

FINAL BILL REPORT

SSB 6169

C 155 L 96
Synopsis as Enacted

Brief Description: Amending the business corporation act.

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

Senate Committee on Law & Justice
House Committee on Law & Justice

Background: There are some inconsistencies between the definition and operative provisions of the two-tier pricing and the anti-takeover sections of the corporations act.

If a target corporation acts in violation of the significant business transaction section of the corporations act, the corporation loses its certificate of incorporation or certificate of authority and the transaction is void.

Corporations may elect not to be covered by the two-tier provision if they indicate this in their original articles of incorporation, or if two-thirds of the shareholders adopt an amendment to the articles of incorporation electing not to be covered by the provision.

Summary: To eliminate inconsistencies, clarifying definitions are added to the significant business transactions provisions in order to conform the provisions to either other provisions of the Washington Business Corporation Act or with other states' corporations statutes. Also, the two-tier pricing provision is moved and incorporated into the anti-takeover legislation using definitions and substantive provisions similar to the New York law. This continues the protection regarding "two-tier" pricing, but in a manner consistent with the anti-takeover legislation.

If a target corporation acts in violation of the significant business transaction section of the corporations act, the transaction is void. The section which dissolves a corporation that violates the significant business transaction section is deleted.

The two-tier provision applies to all public corporations, except those that on the effective date of the act have a provision in their articles expressly electing not to be covered under the two-tier provision.

Other technical changes are added.

Votes on Final Passage:

Senate	45	0	
House	94	0	(House amended)
Senate	47	0	(Senate concurred)

Effective: June 6, 1996