

# SENATE BILL REPORT

## HB 2387

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As Reported By Senate Committee On:  
Law & Justice, February 25, 1998

**Title:** An act relating to shares and distributions under the Washington business corporation act.

**Brief Description:** Regulating shareholder rights under the Washington business corporation act.

**Sponsors:** Representatives Sheahan, Constantine and Costa.

**Brief History:**

**Committee Activity:** Law & Justice: 2/24/98, 2/25/98 [DP].

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### SENATE COMMITTEE ON LAW & JUSTICE

**Majority Report:** Do pass.

Signed by Senators Roach, Chair; Johnson, Vice Chair; Fairley, Hargrove, Kline, Long, Stevens, Thibaudeau and Zarelli.

**Staff:** Harry Steinmetz (786-7421)

**Background:** Under current law a corporation may adopt various shareholder rights plans, including "poison pill provisions" that help the board of directors in its efforts to delay or foreclose hostile takeovers. The corporate law section of the Bar Association has suggested that the current law needs to be amended to clarify possible conflicting statutes.

**Summary of Bill:** The statute allowing shareholder right plans is clarified to ensure that boards of directors may utilize existing anti-takeover statutes to delay or foreclose hostile takeovers of corporations.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** No one.