

2 SHB 2389 - S COMM AMD

3 By Committee on Law & Justice

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5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 18.100.060 and 1983 c 51 s 3 are each amended to read
8 as follows:

9 (1) No corporation organized under this chapter may render
10 professional services except through individuals who are duly licensed
11 or otherwise legally authorized to render such professional services
12 within this state(~~(:—PROVIDED, That)).~~ However, nothing in this
13 chapter shall be interpreted to:

14 (a) Prohibit a person duly licensed or otherwise legally authorized
15 to render professional services in any jurisdiction other than this
16 state from becoming a member of a professional corporation in this
17 state organized for the purpose of rendering the same professional
18 services;

19 (b) Prohibit a professional corporation from rendering services
20 outside this state through individuals who are not duly licensed or
21 otherwise legally authorized to render professional services within
22 this state; or

23 (c) Require the licensing of clerks, secretaries, bookkeepers,
24 technicians, and other assistants employed by a professional
25 corporation who are not usually and ordinarily considered by custom and
26 practice to be rendering professional services to the public for which
27 a license or other legal authorization is required.

28 (2) Persons engaged in a profession and otherwise meeting the
29 requirements of this chapter may operate under this chapter as a
30 professional corporation so long as each shareholder personally engaged
31 in the practice of the profession in this state is duly licensed or
32 otherwise legally authorized to practice the profession in this state
33 and:

34 (a) At least one officer and one director of the corporation is
35 duly licensed or otherwise legally authorized to practice the
36 profession in this state; or

1 (b) Each officer in charge of an office of the corporation in this
2 state is duly licensed or otherwise legally authorized to practice the
3 profession in this state.

4 **Sec. 2.** RCW 18.100.065 and 1983 c 51 s 7 are each amended to read
5 as follows:

6 Except as otherwise provided in RCW 18.100.118, all directors of a
7 corporation organized under this chapter and all officers other than
8 the secretary and the treasurer shall be duly licensed or otherwise
9 legally authorized to render the same specific professional services
10 within this or any other state as those for which the corporation was
11 incorporated.

12 **Sec. 3.** RCW 18.100.090 and 1997 c 18 s 2 are each amended to read
13 as follows:

14 Except as otherwise provided in RCW 18.100.118, no professional
15 corporation organized under the provisions of this chapter may issue
16 any of its capital stock to anyone other than the trustee of a
17 qualified trust or an individual who is duly licensed or otherwise
18 legally authorized to render the same specific professional services
19 within this or any other state as those for which the corporation was
20 incorporated.

21 **Sec. 4.** RCW 18.100.100 and 1969 c 122 s 10 are each amended to
22 read as follows:

23 (~~If any~~) Unless a director, officer, shareholder, agent or
24 employee of a corporation organized under this chapter who has been
25 rendering professional service to the public (~~becomes~~) is legally
26 (~~disqualified~~) qualified at all times to render such professional
27 services within (~~this~~) at least one state in which the corporation
28 conducts business, he or she shall sever all employment with, and
29 financial interests in, such corporation forthwith. A corporation's
30 failure to require compliance with this provision shall constitute a
31 ground for the forfeiture of its articles of incorporation and its
32 dissolution. When a corporation's failure to comply with this
33 provision is brought to the attention of the office of the secretary of
34 state, the secretary of state forthwith shall certify that fact to the
35 attorney general for appropriate action to dissolve the corporation.

1 **Sec. 5.** RCW 25.15.045 and 1997 c 390 s 4 are each amended to read
2 as follows:

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

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

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

34 (2) If the company's members are required to be licensed to
35 practice such profession, and the company fails to maintain for itself
36 and for its members practicing in this state a policy of professional
37 liability insurance, bond, or other evidence of financial
38 responsibility of a kind designated by rule by the state insurance
39 commissioner and in the amount of at least one million dollars or a

1 greater amount as the state insurance commissioner may establish by
2 rule for a licensed profession or for any specialty within a
3 profession, taking into account the nature and size of the business,
4 then the company's members are personally liable to the extent that,
5 had the insurance, bond, or other evidence of responsibility been
6 maintained, it would have covered the liability in question.

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

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

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

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

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

36 (6)(a) Notwithstanding any other provision of this chapter, health
37 care professionals who are licensed or certified pursuant to chapters
38 18.06, 18.19, 18.22, 18.25, 18.29, 18.34, 18.35, 18.36A, 18.50, 18.53,
39 18.55, 18.57, 18.57A, 18.64, 18.71, 18.71A, 18.79, 18.83, 18.89,

1 18.108, and 18.138 RCW may own membership interests in and render their
2 individual professional services through one limited liability company
3 and are to be considered, for the purpose of forming a limited
4 liability company, as rendering the "same specific professional
5 services" or "same professional services" or similar terms.

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

13 **Sec. 6.** RCW 18.100.114 and 1983 c 51 s 8 are each amended to read
14 as follows:

15 (1) A corporation organized under this chapter may merge or
16 consolidate with another corporation, domestic or foreign, organized to
17 render the same specific professional services, only if every
18 shareholder of each corporation is eligible to be a shareholder of the
19 surviving or new corporation.

20 (2) Upon the merger or consolidation of a corporation organized
21 under this chapter, the surviving or new corporation, as the case may
22 be, may render professional services in this state only if it (~~is~~
23 ~~organized under, and~~) complies with(~~(7)~~) the provisions of this
24 chapter.

25 NEW SECTION. **Sec. 7.** This act shall take effect January 1, 1999.

26 NEW SECTION. **Sec. 8.** A new section is added to chapter 18.100 RCW
27 to read as follows:

28 A foreign professional corporation may render professional services
29 in this state provided that it complies with chapter 23B.15 RCW and
30 that it renders professional services only through individuals who are
31 duly licensed or otherwise authorized to render such professional
32 services within this state.

33 NEW SECTION. **Sec. 9.** This act shall not apply to professional
34 entities which include the professional practice of physicians licensed
35 pursuant to chapter 18.71 RCW until January 1, 1999."

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4 On page 1, line 2 of the title, after "corporations;" strike the
5 remainder of the title and insert "amending RCW 18.100.060, 18.100.065,
6 18.100.090, 18.100.100, 25.15.045, and 18.100.114; adding a new section
7 to chapter 18.100 RCW; creating a new section; and providing an
8 effective date."

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