

FINAL BILL REPORT

SSB 5334

C 47 L 95

Synopsis as Enacted

Brief Description: Amending the corporations act.

Sponsors: Senate Committee on Law & Justice (originally sponsored by Senators Smith, Long and Johnson).

Senate Committee on Law & Justice

House Committee on Law & Justice

Background: A corporation that is administratively dissolved has up to two years to reinstate itself. There is concern that the law is unclear as to who may reinstate a dissolved corporation. Additionally, concern exists that the two-year reinstatement period is too short, producing a number of negative consequences for unintended dissolutions.

A corporation may be dissolved in a proceeding by a shareholder if the shareholder shows that there is a voting deadlock and the shareholders have failed for at least two consecutive years to elect successive directors.

If a court finds grounds for dissolution, it may dissolve the corporation.

There is no requirement that creditors receive notice of the dissolution of a corporation.

Summary: The reinstatement period for a corporation is extended to five years. Application for reinstatement may be made by either the corporation's shareholders or board of directors determined as of the date of dissolution.

A corporation may be dissolved in a proceeding by a shareholder if the shareholder shows that there is a voting deadlock, the shareholders fail for at least two consecutive years to elect successive directors, and that injury results to the corporation because of the deadlock.

If a court finds grounds for dissolution, it may dissolve the corporation with or without conditions, or grant the remedy that the court finds just.

The Secretary of State must prepare a list of corporations dissolved during the preceding month. The list is to be published monthly in the Washington State Register.

There are also a number of technical changes clarifying, among other things, the definition of "distribution," dissolutions, and rights of transferees.

Votes on Final Passage:

Senate	46 0
House	97 0

Effective: July 23, 1995