~~((, and in either case~~
18 ~~the board of directors communicates the basis for so proceeding to~~
19 ~~the shareholders))~~. If either (a) or (b) of this subsection applies,
20 the board of directors must inform the shareholders of the basis for
21 its so proceeding.

22 ~~((4))~~ (3) The board of directors may ~~((condition its~~
23 ~~submission))~~ set conditions for the approval of the plan of entity
24 conversion ~~((on any basis, including the affirmative vote of holders~~
25 ~~of a specified percentage of shares held by any group of shareholders~~
26 ~~not otherwise entitled to vote as a separate voting group on))~~ or the
27 effectiveness of the plan of entity conversion.

28 ~~((5) In the case of an entity conversion of a domestic~~
29 ~~corporation to a foreign corporation, in addition to any other voting~~
30 ~~conditions imposed by the board of directors acting pursuant to~~
31 ~~subsection (4) of this section, approval of the plan of entity~~
32 ~~conversion requires the affirmative vote of shareholders that would~~
33 ~~be required to approve a plan of merger under RCW 23B.11.030, and of~~
34 ~~each other voting group entitled under RCW 23B.11.035 or the articles~~
35 ~~of incorporation to vote separately on a plan of merger. Separate~~
36 ~~voting by additional voting groups is required on a plan of entity~~
37 ~~conversion if such voting group or groups would be entitled to vote~~
38 ~~on a plan of merger under the circumstances described in RCW~~
39 ~~23B.11.035. The articles of incorporation may require a greater or~~
40 ~~lesser vote to approve a plan of entity conversion than that provided~~

1 in this subsection, or a greater or lesser vote by separate voting
2 groups, so long as the required vote is not less than a majority of
3 all the votes entitled to be cast on the plan of entity conversion
4 and of each other voting group entitled to vote separately on the
5 plan.

6 ~~(6) In the case of an entity conversion of a domestic corporation
7 to an other entity that is not a foreign corporation, approval of the
8 plan of entity conversion requires the approval of all shareholders
9 of the domestic corporation, whether or not entitled to vote under
10 this title or the articles of incorporation.~~

11 ~~(7) If as a result of the conversion one or more shareholders of
12 the domestic corporation would become subject to owner liability for
13 the debts, obligations, or liabilities of any other person or entity,
14 in addition to the approval requirements under subsections (5) and
15 (6) of this section, approval of the plan of entity conversion must
16 also require each such shareholder to execute a separate written
17 consent to become subject to such owner liability.~~

18 ~~(8)) (4) If the approval of the shareholders is to be given at a
19 meeting, the ((domestic corporation)) converting entity must notify
20 each shareholder, regardless of whether ((or not)) entitled to vote,
21 of the ((proposed)) meeting of shareholders at which the plan of
22 entity conversion is to be submitted for approval ((in accordance
23 with RCW 23B.07.050)). The notice must state that ((the purpose, or
24 one of the purposes, of the meeting is to consider the plan of entity
25 conversion)) consideration of the plan of entity conversion is a
26 purpose of the meeting and must contain or be accompanied by a copy
27 or summary of the plan of entity conversion. The notice must include
28 or be accompanied by a copy of the organic ((documents)) rules of the
29 surviving entity as they will be in effect immediately after the
30 conversion.~~

31 ~~((9) If any provision of the articles of incorporation, bylaws,
32 or an agreement to which any of the directors or shareholders of the
33 domestic corporation are parties, adopted, or entered into before
34 June 12, 2014, applies to a merger of the domestic corporation, other
35 than a provision that limits or eliminates voting or dissenters'
36 rights, and the document does not refer to an entity conversion of
37 the domestic corporation, the provision is deemed to apply to an
38 entity conversion of the domestic corporation until the provision is
39 subsequently amended.))~~

1 (5) Unless the articles of incorporation, or the board of
2 directors acting in accordance with subsection (3) of this section,
3 requires a greater vote, shareholder approval of the plan of entity
4 conversion requires (a) the affirmative vote of shareholders that
5 would be required to approve a plan of merger under section 4 of this
6 act, and (b) the approval of each other voting group that would be
7 entitled under the circumstances described in section 5 of this act
8 or the articles of incorporation to vote separately on a plan of
9 merger.

10 (6) If as a result of the conversion one or more shareholders of
11 the converting entity would become subject to owner liability,
12 approval of the plan of entity conversion must also require each such
13 shareholder to execute a separate written consent to become subject
14 to such owner liability.

15 **Sec. 20.** RCW 23B.10.030 and 2011 c 328 s 5 are each amended to
16 read as follows:

17 ~~((1) A corporation's board of directors may propose one or more~~
18 ~~amendments to the articles of incorporation for submission to the~~
19 ~~shareholders.~~

20 ~~(2) For the amendment to be adopted:~~

21 ~~(a) The))~~ If a corporation has issued shares, an amendment to the
22 articles of incorporation, other than an amendment pursuant to RCW
23 23B.10.020, must be approved in the following manner:

24 (1) The proposed amendment must first be approved by the board of
25 directors;

26 (2) Except as provided in RCW 23B.10.070 and 23B.10.080, the
27 amendment must then be approved by the shareholders. In submitting
28 the proposed amendment to the shareholders for approval, the board of
29 directors must recommend that the shareholders approve the amendment
30 ~~((to the shareholders))~~ unless ((i)) (a) the board of directors
31 ~~((determines))~~ makes a determination that because of conflicts of
32 interest or other special circumstances it should not make ((no))
33 such a recommendation, or ((ii)) (b) RCW 23B.08.245 applies ((, and
34 in either case the board of directors communicates the basis for so
35 proceeding to the shareholders; and

36 ~~(b) The shareholders entitled to vote on the amendment must~~
37 ~~approve the amendment as provided in subsection (5) of this~~
38 ~~section)).~~ If either (a) or (b) of this subsection applies, the board

1 of directors must inform the shareholders of the basis for its so
2 proceeding.

3 (3) ~~The board of directors may ((condition its submission of the~~
4 ~~proposed amendment on any basis, including the affirmative vote of~~
5 ~~holders of a specified percentage of shares held by any group of~~
6 ~~shareholders not otherwise entitled under this title or the articles~~
7 ~~of incorporation to vote as a separate voting group on the proposed~~
8 ~~amendment)) set conditions for the approval of the amendment by the~~
9 ~~shareholders or the effectiveness of the amendment.~~

10 (4) ~~((The)) If the amendment is required to be approved by the~~
11 ~~shareholders, and if the approval is to be given at a meeting, the~~
12 ~~corporation ((shall)) must notify each shareholder, regardless of~~
13 ~~whether ((or not)) entitled to vote, of the ((proposed shareholders'~~
14 ~~meeting in accordance with RCW 23B.07.050)) meeting of shareholders~~
15 ~~at which the amendment is to be submitted for approval.~~ The notice of
16 meeting must ~~((also))~~ state that the purpose, or one of the purposes,
17 of the meeting is to consider the ~~((proposed))~~ amendment and contain
18 or be accompanied by a copy of the amendment.

19 (5) ~~((In addition to any other voting conditions imposed by the~~
20 ~~board of directors under subsection (3) of this section, the~~
21 ~~amendment to be adopted must be approved by two-thirds, or, in the~~
22 ~~case of a public company, a majority, of the voting group comprising~~
23 ~~all the votes entitled to be cast on the proposed amendment, and of~~
24 ~~each other voting group entitled under RCW 23B.10.040 or the articles~~
25 ~~of incorporation to vote separately on the proposed amendment. The~~
26 ~~articles of incorporation may require a greater vote than that~~
27 ~~provided for in this subsection. The articles of incorporation of a~~
28 ~~corporation other than a public company may require a lesser vote~~
29 ~~than that provided for in this subsection, or may require a lesser~~
30 ~~vote by separate voting groups, so long as the required vote is not~~
31 ~~less than a majority of all the votes entitled to be cast on the~~
32 ~~proposed amendment and of each other voting group entitled to vote~~
33 ~~separately on the proposed amendment. Separate voting by additional~~
34 ~~voting groups is required on a proposed amendment under the~~
35 ~~circumstances described in RCW 23B.10.040)) (a) With respect to a~~
36 ~~corporation formed before August 1, 2024:~~

37 (i) Unless the articles of incorporation, or the board of
38 directors acting in accordance with subsection (3) of this section,
39 require a different vote, shareholder approval of the amendment
40 requires (A) the approval of two-thirds, or, in the case of a public

1 company, a majority, of the votes entitled to be cast on the
2 amendment, and (B) the approval of two-thirds, or, in the case of a
3 public company, a majority, of the votes entitled to be cast on the
4 amendment by each other voting group entitled under RCW 23B.10.040 or
5 the articles of incorporation to vote separately on the amendment;
6 and

7 (ii) The articles of incorporation may require a different vote
8 than that provided in this subsection, or a different vote by
9 separate voting groups, so long as the required vote is not less than
10 a majority of all the votes entitled to be cast on the amendment and
11 of each other voting group entitled to vote separately on the
12 amendment.

13 (b) With respect to a corporation formed on or after August 1,
14 2024, unless the articles of incorporation, or the board of directors
15 acting in accordance with subsection (3) of this section, require a
16 greater vote, shareholder approval of the amendment requires (i) the
17 approval of a majority of the votes entitled to be cast on the
18 amendment, and (ii) the approval of a majority of the votes entitled
19 to be cast on the amendment by each other voting group entitled under
20 RCW 23B.10.040 or the articles of incorporation to vote separately on
21 the amendment.

22 **Sec. 21.** RCW 23B.12.020 and 2019 c 141 s 7 are each amended to
23 read as follows:

24 (1) Except as provided in subsection (11) of this section, a
25 sale, lease, exchange, or other disposition of a corporation's
26 property and assets, other than in the usual and regular course of
27 its business, requires approval of the corporation's shareholders if
28 the disposition would leave the corporation without a significant
29 continuing business activity.

30 (2) A continuing business activity will be conclusively presumed
31 to represent a significant continuing business activity if, for the
32 corporation and its subsidiaries on a consolidated basis, it
33 represented at least:

34 (a) Twenty-five percent of total assets at the end of the most
35 recently completed fiscal year; and

36 (b) Either: (i) Twenty-five percent of income from continuing
37 operations before taxes, or (ii) twenty-five percent of revenues from
38 continuing operations, in each case for the most recently completed
39 fiscal year.

1 (3) No presumption that a disposition will leave the corporation
2 without a significant continuing business activity will arise from
3 the fact that the corporation's continuing business activity does not
4 equal or exceed any of the percentages set forth in subsection (2) of
5 this section.

6 (4) The determination of whether or not a continuing business
7 activity constitutes a significant continuing business under
8 subsection (2) of this section may be based either on financial
9 statements prepared on the basis of accounting practices and
10 principles that are reasonable in the circumstances or, in the case
11 of subsection (2)(a) of this section, on a fair valuation or other
12 method that is reasonable in the circumstances.

13 (5) For a disposition to be approved by a corporation's
14 shareholders:

15 (a) The board of directors must approve the disposition and
16 submit the proposed disposition for approval by the shareholders;

17 (b) The board of directors must recommend the proposed
18 disposition to the shareholders unless (i) the board of directors
19 determines that because of conflicts of interest or other special
20 circumstances it should make no recommendation or (ii) RCW 23B.08.245
21 applies, and in either case the board of directors communicates the
22 basis for so proceeding to the shareholders; and

23 (c) The shareholders entitled to vote on the proposed disposition
24 must approve the proposed disposition as provided in subsection (8)
25 of this section.

26 (6) The board of directors may condition its submission of the
27 proposed disposition on any basis, including the affirmative vote of
28 holders of a specified percentage of shares held by any group of
29 shareholders not otherwise entitled under this title or the articles
30 of incorporation to vote as a separate voting group on the proposed
31 disposition.

32 (7) If the approval of the shareholders is to be given at a
33 meeting, the corporation must notify each shareholder, whether or not
34 entitled to vote, of the proposed shareholders' meeting in accordance
35 with RCW 23B.07.050. The notice must state that the purpose, or one
36 of the purposes, of the meeting is to consider the proposed
37 disposition and contain or be accompanied by a description of the
38 proposed disposition, including a summary of the material terms and
39 conditions thereof and the consideration to be received by the
40 corporation.

1 (8) (~~In addition to any other voting conditions imposed by the~~
2 ~~board of directors under subsection (6) of this section~~) (a) With
3 respect to a corporation formed before August 1, 2024:

4 (i) Unless the articles of incorporation, or the board of
5 directors acting in accordance with subsection (6) of this section,
6 require a different vote, shareholder approval of the proposed
7 disposition requires (A) the approval of two-thirds of the votes
8 entitled to be cast on the proposed disposition, and (B) the approval
9 of two-thirds of the votes entitled to be cast on the proposed
10 disposition by each other voting group entitled under the articles of
11 incorporation to vote separately on the proposed disposition, unless
12 shareholder approval is not required under subsection (11) of this
13 section; and

14 (ii) The articles of incorporation may require a different vote
15 than that provided in this subsection, or a different vote by
16 separate voting groups, so long as the required vote is not less than
17 a majority of all the votes entitled to be cast on the proposed
18 disposition and of each other voting group entitled to vote
19 separately on the proposed disposition.

20 (b) With respect to a corporation formed on or after August 1,
21 2024, unless the articles of incorporation, or the board of directors
22 acting in accordance with subsection (6) of this section, requires a
23 greater vote, the proposed disposition must be approved by (~~two-~~
24 thirds)) a majority of the voting group comprising all the votes
25 entitled to be cast on the proposed disposition, and of each other
26 voting group entitled under the articles of incorporation to vote
27 separately on the proposed disposition, unless shareholder approval
28 is not required under subsection (11) of this section. (~~The articles~~
29 of incorporation may require a greater or lesser vote than provided
30 in this subsection, or a greater or lesser vote by any separate
31 voting groups provided for in the articles of incorporation, so long
32 as the required vote is not less than a majority of all the votes
33 entitled to be cast on the proposed disposition and of each other
34 voting group entitled to vote separately on the proposed
35 disposition.))

36 (9) After a proposed disposition has been approved by the
37 shareholders as required by this section, and at any time before the
38 proposed disposition has been consummated, the board of directors may
39 abandon the proposed disposition without further action by the

1 shareholders, subject to any contractual rights of other parties
2 relating thereto.

3 (10) A disposition that constitutes a distribution is governed by
4 RCW 23B.06.400 and not by this section.

5 (11) Unless the articles of incorporation otherwise require,
6 approval by the shareholders of a parent corporation is not required
7 for the transfer of any or all of the parent corporation's property
8 and assets to one or more subsidiaries all of the shares or interests
9 of which are owned, directly or indirectly, by the parent
10 corporation.

11 (12) The assets of a subsidiary are to be treated as the assets
12 of its parent corporation for purposes of this section.

13 **Sec. 22.** RCW 23B.13.020 and 2022 c 42 s 113 are each amended to
14 read as follows:

15 (1) A shareholder is entitled to dissent from, and obtain payment
16 of the fair value of the shareholder's shares in the event of, any of
17 the following corporate actions:

18 ~~(a) ((A plan of merger, which has become effective, to which the~~
19 ~~corporation is a party (i) if shareholder approval was required for~~
20 ~~the merger by RCW 23B.11.030, 23B.11.080, or the articles of~~
21 ~~incorporation, or would have been required but for the provisions of~~
22 ~~RCW 23B.11.030(9), and the shareholder was, or but for the provisions~~
23 ~~of RCW 23B.11.030(9) would have been, entitled to vote on the merger,~~
24 ~~or (ii) if the corporation was a subsidiary and the plan of merger~~
25 ~~provided for the merger of the subsidiary with its parent under RCW~~
26 ~~23B.11.040)) Consummation of a merger to which the corporation is a~~
27 ~~party (i) if shareholder approval is required for the merger by~~
28 ~~section 4 of this act or the articles of incorporation, or would be~~
29 ~~required but for the provisions of section 6 of this act, and the~~
30 ~~shareholder is, or but for the provisions of section 6 of this act~~
31 ~~would be, entitled to vote on the merger, except that the right to~~
32 ~~dissent will not be available to any shareholder of the corporation~~
33 ~~with respect to shares of any class or series that remain outstanding~~
34 ~~after consummation of the merger; or (ii) if the corporation is a~~
35 ~~subsidiary and the merger is governed by section 7 of this act;~~

36 (b) A plan of share exchange, which has become effective, to
37 which the corporation is a party as the corporation whose shares have
38 been acquired, if the shareholder was entitled to vote on the plan;

1 (c) A sale, lease, exchange, or other disposition, which has
2 become effective, of all, or substantially all, of the property and
3 assets of the corporation other than in the usual and regular course
4 of business, if the shareholder was entitled to vote on the sale,
5 lease, exchange, or other disposition, including a disposition in
6 dissolution, but not including a disposition pursuant to court order
7 or a disposition for cash pursuant to a plan by which all or
8 substantially all of the net proceeds of the disposition will be
9 distributed to the shareholders within one year after the date of the
10 disposition;

11 (d) An amendment of the articles of incorporation, whether or not
12 the shareholder was entitled to vote on the amendment, if the
13 amendment effects a redemption or cancellation of all of the
14 shareholder's shares in exchange for cash or other consideration
15 other than shares of the corporation;

16 (e) Any action described in RCW 23B.25.120;

17 (f) Any corporate action approved pursuant to a shareholder vote
18 to the extent the articles of incorporation, bylaws, or a resolution
19 of the board of directors provides that voting or nonvoting
20 shareholders are entitled to dissent and obtain payment for their
21 shares; or

22 (g) A plan of entity conversion in the case of a conversion of a
23 domestic corporation to a foreign corporation, which has become
24 effective, to which the domestic corporation is a party as the
25 converting entity, if: (i) The shareholder was entitled to vote on
26 the plan; and (ii) the shareholder does not receive shares in the
27 surviving entity that have terms as favorable to the shareholder in
28 all material respects and that represent at least the same percentage
29 interest of the total voting rights of the outstanding shares of the
30 surviving entity as the shares held by the shareholder before the
31 conversion.

32 (2) A shareholder entitled to dissent and obtain payment for the
33 shareholder's shares under this chapter may not challenge the
34 corporate action creating the shareholder's entitlement unless the
35 action fails to comply with the procedural requirements imposed by
36 this title, RCW 25.10.831 through 25.10.886, the articles of
37 incorporation, or the bylaws, or is fraudulent with respect to the
38 shareholder or the corporation.

1 (3) The right of a dissenting shareholder to obtain payment of
2 the fair value of the shareholder's shares shall terminate upon the
3 occurrence of any one of the following events:

4 (a) The proposed corporate action is abandoned or rescinded;

5 (b) A court having jurisdiction permanently enjoins or sets aside
6 the corporate action; or

7 (c) The shareholder's demand for payment is withdrawn with the
8 written consent of the corporation.

9 **Sec. 23.** RCW 23B.13.200 and 2022 c 42 s 114 are each amended to
10 read as follows:

11 (1) If proposed corporate action creating dissenters' rights
12 under RCW 23B.13.020 is submitted for approval by a vote at a
13 shareholders' meeting, the meeting notice must state that
14 shareholders are or may be entitled to assert dissenters' rights
15 under this chapter and be accompanied by a copy of this chapter.

16 (2) If proposed corporate action creating dissenters' rights
17 under RCW 23B.13.020 would be submitted for approval by a vote at a
18 shareholders' meeting but for the provisions of ((RCW 23B.11.030(9)))
19 section 4 of this act, the offer made pursuant to ((RCW
20 23B.11.030(9))) section 4 of this act must state that shareholders
21 are or may be entitled to assert dissenters' rights under this
22 chapter and be accompanied by a copy of this chapter.

23 (3) If corporate action creating dissenters' rights under RCW
24 23B.13.020 is submitted for approval without a vote of shareholders
25 in accordance with RCW 23B.07.040, the shareholder consent described
26 in RCW 23B.07.040(1)(b) and the notice described in RCW
27 23B.07.040(3)(a) must include a statement that shareholders are or
28 may be entitled to assert dissenters' rights under this chapter and
29 be accompanied by a copy of this chapter.

30 **Sec. 24.** RCW 23B.13.210 and 2022 c 42 s 115 are each amended to
31 read as follows:

32 (1) If proposed corporate action creating dissenters' rights
33 under RCW 23B.13.020 is submitted to a vote at a shareholders'
34 meeting, a shareholder who wishes to assert dissenters' rights must
35 (a) deliver to the corporation before the vote is taken written
36 notice of the shareholder's intent to demand payment for the
37 shareholder's shares if the proposed corporate action is effected,

1 and (b) not vote such shares in favor of the proposed corporate
2 action.

3 (2) If proposed corporate action creating dissenters' rights
4 under RCW 23B.13.020 does not require shareholder approval pursuant
5 to (~~RCW 23B.11.030(9)~~) section 4 of this act, a shareholder who
6 wishes to assert dissenters' rights with respect to any class or
7 series of shares:

8 (a) Shall deliver to the corporation before the shares are
9 purchased pursuant to the offer under (~~RCW 23B.11.030(9)~~) section 4
10 of this act written notice of the shareholder's intent to demand
11 payment for the shareholder's shares if the proposed corporate action
12 is effected; and

13 (b) Shall not tender, or cause to be tendered, any shares of such
14 class or series in response to such offer.

15 (3) If proposed corporate action creating dissenters' rights
16 under RCW 23B.13.020 is submitted for approval without a vote of
17 shareholders in accordance with RCW 23B.07.040, a shareholder who
18 wishes to assert dissenters' rights must not execute the consent or
19 otherwise vote such shares in favor of the proposed corporate action.

20 (4) A shareholder who does not satisfy the requirements of
21 subsection (1), (2), or (3) of this section is not entitled to
22 payment for the shareholder's shares under this chapter.

23 **Sec. 25.** RCW 23B.13.220 and 2022 c 42 s 116 are each amended to
24 read as follows:

25 (1) If proposed corporate action creating dissenters' rights
26 under RCW 23B.13.020 is approved at a shareholders' meeting, the
27 corporation shall within ten days after the effective date of the
28 corporate action deliver to all shareholders who satisfied the
29 requirements of RCW 23B.13.210(1) a notice in compliance with
30 subsection (6) of this section.

31 (2) If proposed corporate action creating dissenters' rights
32 under RCW 23B.13.020 is approved without a vote of shareholders in
33 accordance with (~~RCW 23B.11.030(9)~~) section 4 of this act, the
34 corporation shall within 10 days after the effective date of the
35 corporate action deliver to all shareholders who satisfied the
36 requirements of RCW 23B.13.210(2) a notice in compliance with
37 subsection (6) of this section.

38 (3) If proposed corporate action creating dissenters' rights
39 under RCW 23B.13.020 is approved without a vote of shareholders in

1 accordance with RCW 23B.07.040, the notice delivered pursuant to RCW
2 23B.07.040(3)(b) to shareholders who satisfied the requirements of
3 RCW 23B.13.210(3) shall comply with subsection (6) of this section.

4 (4) In the case of proposed corporate action creating dissenters'
5 rights under RCW 23B.13.020(1)(a)(ii), the corporation shall within
6 ten days after the effective date of the corporate action deliver to
7 all shareholders of the subsidiary other than the parent a notice in
8 compliance with subsection (6) of this section.

9 (5) In the case of proposed corporate action creating dissenters'
10 rights under RCW 23B.13.020(1)(d) that, pursuant to RCW
11 23B.10.020(4)(b), is not required to be approved by the shareholders
12 of the corporation, the corporation shall within ten days after the
13 effective date of the corporate action deliver to all shareholders
14 entitled to dissent under RCW 23B.13.020(1)(d) a notice in compliance
15 with subsection (6) of this section.

16 (6) Any notice under subsection (1), (2), (3), (4), or (5) of
17 this section must:

18 (a) State where the payment demand must be sent and where and
19 when certificates for certificated shares must be deposited;

20 (b) Inform holders of uncertificated shares to what extent
21 transfer of the shares will be restricted after the payment demand is
22 received;

23 (c) Supply a form for demanding payment that includes the date of
24 the first announcement to news media or to shareholders of the terms
25 of the proposed corporate action and requires that the person
26 asserting dissenters' rights certify whether or not the person
27 acquired beneficial ownership of the shares before that date;

28 (d) Set a date by which the corporation must receive the payment
29 demand, which date may not be fewer than thirty nor more than sixty
30 days after the date the notice in subsection (1), (2), (3), (4), or
31 (5) of this section is delivered; and

32 (e) Be accompanied by a copy of this chapter.

33 **Sec. 26.** RCW 23B.17.015 and 2011 c 42 s 1 are each amended to
34 read as follows:

35 (1) A corporation that meets the following requirements is
36 subject to the alternative quorum and voting requirements set forth
37 in subsection (2) of this section:

38 (a) As of the record date of the annual or special meeting of
39 shareholders:

1 (i) The corporation is a public company;

2 (ii) Shares of its common stock are admitted to trading on a
3 regulated market listed on the list of the regulated markets notified
4 to the European commission by the member states under Article 16 of
5 the investment services directive (93/22/EEC), as such list is
6 amended from time to time; and

7 (iii) At least twenty percent of the shares of the corporation's
8 common stock are held of record by the depository trust company and
9 are deposited securities, as defined in the rules, bylaws, and
10 organization certificate of the depository trust company, credited to
11 the account or accounts of one or more stock depositories located in
12 a member state of the European Union;

13 (b) At the time that such shares were initially listed on the
14 regulated market, shares of the corporation's common stock were
15 listed on the New York stock exchange or the (~~nasdaq~~) NASDAQ stock
16 market;

17 (c) At the time that such shares were initially listed on the
18 regulated market, such listing was a condition to the acquisition of
19 one hundred percent of the equity interests of a foreign corporation
20 or similar entity where:

21 (i) The securities of the foreign corporation or similar entity
22 were admitted to trading on the regulated market immediately prior to
23 the acquisition;

24 (ii) The consideration for the acquisition was newly issued
25 shares of common stock of the corporation; and

26 (iii) The shares issued in connection with the acquisition
27 equaled before the issuance more than forty percent of the
28 outstanding common stock of the corporation; and

29 (d) At the corporation's most recent annual or special meeting of
30 shareholders less than sixty-five percent of the shares within the
31 voting group comprising all the votes entitled to be cast were
32 present in person or by proxy.

33 (2) At any annual or special meeting actually held, other than by
34 written consent under RCW 23B.07.040, by a corporation meeting the
35 requirements of subsection (1) of this section:

36 (a) The required quorum of the voting group consisting of all
37 votes entitled to be cast, and of each other voting group that
38 includes common shares of the corporation which is entitled to vote
39 separately with respect to a proposed corporate action, shall be the
40 lesser of:

1 (i) A majority of the shares of such voting group other than
2 shares credited to the account of stock depositories located in a
3 member state of the European Union as described in subsection
4 (1)(a)(iii) of this section, provided the number of votes comprising
5 such majority equals or exceeds one-sixth of the total votes entitled
6 to be cast by the voting group; or

7 (ii) One-third of the total votes entitled to be cast by the
8 voting group.

9 (b) The vote required for approval by any voting group entitled
10 to vote with respect to any amendment of the corporation's articles
11 of incorporation or bylaws, or any plan of merger or share exchange
12 to which the corporation is a party, or any sale, lease, exchange, or
13 other disposition of all or substantially all of the corporation's
14 property otherwise than in the usual and regular course of business,
15 or dissolution, shall be a majority of the votes actually cast by
16 such voting group with respect to the proposed corporate action,
17 provided that the votes approving the proposed corporate action equal
18 or exceed fifteen percent of the votes within the voting group.

19 (3) The alternative quorum and voting requirements specified in
20 subsection (2) of this section shall, with respect to any corporation
21 meeting the requirements of subsection (1) of this section, control
22 over and supersede any greater quorum or voting requirements that may
23 be specified in the corporation's articles of incorporation or bylaws
24 or in RCW 23B.02.020, 23B.07.250, 23B.07.270, 23B.10.030,
25 (~~23B.11.030~~) section 4 of this act, 23B.12.020, or 23B.14.020.

26 **Sec. 27.** RCW 23B.25.100 and 2012 c 215 s 11 are each amended to
27 read as follows:

28 (1) In addition to approval in accordance with (~~RCW 23B.11.030~~)
29 section 4 of this act, a plan of merger or share exchange pursuant to
30 which a social purpose corporation would not be the surviving
31 corporation must be approved by two-thirds of the voting group
32 comprising all the votes of the corporation entitled to be cast on
33 the plan, and by two-thirds of the holders of the outstanding shares
34 of each class or series, voting as separate voting groups, and of
35 each other voting group entitled under the articles of incorporation
36 to vote separately on the proposed plan. The articles of
37 incorporation may require a greater vote than that provided for in
38 this subsection.

1 (2) The additional approval described in subsection (1) of this
2 section is not required if the surviving corporation of the plan of
3 merger or share exchange is a social purpose corporation governed by
4 this chapter and includes a specific social purpose or purposes that
5 do not materially differ from the disappearing corporation's specific
6 social purpose or purposes, if any.

7 **Sec. 28.** RCW 23B.25.130 and 2012 c 215 s 14 are each amended to
8 read as follows:

9 (1) ~~((Any))~~ By complying with this chapter, any corporation that
10 is not a social purpose corporation may ~~((elect to))~~ become a social
11 purpose corporation ~~((if, pursuant to the proposed election, each of~~
12 ~~the following conditions are met:~~

13 ~~(a) Each))~~ in accordance with a plan of election.

14 (2) The plan of election must provide that each share of the same
15 class or series of the electing corporation shall, unless all
16 shareholders of the class or series consent, be treated equally with
17 respect to any cash, rights, securities, or other property to be
18 received by, or any obligations or restrictions to be imposed on, the
19 holder of that share~~((?))~~.

20 (3) The plan of election must include an amendment to the
21 articles of incorporation to include the matters required to be
22 included in the articles of incorporation in accordance with RCW
23 23B.25.040(1).

24 (4) The plan of election must be approved in the following
25 manner:

26 (a) The plan of election must first be approved by the board of
27 directors.

28 (b) The plan of election must then be approved by the
29 shareholders. In submitting the plan of election to the shareholders
30 for approval, the board of directors ((of the electing corporation))
31 must recommend ((the election to)) that the shareholders approve the
32 plan of election, unless the board of directors determines that
33 because of conflict of interest or other special circumstances it
34 should make no recommendation ((and communicates the basis for its
35 determination to the shareholders with the proposed election; and

36 (c) In addition to any other voting conditions imposed by the
37 board of directors under subsection (2) of this section, the)), in
38 which case the board of directors must inform the shareholders of the
39 basis for so proceeding.

1 (c) The board of directors may set conditions for the approval of
2 the plan of election by the shareholders or the effectiveness of the
3 plan.

4 (d) Unless the articles of incorporation, or the board of
5 directors acting in accordance with (c) of this subsection, requires
6 a greater vote, the plan of election must be approved by an
7 affirmative vote of at least two-thirds of the voting group
8 comprising all the votes of the electing corporation's shareholders
9 entitled to be cast on the ~~((corporate action))~~ plan, and by
10 two-thirds of the holders of the outstanding shares of each class or
11 series, voting as separate voting groups, and each other voting group
12 entitled under the articles of incorporation to vote separately on
13 the ~~((corporate action))~~ plan.

14 ~~((2) The board of directors of a corporation electing to become~~
15 ~~a social purpose corporation may condition its submission of the~~
16 ~~proposed election on any basis, including the affirmative vote of~~
17 ~~holders of a specified percentage of shares held by any group of~~
18 ~~shareholders not otherwise entitled to vote as a separate group on~~
19 ~~the proposed election.~~

20 ~~(3) To elect to become a social purpose corporation, an electing~~
21 ~~corporation must amend its articles of incorporation to include the~~
22 ~~matters required to be set forth in the articles of incorporation~~
23 ~~pursuant to RCW 23B.25.040(1).~~

24 ~~(4))~~ (5) After an election to become a social purpose
25 corporation is approved, and at any time prior to filing the articles
26 of amendment to amend the electing corporation's articles of
27 incorporation ~~((in compliance with subsection (3) of this section))~~,
28 the planned election may be abandoned by the electing corporation,
29 subject to any contractual rights, without further shareholder
30 approval, in the manner determined by the board of directors.

31 ~~((5))~~ (6) The election to become a social purpose corporation
32 shall be effective upon the later of the filing of the articles of
33 amendment with the secretary of state or the effective date or time
34 set forth in the articles of amendment.

35 ~~((6))~~ (7) Upon the effective time of the election to become a
36 social purpose corporation, the electing corporation shall thereafter
37 be a social purpose corporation and shall be subject to all of the
38 provisions of this chapter and the existence of the social purpose
39 corporation shall be deemed to have commenced on the date the
40 electing corporation was incorporated.

1 (~~(7)~~) (8) The election to become a social purpose corporation
2 shall not be deemed to affect any obligations or liabilities of the
3 electing corporation incurred prior to its election to become a
4 social purpose corporation or the personal liability of any person
5 incurred prior to such election.

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