

CERTIFICATION OF ENROLLMENT  
**SUBSTITUTE SENATE BILL 6150**

Chapter 22, Laws of 1996

54th Legislature  
1996 Regular Session

HEALTH CARE PROFESSIONALS--PROFESSIONAL SERVICE CORPORATIONS  
AND LIMITED LIABILITY COMPANIES--COMPOSITION

EFFECTIVE DATE: 6/6/96

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

JOEL PRITCHARD

**President of the Senate**

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

CLYDE BALLARD

**Speaker of the  
House of Representatives**

Approved March 7, 1996

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.

MARTY BROWN

**Secretary**

FILED

March 7, 1996 - 10:12 a.m.

MIKE LOWRY

**Governor of the State of Washington**

**Secretary of State  
State of Washington**

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**SUBSTITUTE SENATE BILL 6150**

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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.

Passed the Senate February 8, 1996.

Passed the House February 27, 1996.

Approved by the Governor March 7, 1996.

Filed in Office of Secretary of State March 7, 1996.