

SENATE BILL REPORT

SHB 1251

As Reported By Senate Committee On:
Government Operations, March 21, 1997

Title: An act relating to names of corporations and units of government.

Brief Description: Clarifying naming conventions for corporations and units of government.

Sponsors: House Committee on Government Administration (originally sponsored by Representatives Parlette, Costa, Sheahan, Sterk, Lantz, Kenney, Skinner, Lambert, Gardner, D. Schmidt and Wensman; by request of Secretary of State).

Brief History:

Committee Activity: Government Operations: 3/21/97 [DP].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: Do pass.

Signed by Senators McCaslin, Chair; Hale, Vice Chair; Anderson, Haugen, Horn, Patterson and Swanson.

Staff: Kathleen Healy (786-7403)

Background: A variety of artificial entities may be created in Washington State, including for-profit corporations and nonprofit corporations. Documents creating or incorporating these artificial entities are filed with the Secretary of State's Office. A foreign or out-of-state corporation transacting business in this state must file an application with the Secretary of State for a certificate of authority.

Each corporation doing business in the state must file the name and address of its registered agent with the Secretary of State.

Many statutes relate to different types of artificial entities that may be created in this state, including prohibitions of the use of names for an artificial entity that are not distinguishable from the names of other artificial entities.

The Secretary of State is authorized under the Washington Business Corporation Act to provide for the administrative dissolution of corporations on a variety of grounds, including the failure to pay license fees, the failure to register its agent, or the failure to file an annual report.

Summary of Bill: Any local unit of government, the state of Washington, or any state agency or department may apply to the Secretary of State to administratively dissolve or revoke the certificate of authority for any corporation using a name that is not distinguishable from the name of the applicant. If the name is not distinguishable, the Secretary of State

institutes proceedings to administratively dissolve the corporation or revoke its certificate of authority.

Factors are established to determine if names are not distinguishable. Examples are provided of similar names that are not distinguishable and similar names that are distinguishable.

If the corporation named in the application was incorporated or certified before the government entity was formed, these provisions only apply if the government entity provides a certified copy of a final court judgment determining that it has a property right to the name which is superior to that of the corporation.

These provisions are referenced in laws relating to nonprofit corporations, mutual corporations, corporations sole, fraternal societies, agricultural processing and marketing associations, granges, and cooperative associations.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: An individual incorporated under the name of City of Wenatchee– when his friend was involved in a lawsuit with the actual city. Once the incorporation was accomplished, he provided notice that the real city had to quit using the name or fines would be assessed. This bill outlines a strict process to avoid repetitions of such incidents. City names may be generic in nature. This is a narrow approach and gives municipalities the tools they need.

Testimony Against: None.

Testified: Don Whiting, Secretary of State's office; Jim Justice, AWC (pro).