Z-1050.1		

HOUSE BILL 2576

State of Washington 61st Legislature 2010 Regular Session

By Representatives Kenney, Liias, Moeller, Pedersen, and Armstrong; by request of Secretary of State

Prefiled 01/07/10. Read first time 01/11/10. Referred to Committee on Judiciary.

- 1 AN ACT Relating to restructuring and affirming certain fees
- 2 established by the office of the secretary of state; amending RCW
- 3 23B.01.220, 23B.01.520, 23B.01.530, 24.03.405, 24.06.450, 25.05.500,
- 4 43.07.120, 43.07.130, 25.15.105, 19.77.030, and 23.86.070; reenacting
- 5 RCW 19.09.520; and creating a new section.
- 6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 7 <u>NEW SECTION.</u> **Sec. 1.** It is the intent of the legislature to
- 8 restructure certain fees for the division of corporations of the office
- 9 of the secretary of state in a manner that has minimal revenue impact
- 10 but moves the division of corporations towards a more self-sustaining
- 11 budget. In achieving the secretary's goal of a self-sustaining budget,
- 12 it is further the legislature's intent to affirm the office of the
- 13 secretary of state's authority to establish fees for a charitable
- 14 organization education program.
- 15 Sec. 2. RCW 23B.01.220 and 2002 c 297 s 3 are each amended to read
- 16 as follows:
- 17 (1) The secretary of state ((shall)) must collect in accordance
- 18 with the provisions of this title:

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- 1 (a) Fees for filing records and issuing certificates;
- 2 (b) Miscellaneous charges;
- 3 (c) License fees as provided in RCW 23B.01.500 through 23B.01.550;
- 4 (d) Penalty fees; and
- 5 (e) Other fees as the secretary of state may establish by rule 6 adopted under chapter 34.05 RCW.
- 7 (2) ((The secretary of state shall collect the following fees when 8 the records described in this subsection are delivered for filing:
- 9 One hundred seventy-five dollars, pursuant to RCW 23B.01.520 and 10 23B.01.540, for:
- 11 (a) Articles of incorporation; and
- 12 (b) Application for certificate of authority.
- 13 (3)) The secretary of state ((shall)) must establish by rule, fees for the following:
- 15 (a) <u>Articles of incorporation;</u>
- (b) Application for certificate of authority;
- 17 <u>(c)</u> Application for reinstatement;
- 18 (((b))) <u>(d)</u> Articles of correction;
- 19 $((\frac{c}{c}))$ (e) Amendment of articles of incorporation;
- 20 $((\frac{d}{d}))$ <u>(f)</u> Restatement of articles of incorporation, with or 21 without amendment;
- 22 (((e))) <u>(g)</u> Articles of merger or share exchange;
- $((\frac{f}{f}))$ Articles of revocation of dissolution;
- $((\frac{g}{g}))$ (i) Application for amended certificate of authority;
- 25 $((\frac{h}{h}))$ <u>(j)</u> Application for reservation, registration, or 26 assignment of reserved name;
- $((\frac{1}{2}))$ (k) Corporation's statement of change of registered agent or registered office, or both, except where this information is provided in conjunction with and on an initial report or an annual report form filed under RCW 23B.01.530, 23B.01.550, 23B.02.050, or
- 31 23B.16.220;
- 32 $((\frac{(j)}{j}))$ <u>(1)</u> Agent's resignation, or statement of change of registered office, or both, for each affected corporation;
- $((\frac{k}{k}))$ (m) Initial report; and
- $((\frac{1}{n}))$ (n) Any record not listed in this subsection that is required or permitted to be filed under this title.
- 37 $((\frac{4}{1}))$ (3) Fees $(\frac{3}{1})$ must be adjusted by rule only in an

- amount that does not exceed the average biennial increase in the cost of providing service. This ((shall)) <u>must</u> be determined in a biennial cost study performed by the secretary of state.
- 4 $((\frac{5}{}))$ $\underline{(4)}$ The secretary of state $(\frac{5}{})$ $\underline{(4)}$ may not collect fees for:
 - (a) Agent's consent to act as agent;
 - (b) Agent's resignation, if appointed without consent;
- 8 (c) Articles of dissolution;

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- (d) Certificate of judicial dissolution;
 - (e) Application for certificate of withdrawal; and
- 11 (f) Annual report when filed concurrently with the payment of annual license fees.
 - ((+6)) (5) The secretary of state (+8) must collect a fee in an amount established by the secretary of state by rule per defendant served, upon being served process under this title. The party to a proceeding causing service of process is entitled to recover this fee as costs if such party prevails in the proceeding.
- 18 $((\frac{7}{}))$ (6) The secretary of state $(\frac{1}{})$ must establish by rule 19 and collect a fee from every person or organization:
- 20 (a) For furnishing a certified copy of any record, instrument, or 21 paper relating to a corporation;
- 22 (b) For furnishing a certificate, under seal, attesting to the 23 existence of a corporation, or any other certificate; and
 - (c) For furnishing copies of any record, instrument, or paper relating to a corporation, other than of an initial report or an annual report.
 - (((8))) <u>(7)</u> For annual license fees for domestic and foreign corporations, see RCW 23B.01.500, 23B.01.510, 23B.01.530, and 23B.01.550. For penalties for nonpayment of annual license fees and failure to complete annual report, see RCW 23B.01.570.
- 31 **Sec. 3.** RCW 23B.01.520 and 1989 c 165 s 18 are each amended to 32 read as follows:
- Every domestic corporation, except one for which existing law provides a different fee schedule, ((shall)) must pay for filing of its articles of incorporation and its first year's license a fee ((of one hundred seventy-five dollars)) as established by the secretary of state in rule.

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1 **Sec. 4.** RCW 23B.01.530 and 1993 c 269 s 3 are each amended to read 2 as follows:

For the privilege of doing business, every corporation organized 3 4 under the laws of this state, except the corporations for which existing law provides a different fee schedule, ((shall)) must make and 5 6 file a statement in the form prescribed by the secretary of state and 7 ((shall)) must pay an annual license fee each year 8 incorporation, on or before the expiration date of its corporate license, to the secretary of state. The secretary of state ((shall)) 9 10 must collect an annual license fee ((of ten dollars for each inactive 11 corporation and fifty dollars for other corporations)) as established 12 by the secretary of state in rule. As used in this section, "inactive 13 corporation" means a corporation that certifies at the time of filing under this section that it did not engage in any business activities 14 15 during the year ending on the expiration date of its corporate license.

- 16 **Sec. 5.** RCW 24.03.405 and 1993 c 269 s 5 are each amended to read as follows:
 - (1) ((The secretary of state shall charge and collect for:
- 19 (a) Filing articles of incorporation, thirty dollars.
- 20 (b) Filing an annual report of a domestic or foreign corporation, 21 ten dollars.
- (c) Filing an application of a foreign corporation for a certificate of authority to conduct affairs in this state, thirty dollars.
- 25 $\frac{(2)}{(2)}$) The secretary of state $(\frac{\text{shall}}{)}$ must establish by rule, fees for the following:
 - (a) Filing articles of incorporation.

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- 28 (b) Filing an annual report of a domestic or foreign corporation.
- 29 <u>(c) Filing an application of a foreign corporation for a</u> 30 certificate of authority to conduct affairs in this state.
 - (d) An application for reinstatement under RCW 24.03.386.
- 32 (((b))) <u>(e)</u> Filing articles of amendment or restatement or an 33 amendment or supplement to an application for reinstatement.
- (((c))) (f) Filing articles of merger or consolidation.
- (((d))) <u>(g)</u> Filing a statement of change of address of registered office or change of registered agent, or revocation, resignation, or any combination of these. ((A separate fee for filing such statement

- shall not be charged if the statement appears in an amendment to articles of incorporation or in conjunction with the filing of the annual report.
 - (e))) (h) Filing articles of dissolution((, no fee)).
- 5 (((f))) <u>(i)</u> Filing an application of a foreign corporation for an 6 amended certificate of authority to conduct affairs in this state.
 - $((\frac{g}))$ (j) Filing an application for withdrawal of a foreign corporation and issuing a certificate of withdrawal($(\frac{g}{g})$).
- 9 (((h))) <u>(k)</u> Filing a certificate by a foreign corporation of the 10 appointment of a registered agent. ((A separate fee for filing such 11 certificate shall not be charged if the statement appears in 12 conjunction with the filing of the annual report.
- $\frac{(i)}{(i)}$) (1) Filing a certificate of election adopting the provisions of chapter 24.03 RCW.
- 15 $((\frac{(j)}{j}))$ (m) Filing an application to reserve a corporate name.
- 16 $((\frac{k}{n}))$ (n) Filing a notice of transfer of a reserved corporate 17 name.
- 18 $((\frac{1}{1}))$ (o) Filing a name registration.

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- 19 $((\frac{m}{m}))$ (p) Filing any other statement or report authorized for 20 filing under this chapter.
- (((3))) <u>(2)</u> Fees ((shall be)) <u>are</u> adjusted by rule only in an amount that does not exceed the average biennial increase in the cost of providing service. This ((shall)) <u>must</u> be determined in a ((biannual [biennial])) <u>biennial</u> cost study performed by the secretary.
- 25 **Sec. 6.** RCW 24.06.450 and 1993 c 269 s 7 are each amended to read 26 as follows:
 - (1) ((The secretary of state shall charge and collect for:
- 28 (a) Filing articles of incorporation, thirty dollars.
- 29 (b) Filing an annual report, ten dollars.
- (c) Filing an application of a foreign corporation for a certificate of authority to conduct affairs in this state, thirty dollars.
- 33 $\frac{(2)}{(2)}$) The secretary of state $((\frac{shall}{(2)}))$ must establish by rule, fees for the following:
- 35 (a) Filing articles of incorporation.
- 36 (b) Filing an annual report.

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- 1 (c) Filing an application of a foreign corporation for a certificate of authority to conduct affairs in this state.
 - (d) Filing articles of amendment or restatement.

- (((b))) <u>(e)</u> Filing articles of merger or consolidation.
- $((\frac{c}{c}))$ (f) Filing a statement of change of address of registered office or change of registered agent, or revocation, resignation, or any combination of these. ((A separate fee for filing such statement shall not be charged if the statement appears in an amendment to the articles of incorporation or in conjunction with the annual report.
 - (d))) (g) Filing articles of dissolution, no fee.
- $((\frac{(e)}{(e)}))$ (h) Filing an application of a foreign corporation for an amended certificate of authority to conduct affairs in this state.
- $((\frac{f}{f}))$ (i) Filing a copy of an amendment to the articles of incorporation of a foreign corporation holding a certificate of authority to conduct affairs in this state.
- $((\frac{g}{g}))$ (j) Filing a copy of articles of merger of a foreign corporation holding a certificate of authority to conduct affairs in this state.
- $((\frac{h}{h}))$ <u>(k)</u> Filing an application for withdrawal of a foreign corporation and issuing a certificate of withdrawal($(\frac{h}{h})$).
 - $((\frac{1}{2}))$ (1) Filing a certificate by a foreign corporation of the appointment of a registered agent. ((A separate fee for filing such certificate shall not be charged if the statement appears in an amendment to the articles of incorporation or in conjunction with the annual report.
 - (j))) (m) Filing a certificate by a foreign corporation of the revocation of the appointment of a registered agent. ((A separate fee for filing such certificate shall not be charged if the statement appears in an amendment to the articles of incorporation or in conjunction with the annual report.
 - $\frac{(k)}{(n)}$ Filing an application to reserve a corporate name.
- $((\frac{1}{1}))$ (o) Filing a notice of transfer of a reserved corporate name.
- $((\frac{m}{m}))$ (p) Filing any other statement or report of a domestic or foreign corporation.
- $((\frac{3}{3}))$ (2) Fees $(\frac{\text{shall be}}{\text{be}})$ are adjusted by rule in an amount 37 that does not exceed the average biennial increase in the cost of

providing service. This ((shall)) <u>must</u> be determined in a biennial cost study performed by the secretary.

- Sec. 7. RCW 25.05.500 and 2009 c 437 s 4 are each amended to read as follows:
- (1) A partnership which is not a limited liability partnership on June 11, 1998, may become a limited liability partnership upon the approval of the terms and conditions upon which it becomes a limited liability partnership by the vote necessary to amend the partnership agreement except, in the case of a partnership agreement that expressly considers obligations to contribute to the partnership, the vote necessary to amend those provisions, and by filing the applications required by subsection (2) of this section. A partnership which is a limited liability partnership on June 11, 1998, continues as a limited liability partnership under this chapter.
- (2)(a) To become and to continue as a limited liability partnership, a partnership ((shall)) must file with the secretary of state an application stating the name of the partnership; the location of a registered office, which need not be a place of its activity in this state; the address of its principal office; if the partnership's principal office is not located in this state, the address of a registered office and the name and address of a registered agent for service of process in this state which the partnership will be required to continuously maintain; the number of partners; a brief statement of the business in which the partnership engages; any other matters that the partnership determines to include; and that the partnership thereby applies for status as a limited liability partnership.
- (b) A registered agent for service of process under (a) of this subsection must be an individual who is a resident of this state or other person authorized to do business in this state.
- (3) The application ((shall)) <u>must</u> be accompanied by a fee ((of one hundred seventy-five dollars)) for each partnership <u>as established by the secretary of state in rule</u>.
- (4) The secretary of state ((shall)) <u>must</u> register as a limited liability partnership any partnership that submits a completed application with the required fee.
- (5) A partnership registered under this section ((shall)) <u>must</u> pay an annual fee, in each year following the year in which its application

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- is filed, on a date and in an amount specified by the secretary of state. The fee must be accompanied by a notice, on a form provided by the secretary of state, of the number of partners currently in the partnership and of any material changes in the information contained in the partnership's application for registration.
 - (6) Registration is effective immediately after the date an application is filed, and remains effective until:

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- (a) It is voluntarily withdrawn by filing with the secretary of state a written withdrawal notice executed by a majority of the partners or by one or more partners or other persons authorized to execute a withdrawal notice; or
- (b) Thirty days after receipt by the partnership of a notice from the secretary of state, which notice ((shall)) <u>must</u> be sent by first-class mail, postage prepaid, that the partnership has failed to make timely payment of the annual fee specified in subsection (5) of this section, unless the fee is paid within such a thirty-day period.
- (7) The status of a partnership as a limited liability partnership, and the liability of the partners thereof, ((shall)) is not ((be)) affected by: (a) Errors in the information stated in an application under subsection (2) of this section or a notice under subsection (6) of this section; or (b) changes after the filing of such an application or notice in the information stated in the application or notice.
- 23 (8) The secretary of state may provide forms for the application 24 under subsection (2) of this section or a notice under subsection (6) 25 of this section.
- 26 **Sec. 8.** RCW 43.07.120 and 1998 c 103 s 1309 are each amended to read as follows:
- 28 (1) The secretary of state ((shall)) <u>must</u> establish by rule and 29 collect the fees in this subsection:
- 30 (a) For a copy of any law, resolution, record, or other document or 31 paper on file in the secretary's office;
 - (b) For any certificate under seal;
 - (c) For filing and recording trademark;
- 34 (d) For each deed or patent of land issued by the governor;
- 35 (e) For recording miscellaneous records, papers, or other 36 documents.

- (2) The secretary of state may adopt rules under chapter 34.05 RCW establishing reasonable fees for the following services rendered under Title 23B RCW, chapter 18.100, 19.09, 19.34, 19.77, 23.86, 23.90, 24.03, 24.06, 24.12, 24.20, 24.24, 24.28, 24.36, 25.04, 25.15, 25.10, ((or)) 25.05, or 26.60 RCW:
- 6 (a) Any service rendered in-person at the secretary of state's office;
 - (b) Any expedited service;

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- 9 (c) The electronic or facsimile transmittal of information from corporation records or copies of documents;
- 11 (d) The providing of information by micrographic or other reduced-12 format compilation;
 - (e) The handling of checks, drafts, or credit or debit cards upon adoption of rules authorizing their use for which sufficient funds are not on deposit; and
 - (f) Special search charges.
 - (3) To facilitate the collection of fees, the secretary of state may establish accounts for deposits by persons who may frequently be assessed such fees to pay the fees as they are assessed. The secretary of state may make whatever arrangements with those persons as may be necessary to carry out this section.
- 22 (4) The secretary of state may adopt rules for the use of credit or 23 debit cards for payment of fees.
 - (5) No member of the legislature, state officer, justice of the supreme court, judge of the court of appeals, or judge of the superior court ((shall)) may be charged for any search relative to matters pertaining to the duties of his or her office; nor may such official be charged for a certified copy of any law or resolution passed by the legislature relative to his or her official duties, if such law has not been published as a state law.
- 31 **Sec. 9.** RCW 43.07.130 and 2005 c 518 s 924 are each amended to read as follows:
- There is created within the state treasury a revolving fund, to be known as the "secretary of state's revolving fund," which ((shall))

 must be used by the office of the secretary of state to defray the costs of ((printing, reprinting, or distributing printed matter))

 providing registration and information services authorized by law ((to

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be issued)) by the office of the secretary of state, and any other cost
of carrying out the functions of the secretary of state under Title 11,
18, 19, 23, 23B, 24, 25, 26, 30, 42, 43, or 64 RCW((, or chapters
18.100, 23.86, 23.90, 24.03, 24.06, 24.12, 24.20, 24.24, 24.28, 24.36,

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25.15, or 25.10 RCW)).

The secretary of state is ((hereby)) authorized to charge a fee for ((such)) publications in an amount which will compensate for the costs of printing, reprinting, and distributing such printed matter. Fees recovered by the secretary of state under RCW 43.07.120(2), 19.09.305, 19.09.315, 19.09.440, 23B.01.220 (1)(e)((τ)) and (6) ((and (7))), 23B.18.050, 24.03.410, 24.06.455, 25.10.600(6), 25.10.916(1)(e), or 46.64.040, and such other moneys as are expressly designated for deposit in the secretary of state's revolving fund ((shall)) must be placed in the secretary of state's revolving fund.

During the 2005-2007 fiscal biennium, the legislature may transfer from the secretary of state's revolving fund to the state general fund such amounts as reflect the excess fund balance of the fund.

- 18 **Sec. 10.** RCW 25.15.105 and 2001 c 307 s 2 are each amended to read 19 as follows:
 - (1) Each domestic limited liability company, and each foreign limited liability company authorized to transact business in this state, ((shall)) must deliver to the secretary of state for filing, both initial and annual reports that set forth:
 - (a) The name of the company and the state or country under whose law it is organized;
 - (b) The street address of its registered office and the name of its registered agent at that office in this state;
 - (c) In the case of a foreign company, the address of its principal office in the state or country under the laws of which it is organized;
- 30 (d) The address of the principal place of business of the company 31 in this state;
 - (e) The names and addresses of the company's members, or if the management of the company is vested in a manager or managers, then the name and address of its manager or managers; and
 - (f) A brief description of the nature of its business.
- 36 (2) Information in an initial report or an annual report must be 37 current as of the date the report is executed on behalf of the company.

(3) A company's initial report must be delivered to the secretary of state within one hundred twenty days of the date on which a domestic company's certificate of formation was filed, or on which a foreign company's application for registration was submitted. Subsequent annual reports must be delivered to the secretary of state on a date determined by the secretary of state, and at such additional times as the company elects.

- (4)(a) The secretary of state may allow a company to file an <u>initial or</u> annual report through electronic means. If allowed, the secretary of state ((shall)) <u>must</u> adopt rules detailing the circumstances under which the electronic filing of ((such)) <u>the</u> reports ((shall be)) is permitted and how ((such)) the reports may be filed.
- (b) For purposes of this section only, a person executing an electronically filed annual report may deliver the report to the office of the secretary of state without a signature and without an exact or conformed copy, but the person's name must appear in the electronic filing as the person executing the filing, and the filing must state the capacity in which the person is executing the filing.
- **Sec. 11.** RCW 19.77.030 and 1998 c 39 s 1 are each amended to read 20 as follows:
 - (1) Subject to the limitations set forth in this chapter, any person who has adopted and is using a trademark in this state may file in the office of the secretary of state, on a form to be furnished by the secretary of state, an application for registration of that trademark setting forth, but not limited to, the following information:
 - (a) The name and business address of the applicant, and, if the applicant is a corporation, its state of incorporation;
 - (b) The particular goods or services in connection with which the trademark is used and the class in which such goods or services fall;
 - (c) The manner in which the trademark is placed on or affixed to the goods or containers, or displayed in connection with such goods, or used in connection with the sale or advertising of the services;
 - (d) The date when the trademark was first used with such goods or services anywhere and the date when it was first used with such goods or services in this state by the applicant or his predecessor in business;

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1 (e) A statement that the trademark is presently in use in this 2 state by the applicant;

- (f) A statement that the applicant believes himself to be the owner of the trademark and believes that no other person has the right to use such trademark in connection with the same or similar goods or services in this state either in the identical form or in such near resemblance thereto as to be likely, when used on or in connection with the goods or services of such other person, to cause confusion or mistake or to deceive; and
- (g) Such additional information or documents as the secretary of state may reasonably require.
- (2) A single application for registration of a trademark may specify all goods or services in a single class or in multiple classes for which the trademark is actually being used.
- (3) The application ((shall)) <u>must</u> be signed by the applicant individual, or by a member of the applicant firm, or by an officer of the applicant corporation, association, union or other organization.
- (4) The application ((shall)) <u>must</u> be accompanied by three specimens or facsimiles of the trademark for each of the goods or services for which its registration is requested, and a filing fee, as set by rule by the secretary of state, payable to the secretary of state. The fee established by the secretary may vary based upon the number of categories listed in the application.
- (5) An applicant may correct an application previously filed by the secretary of state, within ninety days of the original filing, if the application contains an incorrect statement or the application was defectively executed, signed, or acknowledged. An application is corrected by filing a form provided by the secretary of state, and accompanied by a filing fee established by the secretary by rule. The correction may not change the mark itself. A corrected application is effective on the effective date of the document it corrects, except that it is effective on the date the correction is filed as to persons relying on the uncorrected document and adversely affected by the correction.
- (6) An applicant may amend an application previously filed by the secretary of state if the applicant changes the categories in which it does business. An application is amended by filing a form provided by the secretary of state, accompanied by three specimens or facsimiles of

the trademark for any new or additional goods or services for which the amendment is requested, and a filing fee established by the secretary by rule. The amendment or correction may not change the mark itself. An amended application is effective on the date it is filed.

(7) If the secretary of state determines within ninety days of issuance, that a certificate of registration was issued in error, then the secretary may cancel the certificate of registration. The secretary shall promptly notify the registrant of the cancellation in writing. The registrant may petition the superior court of Thurston county for review of the cancellation within sixty days.

Sec. 12. RCW 23.86.070 and 1993 c 269 s 1 are each amended to read 12 as follows:

For filing articles of incorporation of an association organized under this chapter or filing application for a certificate of authority by a foreign corporation, there ((shall)) must be paid to the secretary of state ((the sum of twenty five dollars)) a fee as established by the secretary by rule. Fees for filing an amendment to articles of incorporation ((shall)) must be established by the secretary of state by rule. For filing other documents with the secretary of state and issuing certificates, fees ((shall be)) are as prescribed in RCW 23B.01.220. Associations subject to this chapter ((shall)) are not ((be)) subject to any corporation license fees excepting the fees hereinabove enumerated.

- **Sec. 13.** RCW 19.09.520 and 2007 c 471 s 13 are each reenacted to 25 read as follows:
 - (1) To provide for a charitable organization education program as authorized in RCW 19.09.510, the secretary may establish fees on registrations for entities filing with the secretary as organizations pursuant to this chapter.
- 30 (2) The fees authorized in this section are in addition to the 31 existing fees established by the secretary in rule for organizations 32 required to register under this chapter.

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