

SENATE BILL REPORT

SHB 2389

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

Title: An act relating to facilitating interstate operations for Washington professional corporations.

Brief Description: Allowing for interstate professional services corporations.

Sponsors: House Committee on Law & Justice (originally sponsored by Representatives Sheahan, Constantine and Costa).

Brief History:

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

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: Do pass as amended.

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

Staff: David Johnson (786-7754)

Background: Professional limited liability companies may be composed of persons licensed to render professional services in any state. However, professional service corporations must be wholly owned by persons licensed in Washington.

The Washington State Bar Association has suggested that professional service corporations ought to be allowed to include licensed professionals from other states.

Summary of Amended Bill: Professionals not licensed in Washington, but properly licensed in any other jurisdiction, may become shareholders, directors, and officers of a professional service corporation in this state. The corporation must serve the same profession as that for which the individual is licensed.

A professional service corporation may render services outside Washington through an individual who is not licensed in Washington. Foreign corporations may also render services in Washington through professionals licensed in Washington.

If a shareholder is personally engaged in a profession in Washington, he or she must be licensed to practice that profession in Washington. Additionally, either one officer and one director of the corporation must be licensed to practice that profession in Washington or each office in Washington must have a corporate officer in charge of that office who is licensed to practice that profession here.

Every director, officer, shareholder, agent, and employee of a professional service corporation open to the public must be qualified at all times to render professional services in at least one state where the corporation does business.

Amended Bill Compared to Substitute Bill: The amendment allows out-of-state professional service corporations to do business in Washington and changes the effective date to January 1, 1999.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect January 1, 1999.

Testimony For: None.

Testimony Against: None.

Testified: No one.