

SENATE BILL REPORT

SHB 1704

AS REPORTED BY COMMITTEE ON GOVERNMENT OPERATIONS, APRIL 2, 1993

Brief Description: Authorizing the secretary of state to set fees by rule.

SPONSORS: House Committee on Revenue (originally sponsored by Representatives G. Fisher, Locke, Silver, Talcott and Flemming; by request of Secretary of State)

HOUSE COMMITTEE ON REVENUE

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Haugen, Chairman; Drew, Vice Chairman; Loveland, Owen, and Winsley.

Staff: Barbara Howard (786-7410)

Hearing Dates: March 31, 1993; April 2, 1993

BACKGROUND:

Corporations organized in the state of Washington must file their articles of incorporation with the Secretary of State's office. A for-profit corporation's filing fee and first-year license fee is \$175 and an annual license fee of \$50. Nonprofit corporations and mutual corporations pay an initial fee of \$30 and an annual fee of \$10. Corporations organized outside Washington that operate in Washington pay the same fees. Fraternal societies (\$20), building corporations of fraternal societies (\$20), credit unions (\$5), and savings and loan associations (\$10) also pay fees for filing articles of incorporation with the Secretary of State. The Secretary of State charges fees for a variety of services related to corporation filings, such as corrections, amendments, and copying. These fees are set in statute as dollar amounts.

All charitable organizations, independent fund raisers and nonprofit fund raisers annually provide information on fund-raising activities with the Secretary of State. Charitable trusts must register with the Attorney General. Information filed by charitable fund raisers and charitable trusts is available to the public.

SUMMARY:

The Secretary of State is authorized to establish fees by rule under the Administrative Procedure Act (APA) for corporation filings concerning: corrections, amendments, or restatement of articles of incorporation; articles of merger or share

exchange; revocation or dissolution; application for amended certificate of authority, or reservation, registration or assignment of reserved name; and changes of registered agents. The fees may be adjusted only by administrative rule and only by an amount that does not exceed the cost of providing services.

The Secretary of State may also set fees by administrative rule for furnishing copies of documents.

The annual license fee for inactive corporations is set at \$10 rather than \$50. Fees for filing articles of incorporation for credit unions and savings and loan associations are increased to \$20. The Secretary of State may accept credit card payment for fees.

The Secretary of State may establish fees for services related to charitable solicitations and charitable trusts. The fees for services related to charitable solicitations and charitable trusts are deposited in the Secretary of State's revolving fund to pay costs associated with the charitable solicitations and charitable trusts program.

SUMMARY OF PROPOSED SENATE AMENDMENT:

The striking amendment simply removes the provision that would have committed the revenue from fees of charitable organizations to the Secretary of State's revolving fund; the fees will accrue to the general fund.

Appropriation: none

Revenue: none

Fiscal Note: requested March 8, 1993

Effective Date: The bill contains an emergency clause and takes effect on July 1, 1993.

TESTIMONY FOR:

The bill is the result of the first noncabinet agency study by the Efficiency Commission. We asked the Efficiency Commission to study our Corporations Division. The major fees still remain in statute; it is the minor fees that will be set by rule. It will also allow the use of credit cards for paying such fees. Services can be improved greatly if requests for copies of corporate or other organizational documents can be made by telephone and charged at the same time.

TESTIMONY AGAINST: None

TESTIFIED: Ralph Munro, Secretary of State (pro); Rebecca Sisler, Corporations Division (pro)