
Judiciary Committee

HB 1592

Title: An act relating to business entities and associations registered with the secretary of state.

Brief Description: Registering business entities and associations with the secretary of state.

Sponsors: Representatives Pedersen, Rodne, Kelley and Kenney; by request of Secretary of State.

Brief Summary of Bill

- Changes the requirements for the reinstatement of dissolved Limited Liability Companies.
- Amends Limited Liability Partnership provisions to establish requirements for designating a registered agent and making changes to the registered agent or office.
- Amends the Corporations Sole Act, including prohibiting the formation of corporations sole after August 1, 2009.

Hearing Date: 2/2/09

Staff: Courtney Barnes (786-7194)

Background:

Limited Liability Companies

A Limited Liability Company (LLC) is a type of business entity that provide owners with limited personal liability for the LLC's debts and actions. One or more individuals or entities form LLCs through a certificate of formation filed with the Office of the Secretary of State (OSOS). The certificate of formation details the organization of the LLC, including provisions for management, assignments of interests, and distribution of profits or losses.

Limited Liability Partnerships

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A Limited Liability Partnership (LLP) is a type of business entity that is similar to a general partnership. Normally, unlike a general partnership, a partner does not have personal liability for the negligence of another partner. An LLP is often used by professionals, such as accountants and lawyers. All LLPs are required to register with the OSOS.

Corporations Sole

A corporation sole is a legal entity through which religious organizations can hold property and conduct business for the benefit of that organization. Corporations sole enable religious leaders to be incorporated for the purpose of ensuring the continuation of ownership of property dedicated to the benefit of a legitimate religious organization. Generally, creditors of a corporation sole may not look to the assets of the individual holding the office nor may the creditors of the individual look to the assets held by the corporation sole.

Summary of Bill:

Limited Liability Companies

The Limited Liability Companies Act is amended to change the requirements for the reinstatement of an administratively or voluntarily dissolved LLCs. If the LLC was dissolved administratively, an LLC may apply to the Office of the Secretary of State (OSOS) for reinstatement within five years after the effective date of dissolution. If the LLC was dissolved voluntarily, the LLC may apply for reinstatement within 120 days after the effective date of dissolution.

Limited Liability Partnership

Provisions are added to establish requirements for designating a registered agent and making changes to an LLP's registered office or agent. A registered agent must be an individual who is a Washington resident or a person authorized to do business in Washington. Registered agents are authorized to accept service of process on behalf of an LLP. If a registered agent wants to resign, the agent must notify the OSOS. When an LLP's registered agent cannot be found after reasonable diligence, the OSOS is authorized to accept service on behalf of the LLP. These requirements also apply to foreign LLPs.

Corporations Sole

Existing corporations sole registered with the OSOS are required to file an annual report with a \$10 filing fee. The OSOS is required to notify each corporation sole of the requirement to renew annually. The failure to file an annual report may result in the administrative dissolution of the corporation sole by the OSOS. A corporation sole that is dissolved or whose certificate of authority is revoked may request the OSOS to have the corporation sole reinstated. When exigent or mitigation circumstances are present, the OSOS may reinstate a corporation sole to full active status. The OSOS is required to keep all requests for reinstatement and the disposition of the requests. The OSOS will report to the Legislature annually the number of relief requests received in the preceding year and a summary of the disposition of the requests. Effective August 1, 2009, a corporation sole may not be formed.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.