

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 6150

54th Legislature
1996 Regular Session

Passed by the Senate February 8, 1996
YEAS 48 NAYS 0

President of the Senate

Passed by the House February 27, 1996
YEAS 98 NAYS 0

**Speaker of the
House of Representatives**

Approved

Governor of the State of Washington

CERTIFICATE

I, Marty Brown, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6150** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 6150

Passed Legislature - 1996 Regular Session

State of Washington

54th Legislature

1996 Regular Session

By Senate Committee on Health & Long-Term Care (originally sponsored by Senators Thibaudeau, Deccio, Kohl, Franklin and Wood)

Read first time 02/02/96.

1 AN ACT Relating to health care professionals doing business as
2 professional service corporations or limited liability companies; and
3 amending RCW 18.100.050 and 25.15.045.

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

5 **Sec. 1.** RCW 18.100.050 and 1991 c 72 s 3 are each amended to read
6 as follows:

7 (1) An individual or group of individuals duly licensed or
8 otherwise legally authorized to render the same professional services
9 within this state may organize and become a shareholder or shareholders
10 of a professional corporation for pecuniary profit under the provisions
11 of Title 23B RCW for the purpose of rendering professional service(~~(÷~~
12 ~~PROVIDED, That)~~). One or more of ((such)) the legally authorized
13 individuals shall be the incorporators of ((such)) the professional
14 corporation(~~(÷—PROVIDED FURTHER, That)~~).

15 (2) Notwithstanding any other provision of this chapter, registered
16 architects and registered engineers may own stock in and render their
17 individual professional services through one professional service
18 corporation(~~(÷—PROVIDED FURTHER, That)~~).

1 (3) Licensed health care professionals, providing services to
2 enrolled participants either directly or through arrangements with a
3 health maintenance organization registered under chapter 48.46 RCW or
4 federally qualified health maintenance organization, may own stock in
5 and render their individual professional services through one
6 professional service corporation(~~(: AND PROVIDED FURTHER, That)~~).

7 (4) Professionals may organize a nonprofit nonstock corporation
8 under this chapter and chapter 24.03 RCW to provide professional
9 services, and the provisions of this chapter relating to stock and
10 referring to Title 23B RCW shall not apply to any such corporation.

11 (5)(a) Notwithstanding any other provision of this chapter, health
12 care professionals who are licensed or certified pursuant to chapters
13 18.06, 18.19, 18.22, 18.25, 18.29, 18.34, 18.35, 18.36A, 18.50, 18.53,
14 18.55, 18.64, 18.79, 18.83, 18.89, 18.108, and 18.138 RCW may own stock
15 in and render their individual professional services through one
16 professional service corporation and are to be considered, for the
17 purpose of forming a professional service corporation, as rendering the
18 "same specific professional services" or "same professional services"
19 or similar terms.

20 (b) Notwithstanding any other provision of this chapter, health
21 care professionals who are licensed pursuant to chapters 18.57 and
22 18.71 RCW may own stock in and render their individual professional
23 services through one professional service corporation and are to be
24 considered, for the purpose of forming a professional service
25 corporation, as rendering the "same specific professional services" or
26 "same professional services" or similar terms.

27 (c) Formation of a professional service corporation under this
28 subsection does not restrict the application of the uniform
29 disciplinary act under chapter 18.130 RCW, or applicable health care
30 professional statutes under Title 18 RCW, including but not limited to
31 restrictions on persons practicing a health profession without being
32 appropriately credentialed and persons practicing beyond the scope of
33 their credential.

34 **Sec. 2.** RCW 25.15.045 and 1995 c 337 s 14 are each amended to read
35 as follows:

36 (1) A person or group of persons licensed or otherwise legally
37 authorized to render professional services within this state may
38 organize and become a member or members of a professional limited

1 liability company under the provisions of this chapter for the purposes
2 of rendering professional service. A "professional limited liability
3 company" is subject to all the provisions of chapter 18.100 RCW that
4 apply to a professional corporation, and its managers, members, agents,
5 and employees shall be subject to all the provisions of chapter 18.100
6 RCW that apply to the directors, officers, shareholders, agents, or
7 employees of a professional corporation, except as provided otherwise
8 in this section. Nothing in this section prohibits a person duly
9 licensed or otherwise legally authorized to render professional
10 services in any jurisdiction other than this state from becoming a
11 member of a professional limited liability company organized for the
12 purpose of rendering the same professional services. Nothing in this
13 section prohibits a professional limited liability company from
14 rendering professional services outside this state through individuals
15 who are not duly licensed or otherwise legally authorized to render
16 such professional services within this state. Notwithstanding RCW
17 18.100.065, persons engaged in a profession and otherwise meeting the
18 requirements of this chapter may operate under this chapter as a
19 professional limited liability company so long as each member
20 personally engaged in the practice of the profession in this state is
21 duly licensed or otherwise legally authorized to practice the
22 profession in this state and:

23 (a) At least one manager of the company is duly licensed or
24 otherwise legally authorized to practice the profession in this state;
25 or

26 (b) Each member in charge of an office of the company in this state
27 is duly licensed or otherwise legally authorized to practice the
28 profession in this state.

29 (2) If the company's members are required to be licensed to
30 practice such profession, and the company fails to maintain for itself
31 and for its members practicing in this state a policy of professional
32 liability insurance, bond, or other evidence of financial
33 responsibility of a kind designated by rule by the state insurance
34 commissioner and in the amount of at least one million dollars or
35 (~~such~~) a greater amount as the state insurance commissioner may
36 establish by rule for a licensed profession or for any specialty within
37 a profession, taking into account the nature and size of the business,
38 then the company's members (~~shall be~~) are personally liable to the
39 extent that, had (~~such~~) the insurance, bond, or other evidence of

1 responsibility been maintained, it would have covered the liability in
2 question.

3 (3) For purposes of applying the provisions of chapter 18.100 RCW
4 to a professional limited liability company, the terms "director" or
5 "officer" (~~shall~~) means manager, "shareholder" (~~shall~~) means
6 member, "corporation" (~~shall~~) means professional limited liability
7 company, "articles of incorporation" (~~shall~~) means certificate of
8 formation, "shares" or "capital stock" (~~shall~~) means a limited
9 liability company interest, "incorporator" (~~shall~~) means the person
10 who executes the certificate of formation, and "bylaws" (~~shall~~) means
11 the limited liability company agreement.

12 (4) The name of a professional limited liability company must
13 contain either the words "Professional Limited Liability Company," or
14 the words "Professional Limited Liability" and the abbreviation "Co.,"
15 or the abbreviation "P.L.L.C." provided that the name of a professional
16 limited liability company organized to render dental services shall
17 contain the full names or surnames of all members and no other word
18 than "chartered" or the words "professional services" or the
19 abbreviation "P.L.L.C."

20 (5) Subject to the provisions in article VII of this chapter, the
21 following may be a member of a professional limited liability company
22 and may be the transferee of the interest of an ineligible person or
23 deceased member of the professional limited liability company:

24 (a) A professional corporation, if its shareholders, directors, and
25 its officers other than the secretary and the treasurer, are licensed
26 or otherwise legally authorized to render the same specific
27 professional services as the professional limited liability company;
28 and

29 (b) Another professional limited liability company, if the managers
30 and members of both professional limited liability companies are
31 licensed or otherwise legally authorized to render the same specific
32 professional services.

33 (6)(a) Notwithstanding any other provision of this chapter, health
34 care professionals who are licensed or certified pursuant to chapters
35 18.06, 18.19, 18.22, 18.25, 18.29, 18.34, 18.35, 18.36A, 18.50, 18.53,
36 18.55, 18.64, 18.79, 18.83, 18.89, 18.108, and 18.138 RCW may own
37 membership interests in and render their individual professional
38 services through one limited liability company and are to be
39 considered, for the purpose of forming a limited liability company, as

1 rendering the "same specific professional services" or "same
2 professional services" or similar terms.

3 (b) Notwithstanding any other provision of this chapter, health
4 care professionals who are licensed pursuant to chapters 18.57 and
5 18.71 RCW may own membership interests in and render their individual
6 professional services through one limited liability company and are to
7 be considered, for the purpose of forming a limited liability company,
8 as rendering the "same specific professional services" or "same
9 professional services" or similar terms.

10 (c) Formation of a limited liability company under this subsection
11 does not restrict the application of the uniform disciplinary act under
12 chapter 18.130 RCW, or any applicable health care professional statutes
13 under Title 18 RCW, including but not limited to restrictions on
14 persons practicing a health profession without being appropriately
15 credentialed and persons practicing beyond the scope of their
16 credential.

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