

FINAL BILL REPORT

SB 6040

C 55 L 18
Synopsis as Enacted

Brief Description: Addressing meetings under the business corporations act.

Sponsors: Senators Pedersen and Padden; by request of Washington State Bar Association.

Senate Committee on Law & Justice
House Committee on Judiciary

Background: Business Corporations. A business corporation exists as a legal entity separate from its owners. Corporations possess certain rights, privileges, and liabilities beyond those of an individual. Corporations form by adopting governance documents such as articles of incorporation and by-laws to define corporate structure and management.

Shareholders are the corporation's owners. The percentage of stock shares a shareholder owns represents their corporate ownership interest.

Shareholders typically elect a board of directors to oversee the corporation. The board selects corporate officers who manage day-to-day corporate operations.

Secretary of State's Oversight. Washington's Secretary of State registers and licenses business corporations. The Secretary of State ensures that corporations comply with state law requirements such as filing an annual report and updating changes in corporate structure.

Annual and Special Shareholders' Meetings. Current state laws require a business corporation to hold an in-person shareholders' meeting each year at an identified location or at the corporation's principal office unless shareholders take action by consent. A corporation may also hold in-person special shareholder meetings. The board of directors or other authorized persons may call for a special meeting.

Summary: A business corporation's board of directors or other authorized persons may decide to hold its annual meeting or special shareholder meetings using only remote communications unless the corporate governance documents specify otherwise. When a shareholder participates remotely, the law considers them personally present at the meeting.

If the articles of incorporation or by-laws allow remote annual or special corporate meetings the meeting procedure must:

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- comply with any guidelines and procedures adopted by the corporation for remote meetings;
- provide information to the shareholders explaining how to participate in the remote meeting;
- verify the identity of the remotely-participating shareholders or proxies; and
- provide each meeting attendee with a reasonable opportunity to participate and vote during the meeting.

Votes on Final Passage:

Senate	49	0
House	98	0

Effective: June 7, 2018