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**SUBSTITUTE SENATE BILL 5034**

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**State of Washington****67th Legislature****2021 Regular Session**

**By** Senate Law & Justice (originally sponsored by Senators Pedersen, Padden, and Mullet; by request of Washington State Bar Association)

READ FIRST TIME 01/22/21.

1 AN ACT Relating to nonprofit corporations; amending RCW  
2 11.110.020, 23.95.255, 23.95.305, 7.60.025, 9.46.0209, 15.105.020,  
3 18.100.050, 18.100.130, 18.100.134, 23.95.105, 24.50.010,  
4 28A.710.010, 35.67.020, 35.67.190, 35.92.020, 36.89.080, 36.94.140,  
5 39.34.030, 39.34.055, 41.04.382, 43.06.335, 43.07.120, 43.07.190,  
6 43.15.030, 43.105.020, 43.210.020, 43.210.040, 43.330.135, 46.19.020,  
7 48.30.135, 48.180.010, 64.34.300, 64.38.025, 64.90.400, 66.24.495,  
8 66.24.680, 68.20.020, 70.45.070, 70.290.030, 79A.30.030, 79A.30.040,  
9 79A.35.130, 79A.70.030, 82.04.4251, 82.04.4264, 82.04.431,  
10 82.04.4328, 82.08.0203, 82.08.0293, 82.12.0293, 88.46.065, and  
11 89.08.405; reenacting and amending RCW 19.142.010, 48.62.021, and  
12 74.15.020; adding a new section to chapter 74.15 RCW; adding a new  
13 chapter to Title 24 RCW; repealing RCW 24.03.005, 24.03.009,  
14 24.03.010, 24.03.015, 24.03.017, 24.03.020, 24.03.025, 24.03.027,  
15 24.03.030, 24.03.035, 24.03.040, 24.03.043, 24.03.045, 24.03.046,  
16 24.03.047, 24.03.048, 24.03.050, 24.03.055, 24.03.060, 24.03.065,  
17 24.03.070, 24.03.075, 24.03.080, 24.03.085, 24.03.090, 24.03.095,  
18 24.03.100, 24.03.103, 24.03.1031, 24.03.105, 24.03.110, 24.03.113,  
19 24.03.115, 24.03.120, 24.03.125, 24.03.127, 24.03.130, 24.03.135,  
20 24.03.140, 24.03.145, 24.03.150, 24.03.155, 24.03.160, 24.03.165,  
21 24.03.170, 24.03.175, 24.03.180, 24.03.183, 24.03.185, 24.03.190,  
22 24.03.195, 24.03.200, 24.03.205, 24.03.207, 24.03.210, 24.03.215,  
23 24.03.217, 24.03.220, 24.03.225, 24.03.230, 24.03.235, 24.03.240,

1 24.03.245, 24.03.250, 24.03.255, 24.03.260, 24.03.266, 24.03.271,  
2 24.03.276, 24.03.295, 24.03.300, 24.03.302, 24.03.305, 24.03.310,  
3 24.03.315, 24.03.325, 24.03.332, 24.03.334, 24.03.335, 24.03.340,  
4 24.03.345, 24.03.350, 24.03.360, 24.03.365, 24.03.370, 24.03.380,  
5 24.03.390, 24.03.395, 24.03.405, 24.03.417, 24.03.420, 24.03.425,  
6 24.03.430, 24.03.435, 24.03.440, 24.03.445, 24.03.455, 24.03.460,  
7 24.03.465, 24.03.470, 24.03.480, 24.03.490, 24.03.500, 24.03.510,  
8 24.03.520, 24.03.530, 24.03.540, 24.03.550, 24.03.900, 24.03.905,  
9 24.03.915, 24.03.920, and 24.03.925; prescribing penalties; and  
10 providing effective dates.

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

12 **PART I**  
13 **FORMATION AND GENERAL CONDITIONS**  
14 **ARTICLE 1**  
15 **GENERAL PROVISIONS**

16 NEW SECTION. **Sec. 1101.** SHORT TITLE. This chapter may be known  
17 and cited as the Washington nonprofit corporation act.

18 NEW SECTION. **Sec. 1102.** DEFINITIONS. The definitions in this  
19 section apply throughout this chapter unless the context clearly  
20 requires otherwise.

21 (1) "Address," unless otherwise specified, means either a  
22 physical mailing address or an electronic address.

23 (2) "Articles" or "articles of incorporation" means the original  
24 articles of incorporation as modified by all amendments thereof, as  
25 filed by the secretary of state. If any record filed under this  
26 chapter restates the articles in their entirety, thenceforth the  
27 articles shall not include any prior filings.

28 (3) "Board" or "board of directors" means the team or body of  
29 individuals ultimately responsible for the management of the  
30 activities and affairs of the nonprofit corporation, regardless of  
31 the name used to refer to the team or body.

32 (4) "Bylaws" means the code or codes of rules, other than the  
33 articles, adopted for the regulation and governance of the internal  
34 affairs of the nonprofit corporation, regardless of the name or names  
35 used to refer to those rules, excluding separate policies or  
36 procedures adopted by the board.

1 (5) "Charitable corporation" means a domestic nonprofit  
2 corporation that is operated primarily or exclusively for one or more  
3 charitable purposes.

4 (6) "Charitable purpose" means a purpose that:

5 (a) Would make a corporation organized and operated exclusively  
6 for that purpose eligible to be exempt from taxation under section  
7 501(c)(3) of the Internal Revenue Code; or

8 (b) Is considered charitable under applicable law other than this  
9 chapter or the Internal Revenue Code.

10 (7) "Contribution" means the payment, donation, or promise, for  
11 consideration or otherwise, of any money or property of any kind or  
12 value which contribution is wholly or partly induced by a  
13 solicitation.

14 (8) "Corporation" means a domestic nonprofit corporation, unless  
15 otherwise specified.

16 (9) "Delegate" means a person elected or appointed to vote in a  
17 representative capacity for the election of directors or on other  
18 matters.

19 (10) "Deliver" or "delivery" of a record means delivery by hand,  
20 United States mail, private courier service, electronic transmission,  
21 or other methods of delivery used in conventional commercial  
22 practice, except that delivery to the secretary of state means actual  
23 receipt by the secretary of state.

24 (11) "Director" means an individual designated, elected, or  
25 appointed, by that or any other name or title, to act as a member of  
26 the board of directors, while the individual is holding that  
27 position.

28 (12) "Domestic," with respect to an entity, means governed as to  
29 its internal affairs by the law of this state.

30 (13) "Domestic corporation" or "domestic nonprofit corporation"  
31 means a domestic corporation incorporated under or subject to this  
32 chapter.

33 (14) "Domestic unincorporated entity" means an unincorporated  
34 entity whose internal affairs are governed by the laws of this state.

35 (15) "Electronic" means relating to technology having electrical,  
36 digital, magnetic, wireless, optical, electromagnetic, or similar  
37 capabilities.

38 (16) "Electronic transmission" means an electronic communication:

39 (a) Not directly involving the physical transfer of a record in a  
40 tangible medium; and

1 (b) That may be retained, retrieved, and reviewed by the sender  
2 and the recipient thereof, and that may be directly reproduced in a  
3 tangible medium by such a sender and recipient.

4 (17) "Electronically transmitted" means that the sender of an  
5 electronic transmission initiated the electronic transmission.

6 (18) "Eligible entity" means a domestic or foreign unincorporated  
7 entity, a domestic nonprofit corporation incorporated under a  
8 corporations statute other than this chapter or its predecessor  
9 statutes, or a domestic or foreign for-profit corporation.

10 (19) "Employee" does not include an individual serving as an  
11 officer or director who is not otherwise employed by the corporation.

12 (20) "Entitled to vote" means entitled to vote on the matter  
13 under consideration pursuant to the articles or bylaws of the  
14 nonprofit corporation or any applicable controlling provision of law.

15 (21) "Entity" means an organization or artificial legal person  
16 that either has a separate legal existence or has the power to  
17 acquire an estate in real property in its own name and includes, but  
18 is not limited to:

19 (a) A domestic or foreign for-profit corporation;

20 (b) A domestic or foreign nonprofit corporation;

21 (c) A domestic or foreign general or limited partnership;

22 (d) A domestic or foreign limited liability partnership;

23 (e) A domestic or foreign limited liability company;

24 (f) Any other domestic or foreign unincorporated entity;

25 (g) A domestic or foreign estate or trust;

26 (h) The federal government;

27 (i) A tribal government; and

28 (j) A state or local government, foreign government, or  
29 governmental subdivision.

30 (22) "Ex officio director" means an individual who becomes a  
31 member of the board of directors not through the regular elections  
32 process but by virtue of another position that he or she holds.  
33 Unless the articles or bylaws specifically state that an ex officio  
34 director does not have the right to vote, such a director has the  
35 same right to vote as any other director.

36 (23) "Execute" or "executed" means:

37 (a) Signed, with respect to a written record;

38 (b) Electronically transmitted along with sufficient information  
39 to determine the sender's identity and intent to execute; or

1 (c) With respect to a record to be filed by the secretary of  
2 state, in compliance with the standards for filing as prescribed by  
3 this chapter; chapter 23.95 RCW; or the secretary of state.

4 (24) "Federal government" includes a district, authority, bureau,  
5 commission, department, and any other agency of the federal  
6 government of the United States.

7 (25) "Filing entity" means an unincorporated entity that is  
8 created by filing a public organic record.

9 (26) "For-profit corporation" or "domestic for-profit  
10 corporation" means a domestic business corporation incorporated under  
11 or subject to Title 23B RCW or any successor provisions.

12 (27) "Foreign," with respect to an entity, means governed as to  
13 its internal affairs by the law of a jurisdiction other than this  
14 state.

15 (28) "Foreign for-profit corporation" means a foreign corporation  
16 that would be a for-profit corporation if incorporated under the law  
17 of this state.

18 (29) "Foreign corporation" or "foreign nonprofit corporation"  
19 means a foreign corporation that would be a nonprofit corporation if  
20 incorporated under the law of this state.

21 (30) "Foreign unincorporated entity" means an unincorporated  
22 entity whose internal affairs are governed by an organic law of a  
23 jurisdiction other than this state.

24 (31) "Fundamental transaction" means an amendment of the articles  
25 or bylaws, merger, sale of all or substantially all of the assets,  
26 domestication, conversion, or dissolution of a nonprofit corporation.

27 (32) "Gift instrument" means a record or records under which  
28 property is donated to, transferred to, granted to, or held by the  
29 corporation. A solicitation constitutes a gift instrument with  
30 respect to a donation, transfer, or grant of property made in  
31 response to the solicitation only if:

32 (a) The solicitation was in the form of a record, including but  
33 not limited to, invitations made by electronic transmission or in  
34 electronic media, or was documented in the form of a record created  
35 no later than ninety days after the solicitation was made; and

36 (b) The donation, transfer, or grant of property was made within  
37 one year of the solicitation.

38 (33) "Governmental subdivision" includes an authority, county,  
39 district, and municipality formed or authorized by any federal,  
40 state, or local government.

1 (34) "Includes" denotes a partial definition.

2 (35) "Individual" means a natural person.

3 (36) "Interest" means either or both of the following rights  
4 under the organic law of an unincorporated entity:

5 (a) The right to receive distributions from the entity either in  
6 the ordinary course or upon liquidation; or

7 (b) The right to receive notice or vote on issues involving its  
8 internal affairs, other than as an agent, assignee, proxy, or person  
9 responsible for managing its business, activities, or affairs.

10 (37) "Interest holder" means a person who holds of record an  
11 interest.

12 (38) "Interest holder liability" means personal liability for a  
13 debt, obligation, or liability of a domestic or foreign for-profit or  
14 nonprofit corporation or unincorporated entity that is imposed on a  
15 person:

16 (a) Solely by reason of the person's status as a shareholder,  
17 interest holder, or member; or

18 (b) By the articles, bylaws, or an organic record pursuant to a  
19 provision of the organic law authorizing the articles, bylaws, or an  
20 organic record to make one or more specified shareholders, interest  
21 holders, or members liable in their capacity as shareholders,  
22 interest holders, or members for all or specified debts, obligations,  
23 or liabilities of the entity.

24 (39) "Internal Revenue Code" means Title 26 U.S.C., the federal  
25 Internal Revenue Code of 1986, as amended, or any successor statute.

26 (40) "Jurisdiction," when used to refer to a political entity,  
27 means the United States, a state, a foreign country, or a political  
28 subdivision of a foreign country.

29 (41) "Jurisdiction of formation" means the jurisdiction whose law  
30 includes the organic law of an entity.

31 (42) "Material interest" means an actual or potential benefit or  
32 detriment, other than one that would devolve on the nonprofit  
33 corporation or the members generally, that would reasonably be  
34 expected to impair the objectivity of an individual's judgment when  
35 participating in the action to be taken.

36 (43) "Material relationship" means a familial, financial,  
37 professional, employment, or other relationship that would reasonably  
38 be expected to impair the objectivity of an individual's judgment  
39 when participating in the action to be taken.

40 (44) "Means" denotes an exhaustive definition.

1 (45) "Member" means:

2 (a) Where the articles state that the corporation has members, a  
3 person who has a right set forth in the articles or bylaws, not as a  
4 delegate, to select or vote for the election of directors or  
5 delegates or to vote on at least one type of fundamental transaction.

6 (b) For a corporation formed before July 1, 2021, the articles of  
7 which do not state that the corporation has members, a person who:

8 (i) Is defined as a member in the bylaws; and

9 (ii) Has a right provided in the bylaws, not as a delegate, to  
10 select or vote for the election of directors or delegates or to vote  
11 on at least one type of fundamental transaction.

12 (c) A delegate or group of delegates, to the extent:

13 (i) The powers, functions, or authority of the members have been  
14 vested in, or are exercised by, such a delegate or group of  
15 delegates; and

16 (ii) The provision of this chapter in which the term appears is  
17 relevant to the discharge by the delegate or group of delegates of  
18 its powers, functions, or authority.

19 (46) "Membership" means the rights and any obligations of a  
20 member in a nonprofit corporation.

21 (47) "Membership corporation" means a nonprofit corporation whose  
22 articles provide that it has members, or that has members as defined  
23 in subsection (46) of this section.

24 (48) "Nonfiling entity" means an unincorporated entity that is  
25 not created by filing a public organic record.

26 (49) "Nonmembership corporation" means a nonprofit corporation  
27 whose articles do not provide that it has members and that does not  
28 have members as defined in subsection (45)(b) of this section.

29 (50) "Nonprofit corporation" means a domestic nonprofit  
30 corporation, unless otherwise specified.

31 (51) "Notice" has the same meaning as described in section 1103  
32 of this act.

33 (52) "Notify" means to provide notice as defined in section 1103  
34 of this act.

35 (53) "Officer" includes:

36 (a) A person who is an officer as defined in section 2601 of this  
37 act; and

38 (b) If a nonprofit corporation is in the hands of a custodian,  
39 receiver, trustee, or other court-appointed fiduciary, that fiduciary

1 or any person appointed by that fiduciary to act as an officer for  
2 any purpose under this chapter.

3 (54) "Organic law" means the law of an entity's jurisdiction of  
4 formation governing the internal affairs of the entity.

5 (55) "Organic record" means a public organic record or the  
6 private organic rules.

7 (56) "Person" includes an individual or an entity.

8 (57) "Principal office" means the office designated in the annual  
9 report required under RCW 23.95.255 as the location of the principal  
10 executive office of a domestic or foreign nonprofit corporation,  
11 whether or not in this state.

12 (58) "Private organic rules" means the rules, whether or not in a  
13 record, that govern the internal affairs of an unincorporated entity,  
14 are binding on all of its interest holders, and are not part of its  
15 public organic record, if any.

16 (59) "Proceeding" means any civil suit or criminal,  
17 administrative, or investigatory action.

18 (60) "Property" means all property, whether real, personal, or  
19 mixed or tangible or intangible, including cash, securities, or real  
20 property, or any right or interest therein.

21 (61) "Property held for charitable purposes" is as defined in  
22 section 1408 of this act.

23 (62) "Public organic record" means the record, if any, that is  
24 filed as a public record to create an unincorporated entity and any  
25 amendment to or restatement of that record.

26 (63) "Record" means information inscribed on a tangible medium or  
27 that is stored in an electronic or other medium and is retrievable in  
28 perceivable form. An electronic transmission not directly involving  
29 the physical transfer of a record in a tangible medium is a record  
30 only if:

31 (a) It may be retained, retrieved, and reviewed by the sender and  
32 the recipient thereof; and

33 (b) It may be directly reproduced in a tangible medium by the  
34 sender and the recipient thereof.

35 (64) "Record date" means the date established under section 2307  
36 of this act on which a nonprofit corporation determines the identity  
37 of its members and the membership rights they hold for purposes of  
38 this chapter. The determinations shall be made as of 12:01 a.m. on  
39 the record date unless another time for doing so is specified when  
40 the record date is fixed.



1 (65) "Registered foreign nonprofit corporation" means a foreign  
2 nonprofit corporation registered to do business in this state.

3 (66) "Religious corporation" means a charitable corporation  
4 including, but not limited to, a church, mosque, synagogue, temple,  
5 nondenominational ministry, interdenominational or ecumenical  
6 organization, or faith-based social service agency, that is:

7 (a) Organized primarily for religious purposes;

8 (b) Operated primarily, in good faith, to carry out religious  
9 purposes;

10 (c) Held out to the public as carrying out religious purposes;  
11 and

12 (d) Not engaged primarily or substantially in the exchange of  
13 goods or services for consideration, unless the consideration does  
14 not exceed nominal amounts.

15 (67) "Shareholder" means the person in whose name shares are  
16 registered in the records of a domestic or foreign for-profit  
17 corporation or the beneficial owner of shares to the extent of the  
18 rights granted by a nominee certificate on file with such a  
19 corporation.

20 (68) "Shares" means the units into which the proprietary  
21 interests in a domestic or foreign for-profit corporation, or a  
22 nonprofit corporation incorporated under organic law other than this  
23 chapter that permits proprietary interests in such a corporation, are  
24 divided.

25 (69) "Solicitation" means any oral or written request for a  
26 contribution, including an offer or attempt by the solicitor to sell  
27 any property, rights, services, or other thing, in connection with  
28 which:

29 (a) Any appeal is made for any charitable purpose;

30 (b) The name of any charitable corporation, or any foreign  
31 nonprofit corporation that would be a charitable corporation if it  
32 were incorporated under this chapter, is used as an inducement for  
33 making the contribution or consummating the sale; or

34 (c) Any statement is made that implies that the whole or any part  
35 of the contribution or the proceeds from the sale will be applied  
36 toward any charitable purpose or donated to any entity organized or  
37 operated for charitable purposes.

38 (70) "State" means a state of the United States, the District of  
39 Columbia, Puerto Rico, the United States Virgin Islands, or any  
40 territory or insular possession subject to the jurisdiction of the

1 United States, and any agency or governmental subdivision of any of  
2 the foregoing.

3 (71) "Tangible medium" means a writing, copy of a writing,  
4 facsimile, or a physical reproduction, each on paper or on other  
5 tangible material.

6 (72) "Unincorporated entity" means an entity that is not any of  
7 the following: A domestic or foreign for-profit or nonprofit  
8 corporation, an estate, a trust, a governmental subdivision, the  
9 federal government, a tribal government, a state or local government,  
10 a municipal corporation, a foreign government, or a governmental  
11 subdivision. The term includes a general partnership, limited  
12 liability company, limited partnership, cooperative association,  
13 limited cooperative association, business or statutory trust, joint  
14 stock association, and unincorporated nonprofit association.

15 (73) "Vote," "voting," or "casting a vote" includes voting  
16 occurring at a meeting; voting of members by ballot or proxy; and the  
17 giving of consent in the form of a record without a meeting by a  
18 person entitled to vote. Whether or not the person entitled to vote  
19 characterizes such conduct as voting or casting a vote, the term does  
20 not include either recording the fact of abstention or failing to  
21 vote for:

22 (a) A candidate; or

23 (b) Approval or disapproval of a matter.

24 (74) "Voting group" means one or more classes of members that  
25 under the articles, bylaws, or this chapter are entitled to vote and  
26 be counted together collectively on a matter at a meeting of members.  
27 All members entitled by the articles, bylaws, or this chapter to vote  
28 generally on that matter are for that purpose a single voting group.

29 (75) "Voting power" means the current power to vote in the  
30 election of directors or delegates, or to vote on approval of any  
31 type of fundamental transaction.

32 NEW SECTION. **Sec. 1103.** NOTICE. (1) Notice under this chapter  
33 must be in the form of a record unless this chapter or the articles  
34 or bylaws allow oral notice.

35 (2) Notice may be communicated in person or by delivery. If these  
36 forms of communication are impracticable, notice may be communicated  
37 by a newspaper of general circulation in the area where published, or  
38 by radio, television, or other form of public broadcast  
39 communication.

1 (3) Notice, other than notice described in subsection (4) of this  
2 section, is effective at the earliest of the following:

3 (a) When received;

4 (b) When left at the recipient's residence or usual place of  
5 business;

6 (c) Five days after its deposit in the United States mail or with  
7 a commercial delivery service, if the postage or delivery charge is  
8 paid and the notice is correctly addressed; or

9 (d) On the date shown on the return receipt, if sent by  
10 registered or certified mail, return receipt requested, or by  
11 commercial delivery service.

12 (4) Notice in the form of a record by a membership corporation to  
13 a member is effective:

14 (a) Five days after its deposit in the United States mail or with  
15 a commercial delivery service, if the postage or delivery charge is  
16 paid and the notice is correctly addressed to the member's address  
17 shown in the corporation's current record of members;

18 (b) When given, if the notice is delivered by electronic  
19 transmission to the member's address shown in the corporation's  
20 current record of members; or

21 (c) When given, if the notice is delivered in any other manner  
22 that the member has authorized.

23 (5) Notice to a domestic or registered foreign nonprofit  
24 corporation may be delivered to its registered agent or to the  
25 corporation or its secretary at its principal office shown in its  
26 most recent annual report or, in the case of a foreign corporation  
27 that has not yet delivered an annual report, in its registration  
28 statement.

29 (6) Where oral notice is permitted, it is effective when  
30 communicated, if communicated in a comprehensible manner.

31 (7) If this chapter prescribes notice requirements for particular  
32 circumstances, those requirements govern. If the articles or bylaws  
33 prescribe notice requirements, not inconsistent with this section or  
34 other provisions of this chapter, those requirements govern.

35 (8) With respect to electronic transmissions:

36 (a) Unless otherwise provided in the articles or bylaws, or  
37 otherwise agreed between the sender and the recipient, an electronic  
38 transmission is received when:

1 (i) It enters an electronic system that the recipient has  
2 designated or currently uses for the purpose of receiving electronic  
3 transmissions of the type sent; and

4 (ii) It is in a form capable of being processed by that system.

5 (b) An electronic transmission is received under (a)(i) of this  
6 subsection even if no individual is aware of its receipt.

7 (c) Receipt of an electronic acknowledgment from an electronic  
8 system described in (a)(i) of this subsection establishes that a  
9 record was received but, by itself, does not establish that the  
10 content sent corresponds to the content received, and is not  
11 necessary for the record to be received.

12 (9) A member may revoke in the form of a record a corporation's  
13 express or implied authorization to deliver notices or communications  
14 by electronic transmission to the member. Such authorization is  
15 deemed revoked with respect to a member if:

16 (a) The corporation cannot deliver two consecutive notices or  
17 other communications to the member's address shown in the  
18 corporation's current record of members; and

19 (b) The inability becomes known to the secretary or other person  
20 responsible for giving the notice or other communication; but the  
21 failure to treat the inability as a revocation does not invalidate  
22 any meeting or other action.

23 NEW SECTION. **Sec. 1104.** SERVICE ON CORPORATIONS. (1) Service  
24 upon a nonprofit corporation of any process, notice, or demand  
25 required or permitted by law may be made by serving the nonprofit  
26 corporation's registered agent.

27 (2) Service upon a nonprofit corporation made by serving the  
28 nonprofit corporation's registered agent, or service on the nonprofit  
29 corporation in the absence of a registered agent, is governed by  
30 chapter 23.95 RCW.

31 NEW SECTION. **Sec. 1105.** VENUE FOR ACTIONS. Except as provided  
32 under federal or state law or in specific provisions of this chapter,  
33 every action arising under this chapter shall be tried in, and "the  
34 court" throughout this chapter refers to, the superior court:

35 (1) In the county where the corporation's principal office in  
36 this state is located;

1 (2) If the corporation has no principal office in this state, in  
2 the county where the corporation's registered agent in this state is  
3 located;

4 (3) Of King county; or

5 (4) Of Thurston county.

6 NEW SECTION. **Sec. 1106.** APPLICATION TO EXISTING NONPROFIT  
7 CORPORATIONS. (1) This chapter applies to every domestic nonprofit  
8 corporation in existence on July 1, 2022, that was incorporated under  
9 chapter 24.03 RCW or filed a statement of election through which it  
10 elected to have chapter 24.03 RCW apply to it.

11 (2) Any corporation or association organized under any other  
12 chapter of Title 24 RCW may be reorganized under this chapter by  
13 adopting and filing amendments to its articles in accordance with  
14 this chapter. The articles as amended shall conform to this chapter,  
15 and shall state that the corporation accepts the benefits of and will  
16 be bound by this chapter.

17 NEW SECTION. **Sec. 1107.** APPLICATION TO REGISTERED FOREIGN  
18 CORPORATIONS. A foreign nonprofit corporation registered as of June  
19 30, 2022, is subject to this chapter but is not required to obtain a  
20 new statement of registration to transact business in this state.

21 NEW SECTION. **Sec. 1108.** RELATIONSHIP TO PRIOR STATUTES. (1)  
22 Except as provided in subsection (2) of this section, the repeal of  
23 chapter 24.03 RCW by this act does not affect:

24 (a) The operation of the repealed chapter or any action taken  
25 under it before its repeal;

26 (b) Any ratification, right, remedy, privilege, obligation, or  
27 liability acquired, accrued, or incurred under the repealed chapter  
28 before its repeal;

29 (c) Any violation of the repealed chapter, or any penalty,  
30 forfeiture, or punishment incurred because of the violation, before  
31 its repeal; or

32 (d) Any proceeding, reorganization, or dissolution commenced  
33 under the repealed chapter before its repeal, and the proceeding,  
34 reorganization, or dissolution may be completed in accordance with  
35 the repealed chapter as if it had not been repealed.

36 (2) If a penalty or punishment imposed for violation of chapter  
37 24.03 RCW repealed by this act is reduced by this chapter, then the

1 penalty or punishment if not already imposed shall be imposed in  
2 accordance with this chapter.

3 NEW SECTION. **Sec. 1109.** RELATIONSHIP TO OTHER LAWS. (1) Unless  
4 displaced by particular provisions of this chapter, the principles of  
5 law and equity supplement this chapter.

6 (2) This chapter does not authorize an act prohibited by, and  
7 does not affect the application or requirements of, law other than  
8 this chapter.

9 (3) This chapter modifies, limits, or supersedes the federal  
10 electronic signatures in global and national commerce act, Title 15  
11 U.S.C. Sec. 7001 et seq., but this chapter does not modify, limit, or  
12 supersede section 101(c) of that act or authorize delivery by  
13 electronic transmission of any of the notices described in section  
14 103(b) of that act.

15 NEW SECTION. **Sec. 1110.** SUBORDINATION TO CANON LAW. To the  
16 extent religious doctrine or canon law governing the internal affairs  
17 of a nonprofit corporation is inconsistent with this chapter, the  
18 religious doctrine or canon law controls to the extent required by  
19 the United States Constitution, the state Constitution, or both.

## 20 **ARTICLE 2**

### 21 **FILING DOCUMENTS—SECRETARY OF STATE**

22

23 NEW SECTION. **Sec. 1201.** APPLICABILITY OF UNIFORM BUSINESS  
24 ORGANIZATIONS CODE. Filing of documents under this chapter by the  
25 secretary of state is governed by this chapter and chapter 23.95 RCW.

26 NEW SECTION. **Sec. 1202.** FILING REQUIREMENTS. (1) To be entitled  
27 to filing by the secretary of state, a record delivered for filing  
28 under this chapter must:

- 29 (a) Satisfy the requirements set forth in RCW 23.95.200;
- 30 (b) Contain all information required under this chapter and  
31 chapter 23.95 RCW;
- 32 (c) Be executed on behalf of the domestic or foreign entity as  
33 follows:
- 34 (i) If the entity is a domestic or foreign nonprofit corporation,  
35 by an officer;

1 (ii) If the entity is not a domestic or foreign nonprofit  
2 corporation, by a person with authority to sign for the entity; or  
3 (iii) If the entity is in the hands of a custodian, receiver,  
4 trustee, or other court-appointed fiduciary, by that fiduciary; and  
5 (d) Satisfy the requirements of any other provision of this  
6 chapter or chapter 23.95 RCW that adds to or varies any of the  
7 requirements in this section.

8 (2) A filed record may include additional information not in  
9 conflict with the requirements of subsection (1) of this section.

10 (3)(a) Whenever a provision of this chapter permits any of the  
11 terms of a plan or a filed record to be dependent on facts  
12 objectively ascertainable outside the plan or filed record, the  
13 following provisions apply:

14 (i) The plan or filed record shall set forth the manner in which  
15 the facts will operate upon the terms of the plan or filed record.

16 (ii) The facts may include:

17 (A) Any of the following that is available in a nationally  
18 recognized news or information medium either in print or  
19 electronically: Statistical or market indices, market prices of any  
20 security or group of securities, interest rates, currency exchange  
21 rates, or similar economic or financial data;

22 (B) A determination or action by any person or body, including  
23 the nonprofit corporation or any other party to a plan or filed  
24 record; or

25 (C) The terms of, or actions taken under, an agreement to which  
26 the corporation is a party, or any other agreement or record.

27 (d) As used in this subsection:

28 (i) "Filed record" means a record filed by the secretary of state  
29 under any provision of the Uniform Business Organizations Code or any  
30 provision of this chapter except sections 1801 through 1811 of this  
31 act, except an annual report filed pursuant to section 1204 of this  
32 act; and

33 (ii) "Plan" means a plan of domestication, business conversion,  
34 entity conversion, distribution, or merger.

35 NEW SECTION. **Sec. 1203.** ELECTRONIC FILINGS. Any rules  
36 governing electronic filing adopted by the secretary of state under  
37 RCW 23.95.115(2) apply to all filings required or permitted under  
38 this chapter unless such rules, this chapter, or chapter 23.95 RCW  
39 specify otherwise.

1        NEW SECTION.    **Sec. 1204.**    ANNUAL REPORT. Each domestic nonprofit  
2 corporation, and each registered foreign nonprofit corporation, shall  
3 deliver to the secretary of state for filing an annual report as  
4 required under RCW 23.95.255(2).

5        NEW SECTION.        **Sec. 1205.**        MAJOR CHANGES BY CHARITABLE  
6 CORPORATIONS. (1) A charitable corporation shall report any action  
7 described in subsection (2) of this section on the next annual report  
8 that the charitable corporation delivers to the secretary of state  
9 for filing under section 1204 of this act, except as provided in  
10 subsection (3) of this section.

11        (2) The actions that create a reporting requirement under this  
12 section are:

13        (a) Amendment of the charitable corporation's articles to include  
14 one or more purposes of the corporation substantially different from  
15 any purpose stated in the charitable corporation's articles in effect  
16 before the amendment; or

17        (b) Operation of a significant program or activity that is  
18 substantially different from both:

19        (i) Programs or activities the charitable corporation has  
20 previously operated; and

21        (ii) Programs or activities described in the most recent  
22 application for recognition of exemption from federal income tax that  
23 the charitable corporation has filed with the internal revenue  
24 service and in response to which the internal revenue service has  
25 issued a determination letter of tax-exempt status to the charitable  
26 corporation.

27        (3) A charitable corporation is not required to report actions  
28 described in subsection (2) of this section:

29        (a) If the charitable corporation was a religious corporation  
30 both before and after it took the action;

31        (b) Within the charitable corporation's first three years of  
32 existence, if all programs or activities the charitable corporation  
33 operates are consistent with the purposes set forth in the charitable  
34 corporation's articles; or

35        (c) When the charitable corporation operates a program or  
36 activity described in subsection (2)(b) of this section, if all funds  
37 expended to conduct such a program or activity are derived only from  
38 one or more of the following sources:



1 (i) Contributions or sales in response to one or more  
2 solicitations in which:

3 (A) The program or activity was clearly described; and

4 (B) A statement was made that implies that the corporation will  
5 apply any contribution, or proceeds from any sale, in connection with  
6 those solicitations toward the program or activity;

7 (ii) Admissions, performance of services, or furnishing of  
8 facilities;

9 (iii) Sales of goods not in connection with any solicitation;

10 (iv) Income from investments of the charitable corporation that  
11 is not subject to any gift restriction; or

12 (v) Revenue from any source that is recognized after the program  
13 or activity has been in continuous operation and disclosed to the  
14 general public for a period of at least three years.

15 (4) The secretary of state shall deliver to the attorney general  
16 a copy of every annual report filed by the secretary of state that  
17 includes a report described in this section.

18 NEW SECTION. **Sec. 1206.** POWERS OF SECRETARY OF STATE. The  
19 secretary of state has the powers reasonably necessary to perform the  
20 duties required by this chapter, including adoption, amendment, or  
21 repeal of rules under chapter 34.05 RCW for the efficient  
22 administration of this chapter.

23 NEW SECTION. **Sec. 1207.** FEES. The secretary of state may adopt  
24 rules in accordance with chapter 34.05 RCW setting fees for any  
25 services provided by the secretary of state under this chapter.

26 **ARTICLE 3**  
27 **INCORPORATION**

28 NEW SECTION. **Sec. 1301.** INCORPORATORS. One or more individuals  
29 may act as the incorporators of a nonprofit corporation by delivering  
30 articles of incorporation to the secretary of state for filing.  
31 Individuals acting as incorporators must be at least eighteen years  
32 old.

33 NEW SECTION. **Sec. 1302.** CORPORATE NAME. The name or any  
34 reserved name of a nonprofit corporation is governed by chapter 23.95  
35 RCW.

1        NEW SECTION.        **Sec. 1303.**        ARTICLES OF INCORPORATION. (1) The  
2 articles of incorporation shall set forth:

3        (a) A name for the nonprofit corporation that satisfies the  
4 requirements of section 1302 of this act;

5        (b) The name and address of the corporation's initial registered  
6 agent;

7        (c) That the corporation is incorporated under this chapter;

8        (d) The purpose or purposes for which the corporation is  
9 organized;

10       (e) The number of directors constituting the initial board of  
11 directors, and the names and mailing addresses of the persons who are  
12 to serve as the initial directors;

13       (f) If the corporation will have members as defined in section  
14 1102 of this act, a statement that the corporation will have members;

15       (g) The distribution of assets upon dissolution;

16       (h) The name and mailing address of each incorporator; and

17       (i) The signature of each incorporator.

18       (2) The articles of incorporation may set forth:

19       (a) A statement that the corporation has no members as defined in  
20 this chapter (whether or not the corporation uses the term "member"  
21 to define one or more classes of persons who are not members as  
22 defined in this chapter);

23       (b) The names of the initial members, if any;

24       (c) Provisions not inconsistent with law regarding:

25       (i) Managing the business and regulating the affairs of the  
26 corporation;

27       (ii) Defining, limiting, and regulating the powers of the  
28 corporation, its board of directors, and the members, if any;

29       (iii) The characteristics, qualifications, rights, limitations,  
30 and obligations attaching to each or any class of members;

31       (d) A provision permitting or making obligatory indemnification  
32 of any individual made a party to a proceeding because the individual  
33 is or was a director against liability incurred in the proceeding,  
34 subject to the limitations set forth in section 2706 of this act;

35       (e) Provisions required if the corporation is to be exempt from  
36 taxation under federal, state, or local law; or

37       (f) Any other provision that this chapter specifically permits to  
38 be set forth in the articles or bylaws.

39       (3) The articles of incorporation need not set forth any of the  
40 corporate powers enumerated in this chapter.

1 (4) Provisions of the articles may be made dependent upon facts  
2 objectively ascertainable outside the articles in accordance with  
3 section 1202(3) of this act.

4 NEW SECTION. **Sec. 1304.** EFFECTIVENESS OF INCORPORATION. (1)

5 Unless a delayed effective date is specified, the corporate existence  
6 begins on the date the articles are filed by the secretary of state.

7 (2) The filing of the articles by the secretary of state is  
8 conclusive proof that the incorporators satisfied all conditions  
9 precedent to incorporation except in a proceeding by this state to  
10 cancel or revoke the incorporation or involuntarily dissolve the  
11 nonprofit corporation.

12 NEW SECTION. **Sec. 1305.** REQUIREMENT OF REGISTERED AGENT. (1)

13 Each nonprofit corporation shall designate and maintain a registered  
14 agent in this state.

15 (2) The designation and maintenance of a nonprofit corporation's  
16 registered agent are governed by chapter 23.95 RCW.

17 NEW SECTION. **Sec. 1306.** LIABILITY FOR PREINCORPORATION

18 TRANSACTIONS. All persons purporting to act as or on behalf of a  
19 nonprofit corporation, knowing there was no incorporation under this  
20 chapter, are jointly and severally liable for all liabilities created  
21 while so acting.

22 NEW SECTION. **Sec. 1307.** ORGANIZATION OF CORPORATIONS. (1) After

23 incorporation:

24 (a) The initial directors shall hold an organizational meeting at  
25 the call of a majority of the initial directors to complete the  
26 organization of the nonprofit corporation by appointing officers,  
27 adopting bylaws, and carrying on any other business brought before  
28 the meeting; and

29 (b) If the initial directors resign or refuse to meet, then the  
30 incorporator or incorporators shall hold a meeting at the call of a  
31 majority of the incorporators to elect a board of directors who shall  
32 complete the organization of the corporation.

33 (2) An organizational meeting may be held in or out of this  
34 state.

35 (3) The directors or incorporators may take organizational action  
36 without a meeting if the action taken is evidenced by one or more

1 consents in the form of a record describing the action taken and  
2 executed by each director or incorporator.

3 NEW SECTION. **Sec. 1308.** BYLAWS. (1) The board shall adopt  
4 initial bylaws for the corporation.

5 (2) The bylaws may contain any provision for managing the  
6 activities and regulating the affairs of the corporation that is not  
7 inconsistent with law or the articles. Whenever a provision of the  
8 bylaws is inconsistent with a provision of the articles, the  
9 provision of the articles controls.

10 **ARTICLE 4**

11 **PURPOSES, POWERS, AND LIMITATIONS**

12 NEW SECTION. **Sec. 1401.** PURPOSES. (1) Nonprofit corporations  
13 may be organized under this chapter for the purpose of engaging in  
14 any lawful activity. A nonprofit corporation may set forth a more  
15 limited purpose or purposes in its articles.

16 (2) A charitable corporation formed after July 1, 2021, must be  
17 organized under this chapter, unless incorporating under this chapter  
18 is prohibited by another statute of this state.

19 (3) A corporation engaging in an activity that is subject to  
20 regulation under another statute of this state may incorporate under  
21 this chapter only if incorporating under this chapter is not  
22 prohibited by the other statute. The corporation is subject to all  
23 the limitations of the other statute. Organizations subject to any  
24 provision of the banking or insurance laws of this state may not be  
25 organized under this chapter, except that any nonprofit corporation  
26 heretofore organized under any act hereby repealed and existing for  
27 the purpose of providing health care services as defined in RCW  
28 48.44.010 or 48.46.020, as now or hereafter amended, continues to be  
29 organized under this chapter.

30 NEW SECTION. **Sec. 1402.** POWER TO MODIFY PURPOSES. (1) Unless  
31 otherwise prohibited by its articles or bylaws, a nonprofit  
32 corporation, including a charitable corporation, may modify its  
33 purposes by:

34 (a) Amending its articles or bylaws in accordance with this  
35 chapter and with those documents; and

1 (b) Making provision for any gift restrictions as defined in  
2 section 1502 of this act, either by ensuring continued adherence to  
3 those restrictions or by obtaining modification as provided in  
4 section 1503 of this act.

5 (2) A decision to modify the corporation's purposes is subject to  
6 judicial review only with respect to violations of this chapter or  
7 other applicable law.

8 NEW SECTION. **Sec. 1403.** GENERAL POWERS. Unless its articles  
9 provide otherwise, every nonprofit corporation has perpetual duration  
10 and has the same powers as an individual to do all things necessary  
11 or convenient to carry out its affairs including, without limitation,  
12 power to:

13 (1) Sue and be sued, complain and defend in its corporate name;

14 (2) Have a corporate seal, which may be altered at will, and to  
15 use it, or a facsimile of it, by impressing or affixing it or in any  
16 other manner reproducing it;

17 (3) Make and amend bylaws and policies, not inconsistent with its  
18 articles or with the laws of this state, for managing and regulating  
19 the affairs of the corporation;

20 (4) Purchase, receive, lease, or otherwise acquire, and own,  
21 hold, improve, use, and otherwise deal with, real or personal  
22 property, or any legal or equitable interest in property, wherever  
23 located;

24 (5) Sell, convey, mortgage, pledge, lease, exchange, and  
25 otherwise dispose of all or any part of its property;

26 (6) Purchase, receive, subscribe for, or otherwise acquire, own,  
27 hold, vote, use, sell, mortgage, lend, pledge, or otherwise dispose  
28 of, and deal in and with shares or other interests in, or obligations  
29 of, any other entity;

30 (7) Make contracts; make guarantees that may reasonably be  
31 expected to benefit, directly or indirectly, the guarantor  
32 corporation; incur liabilities; borrow money; issue notes; bonds, and  
33 other obligations; and secure any of its obligations by mortgage or  
34 pledge of any of its property or income;

35 (8) Lend money, invest and reinvest its funds, and receive and  
36 hold real and personal property as security for repayment, except as  
37 limited by section 2701 of this act;

1 (9) Be a promoter, partner, shareholder, member, trustee,  
2 associate, or manager of any partnership, joint venture, trust, or  
3 other entity;

4 (10) Conduct its activities, locate offices, and exercise the  
5 powers granted by this chapter within or without this state;

6 (11) Elect directors and appoint officers, employees, and agents  
7 of the corporation, define their duties, fix their compensation, and  
8 lend them money and credit, except as limited by sections 2701 and  
9 2702 of this act;

10 (12) Pay pensions and establish pension plans, pension trusts,  
11 and benefit or incentive plans for any or all of its current or  
12 former directors, officers, employees, and agents, except as limited  
13 by section 2702 of this act;

14 (13) Make donations for charitable purposes;

15 (14) Impose dues, assessments, admission, and transfer fees on  
16 its members;

17 (15) Establish conditions for admission or removal of members,  
18 admit or remove members, and issue memberships;

19 (16) Carry on a business, and, subject to the requirements of  
20 sections 1406 and 2702 of this act, make net profits and accumulate  
21 reserves; and

22 (17) Make payments or donations, or do any other acts, not  
23 inconsistent with law, that further the purposes, activities, and  
24 affairs of the corporation.

25 NEW SECTION. **Sec. 1404.** EMERGENCY POWERS. (1) For purposes of  
26 this section, an emergency exists if a quorum of the directors cannot  
27 readily be assembled because of some catastrophic event. A  
28 catastrophic event is a sudden, natural or man-made situation where  
29 rapid change or destruction has occurred that has limited normal  
30 functions in daily living including communications and travel.

31 (2) In anticipation of and for the duration of an emergency, the  
32 board of a nonprofit corporation may:

33 (a) Modify lines of succession to accommodate the incapacity of  
34 any director, officer, employee, or agent; and

35 (b) Take those actions necessary to preserve the corporation and  
36 ensure that it acts in accordance with its purposes.

37 (3) During an emergency, unless the articles or bylaws provide  
38 otherwise:

1 (a) Notice of a meeting of the board need be given only to those  
2 directors it is practicable to reach and may be given in any  
3 practicable manner;

4 (b) The quorum required under section 2504 of this act or the  
5 articles or bylaws need not be established at such a meeting; and

6 (c) One or more officers of the nonprofit corporation present at  
7 a meeting of the board may be deemed to be directors for purposes of  
8 the meeting.

9 (4) In anticipation of and for the duration of an emergency, any  
10 meeting of the membership or of the board of directors may be  
11 conducted through one or more means of remote communication through  
12 which members or directors not physically present may simultaneously  
13 participate with each other during the meeting, notwithstanding any  
14 provision of the articles or bylaws that provides otherwise. A member  
15 or director participating in a meeting through such means in  
16 anticipation of and for the duration of an emergency is considered  
17 present in person at the meeting.

18 (5) Corporate action taken in good faith during an emergency to  
19 further the purposes and the ordinary affairs of the nonprofit  
20 corporation:

21 (a) Binds the corporation; and

22 (b) May not be used to impose liability on a director, officer,  
23 employee, or agent.

24 NEW SECTION. **Sec. 1405.** ULTRA VIRES ACTION. (1) Except as  
25 provided in subsection (2) of this section, the validity of corporate  
26 action may not be challenged on the ground that the nonprofit  
27 corporation lacks or lacked power to act.

28 (2) The power of a nonprofit corporation to act may be  
29 challenged:

30 (a) In a proceeding by the corporation, directly or through a  
31 receiver, trustee, or other legal representative, against an  
32 incumbent or former director, officer, employee, or agent of the  
33 corporation; or

34 (b) In a proceeding by the attorney general under section 3605 of  
35 this act.

36 NEW SECTION. **Sec. 1406.** DISTRIBUTIONS PROHIBITED. (1) A  
37 nonprofit corporation shall not distribute any property held for  
38 charitable purposes to its members, directors, officers, or other

1 persons who are in a position to exercise substantial influence over  
2 the affairs of the corporation, except:

3 (a) As permitted under section 1407 of this act;

4 (b) To another entity that is a charitable corporation or is  
5 organized and operated exclusively for one or more charitable  
6 purposes; or

7 (c) To the federal government, a tribal government, or a state or  
8 local government for a public purpose.

9 (2) A nonprofit corporation shall not pay dividends or make  
10 distributions of any part of its assets, income, or profits to its  
11 members, directors, officers, or other persons who are in a position  
12 to exercise substantial influence over the affairs of the  
13 corporation, except as permitted under:

14 (a) Subsection (1)(b) or (c) of this section;

15 (b) Subsection (3) of this section;

16 (c) Section 1407 of this act; or

17 (d) Section 3502 of this act.

18 (3) A nonprofit corporation other than a charitable corporation  
19 may confer benefits upon or make transfers to members or nonmembers  
20 in conformity with its purposes, repurchase its memberships only to  
21 the extent provided in section 2114 of this act, or repay capital  
22 contributions, subject to the following conditions:

23 (a) Property held for charitable purposes may not be used to  
24 confer benefits upon or make transfers to members or nonmembers,  
25 repurchase memberships, or repay capital contributions;

26 (b) The nonprofit corporation may not be insolvent, and conferral  
27 of benefits, making of transfers, repurchase of memberships, or  
28 repayment of capital contributions shall not render the corporation  
29 insolvent or unable to carry out its purposes; and

30 (c) The fair value of the corporation's assets remaining after  
31 the conferring of benefits, making of transfers, repurchase, or  
32 repayment must be sufficient to meet the corporation's liabilities.

33 NEW SECTION. **Sec. 1407.** REASONABLE COMPENSATION PERMITTED. A  
34 nonprofit corporation, including a charitable corporation, may pay  
35 reasonable compensation to members, directors, or officers for  
36 services rendered, or reimburse reasonable expenses incurred by  
37 members, directors, or officers in connection with services rendered.



1        NEW SECTION.    **Sec. 1408.**    PROPERTY HELD FOR CHARITABLE PURPOSES.

2        (1) Property owned by a nonprofit corporation is held for charitable  
3 purposes if:

4            (a) The corporation is a charitable corporation;

5            (b) The property is subject to restrictions contained in a gift  
6 instrument that limit its use only to one or more charitable  
7 purposes; or

8            (c) The property is subject to restrictions contained in the  
9 corporation's articles, bylaws, or any record adopted by the  
10 corporation's board, or to other limitations in the form of a record,  
11 that limit its use only to one or more charitable purposes.

12        (2) In no event may property held for charitable purposes be  
13 distributed in a manner inconsistent with sections 1406, 3404, or  
14 3502 of this act.

15        NEW SECTION.    **Sec. 1409.**    DEBT AND SECURITY INTERESTS. (1) A

16 nonprofit corporation shall not issue bonds or other evidences of  
17 indebtedness except for cash or other property, tangible or  
18 intangible, or labor or services actually received by or performed  
19 for the corporation or for its benefit or in its formation or  
20 reorganization, or a combination thereof.

21        (2) The board may authorize a mortgage or pledge of, or the  
22 creation of a security interest in, all or any part of the property  
23 of the nonprofit corporation, or any interest therein. Unless  
24 otherwise provided in the articles or bylaws, the vote or consent of  
25 the members is not required to make effective such an action by the  
26 board.

27        NEW SECTION.    **Sec. 1410.**    PRIVATE FOUNDATIONS. (1) Except as

28 provided in subsection (2) of this section, a nonprofit corporation  
29 that is a private foundation as defined in section 509(a) of the  
30 Internal Revenue Code shall:

31            (a) Distribute sufficient amounts for each taxable year at a time  
32 and in a manner so as not to subject the corporation to tax under  
33 section 4942 of the Internal Revenue Code;

34            (b) Not engage in any act of self-dealing as defined in section  
35 4941(d) of the Internal Revenue Code;

36            (c) Not retain any excess business holdings as defined in section  
37 4943(c) of the Internal Revenue Code;

1 (d) Not make any investments in a manner that subjects the  
2 corporation to tax under section 4944 of the Internal Revenue Code;  
3 and

4 (e) Not make any taxable expenditures as defined in section  
5 4945(d) of the Internal Revenue Code.

6 (2) Subsection (1) of this section does not apply to a nonprofit  
7 corporation incorporated before January 1, 1970, that has been  
8 properly relieved from the requirements of section 508(e)(1) of the  
9 Internal Revenue Code by a timely judicial proceeding.

10 **ARTICLE 5**  
11 **GIFT RESTRICTIONS**

12 NEW SECTION. **Sec. 1501.** UNRESTRICTED GIFTS. Giving a gift to a  
13 nonprofit corporation, including a charitable corporation, without a  
14 gift instrument transfers complete ownership of the gift to the  
15 nonprofit corporation. A restricted gift to a nonprofit corporation  
16 is created only by a gift instrument.

17 NEW SECTION. **Sec. 1502.** RESTRICTED GIFTS. (1) This section  
18 distinguishes between:

19 (a) Enforceable trusts held by a nonprofit corporation, including  
20 a charitable corporation, governed under chapter 11.110 RCW; and

21 (b) Gift restrictions whose terms may be enforced and are subject  
22 to modification under this chapter or other applicable law.

23 (2) A gift to a nonprofit corporation, including a charitable  
24 corporation, does not create a charitable trust unless:

25 (a) The donor expresses an intent to create a charitable trust;  
26 and

27 (b) The trustee, which may be a charitable corporation, agrees in  
28 the form of a record to act as trustee of that trust according to its  
29 terms.

30 (3) Giving a gift to a nonprofit corporation, including a  
31 charitable corporation, that is: (a) Accepted by the corporation; (b)  
32 not in trust; and (c) subject to material restrictions or  
33 requirements contained in a gift instrument transfers complete  
34 ownership to the nonprofit corporation. The nonprofit corporation is  
35 bound by the material restrictions or requirements contained in the  
36 gift instrument.

1 (4) A nonprofit corporation complies with a term contained in a  
2 gift instrument if the nonprofit corporation reasonably complies with  
3 all material restrictions or requirements contained in the term, or,  
4 when appropriate under the facts and circumstances, seeks  
5 modification in accordance with section 1503 of this act.

6 (5) If the nonprofit corporation fails to comply with any  
7 material restriction or requirement contained in a gift instrument  
8 and fails to seek a modification in accordance with section 1503 of  
9 this act, then the attorney general may bring a proceeding to enforce  
10 the terms of the gift instrument.

11 NEW SECTION. **Sec. 1503.** MODIFICATION OR RELEASE OF GIFT  
12 RESTRICTIONS. (1) A term of a gift instrument that binds a nonprofit  
13 corporation may be modified or released, in whole or in part:

14 (a) If the donor consents in a record;

15 (b) As set forth in subsection (2) of this section, if the term  
16 is unlawful, impracticable, impossible to achieve, or wasteful;

17 (c) For gift instruments limiting the use of property to one or  
18 more charitable purposes, through a binding agreement executed by the  
19 nonprofit corporation, the attorney general, and other interested  
20 parties, and filed with or approved by the court in accordance with  
21 section 1504 of this act;

22 (d) By approval of the court in accordance with section 1505 of  
23 this act; or

24 (e) As provided by other applicable law including, but not  
25 limited to, chapter 24.55 RCW.

26 (2) If a nonprofit corporation, including a charitable  
27 corporation, determines that a restriction contained in a gift  
28 instrument on the management, investment, or purpose of a gift is  
29 unlawful, impracticable, impossible to achieve, or wasteful, then the  
30 nonprofit corporation, sixty days after notification to the attorney  
31 general, may modify the restriction, in whole or part, if:

32 (a) The gift subject to the restriction has a total value  
33 consistent with RCW 24.55.045(4)(a) or any successor provision;

34 (b) More than twenty years have elapsed since the gift was given;  
35 and

36 (c) The nonprofit corporation uses the gift in a manner  
37 consistent with any charitable purposes expressed in the gift  
38 instrument.

1 (3) Application of sections 1501 through 1506 of this act to  
2 existing gifts:

3 (a) Before July 1, 2022, sections 1501 through 1506 of this act  
4 apply to gifts existing on June 30, 2021, only if the institution's  
5 governing body elects to apply sections 1501 through 1506 of this act  
6 to existing gifts before July 1, 2022.

7 (b) On or after July 1, 2022, sections 1501 through 1506 of this  
8 act apply to all gifts.

9 (c) As applied to gifts existing on June 30, 2021, sections 1501  
10 through 1506 of this act govern only decisions made or actions taken  
11 on or after July 1, 2022, except that in the case of a nonprofit  
12 corporation that makes the election under subsection (1) of this  
13 section sections 1501 through 1506 of this act govern decisions made  
14 or actions taken on or after the date the nonprofit corporation  
15 elects to be covered by sections 1501 through 1506 of this act.

16 NEW SECTION. **Sec. 1504.** BINDING AGREEMENT TO MODIFY OR RELEASE  
17 RESTRICTIONS. (1) If a gift instrument limits the use of the gift to  
18 one or more charitable purposes, and the conditions set forth in  
19 subsection (3) or (4) of this section are satisfied, then the gift  
20 instrument may be modified by agreement of the nonprofit corporation,  
21 the attorney general, and all other interested parties.

22 (2) For purposes of this section, an "interested party" does not  
23 include:

24 (a) The donor; or

25 (b) Any member of any charitable class that the gift would  
26 benefit, either before or after the modifications to be made by the  
27 agreement.

28 (3) A restriction related to a gift's management or investment  
29 may be modified by an agreement described in subsection (1) of this  
30 section if:

31 (a) Because of circumstances not anticipated by the donor,  
32 modification will further the charitable purpose of the gift;

33 (b) Enforcement of the restriction has become impracticable or  
34 wasteful; or

35 (c) Enforcement of the restriction impairs the management or  
36 investment of the gift.

37 (4) A restriction on the use of a gift relating to the gift's  
38 charitable purpose, rather than its management or investment, may be  
39 modified by an agreement described in subsection (1) of this section

1 if the purpose becomes unlawful, impracticable, impossible to  
2 achieve, or wasteful.

3 (5) An agreement described in subsection (1) of this section  
4 must:

5 (a) Be in writing and executed by all of the parties;

6 (b) Be binding and conclusive on the nonprofit corporation and  
7 all other parties with a beneficial interest in the gift;

8 (c) Identify the gift instrument and the term or terms of the  
9 gift instrument that it modifies;

10 (d) Describe completely the modifications that it would make;

11 (e) Set forth the reasons why the modifications would comply with  
12 subsection (3) or (4) of this section; and

13 (f) State changes to the charitable purposes to which the use of  
14 the gift is limited, if any, resulting from the modifications.

15 (6) The nonprofit corporation or its legal representative may  
16 file the executed agreement with the court within thirty days of the  
17 agreement's execution by all parties. Upon filing of the executed  
18 agreement with the court:

19 (a) The agreement becomes effective and equivalent to a final  
20 court order binding on the nonprofit corporation and all other  
21 parties with a beneficial interest in the use of the gift, and

22 (b) The modifications are deemed approved by the court, and have  
23 the same effect as if the court ordered them pursuant to section 1505  
24 of this act.

25 (7) The nonprofit corporation or its legal representative may, as  
26 an alternative to the procedure described in subsection (6) of this  
27 section, petition the court for a hearing for presentation of an  
28 agreement entered under this section to the court within twenty-one  
29 days of the agreement's execution by all parties. The nonprofit  
30 corporation shall (a) provide notice of the time and date of the  
31 hearing to each party to the agreement unless that party has waived  
32 notice in the form of a record, and (b) file proof of mailing or  
33 delivery of the notice or waiver with the court. At the hearing, the  
34 court shall review the agreement on behalf of all the parties. The  
35 court shall determine whether the agreement adequately represents and  
36 protects the interests of the parties and the public interest, and  
37 enter an order declaring its determination. If the court determines  
38 that the agreement does not adequately represent and protect those  
39 interests, then the agreement is void.

1        NEW SECTION.        **Sec. 1505.**        JUDICIAL MODIFICATION OR RELEASE OF  
2 RESTRICTIONS. (1) Upon application by a corporation subject to a  
3 restriction related to a gift's management or investment, rather than  
4 to its charitable purpose, the court may modify the restriction if:

5        (a) Because of circumstances not anticipated by the donor,  
6 modification will further the charitable purpose of the gift;

7        (b) Enforcement of the restriction has become impracticable or  
8 wasteful; or

9        (c) Enforcement of the restriction impairs the management or  
10 investment of the gift.

11        (2) Upon application by a corporation subject to a restriction on  
12 the use of a gift relating to the charitable purpose of the gift,  
13 rather than its management or investment, the court may modify the  
14 restriction if the purpose becomes unlawful, impracticable,  
15 impossible to achieve, or wasteful.

16        (3) If the gift instrument provides for a forfeiture or gift-over  
17 to an alternative beneficiary, then the court may modify one or more  
18 restrictions under the procedure set out in subsection (1) of this  
19 section if a management or investment provision fails. The court may  
20 not, however, modify any restriction under the procedure set out in  
21 subsection (2) of this section to defeat the interest of an alternate  
22 beneficiary unless the beneficiary would also be subject to, and  
23 unable to perform, the term requiring modification. The alternative  
24 beneficiary is entitled to notice and may participate in the  
25 determination of whether to grant modification.

26        (4) Any modification made by the court must, to the extent  
27 possible, be made in a manner consistent with the charitable purposes  
28 as expressed in the gift instrument.

29        (5) A nonprofit corporation shall notify the attorney general  
30 whenever it seeks to modify a charitable gift restriction under this  
31 section and the court shall offer the attorney general an opportunity  
32 to be heard.

33        NEW SECTION.        **Sec. 1506.**        CHARITABLE PURPOSE SURVIVES.  
34 Modification or release of a gift restriction shall not allow a gift  
35 to be used for a purpose other than a charitable purpose.

36                                        **ARTICLE 6**  
37                                        **BOOKS AND RECORDS**

1        NEW SECTION.     **Sec. 1601.**     CORPORATE RECORDS. (1) A nonprofit  
2 corporation shall keep permanently a copy of the following records:

3        (a) Minutes of all meetings of its members and of its board of  
4 directors;

5        (b) A record of all actions taken by the members and board of  
6 directors by unanimous written consent; and

7        (c) A record of all actions taken on behalf of the corporation by  
8 a committee of the board.

9        (2) A nonprofit corporation shall keep a current copy of the  
10 following records:

11        (a) Its articles of incorporation or restated articles of  
12 incorporation and all amendments to them currently in effect;

13        (b) Its bylaws or restated bylaws and all amendments to them  
14 currently in effect;

15        (c) All communications in the form of a record to members  
16 generally within the past six years, including the financial  
17 statements furnished for the past six years under section 1604 of  
18 this act;

19        (d) A list of the names and business addresses of its current  
20 directors and officers; and

21        (e) Its most recent annual report delivered to the secretary of  
22 state under section 1204 of this act.

23        (3) A nonprofit corporation shall maintain appropriate accounting  
24 records.

25        (4) A membership corporation or its agent shall maintain a record  
26 of its members, in a form that permits preparation of a list of the  
27 names and addresses of all members, in alphabetical order by class,  
28 showing the number of votes each member is entitled to cast.

29        (5) A nonprofit corporation shall maintain its records in written  
30 form or in any other form of a record.

31        (6) All records required to be maintained by a nonprofit  
32 corporation may be maintained at any location within or without this  
33 state.

34        NEW SECTION.     **Sec. 1602.**     INSPECTION BY MEMBERS. (1) A member of  
35 a nonprofit corporation may inspect and copy, during regular business  
36 hours at a reasonable location specified by the corporation, any of  
37 the records the corporation is required to maintain under section  
38 1601 of this act, if the member delivers to the corporation an  
39 executed notice in the form of a record at least five business days

1 before the date on which the member wishes to inspect and copy the  
2 records.

3 (2) Subject to the limitations set forth in (c) and (d) of this  
4 subsection, a member of a nonprofit corporation may inspect and copy,  
5 during regular business hours at a reasonable location specified by  
6 the corporation, any of the following records of the corporation, if  
7 the member delivers to the corporation an executed notice in the form  
8 of a record at least five business days before the date on which the  
9 member wishes to inspect and copy the records:

10 (a) Excerpts from those minutes and records required to be  
11 maintained under section 1601(1) of this act;

12 (b) Accounting records of the corporation described in section  
13 1601(3) of this act; and

14 (c) Subject to subsection (3) of this section and section 1607 of  
15 this act, the membership list described in section 1601(4) of this  
16 act.

17 (3) A nonprofit corporation may withhold from inspection under  
18 this section:

19 (a) Those portions of records that contain information protected  
20 by the attorney-client privilege or related work product;

21 (b) The address of any member who is known to the corporation to  
22 be a participant in the address confidentiality program described in  
23 chapter 40.24 RCW or any similar program established by law;

24 (c) Those portions of records, which, if disclosed, would be  
25 reasonably likely to result in harm to the corporation or a third  
26 party, such as disciplinary actions involving nondirector members,  
27 identities of job applicants, discussions of strategic acquisitions,  
28 records that are required to be kept confidential under obligations  
29 to a third party, etc.; or

30 (d) Any information that a nonprofit corporation is required to  
31 keep confidential under any other law.

32 (4) A member may inspect and copy the records described in  
33 subsection (2) of this section only if the:

34 (a) Member's demand is made in good faith and for a proper  
35 purpose;

36 (b) Member describes with reasonable particularity the purpose  
37 and the records the member desires to inspect;

38 (c) Member agrees in the form of a record to reasonable  
39 restrictions required by the board on the use or distribution of the  
40 records; and



1 (d) Records are directly connected with this purpose.

2 (5) The right of inspection granted by this section may not be  
3 abolished or limited by a nonprofit corporation's articles or bylaws.

4 (6) This section does not affect the:

5 (a) Right of a member to inspect records as part of discovery in  
6 connection with litigation; or

7 (b) Power of any court of competent jurisdiction, independently  
8 of this chapter, to compel the production of corporate records for  
9 examination.

10 NEW SECTION. **Sec. 1603.** SCOPE OF MEMBER'S INSPECTION RIGHT. (1)

11 A member's agent or attorney has the same inspection and copying  
12 rights as the member represented.

13 (2) The right to copy records under section 1602 of this act  
14 includes, if reasonable, the right to receive copies. Copies may be  
15 provided through electronic transmission unless the member requests  
16 otherwise in the form of a record.

17 (3) The nonprofit corporation may comply with a member's demand  
18 to inspect and copy the list of members under section 1602(2)(c) of  
19 this act by providing the member for a reasonable charge as described  
20 in subsection (4) of this section with a list of members that was  
21 compiled no earlier than the date of the member's demand.

22 (4) The nonprofit corporation shall provide a copy of its  
23 articles and bylaws at no cost to a member on request. The nonprofit  
24 corporation may impose a reasonable charge, covering the costs of  
25 labor and material, for copies of any other documents provided to the  
26 member. The charge may not exceed the estimated cost of production,  
27 reproduction, or transmission of the records.

28 NEW SECTION. **Sec. 1604.** FINANCIAL STATEMENTS FOR MEMBERS. (1)

29 Except as provided in the articles or bylaws of a nonprofit  
30 corporation engaged in religious activity, upon a demand in the form  
31 of a record from a member, a corporation shall furnish that member  
32 with its latest annual financial statements, which may be  
33 consolidated or combined statements of the corporation and one or  
34 more of its subsidiaries, as appropriate, that include a balance  
35 sheet as of the end of the fiscal year and a statement of operations  
36 for the year. If financial statements are prepared for the  
37 corporation on the basis of generally accepted accounting principles,

1 then the annual financial statements must also be prepared on that  
2 basis.

3 (2) If the annual financial statements are reported upon by a  
4 certified public accountant, then the accountant's report shall  
5 accompany them. If not, then the statements must be accompanied by a  
6 statement of the president or the person responsible for the  
7 nonprofit corporation's accounting records:

8 (a) Stating the reasonable belief of the president or other  
9 person as to whether the statements were prepared on the basis of  
10 generally accepted accounting principles and, if not, describing the  
11 basis of preparation; and

12 (b) Describing any respects in which the statements were not  
13 prepared on a basis of accounting consistent with the statements  
14 prepared for the preceding year.

15 NEW SECTION. **Sec. 1605.** COURT-ORDERED INSPECTION. (1) If a  
16 nonprofit corporation does not allow a member who complies with  
17 section 1602(1) of this act to inspect and copy any records required  
18 by that subsection to be available for inspection, then the court may  
19 summarily order inspection and copying of the records demanded at the  
20 corporation's expense upon application of the member.

21 (2) If a nonprofit corporation does not within a reasonable time  
22 allow a member to inspect and copy any other record to which the  
23 member is entitled under section 1602(2) of this act, then the member  
24 who complies with section 1602 (3) and (4) of this act may apply to  
25 the court for an order to permit inspection and copying of the  
26 records demanded. The court shall dispose of an application under  
27 this subsection on an expedited basis. The court may inspect the  
28 records in question *in camera* and determine the extent of required  
29 disclosure, if any, in light of section 1602 of this act. In making  
30 that determination, the court shall consider the probability and  
31 extent of potential harm to the corporation or any third party that  
32 may result from inspection, and the probability and extent of benefit  
33 to the corporation or the member.

34 (3) If the court orders inspection and copying of the records  
35 demanded, then it shall also order the nonprofit corporation to pay  
36 the member's costs, including reasonable attorneys' fees, incurred to  
37 obtain the order, unless the corporation proves that it refused  
38 inspection in good faith because it had a reasonable basis for doubt  
39 about the right of the member to inspect the records demanded. If the

1 court denies the majority of the request for inspection and copying,  
2 it may order the member to pay part or all of the nonprofit  
3 corporation's costs, including reasonable attorneys' fees.

4 (4) If the court orders inspection and copying of the records  
5 demanded, then it may impose reasonable restrictions on the use or  
6 distribution of the records by the demanding member.

7 NEW SECTION. **Sec. 1606.** INSPECTION BY DIRECTORS. (1) A director  
8 of a nonprofit corporation may inspect and copy the books, records,  
9 and documents of the corporation at any reasonable time to the extent  
10 reasonably related to the performance of the director's duties as a  
11 director, including duties as a member of a committee, but not for  
12 any other purpose or in any manner that would violate any duty to the  
13 corporation or law other than this chapter.

14 (2) The court may order inspection and copying of the books,  
15 records, and documents at the corporation's expense, upon application  
16 of a director who has been refused the inspection rights set out in  
17 subsection (1) of this section, unless the corporation establishes  
18 that the director is not entitled to those inspection rights.

19 (3) If an order is issued, then the court may include provisions  
20 protecting the nonprofit corporation from undue burden or expense,  
21 and prohibiting the director from using information obtained upon  
22 exercise of the inspection rights in a manner that would violate a  
23 duty to the corporation, and may also order the corporation to  
24 reimburse the director for the director's costs, including reasonable  
25 attorneys' fees, incurred in connection with the application.

26 NEW SECTION. **Sec. 1607.** USE OF MEMBERSHIP LIST. (1) Without the  
27 consent of the board, a membership list or any part thereof may not  
28 be obtained or used by any person for any purpose unrelated to a  
29 member's interest as a member. Without limiting the generality of the  
30 foregoing, without the consent of the board, a membership list or any  
31 part thereof may not be:

32 (a) Used to solicit cash or other property unless the cash or  
33 other property will be used solely to solicit the votes of the  
34 members in an election to be held by the nonprofit corporation;

35 (b) Used for any commercial purpose; or

36 (c) Sold to or purchased by any person.

37 (2) Instead of making a membership list available for inspection  
38 and copying under sections 1601 through 1607 of this act, a nonprofit

1 corporation may elect to proceed under the procedures set forth in  
2 section 2304(6) of this act.

3 **ARTICLE 7**

4 **PUBLIC BENEFIT CORPORATIONS**

5 NEW SECTION. **Sec. 1701.** PUBLIC BENEFIT DESIGNATION. (1) There  
6 is hereby established the special designation of "public benefit  
7 nonprofit corporation." A corporation may be designated as a public  
8 benefit nonprofit corporation if it meets the following requirements:

9 (a) The corporation complies with this chapter; and

10 (b) The corporation is currently recognized by the internal  
11 revenue service as an organization described in section 501(c)(3) of  
12 the Internal Revenue Code or is exempt from applying for that  
13 recognition under section 508(c) of the Internal Revenue Code.

14 (2) A temporary designation as a public benefit nonprofit  
15 corporation may be provided to a corporation that has applied to the  
16 internal revenue service for recognition of its status as an  
17 organization described in section 501(c)(3) of the Internal Revenue  
18 Code. The temporary designation is valid for up to one year and may  
19 be renewed at the discretion of the secretary of state.

20 (3) Designation of a corporation as a public benefit nonprofit  
21 corporation does not alter the applicability to the corporation of  
22 any other provision of this chapter.

23 NEW SECTION. **Sec. 1702.** APPLICATION AND RENEWAL. (1) The  
24 secretary of state shall develop an application process for new and  
25 existing corporations to apply for public benefit nonprofit  
26 corporation status.

27 (2) Public benefit nonprofit corporation status must be renewed  
28 annually. The secretary of state may schedule renewals in conjunction  
29 with the corporation's annual report.

30 NEW SECTION. **Sec. 1703.** REMOVAL OF STATUS. The secretary of  
31 state may remove a corporation's public benefit nonprofit corporation  
32 designation if the corporation does not comply with this chapter or  
33 the internal revenue service revokes recognition of the corporation's  
34 status as an organization described in section 501(c)(3) of the  
35 Internal Revenue Code.

1 **ARTICLE 8**

2 **FOREIGN CORPORATIONS**

3 NEW SECTION. **Sec. 1801.** REGISTRATION TO DO BUSINESS. A foreign  
4 nonprofit corporation may not do business in this state until it  
5 registers with the secretary of state pursuant to chapter 23.95 RCW.

6 NEW SECTION. **Sec. 1802.** EFFECT OF REGISTRATION. (1) A foreign  
7 nonprofit corporation with a valid foreign registration statement has  
8 the same but no greater rights and has the same but no greater  
9 privileges as, and except as provided by this chapter is subject to  
10 the same duties, restrictions, penalties, and liabilities now or  
11 later imposed on, a domestic nonprofit corporation of like character.

12 (2) This chapter does not authorize this state to regulate the  
13 organization or internal affairs of a registered foreign nonprofit  
14 corporation.

15 (3) For those corporations that have a certificate of authority,  
16 are applying for, or intend to apply for a certificate of authority  
17 from the insurance commissioner as an insurance company under chapter  
18 48.05 RCW, whenever under this chapter corporate records are required  
19 to be delivered to the secretary of state for filing, the records  
20 must be delivered to the insurance commissioner rather than the  
21 secretary of state.

22 NEW SECTION. **Sec. 1803.** NAME OF FOREIGN CORPORATION. (1) The  
23 name of a registered foreign nonprofit corporation, any name reserved  
24 by a registered foreign nonprofit corporation, or any alternate name  
25 adopted under RCW 23.95.525 is governed by chapter 23.95 RCW.

26 (2) A foreign nonprofit corporation not registered to do business  
27 in this state may register its name, or an alternate name adopted  
28 pursuant to RCW 23.95.525, under RCW 23.95.315.

29 NEW SECTION. **Sec. 1804.** REGISTERED AGENT OF FOREIGN  
30 CORPORATION. (1) Each registered foreign nonprofit corporation in  
31 this state shall designate and maintain a registered agent in this  
32 state.

33 (2) The designation and maintenance of a foreign nonprofit  
34 corporation's registered agent are governed by chapter 23.95 RCW.

1        NEW SECTION.    **Sec. 1805.**    SERVICE ON FOREIGN CORPORATION. (1) A  
2 registered foreign nonprofit corporation may be served with any  
3 process, notice, or demand required or permitted by law by serving  
4 its registered agent.

5        (2) Service upon a registered foreign nonprofit corporation made  
6 by serving its registered agent, or service on the registered foreign  
7 nonprofit corporation in the absence of a registered agent, is  
8 governed by chapter 23.95 RCW.

9        NEW SECTION.        **Sec. 1806.**        WITHDRAWAL OF REGISTRATION. A  
10 registered foreign nonprofit corporation may withdraw its  
11 registration by delivering a statement of withdrawal to the secretary  
12 of state for filing under RCW 23.95.530.

13        NEW SECTION.        **Sec. 1807.**        WITHDRAWAL UPON CONVERSION OR  
14 DISSOLUTION. (1) A registered foreign nonprofit corporation that  
15 converts to any type of domestic entity automatically is deemed to  
16 have withdrawn its registration on the effective date of the  
17 conversion.

18        (2) A registered foreign nonprofit corporation that has dissolved  
19 and completed winding up or has converted to a domestic or foreign  
20 entity not required to register under chapter 23.95 RCW or other law  
21 of this state shall deliver a statement of withdrawal to the  
22 secretary of state for filing under RCW 23.95.540.

23        (3) After the withdrawal of a foreign nonprofit corporation under  
24 this section is effective, service of process in any action or  
25 proceeding based on a cause of action arising during the time the  
26 foreign nonprofit corporation was registered to do business in this  
27 state may be made pursuant to RCW 23.95.450.

28        NEW SECTION.        **Sec. 1808.**        AMENDMENT TO REGISTRATION UPON  
29 CONVERSION. A registered foreign nonprofit corporation that converts  
30 to a foreign for-profit corporation or to any form of foreign  
31 unincorporated entity that is required to register with the secretary  
32 of state to do business in this state shall deliver to the secretary  
33 of state for filing an amendment to its foreign registration  
34 statement under RCW 23.95.515.

35        NEW SECTION.        **Sec. 1809.**        TRANSFER OF REGISTRATION. (1) If a  
36 registered foreign nonprofit corporation merges into a nonregistered

1 foreign entity or converts to a different type of foreign entity  
2 required to register to do business in this state, the foreign entity  
3 shall deliver to the secretary of state for filing an application for  
4 transfer of registration under RCW 23.95.545.

5 (2) If a registered foreign nonprofit corporation is a party to a  
6 statutory merger permitted by the laws of the jurisdiction where it  
7 is incorporated, and the corporation is the surviving corporation, it  
8 is not necessary for the corporation to register to do business or to  
9 amend its registration unless the corporation's name is changed.

10 NEW SECTION. **Sec. 1810.** TERMINATION OF REGISTRATION. The  
11 secretary of state may terminate the registration of a registered  
12 foreign nonprofit corporation under RCW 23.95.550:

13 (1) For any reason set forth in RCW 23.95.550(1);

14 (2) If the secretary of state receives a duly authenticated  
15 certificate from the secretary of state or other official having  
16 custody of corporate records in the state or country under whose law  
17 the foreign corporation is incorporated stating that it has been  
18 dissolved or did not survive a merger; or

19 (3) If the corporation has continued to exceed or abuse the  
20 authority conferred upon it by this chapter.

21 NEW SECTION. **Sec. 1811.** JUDICIAL REVIEW OF TERMINATION. (1) A  
22 foreign nonprofit corporation may appeal the secretary of state's  
23 termination of its registration to the superior court of Thurston  
24 county within ninety days after service of the statement of  
25 termination is perfected. The foreign nonprofit corporation shall  
26 appeal by petitioning the court to set aside the termination and  
27 attaching to the petition copies of its statement of registration and  
28 the secretary of state's statement of termination.

29 (2) The court may summarily order the secretary of state to  
30 reinstate the registration or may take any other action the court  
31 considers appropriate.

32 (3) The court's final decision may be appealed as in other civil  
33 proceedings.

34 **PART II**  
35 **GOVERNANCE**  
36 **ARTICLE 1**

37 **MEMBERS AND MEMBERSHIPS**

1        NEW SECTION.    **Sec. 2101.**    MEMBERS.    (1) A nonprofit corporation  
2 may have one or more classes of members or may have no members.

3        (2) For corporations formed on or after July 1, 2021,  
4 notwithstanding anything to the contrary in the bylaws, where the  
5 articles of a nonprofit corporation do not provide that it has  
6 members, the nonprofit corporation does not have members.

7        (3) For organizations formed before July 1, 2021, where the  
8 articles of a nonprofit corporation do not provide that it has  
9 members, the corporation has members only if the bylaws:

10        (a) Provide that the corporation has members; and

11        (b) Provide that members of at least one class have the right to  
12 select or vote for the election of directors or delegates or to vote  
13 on at least one type of fundamental transaction.

14        (4) Where a nonprofit corporation does not have members under  
15 this section, or where a corporation has no members entitled to vote  
16 on a given matter, any provision of this chapter or any other  
17 provision of law requiring notice to, the presence of, or the vote,  
18 consent, or other action by members in connection with that matter is  
19 satisfied by notice to, the presence of, or the vote, consent, or  
20 other action by the board.

21        NEW SECTION.    **Sec. 2102.**    SCOPE OF MEMBERSHIP. A person is not a  
22 member of a nonprofit corporation for purposes of any provision of  
23 this chapter unless the person meets the definition of "member" in  
24 section 1102 of this act, regardless of whether the corporation  
25 refers to or designates the person as a member.

26        NEW SECTION.    **Sec. 2103.**    ADMISSION OF MEMBERS. (1) The articles  
27 or bylaws of a membership corporation may establish criteria or  
28 procedures for admission of members.

29        (2) A person may not be admitted as a member without the person's  
30 consent. Consent may be express or implied and need not be in the  
31 form of a record.

32        (3) If a membership corporation provides certificates of  
33 membership to the members, then the certificates shall not be  
34 registered or transferable except as provided in the articles or  
35 bylaws or by resolution of the board.

36        NEW SECTION.    **Sec. 2104.**    CONSIDERATION FOR ADMISSION. Except as  
37 provided in its articles or bylaws, a membership corporation may



1 admit members for no consideration or for consideration determined by  
2 the board, which may take any form, including promissory notes,  
3 intangible property, or past or future services. Payment of the  
4 consideration may be made at those times and upon those terms as are  
5 set forth in or authorized by the articles, bylaws, or a resolution  
6 of the board.

7 NEW SECTION. **Sec. 2105.** CAPITAL CONTRIBUTIONS. (1) A membership  
8 corporation that is not a charitable corporation may provide in its  
9 articles or bylaws that members, upon or after admission, shall make  
10 capital contributions. Except as provided in the articles or bylaws,  
11 the board shall fix the amount. The requirement of a capital  
12 contribution may apply to all members, or to the members of a single  
13 class, or to members of different classes in different amounts or  
14 proportions.

15 (2) The adoption or amendment of a capital contribution  
16 requirement, whether or not approved by the members, shall not apply  
17 to, or be an obligation of, a member who did not vote in favor of the  
18 adoption or amendment until thirty days after the member has been  
19 given notice of the adoption or amendment.

20 NEW SECTION. **Sec. 2106.** RIGHTS AND OBLIGATIONS. (1) The members  
21 of a membership corporation have only those rights, privileges,  
22 powers, or obligations specifically given or assigned to members in  
23 the articles, the bylaws, or section 2313 of this act.

24 (2) A member shall not have the right to vote on any matter  
25 unless the articles, the bylaws, or section 2313(1) of this act  
26 provides expressly that the class of members to which that member  
27 belongs has the right to vote on that particular matter.

28 NEW SECTION. **Sec. 2107.** DIFFERENCES IN RIGHTS AND OBLIGATIONS.  
29 (1) Except as provided in the articles or bylaws, each member of a  
30 membership corporation has the same rights and obligations as every  
31 other member with respect to voting, dissolution, membership  
32 transfer, and other matters.

33 (2) If the corporation has one or more classes of members, then  
34 the designation of the class or classes, the articles, or the bylaws  
35 shall set forth the manner of election or appointment and the  
36 qualifications and rights of the members of each class.

1        NEW SECTION.    **Sec. 2108.**    TRANSFERS OF MEMBERSHIP. (1) Except as  
2 provided in the articles or bylaws or by resolution of the board, a  
3 member of a membership corporation may not transfer a membership or  
4 any right arising therefrom.

5        (2) Where the right to transfer a membership has been provided, a  
6 restriction on that right shall not be binding with respect to a  
7 member holding a membership issued before the adoption of the  
8 restriction unless the affected member consents to the restriction in  
9 the form of a record.

10       NEW SECTION.    **Sec. 2109.**    MEMBER'S LIABILITY FOR CORPORATE  
11 OBLIGATIONS. A member of a membership corporation is not personally  
12 liable for the acts, debts, liabilities, or obligations of the  
13 corporation.

14       NEW SECTION.    **Sec. 2110.**    MEMBER'S LIABILITY FOR DUES, FEES, AND  
15 ASSESSMENTS. (1) A membership corporation may levy dues, assessments,  
16 and fees on its members to the extent authorized in the articles or  
17 bylaws. Particular dues, assessments, and fees may be imposed in the  
18 articles or bylaws or by resolution of the board, subject to any  
19 membership approval required under section 3112(1) of this act, on  
20 members of the same class either alike or in different amounts or  
21 proportions, and may be imposed on a different basis on different  
22 classes of members. Members of a class may be made exempt from dues,  
23 assessments, and fees to the extent provided in the articles or  
24 bylaws or by resolution of the board.

25        (2) The amount and method of collection of dues, assessments, and  
26 fees may be fixed in the articles or bylaws, or the articles or  
27 bylaws may authorize the board or members to fix the amount and  
28 method of collection, with or without approval of the class or  
29 classes of members affected.

30        (3) The articles or bylaws may provide reasonable means, such as  
31 termination and reinstatement of membership, to enforce the  
32 collection of dues, assessments, and fees.

33       NEW SECTION.    **Sec. 2111.**    CREDITOR'S ACTION AGAINST MEMBER. (1) A  
34 proceeding may not be brought by a creditor of a membership  
35 corporation to reach the liability, if any, of a member to the  
36 corporation unless final judgment has been rendered in favor of the

1 creditor against the corporation and execution has been returned  
2 unsatisfied in whole or in part.

3 (2) All creditors of a membership corporation, with or without  
4 reducing their claims to judgment, may intervene in any creditor's  
5 proceeding brought under subsection (1) of this section to reach and  
6 apply unpaid amounts due the corporation. Any or all members who owe  
7 amounts to the corporation may be joined in the proceeding.

8 NEW SECTION. **Sec. 2112.** RESIGNATION OF MEMBER. (1) A member of  
9 a membership corporation may resign at any time.

10 (2) The resignation of a member does not relieve the member from  
11 any obligations incurred or commitments made before resignation.

12 NEW SECTION. **Sec. 2113.** TERMINATION AND SUSPENSION OF MEMBER.

13 (1) A membership in a membership corporation may be terminated or  
14 suspended for the reasons and in the manner provided in the articles  
15 or bylaws.

16 (2) A membership in a membership corporation may also be  
17 terminated, regardless of the procedure set forth in the articles or  
18 bylaws, if:

19 (a) The corporation has had no contact from the member for at  
20 least three years; and

21 (b) Either:

22 (i) The member fails to respond within ninety days to a request  
23 from the corporation to update the member's contact information that  
24 includes a statement that failure to respond could result in  
25 termination of membership, delivered to that member by means  
26 reasonably likely to reach that member; or

27 (ii) A request from the corporation to update the member's  
28 contact information that includes a statement that failure to respond  
29 could result in termination of membership, sent to that member by  
30 first-class forwardable mail, with postage prepaid, is returned as  
31 undeliverable; or

32 (iii) If members, or a class of members, are not identified  
33 individually on the records of the corporation, a request from the  
34 corporation for members to provide contact information that includes  
35 a statement that failure to respond could result in termination of  
36 membership is published once a week for six consecutive weeks in a  
37 newspaper of general circulation in the county in which the  
38 corporation's principal office is located.

1 (3) Unless otherwise provided in the articles or bylaws, if the  
2 articles or bylaws allow the board or any other body to admit  
3 members, the affirmative vote of two-thirds of that body may  
4 terminate a member.

5 (4) Irrespective of anything to the contrary in the articles or  
6 bylaws, in any proceeding involving a corporation or upon application  
7 from the corporation, the court may order termination of a member of  
8 the corporation in the best interests of the corporation.

9 (5) A proceeding challenging a termination or suspension for any  
10 reason must be commenced within one year after the effective date of  
11 the termination or suspension.

12 (6) The termination or suspension of a member does not relieve  
13 the member from any obligations incurred or commitments made before  
14 the termination or suspension.

15 NEW SECTION. **Sec. 2114.** REPURCHASE OF MEMBERSHIPS. A membership  
16 corporation that is not a charitable corporation may repurchase any  
17 of its memberships or any right arising therefrom only if it is so  
18 provided in the articles or bylaws. A membership corporation that is  
19 a charitable corporation may not repurchase any of its memberships or  
20 any right arising therefrom.

21 **ARTICLE 2**

22 **DELEGATES**

23 NEW SECTION. **Sec. 2201.** DELEGATES. (1) A membership corporation  
24 may provide in its articles or bylaws for delegates.

25 (2) The articles or bylaws may set forth provisions relating to:

26 (a) The characteristics, qualifications, rights, limitations, and  
27 obligations of delegates including their selection and removal;

28 (b) Calling, noticing, holding, and conducting meetings of  
29 delegates; and

30 (c) Carrying on activities during and between meetings of  
31 delegates.

32 (3) If the articles or bylaws provide for delegates, then, unless  
33 otherwise provided in the articles or bylaws:

34 (a) The power to appoint, remove, or modify any provision of the  
35 articles or bylaws governing the appointment or removal of delegates  
36 is reserved to the members.

1 (b) All other powers of members including, but not limited to,  
2 the right to vote on other amendments to articles or bylaws, may be  
3 exercised by delegates.

4 **ARTICLE 3**

5 **MEMBERSHIP MEETINGS AND VOTING**

6 NEW SECTION. **Sec. 2301.** ANNUAL AND REGULAR MEETINGS. (1) A  
7 membership corporation shall hold an annual meeting of members once  
8 during each fiscal year at a time stated in or fixed in accordance  
9 with the articles or bylaws.

10 (2) A membership corporation may hold regular meetings on a  
11 regional or other basis at times stated in or fixed in accordance  
12 with the articles or bylaws.

13 (3) Except as provided in subsection (5) of this section, annual  
14 and regular meetings of the members may be held in or out of this  
15 state at the place stated in or fixed in accordance with the articles  
16 or bylaws. If no place is stated in or fixed in accordance with the  
17 articles or bylaws, then annual and regular meetings shall be held at  
18 the membership corporation's principal office.

19 (4) The failure to hold an annual or regular meeting at the time  
20 stated in or fixed in accordance with the articles or bylaws does not  
21 affect the validity of any corporate action.

22 (5) The articles or bylaws may provide that an annual or regular  
23 meeting of members may be held in a specified location and, if so  
24 provided under the articles or bylaws, through one or more means of  
25 remote communication through which members not physically present may  
26 participate in the meeting substantially concurrently, vote on  
27 matters submitted to the members, pose questions, and make comments.  
28 For any meeting at which one or more members may participate by means  
29 of remote communication, the corporation shall deliver notice of the  
30 meeting to each member by a means which the member has authorized and  
31 provide complete instructions for participating in the meeting by  
32 remote communication.

33 NEW SECTION. **Sec. 2302.** SPECIAL MEETINGS. (1) A membership  
34 corporation shall hold a special meeting of members:

35 (a) At the call of its board of directors, the president, or the  
36 persons authorized to do so by the articles or bylaws; or

37 (b) If the holders of either:

1 (i) The number or proportion of members entitled under the  
2 articles or bylaws to call a meeting on the subject matter proposed  
3 to be considered at the proposed special meeting, which shall not  
4 represent more than twenty-five percent of all the votes entitled to  
5 be cast on that subject matter; or

6 (ii) In the absence of a provision fixing the number or  
7 proportion of members entitled to call a meeting, the number or  
8 proportion of members representing five percent of all the votes  
9 entitled to be cast on the subject matter proposed to be considered  
10 at the proposed special meeting;

11 execute, date, and deliver to the corporation one or more demands in  
12 the form of a record for the meeting describing the purpose for which  
13 it is to be held.

14 (2) Unless otherwise provided in the articles or bylaws, a demand  
15 for a special meeting may be revoked by notice to that effect  
16 received by the membership corporation from the members calling the  
17 meeting before the receipt by the corporation of demands sufficient  
18 in number to require the holding of a special meeting.

19 (3) If not otherwise fixed under section 2303 or 2307 of this  
20 act, the record date for determining members entitled to demand a  
21 special meeting is the date the first member executes a demand.

22 (4) Only business within the purpose or purposes described in the  
23 meeting notice required by section 2305(3) of this act may be  
24 conducted at a special meeting of the members.

25 (5) Except as provided in subsection (6) of this section, special  
26 meetings of the members may be held in or out of this state at the  
27 place stated in or fixed in accordance with the articles or bylaws.  
28 If no place is stated or fixed in accordance with the articles or  
29 bylaws, then special meetings shall be held at the corporation's  
30 principal office.

31 (6) The articles or bylaws may provide that a special meeting of  
32 members be held at a specified location and, unless otherwise  
33 provided under the articles or bylaws, through means of remote  
34 communication through which members not physically present may  
35 participate in the meeting substantially concurrently, vote on  
36 matters submitted to the members, pose questions, and make comments.  
37 Notice of meetings at which one or more members may participate by  
38 means of remote communication must be delivered by a means which the  
39 member has authorized and provide complete instructions for  
40 participating in the meeting from a remote location.

1        NEW SECTION.    **Sec. 2303.**    COURT-ORDERED MEETING. (1) The court  
2 may summarily order a meeting to be held:

3        (a) On application of any member entitled to participate in an  
4 annual or regular meeting if an annual meeting was not held within  
5 eighteen months after the last annual meeting; or

6        (b) On application of a member who executed a demand for a  
7 special meeting under section 2302 of this act that was executed by a  
8 sufficient number of members to call a meeting, if:

9        (i) Notice of the special meeting was not given within thirty  
10 days after the date the demand was delivered to the corporation's  
11 secretary; or

12        (ii) The special meeting was not held in accordance with the  
13 notice.

14        (2) The court may fix the time and place of a court-ordered  
15 meeting, determine the members entitled to participate in the  
16 meeting, specify a record date for determining members entitled to  
17 notice of and to vote at the meeting, prescribe the form and content  
18 of the meeting notice, fix the quorum required for specific matters  
19 to be considered at the meeting or direct that the votes represented  
20 at the meeting constitute a quorum for action on those matters, and  
21 enter other orders necessary to accomplish the purpose or purposes of  
22 the court-ordered meeting.

23        NEW SECTION.    **Sec. 2304.**    LIST OF MEMBERS FOR MEETING. (1) After  
24 fixing a record date for a meeting, a membership corporation shall  
25 prepare an alphabetical list of the names of all its members who are  
26 entitled to notice of that meeting of the members. The list of  
27 members shall show the address of and number of votes each member is  
28 entitled to cast at the meeting, except that the address of any  
29 member who is known to the corporation to be a participant in the  
30 address confidentiality program described in chapter 40.24 RCW or any  
31 similar law may be omitted.

32        (2) The list of members must be available for inspection by any  
33 member, beginning two business days after notice of the meeting is  
34 given for which the list was prepared and continuing through the  
35 meeting, at the membership corporation's principal office or at a  
36 place identified in the meeting notice in the city where the meeting  
37 will be held. A member or the member's agent, on demand in the form  
38 of a record, may inspect and, subject to the requirements of section  
39 1602(4) of this act, copy the list, during regular business hours and

1 at the member's expense, during the period it is available for  
2 inspection.

3 (3) The membership corporation shall make the list of members  
4 available at the meeting, and a member or the member's agent may  
5 inspect the list at any time during the meeting or any adjournment.

6 (4) If a membership corporation refuses to allow a member or the  
7 member's agent to inspect the list of members before or at the  
8 meeting or copy the list as permitted by subsection (2) of this  
9 section, then the court, on application of the member, may:

10 (a) Summarily order the inspection or copying at the  
11 corporation's expense;

12 (b) Postpone the meeting for which the list was prepared until  
13 the inspection or copying is complete;

14 (c) Order the corporation to pay the member's costs including  
15 reasonable attorneys' fees incurred to obtain the order; and

16 (d) Order other appropriate relief.

17 (5) Refusal or failure to prepare or make available the list of  
18 members does not affect the validity of action taken at the meeting.

19 (6) Instead of making the list of members available as provided  
20 in subsection (2) of this section, a membership corporation may state  
21 in a notice of meeting that the corporation has elected to proceed  
22 under this subsection. A member of a corporation that has elected to  
23 proceed under this subsection shall state in the member's demand for  
24 inspection a proper purpose for inspection. Within ten business days  
25 after receiving a demand under this subsection, the corporation shall  
26 deliver to the member making the demand an offer of a reasonable  
27 alternative method of achieving the purpose identified in the demand  
28 without providing access to or a copy of the list of members. An  
29 alternative method that reasonably and in a timely manner  
30 accomplishes the proper purpose set forth in the demand relieves the  
31 corporation from making the list of members available under  
32 subsection (4)(b) of this section, unless within a reasonable time  
33 after acceptance of the offer the corporation fails to do the things  
34 it offered to do. Any rejection of the corporation's offer must be in  
35 the form of a record and indicate the reasons the alternative  
36 proposed by the corporation does not meet the proper purpose of the  
37 demand.

38 NEW SECTION. **Sec. 2305.** NOTICE OF MEMBERSHIP MEETING. (1) A  
39 membership corporation shall give notice to the members of the date,



1 time, and place of each annual, regular, or special meeting of the  
2 members. Except as provided under subsection (6) of this section, the  
3 notice must be given in the form of a record no fewer than ten nor  
4 more than sixty days before the meeting date. Except as provided in  
5 this chapter, the articles, or the bylaws, the corporation is only  
6 required to give notice to members entitled to vote at the meeting.

7 (2) Unless this chapter, the articles, or the bylaws require  
8 otherwise, notice of an annual or regular meeting need not include a  
9 description of the purpose for which the meeting is called.

10 (3) Notice of a special meeting shall include a description of  
11 the purpose for which the meeting is called.

12 (4) If not otherwise fixed under section 2303 or 2307 of this  
13 act, the record date for determining members entitled to notice of  
14 and to vote at an annual or special meeting of the members is the day  
15 before the first notice is given to members.

16 (5) Unless the articles or bylaws require otherwise, if an  
17 annual, regular, or special meeting of the members is adjourned to a  
18 different date, time, or place, notice need not be given of the new  
19 date, time, or place if the new date, time, or place is announced at  
20 the meeting before adjournment. If a new record date for the  
21 adjourned meeting is or is required to be fixed under section 2307 of  
22 this act, then the corporation shall give notice of the adjourned  
23 meeting to the members entitled to vote on the new record date.

24 (6) Notice of regular meetings other than the annual meeting may  
25 be made by providing each member with the adopted schedule of regular  
26 meetings for the ensuing year in the form of a record at any time  
27 after the annual meeting and ten days before the next succeeding  
28 regular meeting and at any time requested by a member or by any other  
29 notice prescribed by the bylaws.

30 (7) Whenever notice would otherwise be required to be given under  
31 any provision of this chapter to a member, the notice need not be  
32 given if notice of two consecutive annual meetings, and all notices  
33 of meetings during the period between those two consecutive annual  
34 meetings, have been returned undeliverable or could not be delivered.  
35 If a member delivers to the nonprofit corporation a notice setting  
36 forth the member's then current address, then the requirement that  
37 notice be given to that member is reinstated.

38 NEW SECTION. **Sec. 2306.** WAIVER OF NOTICE. (1) A member may  
39 waive any notice required by this chapter, the articles, or the

1 bylaws no more than sixty days before or sixty days after the date  
2 and time stated in the notice or of the meeting or action. The waiver  
3 must be in the form of a record, be executed by the member entitled  
4 to the notice, and be delivered to the membership corporation for  
5 inclusion in the minutes or filing with the corporate records.

6 (2) The attendance of a member at a meeting:

7 (a) Waives objection to lack of notice or defective notice of the  
8 meeting, unless the member at the beginning of the meeting or  
9 immediately upon arrival at the meeting objects to holding the  
10 meeting or transacting business at the meeting; and

11 (b) Waives objection to consideration of a particular matter at  
12 the meeting that is not within the purpose described in the meeting  
13 notice, unless the member objects at the meeting to considering the  
14 matter.

15 NEW SECTION. **Sec. 2307.** RECORD DATE. (1) The articles or bylaws  
16 may fix or provide the manner of fixing the record date to determine  
17 the members entitled to notice of a meeting of the members, to demand  
18 a special meeting, to vote, or to take any other action. If the  
19 articles or bylaws do not fix or provide for fixing a record date,  
20 then the board of the membership corporation may fix a future date as  
21 the record date.

22 (2) A record date fixed under this section may not be more than  
23 seventy days before the meeting or action requiring a determination  
24 of members.

25 (3) A determination of members entitled to notice of or to vote  
26 at a meeting of the members is effective for any adjournment of the  
27 meeting unless the board fixes a new record date, which it shall do  
28 if the meeting is adjourned to a date more than one hundred twenty  
29 days after the date fixed for the original meeting.

30 (4) If the court orders a meeting adjourned to a date more than  
31 one hundred twenty days after the date fixed for the original  
32 meeting, then it may provide that the original record date continues  
33 in effect or it may fix a new record date.

34 NEW SECTION. **Sec. 2308.** CONDUCT OF MEETING. (1) At each meeting  
35 of members, an individual shall preside as chair. The chair is  
36 appointed and may be removed:

37 (a) As provided in the articles or bylaws;

1 (b) In the absence of a provision in the articles or bylaws, by  
2 the board; or

3 (c) In the absence of both a provision in the articles or bylaws  
4 and an appointment by the board, by the members at the meeting.

5 (2) Except as provided in the articles or bylaws or by resolution  
6 of the board, the chair determines the order of business and has the  
7 authority to establish rules for the order and conduct of the  
8 meeting.

9 (3) Any rules established for the order and conduct of the  
10 meeting pursuant to subsection (2) of this section must be fair to  
11 the members.

12 (4) Except as provided in the articles or bylaws or by resolution  
13 of the board:

14 (a) The chair of the meeting shall announce at the meeting when  
15 the polls close for each matter voted upon.

16 (b) If no announcement is made, then the polls are deemed to have  
17 closed upon the final adjournment of the meeting.

18 (c) After the polls close, no ballots, proxies, or votes, nor any  
19 otherwise permissible revocations or changes thereto may be accepted.

20 NEW SECTION. **Sec. 2309.** PROXIES. (1) Except as provided in the  
21 articles or bylaws, a member may not vote by proxy.

22 (2) If the articles or bylaws allow members to vote by proxy,  
23 then the following procedure applies unless the articles or bylaws  
24 provide otherwise:

25 (a) A member or the member's agent or attorney-in-fact may  
26 appoint a proxy to vote or otherwise act for the member by executing  
27 an appointment form in the form of a record. An appointment form must  
28 contain or be accompanied by information from which it can be  
29 determined that the member or the member's agent or attorney-in-fact  
30 authorized the appointment of the proxy.

31 (b) An appointment of a proxy is effective when an executed  
32 appointment in the form of a record is received by the inspectors of  
33 election, the officer or agent of the membership corporation  
34 authorized to tabulate votes, or the secretary. An appointment is  
35 valid for eleven months unless a shorter or longer period is  
36 expressly provided in the appointment form.

37 (c) The death or incapacity of the member appointing a proxy does  
38 not affect the right of the membership corporation to accept the  
39 proxy's authority unless notice of the death or incapacity is

1 received by the inspectors of election, the officer or agent  
2 authorized to tabulate votes, or the secretary before the proxy  
3 exercises his or her authority under the appointment.

4 (d) A membership corporation may accept the proxy's vote or other  
5 action as that of the member making the appointment, subject to  
6 section 2314 of this act and to any express limitation on the proxy's  
7 authority stated in the appointment form.

8 (e) A proxy may be revoked by a member by delivering notice in  
9 the form of a record to the corporation before the corporation has  
10 relied upon the proxy.

11 NEW SECTION. **Sec. 2310.** VOTING ENTITLEMENT OF MEMBERS. Except  
12 as provided in the articles or bylaws, each member is entitled to one  
13 vote on each matter on which the articles or bylaws entitle the  
14 members of the class of members to which the member belongs to vote.

15 NEW SECTION. **Sec. 2311.** MEMBERSHIP QUORUM AND VOTING  
16 REQUIREMENTS. (1) Members may take action at a meeting on matters  
17 with respect to which all of the members are entitled to vote only if  
18 a quorum of the members is present. Except as provided in the  
19 articles or the bylaws, ten percent of the votes entitled to be cast  
20 at a meeting of the members constitutes a quorum with respect to  
21 those matters.

22 (2) Members entitled to vote as a separate voting group may take  
23 action on a matter at a meeting only if a quorum of those members is  
24 present with respect to that matter. Except as provided in the  
25 articles or bylaws, ten percent of the votes entitled to be cast on  
26 the matter by the voting group constitutes a quorum of that voting  
27 group for action on that matter.

28 (3) Once a member is represented for any purpose at a meeting,  
29 the member is deemed present for quorum purposes for the remainder of  
30 the meeting and for any adjournment of that meeting unless a new  
31 record date is or is required to be set for that adjourned meeting.

32 (4) If a quorum is present, then action on a matter other than  
33 the election of directors by a voting group is approved if the votes  
34 cast within the voting group favoring the action exceed the votes  
35 cast opposing the action, unless the articles, bylaws, or applicable  
36 law require a greater number of affirmative votes.

37 (5) An amendment of the articles or bylaws adding, changing, or  
38 deleting a quorum or voting requirement for a voting group greater

1 than specified in subsection (2) or (4) of this section is governed  
2 by section 2311 of this act.

3 (6) If a meeting cannot be organized because a quorum of members  
4 entitled to vote is not present, then those members present may  
5 adjourn the meeting to such a time and place as they may determine.  
6 When a meeting that has been adjourned for lack of a quorum is  
7 reconvened, those members present, although less than a quorum as  
8 fixed in this section, the articles, or the bylaws, nonetheless  
9 constitute a quorum, if notice of the time and place of the  
10 reconvened meeting is provided by electronic transmission or in  
11 person to the members entitled to vote at least twenty-four hours  
12 before the reconvened meeting, or by other methods pursuant to the  
13 requirements and procedures set forth in section 2305 of this act.  
14 The articles or the bylaws may, however, permit the reconvening of a  
15 meeting without notice, by means of a provision that makes explicit  
16 reference to elimination of the notice requirement that would  
17 otherwise apply under this section.

18 (7) The election of directors is governed by section 2313 of this  
19 act.

20 NEW SECTION. **Sec. 2312.** DIFFERING QUORUM AND VOTING  
21 REQUIREMENTS. (1) The articles or bylaws may provide for a higher or  
22 lower quorum or higher voting requirement for members or voting  
23 groups of members than is provided for by this chapter, either  
24 generally or with respect to specific matters.

25 (2) An amendment to the articles or bylaws that adds, changes, or  
26 deletes a greater quorum or voting requirement must meet the same  
27 quorum requirement and be adopted by the same vote and voting groups  
28 required to take action under the quorum and voting requirements then  
29 in effect.

30 NEW SECTION. **Sec. 2313.** VOTING FOR DIRECTORS. (1) Except as  
31 provided in the articles or bylaws, directors of a membership  
32 corporation are elected by a plurality of the votes cast by the  
33 members entitled to vote in the election at a meeting at which a  
34 quorum is present.

35 (2) Except as provided in the articles or bylaws, or under  
36 subsection (3) of this section, members do not have a right to  
37 cumulate their votes for directors.

1 (3) Members of a nonprofit corporation who were entitled to  
2 cumulate their votes for the election of directors on the effective  
3 date of this chapter continue to be entitled to cumulate their votes  
4 for the election of directors until otherwise provided in the  
5 articles or bylaws of the corporation.

6 NEW SECTION. **Sec. 2314.** ACCEPTANCE OF BALLOTS, CONSENTS,  
7 WAIVERS, OR PROXIES. (1) If the name signed on a ballot, consent,  
8 waiver, or proxy appointment corresponds to the name of a member,  
9 then the membership corporation if acting in good faith may accept  
10 the ballot, consent, waiver, or proxy appointment and give it effect  
11 as the act of the member.

12 (2) If the name signed on a ballot, consent, waiver, or proxy  
13 appointment does not correspond to the name of its member, then the  
14 membership corporation if acting in good faith is nevertheless  
15 entitled to accept the ballot, consent, waiver, or proxy appointment  
16 and give it effect as the act of the member if:

17 (a) The member is an entity and the name signed purports to be  
18 that of an officer or agent of the entity;

19 (b) The name signed purports to be that of an administrator,  
20 executor, guardian, or conservator representing the member and, if  
21 the corporation requests, evidence of fiduciary status acceptable to  
22 the corporation has been presented with respect to the ballot,  
23 consent, waiver, or proxy appointment;

24 (c) The name signed purports to be that of a receiver or trustee  
25 in bankruptcy of the member and, if the corporation requests,  
26 evidence of this status acceptable to the corporation has been  
27 presented with respect to the ballot, consent, waiver, or proxy  
28 appointment;

29 (d) The name signed purports to be that of a beneficial owner or  
30 attorney-in-fact of the member and, if the corporation requests,  
31 evidence acceptable to the corporation of the signatory's authority  
32 to sign for the member has been presented with respect to the ballot,  
33 consent, waiver, or proxy appointment; and

34 (e) Two or more persons are the member as cotenants or  
35 fiduciaries and the name signed purports to be the name of at least  
36 one of the co-owners and the person signing appears to be acting on  
37 behalf of all the co-owners.

38 (3) The membership corporation may reject a ballot, consent,  
39 waiver, or proxy appointment if the secretary or other officer or

1 agent authorized to tabulate votes, acting in good faith, has  
2 reasonable basis for doubt about the validity of the signature on it  
3 or about the signatory's authority to sign for the member.

4 (4) The membership corporation and its officer or agent who  
5 accepts or rejects a ballot, consent, waiver, or proxy appointment in  
6 good faith and in accordance with the standards of this section or  
7 section 2309(2) of this act are not liable in damages to the member  
8 for the consequences of the acceptance or rejection.

9 (5) Corporate action based on the acceptance or rejection of a  
10 ballot, consent, waiver, or proxy appointment under this section is  
11 valid unless the court determines otherwise.

12 NEW SECTION. **Sec. 2315.** INSPECTORS OF ELECTION. (1) A  
13 membership corporation may appoint one or more inspectors to act at a  
14 meeting of members and make a report in the form of a record of the  
15 inspectors' determinations. Each inspector shall execute the duties  
16 of inspector impartially and according to the best of the inspector's  
17 ability.

18 (2) The inspectors must:

19 (a) Ascertain the number of members and delegates, and their  
20 voting power;

21 (b) Determine the members and delegates present at a meeting;

22 (c) Determine the validity of proxies and ballots;

23 (d) Count all votes; and

24 (e) Determine the result.

25 (3) An inspector may, but need not, be a director, member,  
26 officer, or employee of the membership corporation. A person who is a  
27 candidate for office to be filled at the meeting may not be an  
28 inspector.

29 NEW SECTION. **Sec. 2316.** ACTION BY VOTING GROUPS. (1) If this  
30 chapter, the articles, or the bylaws provide for voting by a single  
31 voting group on a matter, then action on that matter is taken when  
32 voted upon by that voting group as provided in section 2311 or 2318  
33 of this act.

34 (2) If this chapter, the articles, or the bylaws provide for  
35 voting by two or more voting groups on a matter, then action on that  
36 matter is taken only when voted upon by each of those voting groups  
37 counted separately as provided in section 2311 or 2318 of this act.

1        NEW SECTION.    **Sec. 2317.**    VOTING AGREEMENTS. (1) If the articles  
2 or bylaws allow voting agreements, then two or more members may  
3 provide for the manner in which they will vote by executing an  
4 agreement in the form of a record for that purpose, to the extent  
5 allowed under the articles or bylaws.

6        (2) A voting agreement is specifically enforceable if:

7        (a) The voting agreement is allowed under the articles or bylaws;  
8 or

9        (b) The effective date of the voting agreement is before the  
10 effective date of this section.

11       (3) Notwithstanding subsection (2) of this section, no voting  
12 agreement is enforceable to the extent that enforcement of the  
13 agreement would violate the purposes of the membership corporation.

14       NEW SECTION.    **Sec. 2318.**    ACTION WITHOUT MEETING BY UNANIMOUS  
15 WRITTEN CONSENT. (1) Except as provided in the articles or bylaws,  
16 action required or permitted by this chapter to be taken at a meeting  
17 of the members may be taken without a meeting if the action is taken  
18 by all the members entitled to vote on the action. The action must be  
19 evidenced by one or more consents in the form of a record bearing the  
20 date of execution and describing the action taken, executed by all  
21 the members entitled to vote on the action, and delivered to the  
22 membership corporation for inclusion in the minutes or filing with  
23 the corporate records.

24       (2) If not otherwise fixed under section 2303 or 2307 of this  
25 act, the record date for determining members entitled to take action  
26 without a meeting is the date the first member executes the consent  
27 under subsection (1) of this section. A consent shall not be  
28 effective to take the corporate action referred to therein unless,  
29 within sixty days after the earliest date appearing on a consent  
30 delivered to the membership corporation in the manner required by  
31 this section, consents executed by all members entitled to vote on  
32 the action are received by the corporation. A consent may be revoked  
33 by an executed notice in the form of a record to that effect received  
34 by the corporation before receipt by the corporation of unrevoked  
35 consents sufficient in number to take corporate action.

36       (3) A consent executed under this section has the same force and  
37 effect as a unanimous vote at a meeting duly called and held, and may  
38 be described as such.



1 (4) If this chapter, the articles, or the bylaws require that  
2 prior notice of any proposed action be given to members not entitled  
3 to vote on the action and the action is to be taken by consent of the  
4 members entitled to vote, then the membership corporation shall  
5 deliver to the members not entitled to vote notice of the proposed  
6 action at least ten days before taking the action by consent. The  
7 notice must contain or be accompanied by the same material that would  
8 have been required to be delivered to members not entitled to vote in  
9 a notice of meeting at which the proposed action would have been  
10 submitted to the members for action.

11 NEW SECTION. **Sec. 2319.** ACTION WITHOUT MEETING BY BALLOT. (1)  
12 Except as otherwise restricted by the articles or bylaws, any action  
13 that may be taken at any annual, regular, or special meeting of  
14 members may be taken without a meeting if the membership corporation  
15 delivers a ballot to every member entitled to vote on the matter.

16 (2) A ballot must:

17 (a) Be in the form of a record;

18 (b) Set forth each proposed action;

19 (c) Provide an opportunity to vote, or withhold a vote,  
20 separately for each candidate for a director position; and

21 (d) Provide an opportunity to vote for or against each other  
22 proposed action.

23 (3) Approval by ballot pursuant to this section of action other  
24 than election of directors is valid only when the number of ballots  
25 returned equals or exceeds the quorum required to be present at a  
26 meeting authorizing the action, and the number of approvals equals or  
27 exceeds the number of votes that would be required to approve the  
28 matter at a meeting at which the total number of votes cast was the  
29 same as the number of votes cast by ballot.

30 (4) All requests for votes by ballot must:

31 (a) Indicate the number of responses needed to meet the quorum  
32 requirements;

33 (b) State the percentage of approvals necessary to approve each  
34 matter other than election of directors; and

35 (c) Specify the time by which a ballot must be received by the  
36 membership corporation to be counted, which shall not be less than  
37 ten days after the ballot is delivered to the member.

38 (5) Except as provided in the articles or bylaws, a ballot may  
39 not be revoked.



1 (b) Legal counsel, public accountants, or other persons retained  
2 by the corporation as to matters involving skills or expertise the  
3 director reasonably believes are matters:

4 (i) Within the particular person's professional or expert  
5 competence; or

6 (ii) As to which the particular person merits confidence; or

7 (c) A committee of the board of which the director is not a  
8 member, designated in accordance with provisions of the articles or  
9 bylaws, as to matters within its designated authority, if the  
10 director reasonably believes the committee merits confidence.

11 (4) A director is not a trustee with respect to the nonprofit  
12 corporation or with respect to any property held or administered by  
13 the corporation, including property that may be subject to  
14 restrictions imposed by the donor or transferor of the property.

15 NEW SECTION. **Sec. 2403.** QUALIFICATION OF DIRECTORS. A director  
16 of a nonprofit corporation must be an individual of at least 16 years  
17 of age. The articles or bylaws may prescribe other qualifications for  
18 directors. A director need not be a resident of this state or a  
19 member of the corporation unless the articles or bylaws so prescribe.

20 NEW SECTION. **Sec. 2404.** NUMBER OF DIRECTORS. (1) A board of  
21 directors shall consist of one or more directors, with the number  
22 specified in or fixed in accordance with the articles or bylaws.

23 (2) The board of directors of any corporation shall consist of  
24 three or more directors if:

25 (a) The internal revenue service has determined the corporation  
26 to be a public charity described in section 509(a)(1) through (4) of  
27 the Internal Revenue Code;

28 (b) The corporation has applied to the internal revenue service  
29 for a determination of exempt status through an application  
30 representing that the corporation is described in section 509(a)(1)  
31 through (4) of the Internal Revenue Code; or

32 (c) The corporation has applied to the internal revenue service  
33 for classification as an organization described in section 509(a)(1)  
34 through (4) of the Internal Revenue Code.

35 (3) The number of directors on a board of directors who are under  
36 18 years of age may not exceed three or one-third of the total number  
37 of directors then in office, whichever is fewer.

1 (4) A corporation described in subsection (2) of this section may  
2 have fewer than three directors if the death, incapacity,  
3 resignation, or removal of a director causes the corporation to have  
4 fewer than three directors, provided that the entity, body, or person  
5 with the power to elect or appoint directors makes reasonable and  
6 prompt efforts to elect or appoint additional directors.

7 (5) The number of directors may be increased or decreased but to  
8 no fewer than one from time to time by amendment to, or in the manner  
9 provided in, the articles or bylaws.

10 (6) A decrease in the number of directors may not shorten an  
11 incumbent director's term.

12 NEW SECTION. **Sec. 2405.** SELECTION OF DIRECTORS. (1) The members  
13 of a membership corporation shall elect the directors, other than the  
14 initial directors named in the articles, at the annual meetings of  
15 members, unless the articles or bylaws provide some other time or  
16 method of election, or provide that some other person or persons  
17 shall appoint some or all of the directors, or designate some other  
18 manner of appointment, for example, ex officio directors.

19 (2) The directors of a nonmembership corporation shall elect the  
20 directors, other than the initial directors named in the articles, at  
21 the annual meeting of directors, unless the articles or bylaws  
22 provide some other time or method of election, or provide that some  
23 other person or persons shall appoint some or all of the directors,  
24 or designate some other manner of appointment, for example, ex  
25 officio directors.

26 NEW SECTION. **Sec. 2406.** TERMS OF DIRECTORS, GENERALLY. (1) The  
27 articles or bylaws may specify the terms of directors. If a term is  
28 not specified in the articles or bylaws, then the term of a director  
29 is one year. Each term of a director elected by the members or  
30 directors, or by some other method provided in the articles or  
31 bylaws, may not exceed five years except as provided in subsection  
32 (2) of this section. Terms of directors appointed by some other  
33 person or persons, or designated in some other manner, may be of any  
34 length.

35 (2) For a corporation formed before the effective date of this  
36 section, if the articles or bylaws current as of the effective date  
37 of this section provided for terms of elected directors longer than  
38 five years, then the terms for elected directors provided in those

1 articles or bylaws may continue in effect until and unless the  
2 articles or bylaws are amended to shorten those terms.

3 (3) The initial directors named in the articles hold office until  
4 the first annual election of directors or for any other period  
5 specified in the articles.

6 (4) A reduction in directors' terms of office does not shorten an  
7 incumbent director's term.

8 (5) Except as provided in the articles or bylaws, the term of a  
9 director elected to fill a vacancy expires at the end of the  
10 unexpired term that the director is filling.

11 (6) Despite the expiration of a director's term, the director  
12 continues to serve until the director's successor is elected,  
13 appointed, or designated and until the director's successor takes  
14 office, unless otherwise provided in the articles or bylaws.

15 NEW SECTION. **Sec. 2407.** STAGGERED TERMS FOR DIRECTORS. The  
16 articles or bylaws may provide for staggering the terms of directors  
17 by dividing the total number of directors into groups of one or more  
18 directors. The terms of office and number of directors in each group  
19 do not need to be uniform.

20 NEW SECTION. **Sec. 2408.** RESIGNATION OF DIRECTOR. (1) A director  
21 may resign at any time by delivering an executed notice in the form  
22 of a record to the president, the secretary of the corporation, or  
23 another officer designated for that purpose in the articles or  
24 bylaws. A director may also resign by giving oral notice to the board  
25 at a meeting of the board.

26 (2) A resignation is effective when the notice is delivered  
27 unless the notice specifies a later effective time.

28 (3) If the resignation of a director of a charitable corporation  
29 results in the charitable corporation having no directors in office,  
30 then the resigning director shall notify the attorney general that  
31 the charitable corporation has no directors in office. Such notice  
32 must be in the form of a record delivered to the attorney general  
33 within ten calendar days after the effective date of the director's  
34 resignation.

35 NEW SECTION. **Sec. 2409.** REMOVAL OF DIRECTORS. (1) Removal of  
36 directors of a membership corporation is subject to the following  
37 provisions:

1 (a) The members may remove, with or without cause, one or more  
2 directors who have been elected by the members, unless the articles  
3 or bylaws provide that directors may be removed only for cause. The  
4 articles or bylaws may specify what constitutes cause for removal.

5 (b) The board of a membership corporation may not remove a  
6 director who has been elected by the members except as provided in  
7 subsection (5) of this section or in the articles or bylaws.

8 (c) The directors may remove, with or without cause, one or more  
9 directors who have been elected by the directors, unless the articles  
10 or bylaws provide that directors may be removed only for cause. The  
11 articles or bylaws may specify what constitutes cause for removal.

12 (d) Except as provided in the articles or bylaws, if a director  
13 is elected by a voting group of members, or by a chapter or other  
14 organizational unit, or by a region or other geographic grouping,  
15 then only the members of that voting group or chapter, unit, region,  
16 or grouping may participate in the vote to remove the director.

17 (e) The notice of a meeting of members at which removal of a  
18 director is to be considered shall state that the purpose, or one of  
19 the purposes, of the meeting is removal of the director.

20 (2) The board may remove a director of a nonmembership  
21 corporation who was elected by the directors:

22 (a) With or without cause, unless the articles or bylaws provide  
23 that directors may be removed only for cause. The articles or bylaws  
24 may specify what constitutes cause for removal.

25 (b) A nonprofit corporation shall give notice of any meeting of  
26 directors at which removal of a director is to be considered in  
27 accordance with the articles or bylaws governing notice for special  
28 meetings, but in no event less than forty-eight hours before the  
29 meeting. Such notice shall state that the purpose, or one of the  
30 purposes, of the meeting is removal of a director.

31 (c) As provided in subsection (5) of this section.

32 (3) A director who is designated by name in the articles or  
33 bylaws may be removed by an amendment to the articles or bylaws  
34 deleting or changing the designation.

35 (4) Except as provided in the articles or bylaws, a director who  
36 is appointed by persons other than the members or the directors may  
37 be removed with or without cause only by those persons.

38 (5) Notwithstanding anything else to the contrary in this section  
39 or the articles or bylaws, the board of a membership corporation or  
40 nonmembership corporation may remove a director:

1 (a) Who has been appointed a guardian under RCW 11.130.185 or  
2 11.130.265;

3 (b) Who has been appointed a conservator under RCW 11.130.360;

4 (c) Who is subject to a written certification by his or her  
5 attending physician that in the physician's opinion the director is  
6 substantially unable to manage his or her financial resources or  
7 resist fraud or undue influence;

8 (d) Who has been convicted of a felony;

9 (e) Who has been found by a final order of any court of competent  
10 jurisdiction to have breached a duty as a director under section 2402  
11 of this act;

12 (f) Who has missed the number of board meetings specified in the  
13 articles or bylaws, if the articles or bylaws at the beginning of the  
14 director's current term provided that a director may be removed for  
15 missing the specified number of board meetings; or

16 (g) Who does not satisfy any of the qualifications for directors  
17 set forth in the articles or bylaws at the beginning of the  
18 director's current term, if the decision that the director fails to  
19 satisfy a qualification is made by the vote of a majority of the  
20 directors who meet all of the required qualifications.

21 (6) Notwithstanding anything else to the contrary in this section  
22 or the articles or bylaws, the board of a charitable corporation that  
23 is a membership corporation or a nonmembership corporation may remove  
24 a director if the director's continued service would cause the  
25 charitable corporation to be prohibited from soliciting charitable  
26 funds under RCW 19.09.100(13).

27 NEW SECTION. **Sec. 2410.** VACANCY ON BOARD OF DIRECTORS. (1)  
28 Except as provided in subsection (2) of this section, the articles,  
29 or the bylaws, if a vacancy occurs on the board, including a vacancy  
30 resulting from an increase in the number of directors, then the  
31 vacancy may be filled by a majority of the directors remaining in  
32 office even if they constitute less than a quorum. For purposes of  
33 section 2409 of this act, any director so elected is deemed to have  
34 been elected by the members, voting group, or persons who would elect  
35 that director at a regular election.

36 (2) Except as provided in the articles or bylaws, a vacancy in  
37 the position of a director who is:

38 (a) Appointed by persons other than the members, may be filled  
39 only by those persons; or

1 (b) Designated by name in the articles or bylaws, may not be  
2 filled by action of the board.

3 (3) A vacancy that will occur at a specific later time, by reason  
4 of a resignation effective at a later time under section 2408(2) of  
5 this act, or otherwise, may be filled before the vacancy occurs but  
6 the new director may not take office until the vacancy occurs.

7 (4) If no directors remain in office, and there are no members  
8 with the right to elect directors, then the attorney general has the  
9 power to appoint one or more directors selected for their interest  
10 and ability to carry out the purposes of the corporation, unless the  
11 articles or bylaws provide a different method for electing,  
12 appointing, or designating at least one director.

13 NEW SECTION. **Sec. 2411.** LIABILITY OF DIRECTORS. (1) A director  
14 of a nonprofit corporation is not liable to the nonprofit corporation  
15 for any action taken, or any failure to take any action, as a  
16 director, except as provided in subsection (2) or (3) of this section  
17 or in the articles or bylaws.

18 (2) Notwithstanding any provision to the contrary in the articles  
19 or bylaws, a director is liable to the corporation for:

20 (a) The value of any benefit in cash, other property, or services  
21 received by the director to which the director is not legally  
22 entitled; or

23 (b) Intentional misconduct or a knowing violation of law,  
24 including but not limited to criminal law or this chapter, by the  
25 director.

26 (3) A director is liable to the corporation for a violation of  
27 any additional standard of conduct specified in the nonprofit  
28 corporation's articles as an exception to the limitation on  
29 director's liability.

30 (4) A director of a nonprofit corporation is not liable to any  
31 member of the nonprofit corporation for any action taken, or any  
32 failure to take action, as a director, except as provided in  
33 subsection (5) of this section.

34 (5) A director is liable to a member of the corporation only for:

35 (a) A knowing infliction of harm upon the member; or

36 (b) An intentional violation of criminal law or this chapter that  
37 results in harm or loss to the member.

38 (6) The party seeking to establish the director's liability to  
39 the corporation or any member of the corporation:



1 (a) For money damages, also has the burden of establishing that:  
2 (i) Harm to the nonprofit corporation or its members has been  
3 suffered; and  
4 (ii) The harm suffered was proximately caused by the director's  
5 challenged conduct; or  
6 (b) For other money payment under a legal remedy, such as  
7 compensation for the unauthorized use of corporate assets, also has  
8 whatever burden of persuasion may be called for to establish that the  
9 payment sought is appropriate in the circumstances; or  
10 (c) For other money payment under an equitable remedy, such as  
11 profit recovery by or disgorgement to the corporation, also has  
12 whatever burden of persuasion may be called for to establish that the  
13 equitable remedy sought is appropriate in the circumstances.  
14 (7) Nothing contained in this section:  
15 (a) In any instance where fairness is at issue, such as  
16 consideration of the fairness of a transaction to the nonprofit  
17 corporation under section 2703(1)(c) of this act, alters the burden  
18 of proving the fact or lack of fairness otherwise applicable;  
19 (b) Alters the fact or lack of liability of a director to the  
20 nonprofit corporation under another section of this chapter, such as  
21 the provisions governing the consequences of an unlawful distribution  
22 under section 2702 of this act, a conflicting interest transaction  
23 under section 2703 of this act, or taking advantage of a business  
24 opportunity under section 2704 of this act;  
25 (c) Affects any rights to which the corporation or a director or  
26 member may be entitled under another statute of this state or the  
27 United States; or  
28 (d) Affects the authority of the attorney general to take any  
29 action against a director under this chapter or other applicable  
30 Washington state law.

31 NEW SECTION. **Sec. 2412.** COMPENSATION OF DIRECTORS. Unless the  
32 articles or bylaws provide otherwise, the board may fix the  
33 compensation of directors.

34 **ARTICLE 5**  
35 **MEETINGS AND ACTION OF THE BOARD**

36 NEW SECTION. **Sec. 2501.** MEETINGS OF THE BOARD. (1) The board  
37 may hold regular or special meetings in or out of this state.

1 (2) Unless the articles or bylaws provide otherwise, the board  
2 may permit any or all directors to participate in a regular or  
3 special meeting by, or conduct the meeting through the use of, one or  
4 more means of remote communication through which all of the directors  
5 may simultaneously participate with each other during the meeting. A  
6 director participating in a meeting by this means is considered  
7 present in person at the meeting. For any meeting at which one or  
8 more directors may participate by means of remote communication,  
9 notice of the meeting must be delivered to each director by a means  
10 which the director has authorized and provide complete instructions  
11 for participating in the meeting by remote communication.

12 NEW SECTION. **Sec. 2502.** NOTICE OF BOARD MEETINGS. (1) Regular  
13 meetings of the board may be held with or without notice as  
14 prescribed in the articles or bylaws, unless notice is required by  
15 section 2409(2) of this act or other provisions of this chapter.

16 (2) Unless the articles or bylaws provide for a longer or shorter  
17 period, special meetings of the board must be preceded by at least  
18 forty-eight hours' notice of the date, time, and place of the  
19 meeting. The notice need not describe the purpose of the special  
20 meeting, except as required by section 2409(2) of this act, other  
21 provisions of this chapter, or the articles or bylaws.

22 (3) Unless the articles or bylaws provide otherwise, the  
23 president, the secretary, or twenty percent of the directors then in  
24 office may call and give, or cause to be given, notice of a meeting  
25 of the board.

26 (4) Oral notice of meetings of the board may be given, unless  
27 oral notice is not permitted by a corporation's articles or bylaws.

28 NEW SECTION. **Sec. 2503.** WAIVER OF NOTICE. (1) A director may  
29 waive any notice required by this chapter, the articles, or the  
30 bylaws before or after the date and time stated in the notice. Except  
31 as provided by subsection (2) of this section, the waiver must be in  
32 the form of a record, executed by the director entitled to the  
33 notice, and filed with the minutes or corporate records.

34 (2) A director's attendance at or participation in a meeting  
35 waives any required notice to the director of the meeting, unless the  
36 director at the beginning of the meeting or promptly upon arrival  
37 objects to holding the meeting or transacting business at the meeting

1 and does not thereafter vote for or assent to action taken at the  
2 meeting.

3 NEW SECTION. **Sec. 2504.** BOARD QUORUM AND VOTING REQUIREMENTS.

4 (1) Except as provided in subsection (2) or (3) of this section, the  
5 articles, or the bylaws, a quorum of the board consists of a majority  
6 of the directors in office before a meeting begins.

7 (2) The articles or bylaws may authorize a quorum of the board to  
8 consist of no fewer than one-third of the number of directors in  
9 office.

10 (3) A quorum shall not be present at any time during a meeting  
11 unless a majority of the directors present are at least 18 years of  
12 age.

13 (4) If a quorum is present when a vote is taken, then the  
14 affirmative vote of a majority of directors present is the act of the  
15 board unless a greater vote is required by the articles or bylaws or  
16 this chapter.

17 (5) No proxy for a director, however appointed, may:

18 (a) Participate in any vote of the board or of any board  
19 committee;

20 (b) Be counted for the purpose of determining whether a quorum is  
21 present at a meeting; or

22 (c) Execute any written consent on behalf of the director.

23 (6) A director who is present at a meeting of the board when  
24 corporate action is taken is considered to have assented to the  
25 action taken unless:

26 (a) The director objects at the beginning of the meeting or  
27 promptly upon arrival to holding it or transacting business at the  
28 meeting;

29 (b) The director dissents or abstains from the action; or

30 (c) The director delivers notice in the form of a record of the  
31 director's dissent or abstention to the president or secretary of the  
32 corporation or another officer of the corporation designated in the  
33 bylaws before or during the meeting or before the approval of the  
34 minutes of the meeting.

35 (7) The right of dissent or abstention is not available to a  
36 director who votes in favor of the action taken.

37 NEW SECTION. **Sec. 2505.** ACTION WITHOUT MEETING BY UNANIMOUS  
38 WRITTEN CONSENT. (1) Unless the articles or bylaws prohibit action

1 without a meeting, action required or permitted by this chapter to be  
2 taken by the board may be taken without a meeting if each director  
3 entitled to vote with respect to the subject matter thereof executes  
4 a consent in the form of a record describing the action to be taken  
5 and delivers it to the nonprofit corporation.

6 (2) For purposes of this section only, "each director entitled to  
7 vote" does not include an "interested director" who abstains in  
8 writing from providing consent, where:

9 (a) The board has determined that:

10 (i) The corporation is entering into the transaction for its own  
11 benefit; and

12 (ii) The transaction is fair and reasonable to the corporation  
13 when it enters into the transaction or the noninterested directors  
14 determine in good faith after reasonable investigation that the  
15 corporation cannot obtain a more advantageous arrangement with  
16 reasonable effort under the circumstances, at or before execution of  
17 the written consent;

18 (b) That determination of the board is included in the written  
19 consent executed by the noninterested directors or in other records  
20 of the corporation; and

21 (c) All of the noninterested directors approve the action.

22 (3) Action taken under this section is the act of the board when  
23 one or more consents executed by all the directors entitled to vote  
24 are delivered to the nonprofit corporation. In no event may the  
25 period between the date of the first signature by a director on such  
26 a consent and the date on which all directors have executed the  
27 consent be more than sixty days. The consent may specify the time at  
28 which the action taken in the consent is to be effective. A  
29 director's consent may be withdrawn by a revocation in the form of a  
30 record executed by the director and delivered to the president,  
31 secretary, or other officer of the corporation specified by the board  
32 for that purpose before delivery to the corporation of unrevoked  
33 consents executed by all the directors.

34 (4) A written consent executed under this section has the effect  
35 of action taken at a meeting of the board and may be described as  
36 such in any document.

37 NEW SECTION. **Sec. 2506.** BOARD AND ADVISORY COMMITTEES. (1)  
38 Unless this chapter, the articles, or the bylaws provide otherwise, a  
39 board may create one or more committees of the board that consist of

1 two or more directors. A committee of the board shall not include as  
2 voting members persons who are not directors, except:

3 (a) As provided in Title 48 RCW or the regulations promulgated  
4 thereunder;

5 (b) If the only powers delegated to the committee are those  
6 necessary for the committee to serve in any fiduciary capacity with  
7 respect to one or more employee benefit plans established under the  
8 federal employee retirement income security act of 1974, or any  
9 successor statute; or

10 (c) Unless without the inclusion of persons who are not directors  
11 it is impossible or impracticable for the corporation to comply with  
12 applicable law other than this chapter.

13 (2) Unless this chapter otherwise provides, the creation of a  
14 committee of the board and appointment of directors to it shall be  
15 approved by the greater of:

16 (a) A majority of all the directors in office when the action is  
17 taken; or

18 (b) The number of directors required by the articles or bylaws to  
19 take action under section 2504 of this act.

20 (3) Sections 2501 through 2505 of this act apply to both  
21 committees of the board and their members to the greatest practicable  
22 extent.

23 (4) To the extent specified by the board or in the articles or  
24 bylaws, each committee of the board may exercise the powers of the  
25 board granted through section 2401(2) of this act, except as limited  
26 by subsection (5) of this section.

27 (5) A committee of the board may not:

28 (a) Authorize distributions;

29 (b) Adopt, amend, alter, or repeal bylaws;

30 (c) In the case of a membership corporation, approve or propose  
31 to members action that must be approved by members under the articles  
32 or bylaws;

33 (d) Elect, appoint or remove any member of any committee of the  
34 board or any director or officer of the corporation;

35 (e) Amend the articles;

36 (f) Adopt a plan of merger with another corporation;

37 (g) Adopt a plan of domestication, for-profit conversion, or  
38 entity conversion;

1 (h) Authorize the sale, lease, or exchange of all or  
2 substantially all of the property and assets of the corporation not  
3 in the ordinary course of business;

4 (i) Authorize the voluntary dissolution of the corporation or  
5 revoke proceedings therefor;

6 (j) Adopt a plan for the distribution of the assets of the  
7 corporation; or

8 (k) Amend, alter, or repeal any resolution of the board, unless  
9 the resolution provides by its terms that it may be amended, altered,  
10 or repealed by a committee.

11 (6) The creation of, delegation of authority to, or action by a  
12 committee of the board does not alone constitute compliance by a  
13 director with the standards of conduct described in section 2402 of  
14 this act.

15 (7) A nonprofit corporation may create or authorize the creation  
16 of one or more advisory committees whose members need not be  
17 directors or meet the qualification requirements for directors. The  
18 board shall not delegate any of its authority to an advisory  
19 committee. An advisory committee:

20 (a) Is not a committee of the board; and

21 (b) May not exercise any of the powers of the board.

22 NEW SECTION. **Sec. 2507.** PROCEDURE FOR REMOTE MEETINGS. Unless  
23 otherwise provided in the articles or bylaws, meetings of the board  
24 or any committee held by remote communication must follow the  
25 provisions of sections 2501 through 2506 of this act to the greatest  
26 practicable extent.

## 27 **ARTICLE 6**

### 28 **OFFICERS**

29 NEW SECTION. **Sec. 2601.** OFFICERS—DUTIES. (1) The officers of a  
30 nonprofit corporation consist of a president, secretary, and  
31 treasurer, and other officers as may be authorized by the articles,  
32 the bylaws, or the board.

33 (2) Unless the articles or bylaws provide otherwise, the board  
34 shall elect or appoint all officers annually, and officers shall  
35 serve until their respective successors have been elected or  
36 appointed or until their earlier removal or resignation.

1 (3) The same individual may simultaneously hold more than one  
2 office in a nonprofit corporation, except that the same individual  
3 may not hold the offices of president and secretary.

4 (4) Each officer has the authority and shall perform the duties  
5 set forth in the articles or bylaws or, to the extent consistent with  
6 the articles and bylaws, the duties prescribed by the board or by  
7 direction of an officer authorized by the board to prescribe the  
8 duties of other officers.

9 NEW SECTION. **Sec. 2602.** STANDARDS OF CONDUCT FOR OFFICERS. (1)  
10 An officer with discretionary authority shall discharge his or her  
11 duties under that authority:

12 (a) In good faith;

13 (b) With the care an ordinarily prudent person in a like position  
14 would exercise under similar circumstances; and

15 (c) In a manner the officer reasonably believes to be in the best  
16 interests of the corporation.

17 (2) The duty of an officer includes the obligation to convey to  
18 his or her superior officer, the board, a board committee, or another  
19 appropriate person within the nonprofit corporation:

20 (a) Information about the affairs of the nonprofit corporation  
21 within the scope of the officer's functions, and known to the officer  
22 to be material to the superior officer, board, or committee thereof;  
23 and

24 (b) Information regarding any actual or probable material  
25 violation of law involving the corporation or material breach of duty  
26 to the corporation by an officer, director, employee, agent, or  
27 vendor of the corporation, that the officer believes has occurred or  
28 is likely to occur.

29 (3) In discharging his or her duties, an officer who does not  
30 have knowledge that makes reliance unwarranted may rely on  
31 information, opinions, reports, or statements, including financial  
32 statements and other financial data, if prepared or presented by:

33 (a) One or more officers or employees of the nonprofit  
34 corporation whom the officer reasonably believes to be reliable and  
35 competent in the functions performed or the information, opinions,  
36 reports, or statements provided;

37 (b) Legal counsel, public accountants, or other persons retained  
38 by the corporation as to matters involving skills or expertise the  
39 officer reasonably believes are matters:

1 (i) Within the particular person's professional or expert  
2 competence; or

3 (ii) As to which the particular person merits confidence.

4 (4) An officer is not a trustee with respect to the nonprofit  
5 corporation or with respect to any property held or administered by  
6 the corporation, including property that may be subject to  
7 restrictions imposed by the donor or transferor of the property.

8 NEW SECTION. **Sec. 2603.** RESIGNATION AND REMOVAL OF OFFICERS.

9 (1) An officer may resign at any time by delivering notice to the  
10 nonprofit corporation. A resignation is effective when the notice is  
11 delivered unless the notice specifies a later effective time. If a  
12 resignation is made effective at a later time and the board or the  
13 appointing officer accepts the future effective time, then the board  
14 or the appointing officer may designate a successor before the  
15 effective time if the board or the appointing officer provides that  
16 the successor does not take office until the effective time.

17 (2) Except as provided in the articles or bylaws, an officer may  
18 be removed at any time with or without cause by:

19 (a) The board;

20 (b) The officer who appointed the officer being removed, unless  
21 the board provides otherwise; or

22 (c) Any other officer authorized by the articles, the bylaws, or  
23 the board to remove the officer being removed.

24 (3) In this section, "appointing officer" means the officer,  
25 including any successor to that officer who appointed the officer  
26 resigning or being removed.

27 NEW SECTION. **Sec. 2604.** CONTRACT RIGHTS OF OFFICERS. (1) The  
28 appointment or election of an officer does not itself create contract  
29 rights.

30 (2) An officer's removal does not affect the officer's contract  
31 rights, if any, with the nonprofit corporation. An officer's  
32 resignation does not affect the corporation's contract rights, if  
33 any, with the officer.

34 **ARTICLE 7**

35 **PROVISIONS COMMON TO DIRECTORS AND OFFICERS**



1        NEW SECTION.    **Sec. 2701.**    LOANS OR GUARANTEES. (1) A nonprofit  
2 corporation may not lend money to, advance credit to, or guarantee  
3 the obligation of a director or officer of the corporation.

4        (2) Subsection (1) of this section does not apply to:

5        (a) An advance to pay reimbursable expenses reasonably expected  
6 to be incurred within a time period that is reasonable under the  
7 circumstances by a director or officer;

8        (b) Advances pursuant to section 2706 of this act;

9        (c) Loans or advances pursuant to employee benefit plans; or

10       (d) A loan to pay reasonable relocation expenses of an officer.

11       (3) The fact that a loan or guarantee is made in violation of  
12 this section does not affect the borrower's liability on the loan.

13       (4) The directors who vote for or assent to any loan, advance, or  
14 guarantee in violation of subsection (1) of this section, and any  
15 officer materially participating in the making of such a loan,  
16 advance, or guarantee, are personally liable on a joint and several  
17 basis to the nonprofit corporation on the loan, advance, or  
18 guarantee. Liability under this subsection terminates upon the  
19 repayment of any funds advanced by the nonprofit corporation in  
20 violation of subsection (1) of this section or, if no funds have been  
21 advanced under a guarantee, upon the termination of the guarantee.

22       (5) A director or officer held liable under subsection (4) of  
23 this section for any unlawful loan or guarantee is entitled to  
24 contribution from every other director or officer who could be held  
25 liable under subsection (4) of this section for the unlawful loan or  
26 guarantee.

27       (6) A proceeding to enforce contribution or recoupment under  
28 subsection (5) of this section is barred unless it is commenced  
29 within one year after the liability of the claimant has been finally  
30 adjudicated under subsection (4) of this section.

31       NEW SECTION.    **Sec. 2702.**    LIABILITY FOR UNLAWFUL DISTRIBUTIONS.

32       (1) A director or officer is personally liable to the nonprofit  
33 corporation for the amount of any distribution that exceeds the  
34 amount the corporation could have distributed without violating  
35 section 1406 of this act if:

36       (a) The nature or amount of the distribution was material to the  
37 interests of the corporation for any reason under all of the facts  
38 and circumstances including, but not limited to, federal excise tax

1 liability or federal tax penalties imposed on the corporation as a  
2 result of the distribution;

3 (b) The director or officer voted for or assented to that  
4 distribution as a director, or participated beyond the level of a  
5 ministerial function in making that distribution as an officer; and

6 (c) The party asserting liability establishes that, when taking  
7 the action, the director or officer violated the standard of conduct  
8 set forth in subsection (2) of this section.

9 (2) A director or officer may be held liable under this section:

10 (a) For a distribution by a charitable corporation, or a  
11 distribution of assets held for charitable purposes, if the director  
12 did not comply with section 2402 of this act or the officer did not  
13 comply with section 2602 of this act; or

14 (b) If the conduct of the director or officer with respect to the  
15 distribution constitutes gross negligence.

16 (3) A director or officer held liable under this section for an  
17 unlawful distribution is entitled to:

18 (a) Contribution from every other director or officer who could  
19 be held liable under this section for the unlawful distribution; and

20 (b) Recoupment from each person of the pro rata portion of the  
21 amount of the unlawful distribution the person received:

22 (i) Whether or not the person knew the distribution was made in  
23 violation of this chapter, for a distribution by a charitable  
24 corporation or of property held for charitable purposes; or

25 (ii) Knowing the distribution was made in violation of this  
26 chapter, for a distribution of property not held for charitable  
27 purposes.

28 (4) A proceeding to enforce:

29 (a) The liability of a director or officer under this section is  
30 barred, unless it is commenced within three years after the date on  
31 which the distribution was made; or

32 (b) Contribution or recoupment under subsection (3) of this  
33 section is barred, unless it is commenced within one year after the  
34 liability of the claimant under this section has been finally  
35 adjudicated.

36 NEW SECTION. **Sec. 2703.** CONFLICTING INTEREST TRANSACTIONS—  
37 VOIDABILITY. (1) A contract or transaction between a nonprofit  
38 corporation and one or more of its members, directors, or officers;  
39 or between a nonprofit corporation and any other entity in which one

1 or more of its directors or officers are directors or officers, hold  
2 a similar position, or have a financial interest is not void or  
3 voidable solely for that reason, or solely because the member,  
4 director, or officer is present at or participates in the meeting of  
5 the board that authorizes the contract or transaction or solely  
6 because his or her or their votes are counted for that purpose, if:

7 (a) The material facts as to the relationship or interest and as  
8 to the contract or transaction are disclosed or are known to the  
9 board and the board in good faith authorizes the contract or  
10 transaction by the affirmative vote of a majority of the  
11 disinterested directors even though the disinterested directors are  
12 less than a quorum;

13 (b) The material facts as to the relationship or interest of the  
14 member, director, or officer and as to the contract or transaction  
15 are disclosed or are known to the members entitled to vote thereon,  
16 if any, and the contract or transaction is specifically approved in  
17 good faith by vote of those members; or

18 (c) The contract or transaction is fair as to the corporation as  
19 of the time the board or the members authorize, approve, or ratify  
20 the transaction.

21 (2) Interested directors or directors holding a similar position  
22 in the other entity involved in a contract or transaction specified  
23 in subsection (1) of this section may be counted in determining the  
24 presence of a quorum at a meeting of the board that authorizes the  
25 contract or transaction.

26 (3) This section is applicable except as provided in the articles  
27 or bylaws.

28 NEW SECTION. **Sec. 2704.** BUSINESS OPPORTUNITIES. (1) The taking  
29 advantage, directly or indirectly, by a director or officer of a  
30 business opportunity may not be the subject of equitable relief, or  
31 give rise to an award of damages or other sanctions against the  
32 director or officer, in a proceeding by or in the right of the  
33 nonprofit corporation on the ground that the opportunity should have  
34 first been offered to the corporation, if before becoming legally  
35 obligated or entitled respecting the opportunity the director or  
36 officer brings it to the attention of the corporation and action by  
37 the members or the directors disclaiming the corporation's interest  
38 in the opportunity is taken in compliance with the procedures set

1 forth in section 2703 of this act, as if the decision being made  
2 concerned a conflicting interest transaction.

3 (2) In any proceeding seeking equitable relief or other remedies,  
4 based upon an alleged improper taking advantage of a business  
5 opportunity by a director or officer, the fact that the director or  
6 officer did not employ the procedure described in subsection (1) of  
7 this section before taking advantage of the opportunity does not  
8 support an inference that the opportunity should have been first  
9 presented to the nonprofit corporation or alter the burden of proof  
10 otherwise applicable to establish that the director or officer  
11 breached a duty to the corporation in the circumstances.

12 NEW SECTION. **Sec. 2705.** REMOVAL BY JUDICIAL PROCEEDING. (1) The  
13 court may remove a director or officer from office in a proceeding  
14 commenced by or in the right of the corporation if the court finds  
15 that:

16 (a) The director or officer engaged in fraudulent conduct with  
17 respect to the corporation or its members, knowingly inflicted harm  
18 on the corporation, or engaged in acts or omissions constituting  
19 gross negligence with respect to the director's or officer's duties;  
20 and

21 (b) Considering the course of conduct of the director or officer  
22 and the inadequacy of other available remedies, removal would be in  
23 the best interest of the corporation.

24 (2) An action under this section may be commenced by a member,  
25 individual director, or delegate. The attorney general may also  
26 commence an action under this section if the corporation holds  
27 property for charitable purposes.

28 (3) The court, in addition to removing the director or officer,  
29 may bar the director or officer from being reelected, redesignated,  
30 or reappointed as a director, an officer, or both for a period  
31 prescribed by the court.

32 (4) Nothing in this section limits the equitable powers of the  
33 court to order other relief.

34 (5) If a proceeding is commenced under this section to remove a  
35 director or officer of a charitable corporation, then the plaintiff  
36 shall give the attorney general notice in the form of a record of the  
37 commencement of the proceeding.



1 (2) Amendments to the articles of a charitable corporation to  
2 include one or more purposes of the corporation substantially  
3 different from the corporation's purposes before the amendment are  
4 subject to the reporting requirement set out in section 1205 of this  
5 act.

6 NEW SECTION. **Sec. 3102.** AMENDMENT OF ARTICLES BY NONMEMBERSHIP  
7 CORPORATION. (1) Except as provided in the articles, the board of a  
8 nonmembership corporation may adopt amendments to the corporation's  
9 articles by the vote of a majority of the directors in office.

10 (2) Except as provided in subsection (3) of this section, an  
11 amendment adopted by the board under this subsection must also be  
12 approved, if the amendment changes or deletes a provision regarding  
13 the appointment of a director by persons other than the board, by  
14 those persons as if they constituted a voting group.

15 (3) Unless the articles provide otherwise, the board of a  
16 nonmembership corporation may adopt amendments to the corporation's  
17 articles without approval of any of the other persons identified in  
18 subsection (2) of this section to:

19 (a) Extend the duration of the corporation if it was incorporated  
20 at a time when limited duration was required by law;

21 (b) Delete the names and addresses of the initial directors;

22 (c) Notwithstanding section 1303(1) of this act, delete the name  
23 of each incorporator and the name and address of the initial  
24 registered agent or registered office, if a statement of change is on  
25 file with the secretary of state; and

26 (d) Restate without change all of the then operative provisions  
27 of the articles.

28 NEW SECTION. **Sec. 3103.** AMENDMENT BEFORE ADMISSION OF MEMBERS.  
29 If a membership corporation has not yet admitted members, then its  
30 board may adopt one or more amendments to the articles.

31 NEW SECTION. **Sec. 3104.** AMENDMENT AFTER ADMISSION OF MEMBERS.

32 (1) An amendment to the articles of a membership corporation must be  
33 adopted in the following manner:

34 (a) Except as provided in (e) of this subsection, a proposed  
35 amendment must be adopted by the board.

1 (b) Except as provided in sections 3107 and 3108 of this act, a  
2 proposed amendment must be submitted to the members entitled to vote  
3 on the amendment, if any, for their approval.

4 (c) The board shall deliver to all members a recommendation that  
5 the members approve an amendment, unless the board makes a  
6 determination that because of conflicts of interest or other special  
7 circumstances it should not make such a recommendation, in which case  
8 the board shall deliver to the members the basis for that  
9 determination.

10 (d) The board may condition its submission of an amendment to the  
11 members on any basis. Such a condition is in addition to any approval  
12 requirements set forth in the corporation's articles or bylaws or in  
13 this chapter.

14 (e) If the articles or bylaws so permit, an amendment may be  
15 proposed by ten percent or more of the members entitled to vote on  
16 the amendment, or by a greater number of members if the articles or  
17 bylaws so specify. (a), (c), and (d) of this subsection do not apply  
18 to an amendment proposed by the members under this subsection.

19 (f) If an amendment is required to be approved by the members,  
20 including under (e) of this subsection, and the approval is to be  
21 given at a meeting, then the corporation shall give notice to each  
22 member, whether or not entitled to vote on the amendment, of the  
23 meeting of members at which the amendment is to be submitted for  
24 approval. The notice shall state that the purpose, or one of the  
25 purposes, of the meeting is to consider the amendment and must  
26 contain or be accompanied by a copy or summary of the amendment. If a  
27 summary is provided in lieu of a copy of the amendment, then a copy  
28 must be available to members upon request and the notice shall state  
29 that fact.

30 (g) At a meeting described in (f) of this subsection, those  
31 members entitled to vote on the amendment may:

32 (i) Approve or reject the amendment exactly as provided or  
33 summarized in the notice of the meeting; or

34 (ii) Approve revisions to the amendment at the meeting, if the  
35 subject matter of the revisions is within the scope of the subject  
36 matter of the amendment as provided or summarized in the notice of  
37 the meeting.

38 (h) The board shall determine whether the subject matter of any  
39 revisions approved by members remains within the scope of the subject  
40 matter of the amendment as provided or summarized in the notice of

1 the meeting. If the board determines that the revisions approved by  
2 the members are not within that scope, then the amendment is deemed  
3 rejected by the membership. If the board determines that the  
4 revisions by members are within scope, then the board may:

5 (i) Accept the amendment incorporating the revisions approved by  
6 the members; or

7 (ii) Propose a further revised amendment to the members for  
8 approval.

9 This process may continue until an amendment acceptable to the  
10 board has been approved by the members. If successive votes take  
11 place at the same meeting of members, then no further notices or  
12 meetings are required.

13 (i) Unless the articles or bylaws, or the board acting pursuant  
14 to (d) of this subsection, requires a greater vote or a greater  
15 number of votes to be present, the approval of an amendment by the  
16 members entitled to vote thereon requires the approval of those  
17 members at a meeting at which a quorum is present, and, if any class  
18 of members is entitled to vote as a separate group on the amendment,  
19 the approval of each separate voting group entitled to vote at a  
20 meeting at which a quorum of the voting group is present.

21 (j) Except as provided in subsection (2) of this section, an  
22 amendment adopted by the board under this subsection must also be  
23 approved, if the amendment changes or deletes a provision regarding  
24 the appointment of a director by persons other than the board, by  
25 those persons as if they constituted a voting group.

26 (k) If a membership corporation has no members entitled to vote  
27 on the amendment, then the corporation shall deliver notice of the  
28 approval of the amendment by the board to all members of the  
29 corporation at least five days before filing articles of amendment or  
30 restated articles of incorporation with the secretary of state.

31 (2) Unless the articles provide otherwise, the board of a  
32 membership corporation may adopt amendments to the corporation's  
33 articles without approval of the members to:

34 (a) Delete the names and addresses of the initial directors;

35 (b) Notwithstanding section 1303(2) of this act, delete the name  
36 of each incorporator and the name and address of the initial  
37 registered agent or registered office, if a statement of change is on  
38 file with the secretary of state; or

39 (c) Restate without change all of the then operative provisions  
40 of the articles.



1        NEW SECTION.    **Sec. 3105.**    VOTING ON AMENDMENTS BY VOTING GROUPS.

2        (1) If a nonprofit corporation has more than one class of members  
3        entitled to vote on an amendment to the articles, then the articles  
4        or bylaws may provide that the members of each class entitled to vote  
5        on the amendment are entitled to vote as a separate voting group if  
6        the amendment would change the rights, powers, preferences, or  
7        limitations of the class.

8        (2) If a class of members will be divided into two or more  
9        classes by an amendment to the articles, then the amendment must be  
10       approved by a majority of the members of each class that will be  
11       created.

12       NEW SECTION.    **Sec. 3106.**    ARTICLES OF AMENDMENT. After an

13       amendment to the articles has been adopted and approved in the manner  
14       required by sections 3101 through 3114 of this act and by the  
15       articles, the nonprofit corporation shall deliver to the secretary of  
16       state for filing articles of amendment, which must be executed by an  
17       officer or other authorized representative and set forth:

- 18       (1) The name of the corporation;  
19       (2) The text of the amendment adopted;  
20       (3) The date of the amendment's adoption; and  
21       (4) If the amendment:

22       (a) Was adopted by the board without member approval, a statement  
23       that the amendment was adopted by the board of directors, and that  
24       member approval was not required; or

25       (b) Required approval by the members, a statement that the  
26       amendment was approved by the members in the manner required by this  
27       chapter and by the articles and bylaws.

28       NEW SECTION.    **Sec. 3107.**    RESTATED ARTICLES OF INCORPORATION. (1)

29       The board of a nonprofit corporation may restate its articles of  
30       incorporation at any time, without approval by the members or any  
31       other person, to consolidate all amendments into a single document  
32       without substantive change.

33       (2) A restatement of the articles may include one or more  
34       amendments to the articles. If restated articles of incorporation of  
35       a nonmembership corporation include one or more new amendments, then  
36       these amendments must have been adopted and approved as provided in  
37       section 3102 of this act. If restated articles of incorporation of a  
38       membership corporation include one or more new amendments that

1 require member approval, then the amendments must have been adopted  
2 and approved as provided in section 3103 or 3104 of this act, as  
3 appropriate.

4 (3) A nonprofit corporation that restates its articles of  
5 incorporation shall deliver to the secretary of state for filing  
6 articles of restatement setting forth the name of the nonprofit  
7 corporation and the text of the restated articles of incorporation  
8 together with a certificate setting forth:

9 (a) If the restatement does not include any amendments to the  
10 articles, a statement of that fact;

11 (b) If the restatement contains one or more amendments to the  
12 articles, the information required by section 3106 (1) through (4) of  
13 this act.

14 (4) The articles of restatement and the certificate must be  
15 executed by an officer or other authorized representative.

16 (5) Duly adopted restated articles of incorporation supersede the  
17 original articles and all amendments thereto.

18 (6) The secretary of state shall certify restated articles of  
19 incorporation as the articles currently in effect.

20 NEW SECTION. **Sec. 3108.** AMENDMENT OF ARTICLES PURSUANT TO  
21 REORGANIZATION. (1) A nonprofit corporation's articles of  
22 incorporation may be amended without action by the board or the  
23 members to carry out a plan of reorganization ordered or decreed by  
24 any court of competent jurisdiction in a proceeding relating to the  
25 corporation.

26 (2) An individual designated by the court shall deliver to the  
27 secretary of state for filing articles of amendment setting forth:

28 (a) The name of the corporation;

29 (b) The text of each amendment approved by the court;

30 (c) The date of the court's order or decree approving the  
31 articles of amendment;

32 (d) The title of the reorganization proceeding in which the order  
33 or decree was entered; and

34 (e) A statement that the court had jurisdiction of the  
35 proceeding.

36 (3) This section does not apply after entry of a final decree in  
37 the reorganization proceeding even though the court retains  
38 jurisdiction of the proceeding for limited purposes unrelated to  
39 consummation of the reorganization plan.

1        NEW SECTION.    **Sec. 3109.**    EFFECTIVE DATE.    Unless a delayed  
2 effective date is specified, articles of amendment or restated  
3 articles of incorporation become effective on the date the articles  
4 of amendment or restated articles of incorporation are filed by the  
5 secretary of state.

6        NEW SECTION.    **Sec. 3110.**    EFFECT OF ARTICLES OF AMENDMENT. (1)  
7 Except as provided in subsection (2) of this section, an amendment to  
8 the articles does not affect a cause of action existing against or in  
9 favor of the nonprofit corporation, a proceeding to which the  
10 corporation is a party, or the existing rights of persons other than  
11 members of the corporation or persons referred to in the articles. An  
12 amendment changing a corporation's name does not abate a proceeding  
13 brought by or against the corporation in its former name.

14        (2) No amendment to the articles shall modify any restriction  
15 imposed through any means upon property held for charitable purposes  
16 unless, before the delivery of the amendment to the secretary of  
17 state for filing, the restriction is modified:

18        (a) In the case of a restriction imposed pursuant to a trust  
19 instrument governed by chapter 11.110 RCW in which the nonprofit  
20 corporation is a trustee or a beneficiary, through an appropriate  
21 order of the court or the agreement of all interested parties,  
22 including the attorney general, under chapter 11.96A RCW; or

23        (b) In the case of any other restriction, pursuant to section  
24 1503 of this act.

25        (3) A person who is a member or otherwise affiliated with a  
26 charitable corporation may not receive a direct or indirect financial  
27 benefit in connection with an amendment of the articles unless the  
28 person is itself a charitable corporation, the federal government, a  
29 state, a governmental subdivision, or an unincorporated entity that  
30 has charitable purposes. This subsection does not apply to the  
31 receipt of reasonable compensation for services rendered.

32        NEW SECTION.    **Sec. 3111.**    POWER TO AMEND BYLAWS. The power to  
33 alter, amend, or repeal the bylaws or adopt new bylaws is vested in  
34 the board unless otherwise provided in the articles, the bylaws, or  
35 this chapter.

36        NEW SECTION.    **Sec. 3112.**    BYLAW AMENDMENTS REQUIRING MEMBER  
37 APPROVAL. (1) Except as provided in the articles or bylaws, the board

1 of a membership corporation that has one or more members may not,  
2 without approval of the class or classes of members affected, adopt  
3 or amend a provision of the bylaws:

4 (a) That would eliminate any existing right, power, or privilege  
5 of membership contained in the bylaws;

6 (b) Under section 2107 of this act, providing that some of the  
7 members have different rights or obligations than other members with  
8 respect to voting, dissolution, transfer of memberships or other  
9 matters;

10 (c) Under section 2110 of this act, levying dues, assessments, or  
11 fees on some or all of the members;

12 (d) Under section 2113 of this act, relating to the termination  
13 or suspension of members; or

14 (e) Under section 2114 of this act, authorizing the purchase of  
15 memberships.

16 (2) The board of a membership corporation that has members may  
17 not amend the articles or bylaws without approval of every class or  
18 classes of members affected to vary the application of subsection (1)  
19 of this section to the corporation.

20 (3) If a nonprofit corporation has more than one class of  
21 members, then the members of a class are entitled to vote as a  
22 separate voting group on an amendment to the bylaws that:

23 (a) Is described in subsection (1) of this section, if the  
24 amendment would affect the members of that class differently than the  
25 members of another class; or

26 (b) Has any of the effects described in section 3104(1)(j) of  
27 this act.

28 (4) If a class of members will be divided into two or more  
29 classes by an amendment to the bylaws, then the amendment must be  
30 approved by a majority of the members of each class that will be  
31 created.

32 NEW SECTION. **Sec. 3113.** EFFECT OF BYLAW AMENDMENT. (1) No  
33 amendment to the bylaws shall modify any restriction imposed through  
34 any means upon property held for charitable purposes unless, before  
35 or simultaneously with the adoption of the bylaws amendment, the  
36 restriction is modified:

37 (a) In the case of a restriction imposed pursuant to a trust  
38 instrument governed by chapter 11.110 RCW in which the nonprofit  
39 corporation is a trustee or a beneficiary, through an appropriate

1 order of the court or the agreement of all interested parties,  
2 including the attorney general, under chapter 11.96A RCW; or

3 (b) In the case of any other restriction, pursuant to section  
4 1503 of this act.

5 (2) A person who is a member or otherwise affiliated with a  
6 charitable corporation may not receive a direct or indirect financial  
7 benefit in connection with an amendment of the bylaws unless the  
8 person is itself a charitable corporation, the federal government, a  
9 state, a governmental subdivision, or an unincorporated entity that  
10 has charitable purposes. This subsection does not apply to the  
11 receipt of reasonable compensation for services rendered.

12 NEW SECTION. **Sec. 3114.** APPROVAL OF AMENDMENTS BY THIRD  
13 PARTIES. (1) The articles of incorporation may require that an  
14 amendment to the articles be approved in the form of a record by a  
15 specified person or group of persons in addition to the board or  
16 members.

17 (2) The articles or bylaws may require that an amendment to the  
18 bylaws be approved in the form of a record by a specified person or  
19 group of persons in addition to the board or members.

20 (3) A requirement in the articles or bylaws described in  
21 subsection (1) or (2) of this section may only be amended with the  
22 approval in the form of a record of the specified person or group of  
23 persons.

## 24 **ARTICLE 2**

### 25 **MERGER**

26 NEW SECTION. **Sec. 3201.** DEFINITIONS. The definitions in this  
27 section apply throughout this section and sections 3202 through 3209  
28 of this act unless the context clearly requires otherwise.

29 (1) "Eligible interests" means interests or shares.

30 (2) "Interests" means either or both of the following rights  
31 under the organic law of an unincorporated entity:

32 (a) The right to receive distributions from the entity either in  
33 the ordinary course or upon liquidation; or

34 (b) The right to receive notice or vote on issues involving its  
35 internal affairs, other than as an agent, assignee, proxy, or person  
36 responsible for managing its business, activities, or affairs.

1 (3) "Merger" means a transaction pursuant to section 3205 of this  
2 act.

3 (4) "Party to a merger" means any domestic or foreign nonprofit  
4 corporation or eligible entity that will merge under a plan of  
5 merger.

6 (5) "Shares" means the units into which the proprietary interests  
7 in a domestic or foreign for-profit corporation are divided.

8 (6) "Survivor" in a merger means the corporation or eligible  
9 entity into which one or more other corporations or eligible entities  
10 are merged. A survivor of a merger may preexist the merger or be  
11 created by the merger.

12 NEW SECTION. **Sec. 3202.** PROPERTY HELD FOR CHARITABLE PURPOSES.

13 (1) In a merger under sections 3201 through 3209 of this act,  
14 property held for charitable purposes by a nonprofit corporation may  
15 not be diverted from charitable purposes.

16 (2) The survivor of any merger under sections 3201 through 3209  
17 of this act remains bound by any restriction imposed through any  
18 means upon property held for charitable purposes by any party to the  
19 merger including, but not limited to, any restriction that affects  
20 existing rights of persons other than members, shareholders, or  
21 interest holders of the other party, unless the restriction is  
22 modified:

23 (a) In the case of a restriction imposed pursuant to a trust  
24 instrument governed by chapter 11.110 RCW in which the nonprofit  
25 corporation is a trustee or a beneficiary, through an appropriate  
26 order of the court or the agreement of all interested parties,  
27 including the attorney general, under chapter 11.96A RCW; or

28 (b) In the case of any other restriction, pursuant to section  
29 1503 of this act.

30 (3) Property held by a nonprofit corporation for charitable  
31 purposes upon condition requiring return, transfer, or conveyance,  
32 which condition occurs by reason of the merger, must be returned,  
33 transferred, or conveyed in accordance with that condition.

34 (4) A corporation that is not a charitable corporation but holds  
35 property for charitable purposes shall deliver to the attorney  
36 general notice of its intent to consummate a merger, unless the  
37 survivor of the merger is a charitable corporation. The notice must  
38 be delivered to the attorney general in the form of a record at least  
39 twenty days before the meeting at which the proposed transaction is

1 to be approved. Such a merger may not be implemented without the  
2 approval of the attorney general, or the approval of the court in a  
3 proceeding to which the attorney general is made a party. In the  
4 event that the attorney general does not deliver a notice of  
5 objection in the form of a record to the corporation within twenty  
6 days after the delivery to the attorney general of notice of the  
7 transaction, approval of the transaction is deemed to have been  
8 given.

9 (5) The notice described in subsection (4) of this section shall  
10 include:

11 (a) A statement specifying how the merger will comply with  
12 subsections (1) through (3) of this section; and

13 (b) A brief description of:

14 (i) Real property held by the corporation for charitable  
15 purposes, and its nature and location;

16 (ii) Cash, bank deposits, brokerage accounts, or other financial  
17 assets held by the corporation for charitable purposes, and their  
18 approximate total fair market value;

19 (iii) Other personal property held by the corporation for  
20 charitable purposes, and its nature and approximate total fair market  
21 value; and

22 (iv) All gift restrictions applicable to any property described  
23 in (b) (i) through (iii) of this subsection, and the nature of those  
24 restrictions.

25 NEW SECTION. **Sec. 3203.** PROHIBITION OF FINANCIAL BENEFIT. A  
26 person who is a member, director, officer, interest holder, or  
27 otherwise affiliated with a charitable corporation or any other  
28 eligible entity with a charitable purpose may not receive a direct or  
29 indirect financial benefit in connection with a transaction under  
30 this chapter to which the charitable corporation or unincorporated  
31 entity is a party unless the person is itself a charitable  
32 corporation, the federal government, a tribal government, a state or  
33 local government, a governmental subdivision, or an eligible entity  
34 that is organized exclusively for charitable purposes. This section  
35 does not apply to the receipt of reasonable compensation for services  
36 rendered.

37 NEW SECTION. **Sec. 3204.** LIMITATIONS ON CHARITABLE CORPORATIONS.  
38 (1) A charitable corporation may merge only with:

1 (a) Another charitable corporation;  
2 (b) A foreign corporation that, if it were a domestic  
3 corporation, would qualify under this chapter as a charitable  
4 corporation; or

5 (c) A foreign or domestic for-profit or nonprofit corporation, or  
6 unincorporated entity, only if the charitable corporation is the  
7 surviving corporation and continues to qualify as a charitable  
8 corporation after the merger.

9 (2) No member of a charitable corporation may receive or keep  
10 anything as a result of a merger other than a membership in the  
11 surviving charitable corporation, unless:

12 (a) The attorney general, or the court in a proceeding in which  
13 the attorney general has been given notice, has provided prior  
14 written consent; or

15 (b) The member is a charitable corporation, another entity that  
16 is organized and operated exclusively for one or more charitable  
17 purposes, the federal government, or a tribal, state, or local  
18 government.

19 NEW SECTION. **Sec. 3205.** MERGER. (1) Subject to the  
20 restrictions in sections 3202 through 3204 of this act, one or more  
21 domestic nonprofit corporations may merge with one or more domestic  
22 or foreign nonprofit corporations or eligible entities pursuant to a  
23 plan of merger or two or more foreign nonprofit corporations or  
24 domestic or foreign eligible entities may merge into a new domestic  
25 nonprofit corporation to be created in the merger in the manner  
26 provided in sections 3201 through 3209 of this act.

27 (2) A foreign nonprofit corporation, or a foreign eligible  
28 entity, may be a party to a merger with a domestic nonprofit  
29 corporation, or may be created by the terms of the plan of merger,  
30 only if the merger is permitted by the organic law of the corporation  
31 or eligible entity.

32 (3) If the law of this state, other than this chapter, permits  
33 the merger of a domestic eligible entity with a nonprofit corporation  
34 but does not provide procedures for the approval of such a merger,  
35 then a plan of merger may be adopted and approved, and the merger may  
36 be effectuated, in accordance with the procedures in sections 3201  
37 through 3209 of this act. For the purposes of applying sections 3201  
38 through 3209 of this act, as the context may require:



1 (a) The eligible entity is treated as a domestic nonprofit  
2 corporation, its interest holders are treated as members, eligible  
3 interests are treated as memberships, and organic records are treated  
4 as articles and bylaws; and

5 (b) If there is no board of directors and the business and  
6 affairs of the eligible entity are managed by a team or body of  
7 persons that is not identical to the interest holders, that team or  
8 body is deemed to be the board of directors.

9 (4) The plan of merger must be in the form of a record and  
10 include:

11 (a) The name of each domestic or foreign nonprofit corporation or  
12 eligible entity that will merge and the name of the domestic or  
13 foreign nonprofit corporation or eligible entity that will be the  
14 survivor of the merger;

15 (b) The terms and conditions of the merger;

16 (c) The manner and basis of converting the memberships of each  
17 merging domestic or foreign nonprofit membership corporation and the  
18 eligible interests of each merging domestic or foreign eligible  
19 entity into memberships, eligible interests, securities, or  
20 obligations; rights to acquire memberships, eligible interests,  
21 securities, or obligations; cash; other property or other  
22 consideration; or any combination of the foregoing;

23 (d) The articles and bylaws of any corporation, or the organic  
24 records of any eligible entity, to be created by the merger; or if a  
25 new corporation or eligible entity is not to be created by the  
26 merger, any changes to the survivor's articles or bylaws or organic  
27 records;

28 (e) Whether the corporation is a charitable corporation or is  
29 holding assets for charitable purposes;

30 (f) If the corporation is a charitable corporation or is holding  
31 assets for charitable purposes, a plan setting forth how the merging  
32 entities will comply with sections 3202 and 3204 of this act; and

33 (g) Any other provisions relating to the merger that the parties  
34 desire be included in the plan of merger.

35 (5) The plan of merger may also include a provision that the plan  
36 may be amended before filing articles of merger, but if the members  
37 of a domestic corporation that is a party to the merger are required  
38 or entitled to vote on the plan, then the plan shall provide that  
39 after approval of the plan by those members the plan may not be  
40 amended to change:

1 (a) The amount or kind of memberships, eligible interests,  
2 securities, or obligations; rights to acquire memberships, eligible  
3 interests, securities, or obligations; cash; or other property or  
4 other consideration to be received by the members of or owners of  
5 eligible interests in any party to the merger;

6 (b) The articles or bylaws of any corporation, or the organic  
7 records of any unincorporated entity, that will survive or be created  
8 as a result of the merger, except for changes permitted by section  
9 3104(2) of this act or by comparable provisions of the organic law of  
10 a foreign nonprofit or for-profit corporation or domestic or foreign  
11 unincorporated entity; or

12 (c) Any of the other terms or conditions of the plan, if the  
13 change would adversely affect those members in any material respect.

14 (6) Terms of a plan of merger may be made dependent on facts  
15 objectively ascertainable outside the plan in accordance with section  
16 1202(3) of this act.

17 NEW SECTION. **Sec. 3206.** ADOPTION OF PLAN OF MERGER. In the case  
18 of a nonprofit corporation that is a party to a merger:

19 (1) The plan of merger must be adopted by the board.

20 (2) Except as provided in subsection (9) of this section, section  
21 3205 of this act, or the articles or bylaws, after adopting the plan  
22 of merger, the board shall submit the plan to those members entitled  
23 to vote on the plan for their approval. The board shall also deliver  
24 to the members a recommendation that the members approve the plan,  
25 unless the board makes a determination that because of conflicts of  
26 interest or other special circumstances it should not make such a  
27 recommendation, in which case the board shall deliver to the members  
28 the basis for that determination.

29 (3) The board may condition its submission of the plan of merger  
30 to the members on any basis.

31 (4) If the plan of merger is required to be approved by the  
32 members, and if the approval is to be given at a meeting, then the  
33 nonprofit corporation shall give notice to each member, whether or  
34 not entitled to vote on the merger, of the meeting of members at  
35 which the plan is to be submitted for approval. The notice shall  
36 state that the purpose, or one of the purposes, of the meeting is to  
37 consider the plan and must contain or be accompanied by a copy or  
38 summary of the plan. If the corporation is to be merged into an  
39 existing corporation or eligible entity, then the notice shall also

1 include a copy or summary of the articles and bylaws or organic  
2 records of that corporation or eligible entity. If the corporation is  
3 to be merged into a corporation or eligible entity that is to be  
4 created pursuant to the merger, then the notice shall include a copy  
5 or a summary of the articles and bylaws or organic records of the new  
6 corporation or eligible entity. If a summary is provided in lieu of a  
7 copy of the plan or of the articles and bylaws, then a copy of the  
8 plan and articles and bylaws, as applicable, must be available to  
9 members upon request and this fact must be stated in the notice. Such  
10 copy of the plan and articles and bylaws, as applicable, may be made  
11 available in electronic format.

12 (5) Unless the articles or bylaws, or the board acting pursuant  
13 to subsection (3) of this section, requires a greater vote or a  
14 greater number of votes to be present, the approval of the plan of  
15 merger by the members entitled to vote thereon requires the approval  
16 of those members at a meeting at which a quorum is present, and, if  
17 any class of memberships is entitled to vote as a separate group on  
18 the plan of merger, the approval of each voting group entitled to  
19 vote at a meeting at which a quorum of the voting group is present.

20 (6) Separate voting on a plan of merger is required:

21 (a) By each class of members:

22 (i) Whose memberships are to be converted into eligible  
23 interests, securities, or obligations; rights to acquire eligible  
24 interests, securities, or obligations; cash; other property or other  
25 consideration; or any combination of the foregoing;

26 (ii) Which is to experience a change in the rights, powers,  
27 preferences, or limitations of the class as a result of the merger;  
28 or

29 (iii) That would be entitled to vote as a separate group on a  
30 provision in the plan that, if contained in a proposed amendment to  
31 articles of incorporation, would require action by separate voting  
32 groups under the articles or bylaws.

33 (b) By a voting group, if the voting group is entitled under the  
34 articles or bylaws to vote as a voting group to approve a plan of  
35 merger.

36 (7) If a plan of merger would affect in the same or a  
37 substantially similar way two or more classes of members entitled to  
38 vote separately on the plan of merger under subsection (6)(a) of this  
39 section, then, instead of voting separately, all similarly affected  
40 classes of members shall vote together as a single voting group on

1 the plan of merger, unless otherwise provided in the articles or as a  
2 condition imposed by the board under subsection (3) of this section.

3 (8) If as a result of a merger one or more members of a domestic  
4 nonprofit corporation would become subject to owner liability for the  
5 debts, obligations or liabilities of any other person or entity, then  
6 approval of the plan of merger requires the execution, by each member  
7 who would become subject to owner liability, of a separate record  
8 consenting to become subject to owner liability.

9 (9) If a domestic nonprofit corporation that is a party to a  
10 merger does not have any members entitled to vote on the merger, then  
11 a plan of merger is deemed adopted by the corporation when it has  
12 been adopted by the board pursuant to subsection (1) of this section.  
13 If a membership corporation has no members entitled to vote on the  
14 merger, then the corporation shall deliver notice of the proposed  
15 merger to all members of the corporation at least five days before  
16 the meeting at which the board is to adopt the plan of merger.

17 (10) In addition to the adoption and approval of the plan of  
18 merger by the board and members as required by this section, the plan  
19 of merger must also be approved in the form of a record by any person  
20 or group of persons whose approval is required under section 3114 of  
21 this act to amend the articles or bylaws.

22 (11) Adoption and approval of a plan of merger by all required  
23 persons under the procedures set forth in this section constitutes  
24 adoption and approval of all changes to the approving party's  
25 articles, bylaws, or other organic documents contained within the  
26 plan of merger.

27 NEW SECTION. **Sec. 3207.** ARTICLES OF MERGER. (1) After a plan of  
28 merger has been adopted and approved as required by sections 3201  
29 through 3209 of this act, articles of merger must be executed on  
30 behalf of each party to the merger by an officer or other authorized  
31 representative of the party. The articles of merger shall set forth:

32 (a) The names of the parties to the merger;

33 (b) If the articles of the surviving domestic nonprofit  
34 corporation are being changed, or if a new domestic nonprofit  
35 corporation is created as a result of a merger, the changes to the  
36 articles of the surviving corporation or the articles of the new  
37 corporation;

38 (c) If the plan of merger required approval by the members of a  
39 domestic nonprofit corporation that was a party to the merger, a

1 statement that the plan was approved by the members and, if voting by  
2 any separate voting group was required, by each separate voting group  
3 entitled to vote, in the manner required by this chapter and the  
4 articles or bylaws;

5 (d) If the plan of merger did not require approval by the members  
6 of a domestic nonprofit corporation that was a party to the merger, a  
7 statement to that effect;

8 (e) If a party to the merger is a noncharitable corporation  
9 holding property for charitable purposes, and the survivor is not a  
10 charitable corporation, a statement that the attorney general has  
11 approved, or is deemed to have approved, the merger pursuant to  
12 section 3202 of this act; and

13 (f) As to each foreign nonprofit corporation or eligible entity  
14 that was a party to the merger, a statement that the participation of  
15 the foreign corporation or eligible entity was authorized as required  
16 by the organic law of the corporation or eligible entity.

17 (2) Terms of articles of merger may be made dependent on facts  
18 objectively ascertainable outside the articles in accordance with  
19 section 1203 of this act.

20 (3) Articles of merger must be delivered to the secretary of  
21 state for filing by the surviving entity of the merger and shall take  
22 effect at the effective time provided in RCW 23.95.210. Articles of  
23 merger filed under this section may be combined with any filing  
24 required under the organic law of any domestic eligible entity  
25 involved in the transaction if the combined filing satisfies the  
26 requirements of both this section and the other organic law.

27 NEW SECTION. **Sec. 3208.** EFFECT OF MERGER. (1) Subject to  
28 sections 3202 and 3203 of this act, if the surviving entity is a  
29 domestic nonprofit corporation when a merger becomes effective:

30 (a) The domestic nonprofit corporation that is designated in the  
31 plan of merger as the surviving corporation continues or comes into  
32 existence, as the case may be;

33 (b) The separate existence of every domestic or foreign nonprofit  
34 corporation or eligible entity that is merged into the survivor  
35 ceases;

36 (c) All property owned by, and every contract and other right  
37 possessed by, each domestic or foreign nonprofit corporation or  
38 eligible entity that merges into the surviving corporation is vested  
39 in the surviving corporation without reversion or impairment;

1 (d) All liabilities of each domestic or foreign nonprofit  
2 corporation or eligible entity that is merged into the survivor are  
3 vested in the surviving corporation;

4 (e) The name of the surviving corporation may, but need not be,  
5 substituted in any pending proceeding for the name of any party to  
6 the merger whose separate existence ceased in the merger;

7 (f) The articles and bylaws or organic records of the surviving  
8 corporation are amended to the extent of the changes provided in the  
9 plan of merger;

10 (g) The articles and bylaws of a surviving corporation that is  
11 created by the merger become effective; and

12 (h) The memberships of each corporation that is a party to the  
13 merger, and the eligible interests in an eligible entity that is a  
14 party to a merger, that are to be converted under the plan of merger  
15 into memberships, eligible interests, securities, or obligations;  
16 rights to acquire memberships, eligible interests, securities, or  
17 obligations; cash; other property or other consideration; or any  
18 combination of the foregoing; are converted.

19 (2) A person who becomes subject to owner liability for some or  
20 all of the debts, obligations, or liabilities of any entity as a  
21 result of a merger has owner liability only to the extent provided in  
22 the organic law of the entity and only for those debts, obligations,  
23 and liabilities that arise after the effective time of the articles  
24 of merger, except to the extent that the person consented to become  
25 subject to liability under section 3206(8) of this act.

26 (3) The effect of a merger on the owner liability of a person who  
27 had owner liability for some or all of the debts, obligations, or  
28 liabilities of a party to the merger is as follows:

29 (a) The merger does not discharge any owner liability under the  
30 organic law of the entity in which the person was a member,  
31 shareholder, or interest holder to the extent that owner liability  
32 arose before the effective time of the articles of merger.

33 (b) The person does not have owner liability under the organic  
34 law of the entity in which the person was a member, shareholder, or  
35 interest holder before the merger for any debt, obligation, or  
36 liability that arises after the effective time of the articles of  
37 merger.

38 (c) The provisions of the organic law of any entity for which the  
39 person had owner liability before the merger continue to apply to the

1 collection or discharge of any owner liability preserved by  
2 subsection (1) of this section, as if the merger had not occurred.

3 (d) The person has whatever rights of contribution from other  
4 persons are provided by the organic law of the entity for which the  
5 person had owner liability with respect to any owner liability  
6 preserved by (a) of this subsection, as if the merger had not  
7 occurred.

8 (4) A devise, bequest, gift, grant, or promise contained in a  
9 will or other instrument, in trust or otherwise, made before or after  
10 a merger, to or for any of the parties to the merger, inures to the  
11 survivor, subject to the express terms of the will or other  
12 instrument.

13 NEW SECTION. **Sec. 3209.** ABANDONMENT OF MERGER. (1) Unless  
14 otherwise provided in a plan of merger or in the organic law of a  
15 foreign nonprofit corporation or a domestic or foreign eligible  
16 entity that is a party to a merger, after the plan has been adopted  
17 and approved as required by this chapter, and at any time before the  
18 merger has become effective, it may be abandoned by a domestic  
19 nonprofit corporation that is a party thereto without action by its  
20 members, in accordance with any procedures set forth in the plan of  
21 merger or, if no procedures are set forth in the plan, in the manner  
22 determined by the board, subject to any contractual rights of other  
23 parties to the merger.

24 (2) If a merger is abandoned under subsection (1) of this section  
25 after articles of merger have been filed by the secretary of state  
26 but before the merger has become effective, then a statement that the  
27 merger has been abandoned in accordance with this section, executed  
28 on behalf of a party to the merger by an officer or other authorized  
29 representative, must be delivered to the secretary of state for  
30 filing before the effective date of the merger. Upon filing by the  
31 secretary of state, the statement takes effect and the merger is  
32 deemed abandoned and shall not become effective.

### 33 **ARTICLE 3**

#### 34 **DOMESTICATION AND CONVERSION**

35 NEW SECTION. **Sec. 3301.** DEFINITIONS. The definitions in this  
36 section apply throughout this section and sections 3302 through 3326  
37 of this act unless the context clearly requires otherwise.

1 (1) "Conversion" means a transaction authorized by section 3312,  
2 3317, or 3321 of this act.

3 (2) "Converting corporation" means the domestic or foreign  
4 nonprofit or for-profit corporation that approves a conversion  
5 pursuant to sections 3301 through 3326 of this act or its organic  
6 law.

7 (3) "Converting entity" means the domestic or foreign entity that  
8 approves a conversion pursuant to section 3321 of this act or its  
9 organic law.

10 (4) "Domesticated corporation" means the domesticating  
11 corporation as it continues in existence after a domestication.

12 (5) "Domesticating corporation" means the domestic nonprofit  
13 corporation that adopts a plan of domestication pursuant to section  
14 3308 of this act or the foreign nonprofit corporation that approves a  
15 domestication pursuant to its organic law.

16 (6) "Domestication" means a transaction authorized by section  
17 3307 of this act.

18 (7) "Surviving corporation" means the corporation as it continues  
19 in existence immediately after consummation of a for-profit  
20 conversion pursuant to section 3312 of this act, a foreign for-profit  
21 conversion and domestication pursuant to section 3317 of this act, or  
22 an entity conversion pursuant to section 3321 of this act.

23 (8) "Surviving entity" means the unincorporated entity as it  
24 continues in existence immediately after consummation of an entity  
25 conversion pursuant to section 3321 of this act.

26 NEW SECTION. **Sec. 3302.** EXCLUDED TRANSACTIONS. Sections 3301  
27 through 3326 of this act may not be used to effect a transaction  
28 that:

29 (1) Converts a nonprofit or mutual insurance company to a for-  
30 profit stock corporation; or

31 (2) Is governed by chapter 70.45 RCW.

32 NEW SECTION. **Sec. 3303.** REQUIRED APPROVALS. If a domestic or  
33 foreign nonprofit corporation or eligible entity may not be a party  
34 to a merger or sale of its assets without the approval of a federal  
35 or state agency other than the secretary of state, then the  
36 corporation or eligible entity shall not be a party to a transaction  
37 under sections 3301 through 3326 of this act without the prior  
38 approval of that agency.



1        NEW SECTION.    **Sec. 3304.**    PROPERTY HELD FOR CHARITABLE PURPOSES.

2        (1) In any transaction under sections 3301 through 3326 of this act,  
3        property held for charitable purposes by a nonprofit corporation may  
4        not be diverted from charitable purposes.

5        (2) No transaction under this chapter shall modify any  
6        restriction imposed through any means upon property held for  
7        charitable purposes by any entity involved in the transaction,  
8        including but not limited to a restriction that affects existing  
9        rights of persons other than members, shareholders, or interest  
10       holders of the entity, unless the restriction is modified:

11       (a) In the case of a restriction imposed pursuant to a trust  
12       instrument governed by chapter 11.110 RCW in which the nonprofit  
13       corporation is a trustee or a beneficiary, through an appropriate  
14       order of the court or the agreement of all interested parties,  
15       including the attorney general, under chapter 11.96A RCW; or

16       (b) In the case of any other restriction, pursuant to section  
17       1503 of this act.

18       (3) Property held by a nonprofit corporation for charitable  
19       purposes upon condition requiring return, transfer or conveyance,  
20       which condition occurs by reason of a transaction under this chapter,  
21       must be returned, transferred, or conveyed in accordance with that  
22       condition.

23       (4) A corporation holding property for charitable purposes shall  
24       deliver to the attorney general notice of its intent to consummate  
25       any transaction under this chapter. The notice must be delivered to  
26       the attorney general in the form of a record at least forty-five days  
27       before the meeting at which the proposed transaction is to be  
28       approved. Such a transaction may not be implemented without the  
29       approval of the attorney general, or the approval of the court in a  
30       proceeding to which the attorney general is made a party. In the  
31       event that the attorney general does not deliver a notice of  
32       objection in the form of a record to the corporation within twenty  
33       days after the delivery to the attorney general of notice of the  
34       transaction, approval of the transaction is deemed to have been  
35       given.

36       (5) The notice described in subsection (4) of this section shall  
37       include:

38       (a) A statement specifying how the transaction will comply with  
39       subsections (1) through (3) of this section, as applicable; and

40       (b) A brief description of:

1 (i) Real property held for charitable purposes by the  
2 corporation, and its nature and location;

3 (ii) Cash, bank deposits, brokerage accounts, or other financial  
4 assets held for charitable purposes by the corporation, and their  
5 approximate total fair market value;

6 (iii) Other personal property held for charitable purposes by the  
7 corporation, and its nature and approximate total fair market value;  
8 and

9 (iv) Any gift restrictions applicable to any property described  
10 in (b)(i) through (iii) of this subsection, and the nature of those  
11 restrictions.

12 (6) An event of domestication or conversion does not affect the  
13 applicability of chapter 11.110, 19.09, or 24.55 RCW to any entity.

14 NEW SECTION. **Sec. 3305.** PROHIBITION ON FINANCIAL BENEFIT. A  
15 person who is a member, interest holder, or otherwise affiliated with  
16 a charitable corporation or an unincorporated entity with charitable  
17 purposes may not receive a direct or indirect financial benefit in  
18 connection with a transaction under this chapter to which the  
19 charitable corporation or unincorporated entity is a party unless the  
20 person is itself a charitable corporation, the federal government, a  
21 tribal, state, or local government, a governmental subdivision, or an  
22 unincorporated entity that has charitable purposes. This section does  
23 not apply to the receipt of reasonable compensation for services  
24 rendered.

25 NEW SECTION. **Sec. 3306.** VOTING RIGHTS IN EXISTING CORPORATIONS.  
26 For any corporation formed before July 1, 2021, any member or other  
27 person who is entitled under the articles or bylaws to vote on or  
28 approve a merger transaction involving the corporation is deemed  
29 entitled, to the same extent, to vote on or approve any transaction  
30 under this chapter involving the corporation.

31 NEW SECTION. **Sec. 3307.** DOMESTICATION. (1) A foreign nonprofit  
32 corporation may become a domestic nonprofit corporation only if the  
33 law of the foreign jurisdiction allows the domestication.

34 (2) A domestic nonprofit corporation may become a foreign  
35 nonprofit corporation if the law of the foreign jurisdiction allows  
36 the domestication.

1 (3) Regardless of whether the laws of the foreign jurisdiction  
2 require the adoption of a plan of domestication, the domestication  
3 must be approved by the corporation's adoption of a plan of  
4 domestication in the manner provided in sections 3301 through 3326 of  
5 this act.

6 (4) The plan of domestication shall include:

7 (a) A statement of the jurisdiction in which the corporation is  
8 to be domesticated;

9 (b) The terms and conditions of the domestication;

10 (c) The manner and basis of canceling or reclassifying the  
11 memberships of the corporation following its domestication into  
12 memberships, obligations, rights to acquire memberships, cash, other  
13 property, or any combination of the foregoing;

14 (d) If the corporation is a charitable corporation or is holding  
15 assets for charitable purposes, a plan setting forth how the  
16 corporation will comply with section 3304 (2) and (3) of this act;  
17 and

18 (e) Any desired changes to the articles or bylaws of the  
19 corporation in connection with its domestication.

20 (5) The plan of domestication may also include a provision that  
21 the plan may be amended before filing the document required by the  
22 laws of this state or the other jurisdiction to consummate the  
23 domestication; except that, after approval of the plan by the  
24 members, the plan may not be amended without the approval of the  
25 members entitled to vote thereon to change:

26 (a) The amount or kind of memberships, obligations, rights to  
27 acquire memberships, cash, or other property to be received by the  
28 members under the plan;

29 (b) The articles as they will be in effect immediately following  
30 the domestication, except for changes permitted by section 3104 of  
31 this act or by comparable provisions of the laws of the other  
32 jurisdiction; or

33 (c) Any of the other terms or conditions of the plan if the  
34 change would adversely affect any of the members in any material  
35 respect.

36 (6) Terms of a plan of domestication may be made dependent upon  
37 facts objectively ascertainable outside the plan in accordance with  
38 section 1202(3) of this act.

39 (7) If any debt security, note, or similar evidence of  
40 indebtedness for money borrowed, whether secured or unsecured, or a

1 contract of any kind, issued, incurred or executed by a domestic  
2 nonprofit corporation before July 1, 2021, contains a provision  
3 applying to a merger of the corporation and the document does not  
4 refer to a domestication of the corporation, then the provision is  
5 deemed to apply to a domestication of the corporation until the  
6 provision is amended after that date.

7 NEW SECTION. **Sec. 3308.** ACTION ON A PLAN OF DOMESTICATION. In  
8 the case of a domestication of a domestic nonprofit corporation in a  
9 foreign jurisdiction:

10 (1) The plan of domestication must be adopted by the board.

11 (2) If there are no members entitled to vote on the plan, then  
12 the plan must be adopted by a vote of the majority of directors then  
13 in office. If a membership corporation has no members entitled to  
14 vote on the plan, then the corporation shall deliver notice of the  
15 proposed domestication to all members of the corporation at least ten  
16 days before the meeting at which the board is to adopt the plan.

17 (3) After adopting the plan of domestication, the board shall  
18 submit the plan to the members for their approval, if there are  
19 members entitled to vote on the plan. The board shall also transmit  
20 to the members a recommendation that the members approve the plan,  
21 unless the board determines that, because of conflicts of interest or  
22 other special circumstances, it should not make such a  
23 recommendation, in which case the board shall transmit to the members  
24 the basis for that determination.

25 (4) The board may condition its submission of the plan of  
26 domestication to the members on any basis.

27 (5) If the approval of the members is to be given at a meeting,  
28 then the corporation shall notify each member, whether or not  
29 entitled to vote, of the meeting of members at which the plan of  
30 domestication is to be submitted for approval. The notice shall state  
31 that the purpose, or one of the purposes, of the meeting is to  
32 consider the plan and must contain or be accompanied by a copy or  
33 summary of the plan. The notice shall include a copy of the articles  
34 and bylaws as they will be in effect immediately after the  
35 domestication. If a summary is provided in lieu of a copy of the  
36 plan, then a copy of the plan must be available to members upon  
37 request and this fact must be stated in the notice.

38 (6) Unless the articles or bylaws, or the board acting pursuant  
39 to subsection (4) of this section, requires a greater vote or a

1 greater number of votes to be present, the approval of the plan of  
2 domestication by the members entitled to vote thereon requires the  
3 approval of a majority of those members at a meeting at which a  
4 quorum is present, and, if any class of members is entitled to vote  
5 as a separate group on the plan, the approval of a majority of the  
6 members of each separate voting group entitled to vote at a meeting  
7 at which a quorum of the voting group is present.

8 (7) A separate voting by voting groups is required by each class  
9 of members that:

10 (a) Is to be reclassified under the plan of domestication into a  
11 different class of memberships, or into obligations, rights to  
12 acquire memberships, cash, other property, or any combination of the  
13 foregoing;

14 (b) Would be entitled to vote as a separate group on a provision  
15 of the plan that, if contained in a proposed amendment to articles of  
16 incorporation, would require action by separate voting groups under  
17 section 3105 of this act; or

18 (c) Is entitled under the articles or bylaws to vote as a voting  
19 group to approve an amendment of the articles.

20 (8) If any provision of the articles, bylaws, or an agreement to  
21 which any of the directors or members are parties, adopted or entered  
22 into before July 1, 2021, applies to a merger of the corporation and  
23 that document does not refer to a domestication of the corporation,  
24 then the provision is deemed to apply to a domestication of the  
25 corporation until the provision is later amended.

26 NEW SECTION. **Sec. 3309.** ARTICLES OF DOMESTICATION. (1) Articles  
27 of domestication must be executed on behalf of the domesticating  
28 corporation by an officer or other authorized representative. The  
29 articles shall set forth:

30 (a) The name and jurisdiction of incorporation of the  
31 domesticating corporation;

32 (b) The name and jurisdiction of incorporation of the  
33 domesticated entity; and

34 (c) If the domesticating corporation is a domestic nonprofit  
35 corporation, a statement that the plan of domestication was approved  
36 in accordance with sections 3301 through 3326 of this act or, if the  
37 domesticating corporation is a foreign nonprofit corporation, a  
38 statement that the domestication was approved in accordance with the  
39 law of its jurisdiction of incorporation.

1 (2) The articles of domestication must be delivered to the  
2 secretary of state for filing, and take effect at the effective time  
3 provided in RCW 23.95.210.

4 (3) If the domesticating corporation is a foreign corporation,  
5 then the domesticating corporation must, simultaneously with the  
6 delivery of the articles of domestication, deliver articles of  
7 incorporation that comply with this title to the secretary of state  
8 for filing and the secretary of state shall file the articles.  
9 Provisions that would not be required to be included in restated  
10 articles of incorporation may be omitted, except that the name and  
11 address of the initial registered agent of the corporation must be  
12 included and the name of the corporation must satisfy the  
13 requirements of section 1302 of this act.

14 (4) If the domesticating corporation is a registered foreign  
15 corporation, then its registration is terminated automatically on the  
16 effective date of its domestication, and the secretary of state shall  
17 record the termination of the registration.

18 NEW SECTION. **Sec. 3310.** EFFECT OF DOMESTICATION. (1) Except as  
19 provided in section 3304 of this act, when a domestication becomes  
20 effective:

21 (a) The title to all real and personal property, both tangible  
22 and intangible, of the domesticating corporation remains in the  
23 domesticated corporation without reversion or impairment;

24 (b) The liabilities of the domesticating corporation remain the  
25 liabilities of the domesticated corporation;

26 (c) An action or proceeding pending against the domesticating  
27 corporation continues against the domesticated corporation as if the  
28 domestication had not occurred;

29 (d) The articles of incorporation filed pursuant to section  
30 3309(3) of this act constitute the articles of a foreign corporation  
31 domesticating in Washington state;

32 (e) The memberships in the domesticating corporation are  
33 reclassified into memberships, obligations, rights to acquire  
34 memberships, or cash or other property in accordance with the terms  
35 of the domestication, and the members are entitled only to the rights  
36 provided by those terms;

37 (f) Gift restrictions binding the domestic corporation remain in  
38 place as if the domestication had not occurred, unless modified in  
39 accordance with section 1503 of this act;

1 (g) A devise, bequest, gift, grant, or promise contained in a  
2 will or other instrument, in trust or otherwise, made to or for the  
3 domesticating corporation before or after the domestication, inures  
4 to the domesticated corporation, subject to the express terms of the  
5 will or other instrument; and

6 (h) The domesticating corporation is deemed to be:

7 (i) Incorporated under and subject to the organic law of the  
8 domesticated corporation for all purposes; and

9 (ii) The same corporation without interruption as the  
10 domesticating corporation.

11 (2) The interest holder liability of a member in a foreign  
12 nonprofit corporation that is domesticated in the state of Washington  
13 is as follows:

14 (a) The domestication does not discharge any interest holder  
15 liability under the laws of the foreign jurisdiction to the extent  
16 the interest holder liability arose before the effective time of the  
17 articles of domestication.

18 (b) The member does not have interest holder liability under the  
19 laws of the foreign jurisdiction for any debt, obligation, or  
20 liability of the corporation that arises after the effective time of  
21 the articles of domestication.

22 (c) The provisions of the laws of the foreign jurisdiction  
23 continue to apply to the collection or discharge of any interest  
24 holder liability preserved by (a) of this subsection, as if the  
25 domestication had not occurred.

26 (d) The domestication has no effect on any member's rights of  
27 contribution from other members provided by the laws of the foreign  
28 jurisdiction with respect to any interest holder liability preserved  
29 by (a) of this subsection.

30 NEW SECTION. **Sec. 3311.** ABANDONMENT OF DOMESTICATION. (1)

31 Unless otherwise provided in a plan of domestication of a domestic  
32 nonprofit corporation, after the plan has been adopted and approved  
33 as required by sections 3301 through 3326 of this act, and at any  
34 time before the domestication has become effective, it may be  
35 abandoned by the members if there are members entitled to vote on the  
36 plan of domestication, or by the board without action by members.

37 (2) If a domestication is abandoned under subsection (1) of this  
38 section after articles of domestication have been filed by the  
39 secretary of state but before the domestication has become effective,

1 then a statement that the domestication has been abandoned in  
2 accordance with this section, executed by an officer or other  
3 authorized representative, must be delivered to the secretary of  
4 state for filing before the effective date of the domestication. The  
5 statement takes effect upon filing and the domestication is abandoned  
6 and does not become effective.

7 (3) If the domestication of a foreign nonprofit corporation in  
8 Washington state is abandoned in accordance with the laws of the  
9 foreign jurisdiction after articles of domestication have been filed  
10 by the secretary of state, then a statement that the domestication  
11 has been abandoned, executed by an officer or other authorized  
12 representative, must be delivered to the secretary of state for  
13 filing. The statement takes effect upon filing and the domestication  
14 is abandoned and does not become effective.

15 NEW SECTION. **Sec. 3312.** FOR-PROFIT CONVERSION OF NONCHARITABLE  
16 CORPORATIONS. (1) A domestic nonprofit corporation, other than a  
17 charitable corporation, may become a domestic for-profit corporation  
18 pursuant to a plan of for-profit conversion if the for-profit  
19 conversion is permitted under Title 23B RCW.

20 (2) A domestic nonprofit corporation, other than a charitable  
21 corporation, may become a foreign for-profit corporation if the for-  
22 profit conversion is permitted by the laws of the foreign  
23 jurisdiction. Regardless of whether the laws of the foreign  
24 jurisdiction require the adoption of a plan of for-profit conversion,  
25 the foreign for-profit conversion must be approved by the adoption by  
26 the domestic nonprofit corporation of a plan of for-profit conversion  
27 in the manner provided in sections 3301 through 3326 of this act.

28 (3) The plan of for-profit conversion shall include:

29 (a) The terms and conditions of the conversion;

30 (b) The manner and basis of:

31 (i) Issuing at least one share in the corporation following its  
32 conversion; and

33 (ii) Otherwise reclassifying the memberships in the corporation,  
34 if any, following its conversion into shares and other securities,  
35 obligations, rights to acquire shares or other securities, cash,  
36 other property, or any combination of the foregoing;

37 (c) If the corporation is holding assets for charitable purposes,  
38 a plan setting forth how the corporation will comply with section  
39 3304(2), (3), and (5) of this act;



1 (d) Any desired changes to the articles or bylaws of the  
2 corporation following its conversion; and

3 (e) If the domestic nonprofit corporation is to be converted to a  
4 foreign for-profit corporation, a statement of the jurisdiction in  
5 which the corporation will be incorporated after the conversion.

6 (4) The plan of for-profit conversion may also include a  
7 provision that the plan may be amended before filing articles of for-  
8 profit conversion, except that after approval of the plan by the  
9 members the plan may not be amended without the approval of the  
10 members to change:

11 (a) The amount or kind of shares and other securities,  
12 obligations, rights to acquire shares or other securities, cash, or  
13 other property to be received by the members under the plan;

14 (b) The articles of incorporation as they will be in effect  
15 immediately following the conversion, except for changes permitted by  
16 section 3104 of this act; or

17 (c) Any of the other terms or conditions of the plan if the  
18 change would adversely affect any of the members in any material  
19 respect.

20 (5) Terms of a plan of for-profit conversion may be made  
21 dependent upon facts objectively ascertainable outside the plan in  
22 accordance with section 1202(3) of this act.

23 (6) If any debt security, note, or similar evidence of  
24 indebtedness for money borrowed, whether secured or unsecured, or a  
25 contract of any kind, issued, incurred, or executed by a domestic  
26 nonprofit corporation before July 1, 2021, contains a provision  
27 applying to a merger of the corporation and the document does not  
28 refer to a for-profit conversion of the corporation, then the  
29 provision is deemed to apply to a for-profit conversion of the  
30 corporation until the provision is later amended.

31 NEW SECTION. **Sec. 3313.** ACTION ON A PLAN OF FOR-PROFIT  
32 CONVERSION. In the case of a conversion of a domestic nonprofit  
33 corporation to a domestic or foreign for-profit corporation:

34 (1) The plan of for-profit conversion must be adopted by the  
35 board.

36 (2) If there are no members entitled to vote on the plan, then  
37 the plan must be adopted by a vote of the majority of directors then  
38 in office. If a membership corporation has no members entitled to  
39 vote on the plan, then the corporation shall deliver notice of the

1 proposed for-profit conversion to all members of the corporation at  
2 least ten days before the meeting at which the board is to adopt the  
3 plan.

4 (3) After adopting the plan of for-profit conversion, the board  
5 shall submit the plan to the members for their approval if there are  
6 members entitled to vote on the plan. The board shall also deliver to  
7 the members a recommendation that the members approve the plan,  
8 unless the board determines that because of conflicts of interest or  
9 other special circumstances, it should not make such a  
10 recommendation, in which case the board shall deliver to the members  
11 the basis for that determination.

12 (4) The board may condition its submission of the plan of for-  
13 profit conversion to the members on any basis.

14 (5) If the approval of the members is to be given at a meeting,  
15 then the corporation shall notify each member of the meeting of  
16 members at which the plan of for-profit conversion is to be submitted  
17 for approval. The notice shall state that the purpose, or one of the  
18 purposes, of the meeting is to consider the plan and must contain or  
19 be accompanied by a copy or summary of the plan. The notice shall  
20 include a copy of the articles as they will be in effect immediately  
21 after the for-profit conversion. If a summary is provided in lieu of  
22 a copy of the plan, then a copy of the plan must be available to  
23 members upon request and this fact must be stated in the notice.

24 (6) Unless the articles or bylaws, or the board acting pursuant  
25 to subsection (4) of this section, require a greater vote or a  
26 greater number of votes to be present, the approval of the plan of  
27 for-profit conversion by the members entitled to vote thereon  
28 requires approval of a majority of those members at a meeting at  
29 which a quorum is present, and, if any class of members is entitled  
30 to vote as a separate group on the plan of for-profit conversion, the  
31 approval of each separate voting group entitled to vote at a meeting  
32 at which a quorum of the voting group is present.

33 (7) If any provision of the articles, bylaws, or an agreement to  
34 which any of the directors or members are parties, adopted or entered  
35 into before July 1, 2021, applies to a merger of the corporation and  
36 the document does not refer to a for-profit conversion of the  
37 corporation, then the provision is deemed to apply to a for-profit  
38 conversion of the corporation until the provision is later amended.

1        NEW SECTION.    **Sec. 3314.**    ARTICLES OF FOR-PROFIT CONVERSION. (1)

2    Articles of for-profit conversion must be executed on behalf of the  
3    converting corporation by an officer of the corporation. The articles  
4    shall set forth:

5        (a)    If the surviving corporation is a domestic business  
6    corporation, the name of the corporation immediately before the  
7    filing of the articles of for-profit conversion and if that name does  
8    not satisfy the requirements of RCW 23B.04.010, or the corporation  
9    desires to change its name in connection with the conversion, a name  
10   that satisfies the requirements of RCW 23B.04.010;

11       (b)    Whether the corporation is holding assets for charitable  
12   purposes;

13       (c)    If the corporation is holding assets for charitable purposes,  
14   that the attorney general has approved, or is deemed to have  
15   approved, the for-profit conversion pursuant to section 3304(4) of  
16   this act;

17       (d)    If the surviving corporation is a foreign for-profit  
18   corporation, its name after the conversion and its jurisdiction of  
19   incorporation;

20       (e)    If the nonprofit corporation has members with voting rights  
21   with respect to the for-profit conversion, a statement that the plan  
22   of for-profit conversion was approved by the members in the manner  
23   required by this chapter and the articles or bylaws; and

24       (f)    Where there are no members or no members having voting rights  
25   with respect to the for-profit conversion, a statement to that  
26   effect, the date of the meeting of the board at which the amendment  
27   was adopted, and a statement that the amendment received the vote of  
28   a majority of directors in office.

29       (2)    If the surviving corporation is a domestic for-profit  
30   corporation, then the articles of for-profit conversion shall either  
31   contain all of the provisions that RCW 23B.02.020 requires to be set  
32   forth in articles of incorporation of a domestic for-profit  
33   corporation and any other desired provisions permitted under Title  
34   23B RCW, or have attached articles of incorporation that satisfy the  
35   requirements of RCW 23B.02.020. In either case, provisions that would  
36   not be required to be included in restated articles of incorporation  
37   of a domestic for-profit corporation may be omitted, except that the  
38   name and address of the initial registered agent of the for-profit  
39   corporation must be included.

1 (3) The articles of for-profit conversion and articles of  
2 incorporation, if a separate document, must be delivered to the  
3 secretary of state for filing, and take effect at the effective time  
4 provided in RCW 23.95.210.

5 NEW SECTION. **Sec. 3315.** EFFECT OF FOR-PROFIT CONVERSION. (1)  
6 Except as provided in section 3304 of this act, when a conversion of  
7 a domestic nonprofit corporation to a domestic or foreign for-profit  
8 corporation becomes effective:

9 (a) The title to all real and personal property, both tangible  
10 and intangible, of the corporation remains in the corporation without  
11 reversion or impairment;

12 (b) The liabilities of the corporation remain the liabilities of  
13 the corporation;

14 (c) An action or proceeding pending against the corporation  
15 continues against the corporation as if the conversion had not  
16 occurred;

17 (d) The articles of the domestic or foreign for-profit  
18 corporation become effective;

19 (e) The memberships of the corporation are reclassified into  
20 shares or other securities, obligations, rights to acquire shares or  
21 other securities, or into cash or other property in accordance with  
22 the plan of conversion, and the members are entitled only to the  
23 rights provided in the plan of for-profit conversion;

24 (f) A devise, bequest, gift, grant, or promise contained in a  
25 will or other instrument, in trust or otherwise, made to or for the  
26 corporation before or after the for-profit conversion, continues to  
27 inure to the corporation, subject to the express terms of the will or  
28 other instrument; and

29 (g) The corporation is deemed to:

30 (i) Be a domestic or foreign for-profit corporation for all  
31 purposes; and

32 (ii) Be the same corporation without interruption as the  
33 nonprofit corporation.

34 (2) The interest holder liability of a member in a domestic  
35 nonprofit corporation that converts to a domestic for-profit  
36 corporation is as follows:

37 (a) The conversion does not discharge any interest holder  
38 liability of the member as a member of the nonprofit corporation to

1 the extent the interest holder liability arose before the effective  
2 time of the articles of for-profit conversion.

3 (b) The member does not have interest holder liability for any  
4 debt, obligation, or liability of the for-profit corporation that  
5 arises after the effective time of the articles of for-profit  
6 conversion.

7 (c) The laws of this state continue to apply to the collection or  
8 discharge of any interest holder liability preserved by (a) of this  
9 subsection, as if the conversion had not occurred.

10 (d) The member has whatever rights of contribution from other  
11 members are provided by the laws of this state with respect to any  
12 interest holder liability preserved by (a) of this subsection, as if  
13 the conversion had not occurred.

14 (3) A member who becomes subject to interest holder liability for  
15 some or all of the debts, obligations, or liabilities of the for-  
16 profit corporation has interest holder liability only for those  
17 debts, obligations, or liabilities of the for-profit corporation that  
18 arise after the effective time of the articles of for-profit  
19 conversion.

20 NEW SECTION. **Sec. 3316.** ABANDONMENT OF FOR-PROFIT CONVERSION.

21 (1) Unless otherwise provided in a plan of for-profit conversion of a  
22 domestic nonprofit corporation, after the plan has been adopted and  
23 approved as required by sections 3301 through 3326 of this act, and  
24 at any time before the for-profit conversion has become effective, it  
25 may be abandoned by the members if there are members entitled to vote  
26 on the for-profit conversion, or by the board without action by  
27 members.

28 (2) If a for-profit conversion is abandoned under subsection (1)  
29 of this section after articles of for-profit conversion have been  
30 filed by the secretary of state but before the for-profit conversion  
31 has become effective, then a statement that the for-profit conversion  
32 has been abandoned in accordance with this section, executed by an  
33 officer of the corporation, must be delivered to the secretary of  
34 state for filing before the effective date of the for-profit  
35 conversion. The statement takes effect upon filing and the for-profit  
36 conversion is abandoned and does not become effective.

37 NEW SECTION. **Sec. 3317.** FOR-PROFIT DOMESTICATION AND  
38 CONVERSION. A foreign for-profit corporation may become a domestic

1 nonprofit corporation if the domestication and conversion is  
2 permitted by the law of the foreign jurisdiction.

3 NEW SECTION.       **Sec. 3318.**       ARTICLES OF DOMESTICATION AND  
4 CONVERSION. (1) Articles of domestication and conversion must be  
5 executed on behalf of the domesticating and converting corporation by  
6 an officer or other authorized representative. The articles shall set  
7 forth:

8       (a) The name of the corporation immediately before the filing of  
9 the articles of domestication and conversion and, if that name is  
10 unavailable for use in Washington state or the corporation desires to  
11 change its name in connection with the domestication and conversion,  
12 a name that satisfies the requirements of section 1302 of this act;

13       (b) The jurisdiction of incorporation of the corporation  
14 immediately before the filing of the articles of domestication and  
15 conversion and the date the corporation was incorporated in that  
16 jurisdiction; and

17       (c) A statement that the domestication and conversion of the  
18 corporation in this state was authorized as required by the laws of  
19 the jurisdiction in which the corporation was incorporated  
20 immediately before its domestication and conversion in Washington  
21 state.

22       (2) The articles of domestication and conversion shall either  
23 contain all of the provisions that section 1303(1) of this act  
24 requires to be set forth in articles of incorporation and any other  
25 desired provisions that section 1303(1)(b) and (c) of this act permit  
26 to be included in articles of incorporation, or have attached  
27 articles of incorporation that comply with this chapter. In either  
28 case, provisions that would not be required to be included in  
29 restated articles of incorporation may be omitted, except that the  
30 name and address of the initial registered agent of the domestic  
31 nonprofit corporation must be included.

32       (3) If the domesticating corporation is a foreign corporation,  
33 then the domesticating corporation must, simultaneously with the  
34 delivery of the articles of domestication and conversion, deliver  
35 articles of incorporation that comply with this chapter to the  
36 secretary of state for filing and the secretary of state shall file  
37 the articles. Provisions that would not be required to be included in  
38 restated articles of incorporation may be omitted, except that the  
39 name and address of the initial registered agent of the corporation

1 must be included and the name of the corporation must satisfy the  
2 requirements of section 1302 of this act.

3 (4) If the foreign for-profit corporation is authorized to  
4 transact business in Washington state under chapter 23B.01 RCW, then  
5 its registration shall be terminated automatically on the effective  
6 date of its domestication and conversion and the secretary of state  
7 shall record the termination of registration.

8 NEW SECTION. **Sec. 3319.** EFFECT OF FOR-PROFIT DOMESTICATION AND  
9 CONVERSION. (1) When a domestication and conversion of a foreign for-  
10 profit corporation to a domestic nonprofit corporation becomes  
11 effective:

12 (a) The title to all real and personal property, both tangible  
13 and intangible, of the corporation remains in the corporation without  
14 reversion or impairment;

15 (b) The liabilities of the corporation remain the liabilities of  
16 the corporation;

17 (c) An action or proceeding pending against the corporation  
18 continues against the corporation as if the domestication and  
19 conversion had not occurred;

20 (d) The articles of domestication and conversion, or the articles  
21 attached to the articles of domestication and conversion, constitute  
22 the articles of incorporation of the corporation;

23 (e) Memberships, securities, obligations, rights to acquire  
24 memberships or securities of the corporation, or cash or other  
25 property must be issued or paid as provided pursuant to the laws of  
26 the foreign jurisdiction;

27 (f) A devise, bequest, gift, grant, or promise contained in a  
28 will or other instrument, in trust or otherwise, made to or for the  
29 foreign for-profit corporation before or after the domestication and  
30 conversion, inures to the domestic nonprofit corporation, subject to  
31 the express terms of the will or other instrument and to applicable  
32 law of the foreign jurisdiction; and

33 (g) The corporation is deemed to be:

34 (i) A domestic corporation for all purposes; and

35 (ii) The same corporation without interruption as the foreign  
36 for-profit corporation.

37 (2) The interest holder liability of a shareholder of the foreign  
38 for-profit corporation who becomes a member of the domestic nonprofit  
39 corporation in the domestication and conversion is as follows:

1 (a) The domestication and conversion does not discharge any  
2 interest holder liability under the laws of the foreign jurisdiction  
3 to the extent the interest holder liability arose before the  
4 effective time of the articles of domestication and conversion.

5 (b) The member does not have interest holder liability under the  
6 laws of the foreign jurisdiction for any debt, obligation, or  
7 liability of the corporation that arises after the effective time of  
8 the articles of domestication and conversion.

9 (c) The provisions of the laws of the foreign jurisdiction  
10 continue to apply to the collection or discharge of any interest  
11 holder liability preserved by (a) of this subsection, as if the  
12 domestication and conversion had not occurred.

13 (d) The member has whatever rights of contribution from other  
14 members are provided by the laws of the foreign jurisdiction with  
15 respect to any interest holder liability preserved by (a) of this  
16 subsection, as if the domestication and conversion had not occurred.

17 (3) A shareholder of a foreign for-profit corporation who becomes  
18 subject to interest holder liability for some or all of the debts,  
19 obligations, or liabilities of the corporation as a result of its  
20 domestication and conversion in this state has interest holder  
21 liability only for those debts, obligations, or liabilities of the  
22 corporation that arise after the effective time of the articles of  
23 domestication and conversion.

24 NEW SECTION. **Sec. 3320.** ABANDONMENT OF FOR-PROFIT DOMESTICATION  
25 AND CONVERSION. If the domestication and conversion of a foreign  
26 for-profit corporation to a domestic nonprofit corporation is  
27 abandoned in accordance with the laws of the foreign jurisdiction  
28 after articles of domestication and conversion have been filed by the  
29 secretary of state, then a statement that the domestication and  
30 conversion has been abandoned, executed by an officer or other  
31 authorized representative, must be delivered to the secretary of  
32 state for filing. The statement takes effect upon filing and the  
33 domestication and conversion is abandoned and does not become  
34 effective.

35 NEW SECTION. **Sec. 3321.** ENTITY CONVERSION FOR NONCHARITABLE  
36 CORPORATIONS. (1) A domestic nonprofit corporation, other than a  
37 charitable corporation, may become a domestic unincorporated entity  
38 pursuant to a plan of entity conversion only if the entity conversion



1 is permitted under the organic law governing the entity that would  
2 survive the entity conversion.

3 (2) A domestic nonprofit corporation, other than a charitable  
4 corporation, may become a foreign unincorporated entity if the entity  
5 conversion is permitted by the laws of the foreign jurisdiction.

6 (3) A domestic unincorporated entity may be converted into a  
7 domestic nonprofit corporation only if applicable Washington state  
8 law provides procedures for the approval of an entity conversion into  
9 a domestic nonprofit corporation.

10 (4) A foreign unincorporated entity may become a domestic  
11 nonprofit corporation if the law of the foreign jurisdiction  
12 authorizes it to become a nonprofit corporation in another  
13 jurisdiction.

14 (5) If any provision of a debt security, note, or similar  
15 evidence of indebtedness for money borrowed, whether secured or  
16 unsecured, or a contract of any kind, issued, incurred, or executed  
17 by a domestic nonprofit corporation before July 1, 2021, applies to a  
18 merger of the corporation and the document does not refer to an  
19 entity conversion of the corporation, then the provision is deemed to  
20 apply to an entity conversion of the corporation until the provision  
21 is later amended.

22 NEW SECTION. **Sec. 3322.** PLAN OF ENTITY CONVERSION. (1) A plan  
23 of entity conversion shall include:

24 (a) A statement of the type of unincorporated entity the  
25 surviving entity will be and, if it will be a foreign unincorporated  
26 entity, its jurisdiction of organization;

27 (b) The terms and conditions of the conversion;

28 (c) The manner and basis of converting the memberships in the  
29 domestic nonprofit corporation following its conversion into  
30 interests or other securities, obligations, rights to acquire  
31 interests or other securities, cash, other property, or any  
32 combination of the foregoing;

33 (d) If the corporation is holding assets for charitable purposes,  
34 a plan setting forth how the corporation will comply with section  
35 3303 of this act; and

36 (e) The full text, as they will be in effect immediately  
37 following the conversion, of the organic documents of the surviving  
38 entity.

1 (2) The plan of entity conversion may also include a provision  
2 that the plan may be amended before filing articles of entity  
3 conversion, except that after approval of the plan by the members the  
4 plan may not be amended to change:

5 (a) The amount or kind of memberships or other securities,  
6 interests, obligations, rights to acquire memberships, securities, or  
7 interests, cash, or other property to be received under the plan by  
8 the members;

9 (b) The organic documents that will be in effect immediately  
10 following the conversion, except for changes permitted by a provision  
11 of the organic law of the surviving entity comparable to section  
12 3104(2) of this act; or

13 (c) Any of the other terms or conditions of the plan if the  
14 change would adversely affect any of the members in any material  
15 respect.

16 (3) Terms of a plan of entity conversion may be made dependent  
17 upon facts objectively ascertainable outside the plan in accordance  
18 with section 1202(3) of this act.

19 NEW SECTION. **Sec. 3323.** ACTION ON A PLAN OF ENTITY CONVERSION.  
20 In the case of an entity conversion of a domestic nonprofit  
21 corporation to a domestic or foreign unincorporated entity:

22 (1) The plan of entity conversion must be adopted by a vote of  
23 the majority of the directors in office.

24 (2) If there are no members entitled to vote on the plan, then  
25 the plan must be adopted by a vote of the majority of directors then  
26 in office. If a membership corporation has no members entitled to  
27 vote on the plan, then the corporation shall deliver notice of the  
28 proposed entity conversion to all members of the corporation at least  
29 ten days before the meeting at which the board is to adopt the plan.

30 (3) After adopting the plan of entity conversion, the board shall  
31 submit the plan to the members for their approval if there are  
32 members entitled to vote on the plan. The board shall also deliver to  
33 the members a recommendation that the members approve the plan,  
34 unless the board determines that because of conflicts of interest or  
35 other special circumstances it should not make such a recommendation,  
36 in which case the board shall deliver to the members the basis for  
37 that determination.

38 (4) The board may condition its submission of the plan of entity  
39 conversion to the members on any basis.

1 (5) If the approval of the members is to be given at a meeting,  
2 then the corporation shall notify each member, whether or not  
3 entitled to vote, of the meeting of members at which the plan of  
4 entity conversion is to be submitted for approval. The notice shall  
5 state that the purpose, or one of the purposes, of the meeting is to  
6 consider the plan and must contain or be accompanied by a copy or  
7 summary of the plan. The notice shall include a copy of the organic  
8 documents as they will be in effect immediately after the entity  
9 conversion. The notice may additionally be accompanied by a summary  
10 of the required materials. If a summary is provided in lieu of a copy  
11 of the plan, then a copy of the plan must be available to members  
12 upon request and this fact must be stated in the notice. Such copy of  
13 the plan may be made available to members electronically.

14 (6) Unless the articles, or the board acting pursuant to  
15 subsection (3) of this section, requires a greater vote or a greater  
16 number of votes to be present, the approval of the plan of entity  
17 conversion by the members entitled to vote thereon requires the  
18 approval of a majority of those members at a meeting at which a  
19 quorum is present, and, if any class of members is entitled to vote  
20 as a separate group on the plan of entity conversion, the approval of  
21 each separate voting group entitled to vote at a meeting at which a  
22 quorum of the voting group is present.

23 (7) If any provision of the articles, bylaws, or an agreement to  
24 which any of the directors or members are parties, adopted or entered  
25 into before July 1, 2021, applies to a merger of the corporation and  
26 the document does not refer to an entity conversion of the  
27 corporation, then the provision is deemed to apply to an entity  
28 conversion of the corporation until the provision is later amended.

29 (8) If, as a result of the conversion, one or more members of the  
30 corporation would become subject to interest holder liability for the  
31 debts, obligations, or liabilities of any other person or entity,  
32 then approval of the plan of conversion requires the execution, by  
33 each affected member, of a separate written consent to become subject  
34 to interest holder liability.

35 NEW SECTION. **Sec. 3324.** ARTICLES OF ENTITY CONVERSION. (1)  
36 After the conversion of a domestic nonprofit corporation to a  
37 domestic or foreign unincorporated entity has been adopted and  
38 approved as required by this chapter, articles of entity conversion

1 must be executed on behalf of the converting corporation by an  
2 officer of the corporation. The articles must:

3 (a) Set forth the name of the corporation immediately before the  
4 filing of the articles of entity conversion and the name to which the  
5 name of the corporation is to be changed, which must be a name that  
6 satisfies the organic law of the surviving entity if the surviving  
7 entity is a domestic entity;

8 (b) State whether the corporation is holding assets for  
9 charitable purposes;

10 (c) If the corporation is holding assets for charitable purposes,  
11 state that the attorney general has approved, or is deemed to have  
12 approved, the entity conversion pursuant to section 3304(4) of this  
13 act;

14 (d) State the type of unincorporated entity that the surviving  
15 entity will be and its jurisdiction of organization;

16 (e) State that the plan of entity conversion was approved in the  
17 manner required by this chapter; and

18 (f) If the surviving entity is a domestic filing entity, either  
19 contain all of the provisions required to be set forth in its public  
20 organic record and any other desired provisions that are permitted,  
21 or have attached a public organic record.

22 (2) After the conversion of a domestic unincorporated entity to a  
23 domestic nonprofit corporation has been adopted and approved as  
24 required by the organic law of the unincorporated entity, articles of  
25 entity conversion must be executed on behalf of the unincorporated  
26 entity by an officer or other authorized representative. The articles  
27 must:

28 (a) Set forth the name of the unincorporated entity immediately  
29 before the filing of the articles of entity conversion and the name  
30 to which the name of the unincorporated entity is to be changed,  
31 which must be a name that satisfies the requirements of section 1302  
32 of this act;

33 (b) Set forth a statement that the plan of entity conversion was  
34 approved in accordance with the organic law of the unincorporated  
35 entity; and

36 (c) Either contain all of the provisions that section 1303(1) of  
37 this act requires to be set forth in articles of incorporation and  
38 any other desired provisions that section 1303 (2) and (3) of this  
39 act permit to be included in articles of incorporation, or have  
40 attached articles of incorporation that comply with this act.

1 (3) After the conversion of a foreign unincorporated entity to a  
2 domestic nonprofit corporation has been authorized as required by the  
3 laws of the foreign jurisdiction, articles of entity conversion must  
4 be executed on behalf of the foreign unincorporated entity by an  
5 officer or other authorized representative. The articles must:

6 (a) Set forth the name of the unincorporated entity immediately  
7 before the filing of the articles of entity conversion and the name  
8 to which the name of the unincorporated entity is to be changed,  
9 which must be a name that satisfies the requirements of section 1302  
10 of this act;

11 (b) Set forth the jurisdiction under the laws of which the  
12 unincorporated entity was organized immediately before the filing of  
13 the articles of entity conversion and the date on which the  
14 unincorporated entity was organized in that jurisdiction;

15 (c) Set forth a statement that the conversion of the  
16 unincorporated entity was approved in the manner required by the law  
17 of the foreign jurisdiction; and

18 (d) Either contain all of the provisions that section 1303(1) of  
19 this act requires to be set forth in articles of incorporation and  
20 any other desired provisions that section 1303 (2) and (3) of this  
21 act permit to be included in articles of incorporation, or have  
22 attached articles of incorporation that comply with this act; except  
23 that, in either case, provisions that would not be required to be  
24 included in restated articles of incorporation of a domestic  
25 nonprofit corporation may be omitted.

26 (4) The articles of entity conversion and articles of  
27 incorporation must be simultaneously delivered to the secretary of  
28 state for filing. The articles of entity conversion and articles of  
29 incorporation take effect at the effective time provided in RCW  
30 23.95.210. Articles of entity conversion filed under subsection (1)  
31 or (2) of this section may be combined with any required conversion  
32 filing under the organic law of the domestic unincorporated entity if  
33 the combined filing satisfies the requirements of both this section  
34 and the other organic law.

35 (5) If the converting entity is a foreign unincorporated entity  
36 that is registered to do business in this state under chapter 23.95  
37 RCW, then its registration statement is canceled automatically on the  
38 effective date of its conversion.

1        NEW SECTION.    **Sec. 3325.**    EFFECT OF ENTITY CONVERSION. (1) Except  
2 as provided in section 3303 of this act, when a conversion under  
3 sections 3301 through 3326 of this act becomes effective:

4        (a) The title to all real and personal property, both tangible  
5 and intangible, of the converting entity remains in the surviving  
6 entity without reversion or impairment;

7        (b) The liabilities of the converting entity remain the  
8 liabilities of the surviving entity;

9        (c) An action or proceeding pending against the converting entity  
10 continues against the surviving entity as if the conversion had not  
11 occurred;

12       (d) In the case of a surviving entity that is a filing entity,  
13 its articles or public organic record and its private organic rules  
14 become effective;

15       (e) In the case of a surviving entity that is a nonfiling entity,  
16 its private organic rules become effective;

17       (f) The memberships or interests of the converting entity are  
18 reclassified into memberships, interests, other securities,  
19 obligations, rights to acquire memberships, interests, or securities,  
20 or into cash or other property in accordance with the plan of  
21 conversion; and the members or interest holders of the converting  
22 entity are entitled only to the rights provided to them under the  
23 terms of the conversion and to any appraisal rights they may have  
24 under the organic law of the converting entity;

25       (g) A devise, bequest, gift, grant, or promise contained in a  
26 will or other instrument, in trust or otherwise, made to or for the  
27 converting entity before or after a transaction under this chapter,  
28 inures to the surviving entity, subject to the express terms of the  
29 will or other instrument; and

30       (h) The surviving entity is deemed to be:

31       (i) Incorporated or organized under and subject to the organic  
32 law of the converting entity for all purposes; and

33       (ii) The same nonprofit corporation or unincorporated entity  
34 without interruption as the converting entity.

35       (2) A member who becomes subject to interest holder liability for  
36 some or all of the debts, obligations, or liabilities of the  
37 surviving entity has interest holder liability only for those debts,  
38 obligations, or liabilities of the surviving entity that arise after  
39 the effective time of the articles of entity conversion.

1 (3) The interest holder liability of an interest holder in an  
2 unincorporated entity that converts to a domestic nonprofit  
3 corporation is as follows:

4 (a) The conversion does not discharge any interest holder  
5 liability under the organic law of the unincorporated entity to the  
6 extent the interest holder liability arose before the effective time  
7 of the articles of entity conversion.

8 (b) The interest holder does not have interest holder liability  
9 under the organic law of the unincorporated entity for any debt,  
10 obligation, or liability of the corporation that arises after the  
11 effective time of the articles of entity conversion.

12 (c) The provisions of the organic law of the unincorporated  
13 entity continue to apply to the collection or discharge of any  
14 interest holder liability preserved by (a) of this subsection, as if  
15 the conversion had not occurred.

16 (d) The interest holder has whatever rights of contribution from  
17 other interest holders are provided by the organic law of the  
18 unincorporated entity with respect to any interest holder liability  
19 preserved by (a) of this subsection, as if the conversion had not  
20 occurred.

21 NEW SECTION. **Sec. 3326.** ABANDONMENT OF ENTITY CONVERSION. (1)  
22 Unless otherwise provided in a plan of entity conversion of a  
23 domestic nonprofit corporation, after the plan has been adopted and  
24 approved as required by sections 3301 through 3326 of this act, and  
25 at any time before the entity conversion has become effective, it may  
26 be abandoned by the members if there are members entitled to vote, or  
27 by the board without action by the members.

28 (2) If an entity conversion is abandoned after articles of entity  
29 conversion have been filed by the secretary of state but before the  
30 entity conversion has become effective, then a statement that the  
31 entity conversion has been abandoned in accordance with this section,  
32 executed by an officer of the corporation, must be delivered to the  
33 secretary of state for filing before the effective date of the entity  
34 conversion. Upon filing, the statement takes effect and the entity  
35 conversion is abandoned and does not become effective.

36 **ARTICLE 4**  
37 **DISPOSITION OF ASSETS**

1        NEW SECTION.        **Sec. 3401.**        DISPOSITIONS NOT REQUIRING MEMBER  
2 APPROVAL. Unless the articles or bylaws otherwise provide, approval  
3 of the members of a nonprofit corporation is not required:

4        (1) To sell, lease, exchange, or otherwise dispose of any or all  
5 of the corporation's assets:

6        (a) In the usual and regular course of its activities; or

7        (b) If the assets disposed of represent less than fifty percent  
8 of the total assets of the corporation and its consolidated  
9 subsidiaries, determined as of the end of the most recently completed  
10 fiscal year;

11       (2) To mortgage, pledge, dedicate to the repayment of  
12 indebtedness whether with or without recourse, or otherwise encumber  
13 any or all of the corporation's assets, whether or not in the usual  
14 and regular course of business its activities; or

15       (3) To transfer any or all of the corporation's assets to one or  
16 more corporations or other entities all of the memberships or  
17 interests of which are owned by the corporation.

18       NEW SECTION.        **Sec. 3402.**        DISPOSITIONS REQUIRING MEMBER APPROVAL.

19       (1) A sale, lease, exchange, or other disposition of assets, other  
20 than a disposition described in section 3401 of this act, requires  
21 approval of the corporation's members that are entitled to vote on  
22 the disposition, unless the articles or bylaws otherwise provide.

23       (2) A disposition that requires approval of the members must be  
24 initiated by a resolution by the board authorizing the disposition.  
25 After adoption of the resolution, the board shall submit the proposed  
26 disposition to the members for their approval. The board shall also  
27 deliver to the members a recommendation that the members approve the  
28 proposed disposition, unless the board makes a determination that  
29 because of conflicts of interest or other special circumstances it  
30 should not make a recommendation, in which case the board shall  
31 deliver to the members the basis for that determination.

32       (3) The board may condition its submission of a disposition to  
33 the members under subsection (2) of this section on any basis.

34       (4) If a disposition is required to be approved by the members,  
35 and if the approval is to be given at a meeting, then the nonprofit  
36 corporation shall give notice to each member, whether or not entitled  
37 to vote, of the meeting of members at which the disposition is to be  
38 submitted for approval. The notice shall state that the purpose, or  
39 one of the purposes, of the meeting is to consider the disposition



1 and must contain a description of the disposition, including the  
2 terms and conditions thereof and the consideration to be received by  
3 the corporation.

4 (5) Unless the articles, bylaws, or the board acting pursuant to  
5 subsection (3) of this section requires a greater vote, or a greater  
6 number of votes to be present, the approval of a disposition by the  
7 members entitled to vote thereon requires the approval of those  
8 members at a meeting at which a quorum is present, and, if any class  
9 of members is entitled to vote as a separate group on the  
10 disposition, the approval of each separate voting group entitled to  
11 vote at a meeting at which a quorum of the voting group is present.

12 (6) If a membership corporation has no members entitled to vote  
13 on a disposition, then the corporation shall deliver notice of a  
14 proposed disposition to all members of the corporation at least ten  
15 days before the meeting at which the board is to act upon the  
16 disposition.

17 (7) After a disposition has been approved by the members under  
18 subsection (5) of this section, and at any time before the  
19 disposition has been consummated, it may be abandoned by the  
20 nonprofit corporation without action by the members, subject to any  
21 contractual rights of other parties to the disposition.

22 (8) In addition to the approval of a disposition of assets by the  
23 board and members as required by this section, the disposition must  
24 also be approved in the form of a record by any person or group of  
25 persons whose approval is required under section 3114 of this act to  
26 amend the articles or bylaws.

27 (9) The assets of a direct or indirect consolidated subsidiary  
28 are deemed the assets of the parent nonprofit corporation for the  
29 purposes of this section.

30 (10) A disposition of assets in the course of a dissolution  
31 governed by sections 3501 through 3512 of this act is not governed by  
32 this chapter.

33 NEW SECTION. **Sec. 3403.** EFFECT OF DISPOSITIONS. Unless a  
34 domestic entity that is a party to a transaction under this chapter  
35 obtains an appropriate order of the court or approval from the  
36 attorney general under the law of this state, a disposition of assets  
37 under sections 3401 through 3405 of this act may not affect:

1 (1) Any restriction imposed upon the entity by its organic  
2 documents or other governing authority that may not be amended by its  
3 directors, members, or interest holders; or

4 (2) The existing rights of persons other than members,  
5 shareholders, or interest holders of the entity.

6 NEW SECTION. **Sec. 3404.** PROPERTY HELD FOR CHARITABLE PURPOSES.

7 (1) In a transaction under this chapter, property held for charitable  
8 purposes by a nonprofit corporation may not be diverted from  
9 charitable purposes.

10 (2) Property held by a nonprofit corporation and restricted to  
11 charitable purposes by a gift instrument may not be diverted from the  
12 restricted charitable purpose by a transaction under this chapter  
13 unless modified in accordance with section 1503 of this act.

14 (3) Property held for charitable purposes pursuant to a trust  
15 instrument governed by chapter 11.110 RCW in which the nonprofit  
16 corporation is a trustee or a beneficiary may not be diverted from  
17 the charitable purposes specified in the trust instrument unless  
18 those purposes are modified by the court or pursuant to an agreement  
19 between all interested parties, including the attorney general, under  
20 chapter 11.96A RCW.

21 (4) Property held by a nonprofit corporation for charitable  
22 purposes upon condition requiring return, transfer, or conveyance,  
23 which condition occurs by reason of a transaction under this chapter,  
24 must be returned, transferred, or conveyed in accordance with that  
25 condition.

26 (5) A charitable corporation or a corporation holding property  
27 for charitable purposes shall deliver to the attorney general of its  
28 intent to consummate a disposition, other than a disposition  
29 described in section 3401 of this act. The notice must be delivered  
30 to the attorney general in the form of a record at least twenty days  
31 before the meeting at which the proposed disposition is to be  
32 approved. Such a disposition may not be implemented without the  
33 approval of the attorney general, or the approval of the court in a  
34 proceeding to which the attorney general is made a party. In the  
35 event that the attorney general does not deliver a notice of  
36 objection in the form of a record to the corporation within twenty  
37 days after the delivery to the attorney general of notice of the  
38 disposition, approval of the disposition is deemed to have been  
39 given.

1 (6) The notice described in subsection (5) of this section shall  
2 include:

3 (a) A statement specifying how the disposition will comply with  
4 subsections (1) through (4) of this section; and

5 (b) A brief description of:

6 (i) Real property held for charitable purposes that will be  
7 included in the disposition, and its nature and location;

8 (ii) Cash, bank deposits, brokerage accounts, or other financial  
9 assets held for charitable purposes that will be included in the  
10 disposition in full or in part, and their approximate total fair  
11 market value;

12 (iii) Other personal property held for charitable purposes that  
13 will be included in the disposition, and its nature and approximate  
14 total fair market value; and

15 (iv) Any gift restrictions applicable to any property described  
16 in (b) (i) through (iii) of this subsection, and the nature of those  
17 restrictions.

18 NEW SECTION. **Sec. 3405.** PROHIBITION OF FINANCIAL BENEFIT. A  
19 person who is a member or otherwise affiliated with a charitable  
20 corporation may not receive a direct or indirect financial benefit in  
21 connection with a disposition of assets governed by sections 3401  
22 through 3405 of this act unless the person is a charitable  
23 corporation, the federal government, a tribal government, a state or  
24 local government, a governmental subdivision, or an unincorporated  
25 entity that has charitable purposes. This section does not apply to  
26 the receipt of reasonable compensation for services rendered.

## 27 **ARTICLE 5**

### 28 **VOLUNTARY DISSOLUTION**

29 NEW SECTION. **Sec. 3501.** AUTHORIZATION OF VOLUNTARY DISSOLUTION.

30 (1) Unless the articles or bylaws require a greater vote, a majority  
31 of the directors in office of a nonprofit corporation may authorize  
32 the dissolution of any nonprofit corporation that is not a membership  
33 corporation or is a membership corporation but has no members  
34 entitled to vote on its dissolution.

35 (2) If a membership corporation has no members entitled to vote  
36 on dissolution, then the corporation shall deliver notice of the  
37 proposed dissolution to all members of the corporation at least ten

1 days before the meeting at which the board is to authorize the  
2 dissolution.

3 (3) For a membership corporation that has members that are  
4 entitled to vote on its dissolution:

5 (a) The board may propose dissolution for submission to the  
6 members entitled to vote, and for such a proposal to dissolve to be  
7 authorized:

8 (i) The board shall recommend dissolution to the members entitled  
9 to vote on the dissolution, unless the board determines that because  
10 of conflict of interest or other special circumstances it should make  
11 no recommendation and communicates the basis for its determination to  
12 the members entitled to vote on the dissolution;

13 (ii) The board may condition its submission of the proposal for  
14 dissolution on any basis, including approval of the proposed plan of  
15 distribution if required under section 3502 of this act;

16 (iii) The nonprofit corporation shall give notice to each member,  
17 whether or not entitled to vote, of the proposed meeting of members  
18 that includes the following statements:

19 (A) That the purpose, or one of the purposes, of the meeting is  
20 to consider dissolving the corporation; and

21 (B) How the assets of the corporation will be distributed after  
22 all creditors have been paid or how the distribution of assets will  
23 be determined; and

24 (iv) The members entitled to vote on the dissolution shall  
25 approve the proposal to dissolve as provided in (b) of this  
26 subsection.

27 (b) Unless the articles, the bylaws, or the board acting pursuant  
28 to (a)(ii) of this subsection requires a greater vote or a greater  
29 number of members to be present, the adoption of the proposal to  
30 dissolve by the members entitled to vote thereon requires the  
31 approval of at least a majority of those members at a meeting at  
32 which a quorum is present, and, if any class of members is entitled  
33 to vote as a separate group on the proposal, the approval by a  
34 majority of the members in each separate voting group entitled to  
35 vote at a meeting at which a quorum of the voting group is present.

36 NEW SECTION. **Sec. 3502.** DISTRIBUTION OF ASSETS ON DISSOLUTION.  
37 The assets of a corporation in the process of dissolution shall be  
38 applied and distributed in the following order:

1 (1) All known liabilities and obligations of the corporation must  
2 be paid, satisfied, and discharged, or adequate provision must be  
3 made to pay, satisfy, and discharge those liabilities.

4 (2) All property held for charitable purposes by the corporation,  
5 including all assets of a charitable corporation remaining after  
6 satisfaction of subsection (1) of this section, must be applied and  
7 distributed consistently with the corporation's articles, such that  
8 property is not diverted from charitable purposes, and as follows:

9 (a) Property held for charitable purposes pursuant to a trust  
10 instrument in which the nonprofit corporation is a trustee or a  
11 beneficiary must be governed by and distributed in accordance with  
12 the trust instrument and chapter 11.110 RCW, and any modification of  
13 restrictions imposed through the trust instrument accomplished  
14 through an appropriate order of the court or the agreement of all  
15 interested parties, including the attorney general, pursuant to  
16 chapter 11.96A RCW.

17 (b) Property owned outright and held for charitable purposes, but  
18 not held upon a condition requiring return, transfer, or conveyance  
19 by reason of the dissolution and not subject to any gift restriction,  
20 must be transferred or conveyed:

21 (i) To one or more entities operated exclusively for one or more  
22 charitable purposes;

23 (ii) To the federal government, a tribal government, or a state  
24 or local government for a public purpose; or

25 (iii) Subject to one or more gift restrictions requiring the  
26 property to be used exclusively for the same charitable purposes for  
27 which the dissolving corporation holds the property.

28 (c) Property that is subject to charitable purpose or management  
29 or investment restrictions that do not require modification at the  
30 time of dissolution and is not held upon a condition requiring  
31 return, transfer, or conveyance by reason of the dissolution must be  
32 transferred or conveyed subject to all restrictions applicable to the  
33 property, except to the extent restrictions are modified pursuant to  
34 section 1503 of this act before distribution, pursuant to a plan of  
35 distribution adopted by the board and as provided by sections 3501  
36 through 3512 of this act.

37 (d) Property subject to charitable purpose or management or  
38 investment restrictions that require modification at the time of  
39 dissolution and are not held upon a condition requiring return,  
40 transfer, or conveyance by reason of dissolution, must be modified

1 pursuant to section 1503 of this act before the gifts can be  
2 distributed, pursuant to a plan of distribution adopted by the board  
3 and as provided by this chapter.

4 (e) Property held for charitable purposes by the nonprofit  
5 corporation upon condition requiring return, transfer, or conveyance,  
6 which condition occurs by reason of the dissolution, must be  
7 returned, transferred, or conveyed in accordance with those  
8 requirements.

9 (3) Property held by a corporation upon condition requiring  
10 return, transfer, or conveyance, which condition occurs by reason of  
11 the dissolution, must be returned, transferred, or conveyed in  
12 accordance with the requirements of the condition.

13 (4) Other assets of a corporation other than a charitable  
14 corporation, if any, must be distributed:

15 (a) To members or other persons in accordance with the articles  
16 or bylaws, to the extent that the articles or bylaws determine the  
17 rights of members to distributions upon dissolution, or provide for  
18 distribution to other persons or classes of persons; and

19 (b) To the extent that the articles or bylaws do not govern  
20 distribution of assets on dissolution, to any persons the board may  
21 select.

22 NEW SECTION. **Sec. 3503.** CORPORATIONS HOLDING PROPERTY FOR  
23 CHARITABLE PURPOSES. (1) A nonprofit corporation holding property for  
24 charitable purposes, including any charitable corporation, may not  
25 deliver articles of dissolution to the secretary of state for filing  
26 pursuant to section 3504 of this act until it has complied with all  
27 of the requirements of this section.

28 (2) A nonprofit corporation described in subsection (1) of this  
29 section shall adopt a plan for the distribution of assets for the  
30 purpose of authorizing any transfer or conveyance of property held  
31 for charitable purposes, which shall:

32 (a) Be consistent with sections 3502 and 3506 of this act; and

33 (b) Include a brief description of the following:

34 (i) Real property held for charitable purposes, and its nature  
35 and location;

36 (ii) Cash, bank deposits, brokerage accounts, or other financial  
37 assets held for charitable purposes, and their approximate total fair  
38 market value;

1 (iii) Other personal property held for charitable purposes, and  
2 its nature and approximate total fair market value; and

3 (iv) Any gift restrictions applicable to any property described  
4 in (b)(i) through (iii) of this subsection, and the nature of those  
5 restrictions.

6 (3) A plan of distribution shall be adopted in the following  
7 manner:

8 (a) Where there are no members, or no members having voting  
9 rights, a plan of distribution is adopted at a meeting of the board  
10 upon receiving a vote of a majority of the directors in office.

11 (b) Where there are members having voting rights, the board shall  
12 adopt a resolution recommending a plan of distribution and directing  
13 the submission thereof to a vote at a meeting of members having  
14 voting rights. Such vote may take place at the same meeting during  
15 which members having voting rights vote upon dissolution of the  
16 nonprofit corporation. Notice in the form of a record setting forth  
17 the proposed plan of distribution or a summary thereof must be given  
18 to each member, whether or not entitled to vote at the meeting,  
19 within the time and in the manner provided in this chapter for the  
20 giving of notice of meetings of members. Such plan of distribution is  
21 adopted upon receiving votes from a majority of the members entitled  
22 to vote at a meeting at which a quorum is present, and, if any class  
23 of members is entitled to vote as a separate group on the plan, the  
24 approval by a majority of the members in each separate voting group  
25 entitled to vote at a meeting at which a quorum of the voting group  
26 is present. If the members entitled to vote on the dissolution  
27 approve the proposal to dissolve but do not approve the proposed plan  
28 of distribution in all material respects, then the board may either  
29 accept the plan of distribution, as approved by the members, or  
30 propose a new plan of distribution to the members for approval. This  
31 process shall continue until a plan of distribution acceptable to the  
32 board has been approved by the members. If successive votes take  
33 place at the same meeting of members, then no further notices or  
34 meetings are required.

35 (4) A nonprofit corporation described in subsection (1) of this  
36 section shall give the attorney general notice that it intends to  
37 dissolve. The notice shall include:

38 (a) A copy of the plan of distribution proposed to be adopted in  
39 accordance with subsection (3) of this section; and

1 (b) The names and phone numbers of individuals available to  
2 answer questions regarding the dissolution and proposed plan of  
3 distribution.

4 (5) Notice required under subsection (4) of this section must be  
5 delivered to the attorney general in the form of a record at least  
6 twenty days before the meeting at which the proposed plan is to be  
7 adopted. No plan of distribution for a corporation described in  
8 subsection (1) of this section may be implemented without the  
9 approval of the attorney general, or the approval of the court in a  
10 proceeding to which the attorney general is made a party. In the  
11 event that the attorney general does not deliver a notice of  
12 objection in the form of a record to the corporation within twenty  
13 days after the delivery to the attorney general of notice of the  
14 plan, approval of the plan is deemed to have been given.

15 NEW SECTION. **Sec. 3504.** ARTICLES OF DISSOLUTION. (1) At any  
16 time after dissolution is authorized, the nonprofit corporation may  
17 dissolve by filing with the secretary of state articles of  
18 dissolution, accompanied by a revenue clearance certificate issued  
19 pursuant to RCW 82.32.260. The articles of dissolution shall set  
20 forth:

21 (a) The name of the corporation;

22 (b) The date of its incorporation;

23 (c) The effective date of the dissolution, which may be the date  
24 on which the articles of dissolution are filed or any date and time  
25 up to thirty days thereafter;

26 (d) Whether it is a membership corporation and, if it is a  
27 membership corporation, whether it has members that have a right to  
28 vote on its dissolution;

29 (e) If the corporation is not a membership corporation or has no  
30 members that have a right to vote on its dissolution, that the  
31 dissolution was authorized by the requisite number of directors;

32 (f) If the corporation is a membership corporation that has  
33 members that have a right to vote on its dissolution, that the  
34 requisite number of members has approved the proposal to dissolve;

35 (g) Whether the corporation is a charitable corporation or is  
36 holding property for charitable purposes;

37 (h) If the corporation is a charitable corporation or is holding  
38 property for charitable purposes, that the attorney general has



1 approved, or is deemed to have approved, the corporation's plan of  
2 distribution pursuant to section 3503(3) of this act; and

3 (i) That the net assets of the corporation remaining after  
4 winding up have been, or will be, distributed in accordance with the  
5 corporation's articles and bylaws and the corporation's adopted plan  
6 of distribution.

7 (2) A nonprofit corporation is dissolved upon the effective date  
8 of its articles of dissolution.

9 (3) For purposes of sections 3501 through 3512 of this act,  
10 "dissolved corporation" means a nonprofit corporation whose articles  
11 of dissolution have become effective and includes a liquidating  
12 trust, if any, or other acquirer entity to which the remaining assets  
13 of the corporation are transferred subject to its liabilities for  
14 purposes of liquidation.

15 NEW SECTION. **Sec. 3505.** REVOCATION OF DISSOLUTION. (1) A  
16 nonprofit corporation may revoke its dissolution within one hundred  
17 twenty days of the effective date of the dissolution.

18 (2) Revocation of dissolution must be authorized in the same  
19 manner as the dissolution was authorized unless that authorization  
20 permitted revocation by action of the board alone, in which event the  
21 board may revoke the dissolution without action by the members.

22 (3) Except as provided in subsection (4) of this section, after  
23 the revocation of dissolution is authorized, the nonprofit  
24 corporation may revoke the dissolution by delivering to the secretary  
25 of state for filing articles of revocation of dissolution, together  
26 with a copy of its articles of dissolution, that set forth:

27 (a) The name of the corporation;

28 (b) The effective date of the dissolution that was revoked;

29 (c) The date that the revocation of dissolution was authorized;

30 and

31 (d) That the revocation of dissolution was approved in the manner  
32 required by this chapter and by the articles and bylaws.

33 (4) A charitable corporation or a nonprofit corporation holding  
34 property restricted to charitable purposes shall not deliver articles  
35 of revocation of dissolution to the secretary of state for filing  
36 without the approval of the attorney general. Such a corporation  
37 shall give the attorney general notice in the form of a record that  
38 it intends to revoke its dissolution, to which notice a copy of the  
39 articles of revocation of dissolution adopted in accordance with

1 subsection (2) of this section must be attached. In the event that  
2 the attorney general does not deliver a notice of objection in the  
3 form of a record to the corporation within twenty days after the  
4 delivery to the attorney general of notice of the revocation of  
5 dissolution, approval of the revocation of dissolution is deemed to  
6 have been given.

7 (5) Revocation of dissolution is effective upon the effective  
8 date of the articles of revocation of dissolution.

9 (6) When the revocation of dissolution is effective, it relates  
10 back to and takes effect as of the effective date of the dissolution  
11 and the nonprofit corporation resumes carrying on its activities as  
12 if dissolution had never occurred.

13 NEW SECTION. **Sec. 3506.** EFFECT OF DISSOLUTION. (1) A nonprofit  
14 corporation, the dissolution of which has been authorized, continues  
15 its corporate existence but may not carry on any activities except  
16 those appropriate to wind up and liquidate its affairs, including:

17 (a) Collecting its assets;

18 (b) Disposing of its properties that will not be distributed in  
19 kind;

20 (c) Discharging or making provision for discharging its  
21 liabilities;

22 (d) Distributing its remaining property as required by the plan  
23 of distribution; and

24 (e) Doing every other act necessary to wind up and liquidate its  
25 activities and affairs.

26 (2) Dissolution of or authorization to dissolve a nonprofit  
27 corporation does not:

28 (a) Transfer title to the corporation's property;

29 (b) Subject its directors or officers to standards of conduct  
30 different from those prescribed in sections 2402 and 2602 of this  
31 act;

32 (c) Change quorum or voting requirements for its board or  
33 members; change provisions for selection, resignation, or removal of  
34 its directors or officers or both; or change provisions for amending  
35 its bylaws;

36 (d) Prevent commencement of a proceeding by or against the  
37 corporation in its corporate name;

38 (e) Abate or suspend a proceeding pending by or against the  
39 corporation on the effective date of dissolution;

1 (f) Terminate the authority of the registered agent of the  
2 corporation; or

3 (g) Modify any gift restriction, unless the restriction is  
4 modified in accordance with section 1503 of this act.

5 NEW SECTION. **Sec. 3507.** PROHIBITION OF FINANCIAL BENEFIT. No  
6 person may receive a direct or indirect financial benefit in  
7 connection with the dissolution of a charitable corporation unless  
8 the person is an entity operated exclusively for one or more  
9 charitable purposes, the federal government, a tribal government, a  
10 state or local government, or an unincorporated entity that has  
11 charitable purposes. This section does not apply to the receipt of  
12 reasonable compensation for services rendered.

13 NEW SECTION. **Sec. 3508.** KNOWN CLAIMS AGAINST DISSOLVED  
14 CORPORATION. (1) A dissolved nonprofit corporation shall deliver  
15 notice of the dissolution in the form of a record to all of the  
16 corporation's known claimants within thirty days of the date when the  
17 corporation delivered articles of dissolution to the secretary of  
18 state for filing.

19 (2) A dissolved nonprofit corporation may dispose of the known  
20 claims against it by delivering a notice in the form of a record that  
21 meets the requirements listed in subsection (3) of this section to  
22 its known claimants at any time after the date when the corporation  
23 delivered articles of dissolution to the secretary of state for  
24 filing. Delivery of a notice under this subsection shall satisfy the  
25 requirement of subsection (1) of this section if the notice is  
26 delivered to all known claimants within thirty days of the date when  
27 the corporation delivered articles of dissolution to the secretary of  
28 state for filing.

29 (3) A notice to claimants under subsection (2) of this section  
30 must:

31 (a) Describe information that must be included in a claim;

32 (b) Provide a mailing address where a claim may be sent;

33 (c) State the deadline, which may not be fewer than one hundred  
34 twenty days from the effective date of the notice, by which the  
35 dissolved nonprofit corporation must receive the claim; and

36 (d) State that the claim will be barred if not received by the  
37 deadline.

1 (4) A claim against the dissolved nonprofit corporation is  
2 barred:

3 (a) If a claimant who was given notice under subsection (2) of  
4 this section does not deliver the claim to the dissolved corporation  
5 by the deadline; or

6 (b) If a claimant whose claim was rejected by the dissolved  
7 corporation does not commence a proceeding to enforce the claim  
8 within ninety days from the effective date of the rejection notice.

9 (5) For purposes of this section, "claim" does not include a  
10 contingent liability or a claim based on an event occurring after the  
11 effective date of dissolution.

12 NEW SECTION. **Sec. 3509.** OTHER CLAIMS AGAINST DISSOLVED

13 CORPORATION. (1) A dissolved nonprofit corporation may publish notice  
14 of its dissolution and request that persons with claims against the  
15 dissolved corporation present them in accordance with the notice.

16 (2) The notice must:

17 (a) Be published three times during three successive weeks in a  
18 newspaper of general circulation in the county where the principal  
19 office of the dissolved nonprofit corporation or, if none in this  
20 state, its registered office is or was last located;

21 (b) Describe the information that must be included in a claim and  
22 provide a mailing address where the claim shall be sent; and

23 (c) State that a claim against the dissolved corporation will be  
24 barred unless a proceeding to enforce the claim is commenced within  
25 three years after the last publication of the notice.

26 (3) If the dissolved nonprofit corporation publishes a newspaper  
27 notice in accordance with subsection (2) of this section, then the  
28 claim of each of the following claimants is barred unless the  
29 claimant commences a proceeding to enforce the claim against the  
30 dissolved corporation within three years after the last publication  
31 date of the newspaper notice:

32 (a) A claimant who was not given notice under section 3508 of  
33 this act;

34 (b) A claimant whose claim was timely sent to the dissolved  
35 corporation but not acted on; or

36 (c) A claimant whose claim is contingent or based on an event  
37 occurring after the effective date of dissolution.

1        NEW SECTION.    **Sec. 3510.**    ENFORCEMENT OF CLAIMS. A claim that is  
2 not barred by section 3508(4) or 3509(3) of this act may be enforced:

3        (1) Against the dissolved nonprofit corporation, to the extent of  
4 its undistributed assets; or

5        (2) Except as provided in section 3511(4) of this act, if the  
6 assets have been distributed in liquidation, against any person,  
7 other than a creditor of the dissolved corporation, to whom the  
8 corporation distributed its property, subject to the following  
9 restrictions:

10        (a) Recovery is limited to the amount of the distributee's pro  
11 rata share of the claim or the corporate assets distributed to the  
12 distributee in liquidation, whichever is less;

13        (b) A distributee's total liability for all claims under this  
14 section may not exceed the total amount of assets distributed to the  
15 distributee; and

16        (c) A distributee is only liable to the extent permitted by  
17 existing common law or statutory remedies, and nothing in this  
18 section creates a separate cause of action against a distributee.

19        NEW SECTION.    **Sec. 3511.**    COURT PROCEEDINGS. (1) A dissolved  
20 nonprofit corporation that has published a notice under section 3508  
21 of this act may file an application with the court for a  
22 determination of the amount and form of security to be provided for  
23 payment of claims that are contingent or have not been made known to  
24 the dissolved corporation or that are based on an event occurring  
25 after the effective date of dissolution but that, based on the facts  
26 known to the dissolved corporation, are reasonably estimated to be  
27 presented after the effective date of dissolution. Provision need not  
28 be made for any claim that is or is reasonably anticipated to be  
29 barred under section 3508(3) of this act.

30        (2) Within ten days after the filing of the application, the  
31 dissolved corporation shall give notice of the proceeding to each  
32 claimant holding a contingent claim whose contingent claim is shown  
33 on the records of the dissolved corporation.

34        (3) The court may appoint a special representative to represent  
35 the interests of all claimants whose identities are unknown in any  
36 proceeding brought under this section. The dissolved corporation  
37 shall pay reasonable fees and expenses of the special representative,  
38 including all reasonable expert witness fees.

1 (4) Provision by the dissolved nonprofit corporation for security  
2 in the amount and the form ordered by the court under section 3510(1)  
3 of this act satisfies the dissolved corporation's obligations with  
4 respect to claims that are contingent, have not been made known to  
5 the dissolved corporation, or are based on an event occurring after  
6 the effective date of dissolution. Such claims may not be enforced  
7 against a person who received assets in liquidation.

8 NEW SECTION. **Sec. 3512.** DIRECTORS' DUTIES. (1) Directors shall  
9 cause the dissolved corporation to discharge or make reasonable  
10 provision for the payment of claims and make distributions of assets  
11 in accordance with the plan of distribution after payment or  
12 provision for claims.

13 (2) Directors of a dissolved corporation that has disposed of  
14 claims under section 3508, 3509, or 3511 of this act are not liable  
15 for breach of subsection (1) of this section with respect to claims  
16 against the dissolved corporation that are barred or satisfied under  
17 section 3508, 3509, or 3511 of this act.

18 (3) Failure to dispose of claims under section 3508, 3509, or  
19 3511 of this act is not, in and of itself, a violation of this  
20 section.

## 21 **ARTICLE 6**

### 22 **ADMINISTRATIVE AND JUDICIAL DISSOLUTION**

23 NEW SECTION. **Sec. 3601.** ADMINISTRATIVE DISSOLUTION. The  
24 secretary of state may commence a proceeding under RCW 23.95.610 to  
25 administratively dissolve a nonprofit corporation for any reason set  
26 forth in RCW 23.95.605.

27 NEW SECTION. **Sec. 3602.** PROCEDURE AND EFFECT OF ADMINISTRATIVE  
28 DISSOLUTION. (1) Administrative dissolution does not terminate, bar,  
29 or otherwise modify any claim against the administratively dissolved  
30 corporation.

31 (2) A person is not liable in contract, tort, or otherwise solely  
32 by reason of being a director, officer, or member of a nonprofit  
33 corporation that was dissolved under sections 3601 through 3608 of  
34 this act, with respect to the activities or affairs of the  
35 corporation that have been continued, without knowledge of the  
36 dissolution.

1        NEW SECTION.    **Sec. 3603.**    PROPERTY HELD FOR CHARITABLE PURPOSES.

2        (1) If a charitable corporation, or a corporation holding property  
3        for charitable purposes, has been administratively dissolved and has  
4        not been reinstated, then neither the corporation nor any other  
5        person may transfer or distribute to any other person any property  
6        held for charitable purposes by the corporation unless the  
7        corporation has:

8            (a) Adopted a plan of distribution satisfying the requirements of  
9        section 3503(2) of this act and following the procedure set out in  
10       section 3503(3) of this act; and

11          (b) Obtained the approval or deemed approval of the attorney  
12       general of the plan of distribution, following the procedure set out  
13       in section 3503(4) of this act.

14        (2) A corporation that has been administratively dissolved is not  
15        required to apply for reinstatement if its only activities will  
16        consist of adopting a plan of distribution, obtaining the approval or  
17        deemed approval of the attorney general of the plan of distribution,  
18        and distributing assets in accordance with the plan of distribution.

19        NEW SECTION.    **Sec. 3604.**    REINSTATEMENT OF ADMINISTRATIVELY

20        DISSOLVED CORPORATION. A nonprofit corporation administratively  
21        dissolved under RCW 23.95.610 may apply to the secretary of state for  
22        reinstatement by following the procedure and meeting the requirements  
23        set forth in RCW 23.95.615. A nonprofit corporation denied  
24        reinstatement may obtain judicial review of the denial within the  
25        time specified in RCW 23.95.620.

26        NEW SECTION.    **Sec. 3605.**    JUDICIAL DISSOLUTION. The court may

27        dissolve a nonprofit corporation:

28          (1) in a proceeding by the attorney general, if it is established  
29        that:

30            (a) The corporation obtained its articles through fraud; or

31            (b) The corporation has exceeded or abused, and is continuing to  
32        exceed or abuse, the authority conferred upon it by law; or

33            (c) the directors are deadlocked in the management of the  
34        corporate affairs; the members, if any, are unable to break the  
35        deadlock; and irreparable injury to the corporation or its purposes  
36        is threatened or being suffered because of the deadlock; or

37            (d) The corporation is misapplying or wasting property held for  
38        charitable purposes;

1 (2) Except as provided in the articles or bylaws, in a proceeding  
2 by fifty members or members holding at least five percent of the  
3 voting power, whichever is less, or by a director, if it is  
4 established that:

5 (a) The directors are deadlocked in the management of the  
6 corporate affairs; the members, if any, are unable to break the  
7 deadlock; and irreparable injury to the corporation or its mission is  
8 threatened or being suffered because of the deadlock;

9 (b) The directors or those in control of the corporation have  
10 acted, are acting, or have expressed intent to act in a manner that  
11 is illegal, oppressive, or fraudulent;

12 (c) The members are deadlocked in voting power and have failed,  
13 for a period that includes at least two consecutive annual meeting  
14 dates, to elect successors to directors whose terms have, or  
15 otherwise would have, expired;

16 (d) The corporate assets are being misapplied or wasted; or

17 (e) The corporation has insufficient assets to continue its  
18 activities and it is no longer able to assemble a quorum of directors  
19 or members;

20 (3) In a proceeding by a creditor, if it is established that:

21 (a) The creditor's claim has been reduced to judgment, the  
22 execution on the judgment returned unsatisfied, and the corporation  
23 is insolvent; or

24 (b) The corporation has admitted in a record that the creditor's  
25 claim is due and owing and the corporation is insolvent; or

26 (4) In a proceeding by the corporation to have its voluntary  
27 dissolution continued under court supervision.

28 NEW SECTION. **Sec. 3606.** PROCEDURE FOR JUDICIAL DISSOLUTION. (1)

29 It is not necessary to make directors or members parties to a  
30 proceeding to dissolve a nonprofit corporation unless relief is  
31 sought against them individually.

32 (2) A person commencing a proceeding to dissolve a nonprofit  
33 corporation shall notify the attorney general of the proceeding in  
34 the form of a record if:

35 (a) The corporation is recognized by the internal revenue service  
36 as an organization described in section 501(c)(3) of the Internal  
37 Revenue Code; or



1 (b) The person bringing the proceeding knows that the nonprofit  
2 corporation is a charitable corporation or has property held for  
3 charitable purposes.

4 (3) The court in a proceeding brought to dissolve a nonprofit  
5 corporation may issue injunctions, take other action required to  
6 preserve the corporate assets wherever located, and carry on the  
7 activities of the corporation until a full hearing can be held.

8 NEW SECTION. **Sec. 3607.** RECEIVERSHIP. The court in a judicial  
9 proceeding brought to dissolve a nonprofit corporation may appoint  
10 one or more receivers to wind up and liquidate, or to manage, the  
11 affairs of the corporation, pursuant to chapter 7.60 RCW.

12 NEW SECTION. **Sec. 3608.** DECREE OF DISSOLUTION. (1) If, after a  
13 hearing, the court determines that one or more grounds for judicial  
14 dissolution described in section 3605 of this act exist, then it may  
15 enter a decree dissolving the nonprofit corporation and specifying  
16 the effective date of the dissolution, and the clerk of the court  
17 shall deliver a certified copy of the decree to the secretary of  
18 state, who shall file it.

19 (2) After entering a decree of dissolution, the court shall  
20 direct the winding up and liquidation of the nonprofit corporation's  
21 affairs in accordance with section 3506 of this act and the  
22 notification of claimants in accordance with sections 3508 and 3509  
23 of this act.

24 **PART IV**

25 **ACTIONS INVOLVING NONPROFIT CORPORATIONS**

26 **ARTICLE 1**

27 **SUPERVISION OF PROPERTY HELD FOR CHARITABLE PURPOSES**

28 NEW SECTION. **Sec. 4101.** NOTICE TO ATTORNEY GENERAL. (1) Every  
29 notice to the attorney general required under this chapter must be  
30 served upon the attorney general. Service upon the attorney general  
31 must be via United States mail, postage prepaid, or by other means as  
32 authorized by the attorney general.

33 (2) Every notice to the attorney general under this chapter shall  
34 identify the provisions of this chapter relevant to the subject  
35 matter of the notice.

1 (3) Any person that has commenced any proceeding which this  
2 chapter authorizes the attorney general to bring, including but not  
3 limited to any proceeding involving a charitable corporation or  
4 property held for charitable purposes brought under section 1502,  
5 1505, 2702, 3510, 3605, or 4203 of this act, shall serve notice of  
6 the commencement of the proceeding upon the attorney general. Any  
7 other party to such a proceeding may serve notice of the commencement  
8 of the proceeding upon the attorney general. To be valid, the notice  
9 must identify that it is being given pursuant to this subsection. The  
10 attorney general may waive this notice at any time.

11 (4) Notice to the attorney general is effective:

12 (a) Five days after its deposit in the United States mail, only  
13 if the postage is paid and the notice is correctly addressed; or

14 (b) When given, if the notice is delivered in any other manner  
15 that the attorney general has authorized.

16 NEW SECTION. **Sec. 4102.** ACTIONS TO SECURE PROPERTY HELD FOR  
17 CHARITABLE PURPOSES. The attorney general may commence in the court  
18 described in section 1105 of this act any action or proceeding to:

19 (1) Ensure compliance by a nonprofit corporation, or its members,  
20 directors, officers, employees, or agents, with any provision of this  
21 chapter that governs the distribution, disposition, management, or  
22 expenditure of, or reporting obligations relating to, any property  
23 held for charitable purposes;

24 (2) Secure the proper administration of a charitable corporation,  
25 or of property held for charitable purposes by a nonprofit  
26 corporation, when reasonably necessary to protect property held for  
27 charitable purposes; and

28 (3) Restrain and prevent any act that violates any provision of  
29 this chapter that governs the distribution, disposition, management,  
30 or expenditure of, or reporting obligations relating to, any property  
31 held for charitable purposes.

32 NEW SECTION. **Sec. 4103.** ATTORNEY GENERAL'S RIGHT TO INTERVENE.  
33 The attorney general, as of right, may intervene in any proceeding  
34 that has been commenced by a person other than the attorney general  
35 if the attorney general is otherwise authorized to bring such a  
36 proceeding under this chapter.

1           NEW SECTION.   **Sec. 4104.**   ATTORNEY GENERAL'S INVESTIGATIVE POWER.

2   Upon reasonable suspicion that there has been a violation of any  
3   provision of this chapter that governs the distribution, disposition,  
4   management, or expenditure of, or reporting obligations relating to,  
5   any property held for charitable purposes, or that a charitable  
6   corporation or property held for charitable purposes by a nonprofit  
7   corporation has been improperly administered, the attorney general  
8   may institute an investigation for the purpose of determining whether  
9   there has been such a violation or improper administration.

10           NEW SECTION.   **Sec. 4105.**   CIVIL INVESTIGATIVE DEMANDS. (1) The

11   attorney general may, before the institution of a civil proceeding  
12   arising from an investigation instituted under section 4104 of this  
13   act, execute in writing and cause to be served upon a person a civil  
14   investigative demand requiring the person to produce documentary  
15   material and permit inspection and copying, to answer in writing  
16   written interrogatories, to give oral testimony, or any combination  
17   of those demands, whenever the attorney general believes that the  
18   person:

19           (a) May be in possession, custody, or control of any original or  
20   copy of any record, report, memorandum, paper, communication,  
21   tabulation, map, chart, photograph, mechanical transcription, or  
22   other document or recording, wherever situated, which the attorney  
23   general reasonably believes to be relevant to the subject matter of  
24   any investigation instituted under section 4104 of this act; or

25           (b) May have knowledge of any information which the attorney  
26   general reasonably believes to be relevant to the subject matter of  
27   any such investigation.

28           (2) The provisions of RCW 19.86.110 (2) through (9) except for  
29   RCW 19.86.110(7) (b) and (c), shall apply to every civil  
30   investigative demand issued under this section.

31           (3) With respect to a civil investigative demand issued under  
32   this section, the venue for filing a petition to extend a return date  
33   under RCW 19.86.110(8) or a petition for an order of enforcement  
34   under RCW 19.86.110(9) shall include any court described in section  
35   1105 of this act.

36           (4) The attorney general may provide copies of documentary  
37   material, answers to written interrogatories, or transcripts of oral  
38   testimony provided under this section to an official of this state,  
39   another state, or the federal government who is charged with the

1 enforcement of state or federal laws related to the protection or  
2 regulation of property held for charitable purposes, provided that  
3 before the disclosure the receiving official agrees in the form of a  
4 record that the information may not be disclosed to anyone other than  
5 that official or the official's authorized employees or agents.  
6 Material provided under this subsection is subject to the limitations  
7 on disclosure contained in RCW 19.86.110(7)(a), and, where  
8 applicable, Title 5 U.S.C. Sec. 552, and may not be introduced as  
9 evidence in a criminal prosecution.

10 (5) The attorney general may use such copies of documentary  
11 material, answers to written interrogatories, or transcripts of oral  
12 testimony as the attorney general determines necessary in the  
13 enforcement of any provision of this chapter that governs the  
14 distribution, disposition, management, or expenditure of, or  
15 reporting obligations relating to, any property held for charitable  
16 purposes, including presentation before any court, provided, however,  
17 that any such material, answers to written interrogatories, or  
18 transcripts of oral testimony which contain trade secrets shall not  
19 be presented except with the approval of the court in which the  
20 action is pending after adequate notice to the person furnishing such  
21 material, answers to written interrogatories, or oral testimony.

22 NEW SECTION. **Sec. 4106.** RELIGIOUS CORPORATIONS. The attorney  
23 general shall not commence any action under section 4102 of this act  
24 against a religious corporation; intervene in any action under  
25 section 4103 of this act involving a religious corporation; institute  
26 any investigation under section 4104 of this act, the subject of  
27 which is a religious corporation; or serve any civil investigative  
28 demand under section 4105 of this act on a religious corporation,  
29 unless for the purposes of this section only:

30 (1) The basis for the action, investigation, or civil  
31 investigative demand is the attorney general's knowledge of facts,  
32 circumstances, or results that property held by the religious  
33 corporation for charitable purposes has been, is threatened to be, or  
34 is about to be distributed in violation of section 1406 of this act;

35 (2) The board of directors of the religious corporation has  
36 adopted a resolution in the form of a record requesting the attorney  
37 general's involvement in the action or investigation; or

38 (3) The attorney general has knowledge of facts, circumstances,  
39 or results indicating that the religious corporation has no directors

1 in office, in which case the attorney general may investigate the  
2 issue of whether the religious corporation has directors in office,  
3 and, if necessary, appoint one or more directors of the religious  
4 corporation following the procedure set out in section 2410(4) of  
5 this act.

6 NEW SECTION. **Sec. 4107.** ASSURANCES OF DISCONTINUANCE. In the  
7 enforcement of the provisions of this chapter that govern the  
8 distribution, disposition, or expenditure of, or reporting  
9 obligations relating to, property held for charitable purposes, the  
10 attorney general may accept an assurance of discontinuance of any act  
11 or practice deemed in violation of such provision, from any person  
12 engaging in, or who has engaged in, such act or practice. Any such  
13 assurance must be in writing and be filed with and subject to the  
14 approval of the court. Such assurance of discontinuance is not an  
15 admission of a violation for any purpose, but proof of failure to  
16 comply with the assurance of discontinuance is prima facie evidence  
17 of a violation of this chapter.

18 NEW SECTION. **Sec. 4108.** CIVIL PENALTIES, COSTS, AND FEES. (1)  
19 Pursuant to an action by the attorney general, a person shall forfeit  
20 and pay a civil penalty of not more than five thousand dollars for  
21 each violation if such person:

22 (a) Engages in conduct that violates any provision of this  
23 chapter governing the distribution, disposition, management, or  
24 expenditure of, or reporting obligations relating to, property held  
25 for charitable purposes, intending or knowing that such conduct was  
26 in violation of this chapter;

27 (b) As a director or officer of a corporation, votes for or  
28 assents to a distribution of property held for charitable purposes  
29 that would give rise to liability under section 2702 of this act; or

30 (c) Receives any portion of a distribution described in (b) of  
31 this subsection knowing that the distribution was made in violation  
32 of this chapter.

33 (2) Any person who shall violate the terms of any injunction  
34 issued pursuant to an action by the attorney general under section  
35 4102 of this act shall forfeit and pay a civil penalty of not more  
36 than twenty-five thousand dollars for each violation.

37 (3) At the discretion of the court, the attorney general is  
38 entitled to recovery of its costs and fees incurred in securing

1 compliance with the provisions of this chapter governing the  
2 distribution, disposition, management, or expenditure of, or  
3 reporting obligations relating to, property held for charitable  
4 purposes.

5 NEW SECTION. **Sec. 4109.** CHARITABLE ASSET PROTECTION ACCOUNT.

6 (1) The Washington state attorney general charitable asset protection  
7 account is created in the custody of the state treasurer. Only the  
8 attorney general or the attorney general's designee may authorize  
9 expenditures from the account. Moneys in the account shall be used  
10 exclusively for:

11 (a) The costs associated with the attorney general's enforcement  
12 of the provisions of this chapter governing the distribution,  
13 disposition, management, or expenditure of, or reporting obligations  
14 relating to, property held for charitable purposes, or the proper  
15 administration of a charitable corporation or property held for  
16 charitable purposes;

17 (b) The costs associated with the attorney general's review and  
18 handling of notices and requests submitted to the attorney general  
19 under the provisions of this chapter including, but not limited to,  
20 binding agreements described in section 1504 of this act, major  
21 changes in purposes or programs reported under section 1205 of this  
22 act, and notices of proposed transactions under sections 3101 through  
23 3608 of this act;

24 (c) The costs associated with the attorney general's review and  
25 handling of notices and requests submitted to the attorney general in  
26 connection with the release or modification under RCW 24.55.045 of  
27 restrictions applicable to institutional funds;

28 (d) The costs associated with the attorney general's supervision  
29 of charitable trusts under the authority granted in chapter 11.110  
30 RCW, including review and handling of binding agreements under  
31 chapter 11.96A RCW, involving assets held in charitable trust; and

32 (e) The charitable solicitation education program.

33 An appropriation is not required for expenditures, but the  
34 account is subject to allotment procedures under chapter 43.88 RCW.

35 (2) The secretary of state shall collect and place into the  
36 Washington state attorney general charitable asset protection account  
37 a charitable asset protection fee, in addition to fees that the  
38 secretary of state may set under section 1207 of this act, for  
39 filing:

- 1 (a) Annual reports under section 1204 of this act;  
2 (b) Articles of incorporation of newly formed corporations under  
3 section 1303 of this act;  
4 (c) Articles of domestication under section 3309 of this act; and  
5 (d) Articles of domestication and conversion under section 3318  
6 of this act.  
7 (3) The charitable asset protection fee is fifty dollars per  
8 year, reduced to ten dollars if the corporation certifies that its  
9 total gross revenue in the most recent fiscal year was less than five  
10 hundred thousand dollars.

11 **ARTICLE 2**

12 **CONTESTED CORPORATE ACTION**

13 NEW SECTION. **Sec. 4201.** DEFINITIONS. This section and sections  
14 4202 and 4203 of this act apply to, and the term "corporate action"  
15 in this section and sections 4202 and 4203 of this act means, any of  
16 the following actions:

17 (1) The election, appointment, designation, or other selection  
18 and the suspension, removal, or expulsion of members, delegates,  
19 directors, or officers of a nonprofit corporation;

20 (2) The taking of any action on any matter that:

21 (a) Is required under this chapter or any other provision of law  
22 to be submitted for approval of or adoption by the members,  
23 delegates, directors, or officers of a nonprofit corporation;

24 (b) Under the articles or bylaws may be submitted for approval of  
25 or adoption by the members, delegates, directors, or officers of a  
26 nonprofit corporation; or

27 (c) Is in fact approved or adopted by the members, delegates,  
28 directors, or officers of a nonprofit corporation.

29 NEW SECTION. **Sec. 4202.** PROCEEDINGS PRIOR TO CORPORATE ACTION.

30 (1) Where under applicable law or the articles or bylaws of a  
31 nonprofit corporation there has been a failure to hold a meeting to  
32 take corporate action and the failure has continued for thirty days  
33 after the date designated or appropriate therefor, the court may  
34 summarily order a meeting to be held upon the application of any  
35 person entitled, either alone or in conjunction with other persons  
36 similarly seeking relief under this section, to call a meeting to

1 consider the corporate action in issue, and, in the case of a  
2 charitable corporation, upon the application of the attorney general.

3 (2) The court may determine the right to vote at the meeting of  
4 persons claiming that right, may appoint an individual to hold the  
5 meeting under such orders and powers as the court may deem proper,  
6 and may take such action as may be required to give due notice of the  
7 meeting and convene and conduct the meeting in the interests of  
8 justice.

9 NEW SECTION. **Sec. 4203.** REVIEW OF CONTESTED CORPORATE ACTION.

10 (1) Except as provided in subsection (3) of this section, upon  
11 petition of a person whose status as, or whose rights or duties as, a  
12 member, delegate, director, or officer of a corporation are or may be  
13 affected by any corporate action, or, in the case of a charitable  
14 corporation, the attorney general, the court may hear and determine  
15 the validity of the corporate action. The petitioner shall provide  
16 notice of the proceeding to every other person the petitioner knows,  
17 or should reasonably know, to be affected by the proceeding.

18 (2) The court may make such orders in any such case as may be  
19 just and proper, with power to enforce the production of any books,  
20 papers, and records of the corporation and other evidence that may  
21 relate to the issue, and may provide for notice of the proceeding to  
22 other parties if necessary. If it is determined that no valid  
23 corporate action has been taken, the court may order a meeting to be  
24 held in accordance with section 4202 of this act.

25 (3) If a nonprofit corporation has provided in its articles or  
26 bylaws for a means of resolving a challenge to a corporate action,  
27 then subsection (1) of this section shall not apply, except in the  
28 case of actions brought by the attorney general with respect to  
29 corporate actions of charitable corporations. The court may enforce  
30 provisions of the articles or bylaws if appropriate.

31 **PART V**  
32 **REVISIONS TO EXISTING STATUTES**  
33 **ARTICLE 1**  
34 **SUBSTANTIVE AMENDMENTS**

35 **Sec. 5101.** RCW 11.110.020 and 1985 c 30 s 114 are each amended  
36 to read as follows:



1       (~~When used in~~) The definitions in this section apply throughout  
2 this chapter(~~(7)~~) unless the context clearly requires otherwise  
3 (~~requires~~).

4       (1) "Person" means an individual, organization, group,  
5 association, partnership, corporation, or any combination of them.

6       (2) (a) "Trustee" means (~~(1)~~):

7       (i) Any person holding property in trust for a public charitable  
8 purpose; except the United States, its states, territories, and  
9 possessions, the District of Columbia, Puerto Rico, and their  
10 agencies and subdivisions; (~~and (2)~~)

11       (ii) A corporation formed for the administration of a charitable  
12 trust (~~(or)~~); and

13       (iii) Any person holding assets subject to limitations permitting  
14 their use only for charitable, religious, eleemosynary, benevolent,  
15 educational, or similar purposes(~~(: PROVIDED, That)~~).

16       (b) Unless they are described in (a) (i) or (ii) of this  
17 subsection, the term "trustee" does not apply to (~~(a)~~):

18       (i) Washington nonprofit corporations incorporated under chapter  
19 24.-- RCW (the new chapter created in section 6101 of this act) or to  
20 which chapter 24.-- RCW (the new chapter created in section 6101 of  
21 this act) applies through operation of section 1107 of this act;

22       (ii) Religious corporations duly organized and operated in good  
23 faith as religious organizations, which have received a declaration  
24 of current tax exempt status from the government of the United  
25 States; their duly organized branches or chapters; and charities,  
26 agencies, and organizations affiliated with and forming an integral  
27 part of said organization, or operated, supervised, or controlled  
28 directly by such religious corporations nor any officer of any such  
29 religious organization who holds property for religious purposes(~~(: PROVIDED, That)~~). However, if such organization has not received from  
30 the United States government a declaration of current tax exempt  
31 status prior to the time it receives property under the terms of a  
32 charitable trust, this exemption shall be applicable for two years  
33 only from the time of receiving such property, or until such tax  
34 exempt status is finally declared, whichever is sooner; or (~~(b)~~)

35       (iii) An educational institution which is nonprofit and  
36 charitable, having a program of primary, secondary, or collegiate  
37 instruction comparable in scope to that of any public school or  
38 college operated by the state of Washington or any of its school  
39 districts.  
40

1       **Sec. 5102.** RCW 23.95.255 and 2017 c 31 s 2 are each amended to  
2 read as follows:

3       (1) A domestic entity other than a limited liability partnership  
4 or nonprofit corporation shall, within one hundred twenty days of the  
5 date on which its public organic record became effective, deliver to  
6 the secretary of state for filing an initial report that states the  
7 information required under subsection (2) of this section.

8       (2) A domestic entity or registered foreign entity shall deliver  
9 to the secretary of state for filing an annual report that states:

10       (a) The name of the entity and its jurisdiction of formation;

11       (b) The name and street and mailing addresses of the entity's  
12 registered agent in this state;

13       (c) The street and mailing addresses of the entity's principal  
14 office;

15       (d) In the case of a registered foreign entity, the street and  
16 mailing address of the entity's principal office in the state or  
17 country under the laws of which it is incorporated;

18       (e) The names of the entity's governors;

19       (f) A brief description of the nature of the entity's business;  
20 (~~and~~)

21       (g) The entity's unified business identifier number;

22       (h) In the case of a nonprofit corporation, the corporation's  
23 federal employer identification number; and

24       (i) In the case of a nonprofit corporation, any information  
25 required under section 1205 of this act.

26       (3) Information in an initial or annual report must be current as  
27 of the date the report is executed by the entity.

28       (4) Annual reports must be delivered to the secretary of state on  
29 a date determined by the secretary of state and at such additional  
30 times as the entity elects.

31       (5) If an initial or annual report does not contain the  
32 information required by this section, the secretary of state promptly  
33 shall notify the reporting entity in a record and return the report  
34 for correction.

35       (6) If an initial or annual report contains the name or address  
36 of a registered agent that differs from the information shown in the  
37 records of the secretary of state immediately before the annual  
38 report becomes effective, the differing information in the initial or  
39 annual report is considered a statement of change under RCW  
40 23.95.430.

1 (7) The secretary of state shall send to each domestic entity and  
2 registered foreign entity, not less than thirty or more than ninety  
3 days prior to the expiration date of the entity's annual renewal, a  
4 notice that the entity's annual report must be filed as required by  
5 this chapter and that any applicable annual renewal fee must be paid,  
6 and stating that if the entity fails to file its annual report or pay  
7 the annual renewal fee it will be administratively dissolved. The  
8 notice may be sent by postal or email as elected by the entity,  
9 addressed to its registered agent within the state, or to an  
10 electronic address designated by the entity in a record retained by  
11 the secretary of state. Failure of the secretary of state to provide  
12 any such notice does not relieve a domestic entity or registered  
13 foreign entity from its obligations to file the annual report  
14 required by this chapter or to pay any applicable annual renewal fee.  
15 The option to receive the notice provided under this section by email  
16 may be selected only when the secretary of state makes the option  
17 available.

18 **Sec. 5103.** RCW 23.95.305 and 2019 c 37 s 1402 are each amended  
19 to read as follows:

20 (1) (a) The name of a business corporation:

21 (i) (A) Except in the case of a social purpose corporation, must  
22 contain the word "corporation," "incorporated," "company," or  
23 "limited," or the abbreviation "Corp.," "Inc.," "Co.," or "Ltd.," or  
24 words or abbreviations of similar import in another language; or

25 (B) In the case of a social purpose corporation, must contain the  
26 words "social purpose corporation" or the abbreviation "SPC" or  
27 "S.P.C."; and

28 (ii) Must not contain any of the following words or phrases:  
29 "Bank," "banking," "banker," "trust," "cooperative," or any  
30 combination of the words "industrial" and "loan," or any combination  
31 of any two or more of the words "building," "savings," "loan,"  
32 "home," "association," and "society," or any other words or phrases  
33 prohibited by any statute of this state.

34 (b) The name of a professional service corporation must contain  
35 either the words "professional service" or "professional corporation"  
36 or the abbreviation "P.S." or "P.C." The name may also contain either  
37 the words "corporation," "incorporated," "company," or "limited," or  
38 the abbreviation "Corp.," "Inc.," "Co.," or "Ltd." The name of a  
39 professional service corporation organized to render dental services

1 must contain the full names or surnames of all shareholders and no  
2 other word than "chartered" or the words "professional services" or  
3 the abbreviation "P.S." or "P.C."

4 (2) The name of a nonprofit corporation:

5 (a) May include "club," "league," "association," "services,"  
6 "committee," "fund," "society," "foundation," "guild," ". . . . . ,  
7 a nonprofit corporation," ". . . . . , a nonprofit mutual  
8 corporation," or any name of like import;

9 (b) Except for nonprofit corporations formed prior to January 1,  
10 1969, must not include or end with "incorporated," "company,"  
11 "corporation," "partnership," "limited partnership," or "Ltd.," or  
12 any abbreviation thereof; (~~and~~)

13 (c) May not be deceptively similar to the name of an existing  
14 domestic entity which is not then administratively dissolved; and

15 (d) May only include the term "public benefit" or names of like  
16 import if the nonprofit corporation has been designated as a public  
17 benefit nonprofit corporation by the secretary of state in accordance  
18 with chapter (~~(24.03 RCW)~~) 24.-- RCW (the new chapter created in  
19 section 6101 of this act).

20 (3) The name of a limited partnership may contain the name of any  
21 partner. The name of a partnership that is not a limited liability  
22 limited partnership must contain the words "limited partnership" or  
23 the abbreviation "LP" or "L.P." and may not contain the words  
24 "limited liability limited partnership" or the abbreviation "LLLP" or  
25 "L.L.L.P." If the limited partnership is a limited liability limited  
26 partnership, the name must contain the words "limited liability  
27 limited partnership" or the abbreviation "LLLP" or "L.L.L.P." and may  
28 not contain the abbreviation "LP" or "L.P."

29 (4) The name of a limited liability partnership must contain the  
30 words "limited liability partnership" or the abbreviation "LLP" or  
31 "L.L.P." If the name of a foreign limited liability partnership  
32 contains the words "registered limited liability partnership" or the  
33 abbreviation "R.L.L.P." or "RLLP," it may include those words or  
34 abbreviations in its foreign registration statement.

35 (5) (a) The name of a limited liability company:

36 (i) Must contain the words "limited liability company," the words  
37 "limited liability" and abbreviation "Co.," or the abbreviation  
38 "L.L.C." or "LLC"; and

39 (ii) May not contain any of the following words or phrases:  
40 "Cooperative," "partnership," "corporation," "incorporated," or the

1 abbreviations "Corp.," "Ltd.," or "Inc.," or "LP," "L.P.," "LLP,"  
2 "L.L.P.," "LLLP," "L.L.L.P.," or any words or phrases prohibited by  
3 any statute of this state.

4 (b) The name of a professional limited liability company must  
5 contain either the words "professional limited liability company," or  
6 the words "professional limited liability" and the abbreviation  
7 "Co.," or the abbreviation "P.L.L.C." or "PLLC," provided that the  
8 name of a professional limited liability company organized to render  
9 dental services must contain the full names or surnames of all  
10 members and no other word than "chartered" or the words "professional  
11 services" or the abbreviation "P.L.L.C." or "PLLC."

12 (6) The name of a cooperative association organized under chapter  
13 23.86 RCW may contain the words "corporation," "incorporated," or  
14 "limited," or the abbreviation "Corp.," "Inc.," or "Ltd."

15 (7) The name of a limited cooperative association must contain  
16 the phrase "limited cooperative association" or "limited cooperative"  
17 or the abbreviation "L.C.A." or "LCA." "Limited" may be abbreviated  
18 as "Ltd." "Cooperative" may be abbreviated as "Co-op." or "Coop."  
19 "Association" may be abbreviated as "Assoc." or "Assn."

20 NEW SECTION. **Sec. 5104.** A new section is added to chapter 74.15  
21 RCW to read as follows:

22 (1) A host home program must register with the secretary of  
23 state's office. This registration may occur when the secretary of  
24 state files articles of incorporation of the host home program under  
25 chapter 24.-- RCW (the new chapter created in section 6101 of this  
26 act).

27 (2) The host home program registration must include a notarized  
28 statement by the host home program that it meets all of the  
29 requirements set out in RCW 74.15.020(2)(o).

30 (3) The secretary of state has no duty to confirm that a host  
31 home program is meeting its statutory requirements. A filing under  
32 this section does not imply an endorsement by the secretary of state.

33 (4) The secretary of state may adopt rules necessary to carry out  
34 its duties under this section.

## 35 **ARTICLE 2**

### 36 **AMENDMENTS TO UPDATE REFERENCES**

1       **Sec. 5201.** RCW 7.60.025 and 2019 c 389 s 1 are each amended to  
2 read as follows:

3       (1) A receiver may be appointed by the superior court of this  
4 state in the following instances, but except in any case in which a  
5 receiver's appointment is expressly required by statute, or any case  
6 in which a receiver's appointment is sought by a state agent whose  
7 authority to seek the appointment of a receiver is expressly  
8 conferred by statute, or any case in which a receiver's appointment  
9 with respect to real property is sought under (b)(ii) of this  
10 subsection, a receiver shall be appointed only if the court  
11 additionally determines that the appointment of a receiver is  
12 reasonably necessary and that other available remedies either are not  
13 available or are inadequate:

14       (a) On application of any party, when the party is determined to  
15 have a probable right to or interest in property that is a subject of  
16 the action and in the possession of an adverse party, or when the  
17 property or its revenue-producing potential is in danger of being  
18 lost or materially injured or impaired. A receiver may be appointed  
19 under this subsection (1)(a) whether or not the application for  
20 appointment of a receiver is combined with, or is ancillary to, an  
21 action seeking a money judgment or other relief;

22       (b) Provisionally, after commencement of any judicial action or  
23 nonjudicial proceeding to foreclose upon any lien against or for  
24 forfeiture of any interest in real or personal property, on  
25 application of any person, when the interest in the property that is  
26 the subject of such an action or proceeding of the person seeking the  
27 receiver's appointment is determined to be probable and either:

28       (i) The property or its revenue-producing potential is in danger  
29 of being lost or materially injured or impaired; or

30       (ii) The appointment of a receiver with respect to the real or  
31 personal property that is the subject of the action or proceeding is  
32 provided for by agreement or is reasonably necessary to effectuate or  
33 enforce an assignment of rents or other revenues from the property.  
34 For purposes of this subsection (1)(b), a judicial action is  
35 commenced as provided in superior court civil rule 3(a), a  
36 nonjudicial proceeding is commenced under chapter 61.24 RCW upon the  
37 service of notice of default described in RCW 61.24.030(8), and a  
38 proceeding for forfeiture is commenced under chapter 61.30 RCW upon  
39 the recording of the notice of intent to forfeit described in RCW  
40 61.30.060;

- 1 (c) After judgment, in order to give effect to the judgment;
- 2 (d) To dispose of property according to provisions of a judgment  
3 dealing with its disposition;
- 4 (e) To the extent that property is not exempt from execution, at  
5 the instance of a judgment creditor either before or after the  
6 issuance of any execution, to preserve or protect it, or prevent its  
7 transfer;
- 8 (f) If and to the extent that property is subject to execution to  
9 satisfy a judgment, to preserve the property during the pendency of  
10 an appeal, or when an execution has been returned unsatisfied, or  
11 when an order requiring a judgment debtor to appear for proceedings  
12 supplemental to judgment has been issued and the judgment debtor  
13 fails to submit to examination as ordered;
- 14 (g) Upon an attachment of real or personal property when the  
15 property attached is of a perishable nature or is otherwise in danger  
16 of waste, impairment, or destruction, or where the abandoned  
17 property's owner has absconded with, secreted, or abandoned the  
18 property, and it is necessary to collect, conserve, manage, control,  
19 or protect it, or to dispose of it promptly, or when the court  
20 determines that the nature of the property or the exigency of the  
21 case otherwise provides cause for the appointment of a receiver;
- 22 (h) In an action by a transferor of real or personal property to  
23 avoid or rescind the transfer on the basis of fraud, or in an action  
24 to subject property or a fund to the payment of a debt;
- 25 (i) In an action against any person who is not an individual if  
26 the object of the action is the dissolution of that person, or if  
27 that person has been dissolved, or if that person is insolvent or is  
28 not generally paying the person's debts as those debts become due  
29 unless they are the subject of bona fide dispute, or if that person  
30 is in imminent danger of insolvency;
- 31 (j) In accordance with RCW 7.08.030 (4) and (6), in cases in  
32 which a general assignment for the benefit of creditors has been  
33 made;
- 34 (k) In quo warranto proceedings under chapter 7.56 RCW;
- 35 (l) As provided under RCW 11.64.022;
- 36 (m) In an action by the department of licensing under RCW  
37 18.35.220(3) with respect to persons engaged in the business of  
38 dispensing of hearing aids, RCW 18.85.430 in the case of persons  
39 engaged in the business of a real estate broker, associate real

1 estate broker, or real estate salesperson, or RCW 19.105.470 with  
2 respect to persons engaged in the business of camping resorts;

3 (n) In an action under RCW 18.44.470 or 18.44.490 in the case of  
4 persons engaged in the business of escrow agents;

5 (o) Upon a petition with respect to a nursing home in accordance  
6 with and subject to receivership provisions under chapter 18.51 RCW;

7 (p) In connection with a proceeding for relief with respect to a  
8 voidable transfer as to a present or future creditor under RCW  
9 19.40.041 or a present creditor under RCW 19.40.051;

10 (q) Under RCW 19.100.210(1), in an action by the attorney general  
11 or director of financial institutions to restrain any actual or  
12 threatened violation of the franchise investment protection act;

13 (r) In an action by the attorney general or by a prosecuting  
14 attorney under RCW 19.110.160 with respect to a seller of business  
15 opportunities;

16 (s) In an action by the director of financial institutions under  
17 RCW 21.20.390 in cases involving actual or threatened violations of  
18 the securities act of Washington or under RCW 21.30.120 in cases  
19 involving actual or threatened violations of chapter 21.30 RCW with  
20 respect to certain businesses and transactions involving commodities;

21 (t) In an action for or relating to dissolution of a business  
22 corporation under RCW 23B.14.065, 23B.14.300, 23B.14.310, or  
23 23B.14.320, for dissolution of a nonprofit corporation under ((RCW  
24 ~~24.03.271~~)) section 3605 of this act, for dissolution of a mutual  
25 corporation under RCW 24.06.305, or in any other action for the  
26 dissolution or winding up of any other entity provided for by Title  
27 23, 23B, 24, or 25 RCW;

28 (u) In any action in which the dissolution of any public or  
29 private entity is sought, in any action involving any dispute with  
30 respect to the ownership or governance of such an entity, or upon the  
31 application of a person having an interest in such an entity when the  
32 appointment is reasonably necessary to protect the property of the  
33 entity or its business or other interests;

34 (v) Under RCW 25.05.215, in aid of a charging order with respect  
35 to a partner's interest in a partnership;

36 (w) Under and subject to RCW 30A.44.100, 30A.44.270, and  
37 30A.56.030, in the case of a state commercial bank, RCW 30B.44B.100,  
38 in the case of a state trust company, RCW 32.24.070, 32.24.073,  
39 32.24.080, and 32.24.090, in the case of a state savings bank;



1 (x) Under and subject to RCW 31.12.637 and 31.12.671 through  
2 31.12.724, in the case of credit unions;

3 (y) Upon the application of the director of financial  
4 institutions under RCW 31.35.090 in actions to enforce chapter 31.35  
5 RCW applicable to agricultural lenders, under RCW 31.40.120 in  
6 actions to enforce chapter 31.40 RCW applicable to entities engaged  
7 in federally guaranteed small business loans, under RCW 31.45.160 in  
8 actions to enforce chapter 31.45 RCW applicable to persons licensed  
9 as check cashers or check sellers, or under RCW 19.230.230 in actions  
10 to enforce chapter 19.230 RCW applicable to persons licensed under  
11 the uniform money services act;

12 (z) Under RCW 35.82.090 or 35.82.180, with respect to a housing  
13 project;

14 (aa) Under RCW 39.84.160 or 43.180.360, in proceedings to enforce  
15 rights under any revenue bonds issued for the purpose of financing  
16 industrial development facilities or bonds of the Washington state  
17 housing finance commission, or any financing document securing any  
18 such bonds;

19 (bb) Under and subject to RCW 43.70.195, in an action by the  
20 secretary of health or by a local health officer with respect to a  
21 public water system;

22 (cc) As contemplated by RCW 61.24.030, with respect to real  
23 property that is the subject of nonjudicial foreclosure proceedings  
24 under chapter 61.24 RCW;

25 (dd) As contemplated by RCW 61.30.030(3), with respect to real  
26 property that is the subject of judicial or nonjudicial forfeiture  
27 proceedings under chapter 61.30 RCW;

28 (ee) Under RCW 64.32.200(2), in an action or proceeding commenced  
29 under chapter 61.12 or 61.24 RCW to foreclose upon a lien for common  
30 expenses against a dwelling unit subject to the horizontal property  
31 regimes act, chapter 64.32 RCW. For purposes of this subsection  
32 (1)(ee), a judicial action is commenced as provided in superior court  
33 civil rule 3(a) and a nonjudicial proceeding is commenced under  
34 chapter 61.24 RCW upon the service of notice of default described in  
35 RCW 61.24.030(8);

36 (ff) Under RCW 64.34.364(10), in an action or proceeding  
37 commenced under chapter 61.12 or 61.24 RCW by a unit owners'  
38 association to foreclose a lien for nonpayment of delinquent  
39 assessments against condominium units. For purposes of this  
40 subsection (1)(ff), a judicial action is commenced as provided in

1 superior court civil rule (3)(a) and a nonjudicial proceeding is  
2 commenced under chapter 61.24 RCW upon the service of notice of  
3 default described in RCW 61.24.030(8);

4 (gg) Upon application of the attorney general under RCW  
5 64.36.220(3), in aid of any writ or order restraining or enjoining  
6 violations of chapter 64.36 RCW applicable to timeshares;

7 (hh) Under RCW (~~70.95A.050~~) 70A.210.070(3), in aid of the  
8 enforcement of payment or performance of municipal bonds issued with  
9 respect to facilities used to abate, control, or prevent pollution;

10 (ii) Upon the application of the department of social and health  
11 services under RCW 74.42.580, in cases involving nursing homes;

12 (jj) Upon the application of the utilities and transportation  
13 commission under RCW 80.28.040, with respect to a water company or  
14 wastewater company that has failed to comply with an order of such  
15 commission within the time deadline specified therein;

16 (kk) Under RCW 87.56.065, in connection with the dissolution of  
17 an irrigation district;

18 (ll) Upon application of the attorney general or the department  
19 of licensing, in any proceeding that either of them are authorized by  
20 statute to bring to enforce Title 18 or 19 RCW; the securities act of  
21 Washington, chapter 21.20 RCW; the Washington commodities act,  
22 chapter 21.30 RCW; the land development act, chapter 58.19 RCW; or  
23 under chapter 64.36 RCW relating to the regulation of timeshares;

24 (mm) Upon application of the director of financial institutions  
25 in any proceeding that the director of financial institutions is  
26 authorized to bring to enforce chapters 31.35, 31.40, and 31.45 RCW;  
27 or

28 (nn) In such other cases as may be provided for by law, or when,  
29 in the discretion of the court, it may be necessary to secure ample  
30 justice to the parties.

31 (2) The superior courts of this state shall appoint as receiver  
32 of property located in this state a person who has been appointed by  
33 a federal or state court located elsewhere as receiver with respect  
34 to the property specifically or with respect to the owner's property  
35 generally, upon the application of the person or of any party to that  
36 foreign proceeding, and following the appointment shall give effect  
37 to orders, judgments, and decrees of the foreign court affecting the  
38 property in this state held by the receiver, unless the court  
39 determines that to do so would be manifestly unjust or inequitable.  
40 The venue of such a proceeding may be any county in which the person

1 resides or maintains any office, or any county in which any property  
2 over which the receiver is to be appointed is located at the time the  
3 proceeding is commenced.

4 (3) At least seven days' notice of any application for the  
5 appointment of a receiver must be given to the owner of property to  
6 be subject thereto and to all other parties in the action, and to  
7 other parties in interest as the court may require. If any execution  
8 by a judgment creditor under Title 6 RCW or any application by a  
9 judgment creditor for the appointment of a receiver, with respect to  
10 property over which the receiver's appointment is sought, is pending  
11 in any other action at the time the application is made, then notice  
12 of the application for the receiver's appointment also must be given  
13 to the judgment creditor in the other action. The court may shorten  
14 or expand the period for notice of an application for the appointment  
15 of a receiver upon good cause shown.

16 (4) The order appointing a receiver in all cases must reasonably  
17 describe the property over which the receiver is to take charge, by  
18 category, individual items, or both if the receiver is to take charge  
19 of less than all of the owner's property. If the order appointing a  
20 receiver does not expressly limit the receiver's authority to  
21 designated property or categories of property of the owner, the  
22 receiver is a general receiver with the authority to take charge over  
23 all of the owner's property, wherever located.

24 (5) The court may condition the appointment of a receiver upon  
25 the giving of security by the person seeking the receiver's  
26 appointment, in such amount as the court may specify, for the payment  
27 of costs and damages incurred or suffered by any person should it  
28 later be determined that the appointment of the receiver was  
29 wrongfully obtained.

30 **Sec. 5202.** RCW 9.46.0209 and 2020 c 150 s 1 are each amended to  
31 read as follows:

32 (1)(a) "Bona fide charitable or nonprofit organization," as used  
33 in this chapter, means:

34 (i) Any organization duly existing under the provisions of  
35 chapter 24.12, 24.20, or 24.28 RCW, any agricultural fair authorized  
36 under the provisions of chapter((s)) 15.76 or 36.37 RCW, or any  
37 nonprofit corporation duly existing under the provisions of chapter  
38 19.09 or ((24.03 RCW)) 24.-- RCW (the new chapter created in section  
39 6101 of this act) for charitable, benevolent, eleemosynary,

1 educational, civic, patriotic, political, religious, scientific,  
2 social, fraternal, athletic, or agricultural purposes only, or any  
3 nonprofit organization, whether incorporated or otherwise, when found  
4 by the commission to be organized and operating for one or more of  
5 the aforesaid purposes only, all of which in the opinion of the  
6 commission have been organized and are operated primarily for  
7 purposes other than the operation of gambling activities authorized  
8 under this chapter; or

9 (ii) Any corporation which has been incorporated under Title 36  
10 U.S.C. and whose principal purposes are to furnish volunteer aid to  
11 members of the armed forces of the United States and also to carry on  
12 a system of national and international relief and to apply the same  
13 in mitigating the sufferings caused by pestilence, famine, fire,  
14 floods, and other national calamities and to devise and carry on  
15 measures for preventing the same.

16 (b) An organization defined under (a) of this subsection must:

17 (i) Have been organized and continuously operating for at least  
18 twelve calendar months immediately preceding making application for  
19 any license to operate a gambling activity, or the operation of any  
20 gambling activity authorized by this chapter for which no license is  
21 required; and

22 (ii) Demonstrate to the commission that it has made significant  
23 progress toward the accomplishment of the purposes of the  
24 organization during the twelve consecutive month period preceding the  
25 date of application for a license or license renewal. The fact that  
26 contributions to an organization do not qualify for charitable  
27 contribution deduction purposes or that the organization is not  
28 otherwise exempt from payment of federal income taxes pursuant to the  
29 internal revenue code of 1954, as amended, shall constitute prima  
30 facie evidence that the organization is not a bona fide charitable or  
31 nonprofit organization for the purposes of this section.

32 (c) Any person, association or organization which pays its  
33 employees, including members, compensation other than is reasonable  
34 therefor under the local prevailing wage scale shall be deemed paying  
35 compensation based in part or whole upon receipts relating to  
36 gambling activities authorized under this chapter and shall not be a  
37 bona fide charitable or nonprofit organization for the purposes of  
38 this chapter.

1 (2) For the purposes of RCW 9.46.0315 and 9.46.110, a bona fide  
2 nonprofit organization can be licensed by the commission and  
3 includes:

4 (a) A credit union organized and operating under state or federal  
5 law. All revenue less prizes and expenses received from raffles  
6 conducted by credit unions must be devoted to purposes authorized  
7 under this section for charitable and nonprofit organizations; and

8 (b) A group of executive branch state employees that:

9 (i) Has requested and received revocable approval from the  
10 agency's chief executive official, or such official's designee, to  
11 conduct one or more raffles in compliance with this section;

12 (ii) Conducts a raffle solely to raise funds for either the state  
13 combined fund drive, created under RCW 41.04.033; an entity approved  
14 to receive funds from the state combined fund drive; or a charitable  
15 or benevolent entity, including but not limited to a person or family  
16 in need, as determined by a majority vote of the approved group of  
17 employees. No person or other entity may receive compensation in any  
18 form from the group for services rendered in support of this purpose;

19 (iii) Promptly provides such information about the group's  
20 receipts, expenditures, and other activities as the agency's chief  
21 executive official or designee may periodically require, and  
22 otherwise complies with this section and RCW 9.46.0315; and

23 (iv) Limits the participation in the raffle such that raffle  
24 tickets are sold only to, and winners are determined only from, the  
25 employees of the agency.

26 (3) For the purposes of RCW 9.46.0277, a bona fide nonprofit  
27 organization also includes a county, city, or town, provided that all  
28 revenue less prizes and expenses from raffles conducted by the  
29 county, city, or town must be used for community activities or  
30 tourism promotion activities.

31 **Sec. 5203.** RCW 15.105.020 and 2004 c 26 s 3 are each amended to  
32 read as follows:

33 (1) The department may cooperate with other agencies, boards,  
34 commissions, and associations in the state of Washington to establish  
35 a private, nonprofit corporation for the purpose of carrying out the  
36 program. The nonprofit corporation must be organized under chapter  
37 ((24.03 RCW)) 24.-- RCW (the new chapter created in section 6101 of  
38 this act) and has the powers granted under that chapter. However,  
39 this chapter does not prohibit the department or other agencies,

1 boards, commissions, and associations from separately continuing to  
2 promote Washington products under their existing authorities.

3 (2) The department may contract with the successor organization  
4 to carry out the program. The contract must require the successor  
5 organization to aggressively seek to fund its continued operation  
6 from nonstate funding sources.

7 (3) The successor organization must report to the department each  
8 January 1st on the amounts it has secured from both nonstate and  
9 state funding sources, its operations, and its programs.

10 (4) Debts and other liabilities of the successor organization are  
11 successor organization debts and liabilities only and may be  
12 satisfied only from the resources of the successor organization. The  
13 state of Washington is not liable for the debts or liabilities of the  
14 successor organization.

15 **Sec. 5204.** RCW 18.100.050 and 2020 c 80 s 21 are each amended to  
16 read as follows:

17 (1) An individual or group of individuals duly licensed or  
18 otherwise legally authorized to render the same professional services  
19 within this state may organize and become a shareholder or  
20 shareholders of a professional corporation for pecuniary profit under  
21 the provisions of Title 23B RCW for the purpose of rendering  
22 professional service. One or more of the legally authorized  
23 individuals shall be the incorporators of the professional  
24 corporation.

25 (2) Notwithstanding any other provision of this chapter,  
26 registered architects and registered engineers may own stock in and  
27 render their individual professional services through one  
28 professional service corporation.

29 (3) Licensed health care professionals, providing services to  
30 enrolled participants either directly or through arrangements with a  
31 health maintenance organization registered under chapter 48.46 RCW or  
32 federally qualified health maintenance organization, may own stock in  
33 and render their individual professional services through one  
34 professional service corporation.

35 (4) Professionals may organize a nonprofit nonstock corporation  
36 under this chapter and chapter (~~(24.03 RCW)~~) 24.-- RCW (the new  
37 chapter created in section 6101 of this act) to provide professional  
38 services, and the provisions of this chapter relating to stock and  
39 referring to Title 23B RCW shall not apply to any such corporation.

1 (5) (a) Notwithstanding any other provision of this chapter,  
2 health care professionals who are licensed or certified pursuant to  
3 chapters 18.06, 18.225, 18.22, 18.25, 18.29, 18.34, 18.35, 18.36A,  
4 18.50, 18.53, 18.55, 18.57, 18.64, 18.71, 18.71A, 18.79, 18.83,  
5 18.89, 18.108, and 18.138 RCW may own stock in and render their  
6 individual professional services through one professional service  
7 corporation and are to be considered, for the purpose of forming a  
8 professional service corporation, as rendering the "same specific  
9 professional services" or "same professional services" or similar  
10 terms.

11 (b) Notwithstanding any other provision of this chapter, health  
12 care professionals who are regulated under chapters 18.59 and 18.74  
13 RCW may own stock in and render their individual professional  
14 services through one professional service corporation formed for the  
15 sole purpose of providing professional services within their  
16 respective scope of practice.

17 (c) Formation of a professional service corporation under this  
18 subsection does not restrict the application of the uniform  
19 disciplinary act under chapter 18.130 RCW, or applicable health care  
20 professional statutes under Title 18 RCW, including but not limited  
21 to restrictions on persons practicing a health profession without  
22 being appropriately credentialed and persons practicing beyond the  
23 scope of their credential.

24 **Sec. 5205.** RCW 18.100.130 and 1991 c 72 s 5 are each amended to  
25 read as follows:

26 (1) For a professional service corporation organized for  
27 pecuniary profit under this chapter, the provisions of Title 23B RCW  
28 shall be applicable except to the extent that any of the provisions  
29 of this chapter are interpreted to be in conflict with the provisions  
30 thereof, and in such event the provisions and sections of this  
31 chapter shall take precedence with respect to a corporation organized  
32 pursuant to the provisions of this chapter.

33 (2) For a professional service corporation organized under this  
34 chapter and chapter ((24.03 RCW)) 24.-- RCW (the new chapter created  
35 in section 6101 of this act) as a nonprofit ((nonstock)) corporation,  
36 the provisions of chapter ((24.03 RCW)) 24.-- RCW (the new chapter  
37 created in section 6101 of this act) shall be applicable except to  
38 the extent that any of the provisions of this chapter are interpreted  
39 to be in conflict with the provisions thereof, and in such event the

1 provisions and sections of this chapter shall take precedence with  
2 respect to a corporation organized under the provisions of this  
3 chapter.

4 **Sec. 5206.** RCW 18.100.134 and 1991 c 72 s 7 are each amended to  
5 read as follows:

6 A professional corporation may amend its articles of  
7 incorporation to delete from its stated purposes the rendering of  
8 professional services and to conform to the requirements of Title 23B  
9 RCW, or to the requirements of chapter (~~(24.03 RCW)~~) 24.-- RCW (the  
10 new chapter created in section 6101 of this act) if organized  
11 pursuant to RCW 18.100.050 as a nonprofit (~~(nonstock)~~) corporation.  
12 Upon the effective date of such amendment, the corporation shall no  
13 longer be subject to the provisions of this chapter and shall  
14 continue in existence as a corporation under Title 23B RCW or chapter  
15 (~~(24.03 RCW)~~) 24.-- RCW (the new chapter created in section 6101 of  
16 this act).

17 **Sec. 5207.** RCW 19.142.010 and 1990 c 55 s 1 and 1990 c 33 s 556  
18 are each reenacted and amended to read as follows:

19 Unless the context clearly requires otherwise, the definitions in  
20 this section apply throughout this chapter:

21 (1) "Business day" means any day except a Sunday or a legal  
22 holiday.

23 (2) "Buyer" or "member" means a person who purchases health  
24 studio services.

25 (3) "Health studio" includes any person or entity engaged in the  
26 sale of instruction, training, assistance or use of facilities which  
27 purport to assist patrons to improve their physical condition or  
28 appearance through physical exercise, body building, weight loss,  
29 figure development, the martial arts, or any other similar activity.

30 For the purposes of this chapter, "health studio" does not include:

31 (a) Public common schools, private schools approved under RCW  
32 28A.195.010, and public or private institutions of higher education;

33 (b) persons providing professional services within the scope of a  
34 person's license under Title 18 RCW; (c) bona fide nonprofit  
35 organizations which have been granted tax-exempt status by the  
36 Internal Revenue Service, the functions of which as health studios  
37 are only incidental to their overall functions and purposes; (d) a  
38 person or entity which offers physical exercise, body building,



1 figure development or similar activities as incidental features of a  
2 plan of instruction or assistance relating to diet or control of  
3 eating habits; (e) bona fide nonprofit corporations organized under  
4 chapter ((24.03 RCW)) 24.-- RCW (the new chapter created in section  
5 6101 of this act) which have members and whose members have  
6 meaningful voting rights to elect and remove a board of directors  
7 which is responsible for the operation of the health club and  
8 corporation; and (f) a preexisting facility primarily offering  
9 aerobic classes, where the initiation fee is less than fifty dollars  
10 and no memberships are sold which exceed one year in duration. For  
11 purposes of this subsection, "preexisting facility" means an existing  
12 building used for health studio services covered by the fees  
13 collected.

14 (4) "Health studio services" means instruction, services,  
15 privileges, or rights offered for sale by a health studio. "Health  
16 studio services" do not include: (a) Instruction or assistance  
17 relating to diet or control of eating habits not involving  
18 substantial on-site physical exercise, body building, figure  
19 development, or any other similar activity; or (b) recreational or  
20 social programs which either involve no physical exercise or exercise  
21 only incidental to the program.

22 (5) "Initiation or membership fee" means a fee paid either in a  
23 lump sum or in installments within twelve months of execution of the  
24 health studio services contract on a one-time basis when a person  
25 first joins a health studio for the privilege of belonging to the  
26 health studio.

27 (6) "Special offer or discount" means any offer of health studio  
28 services at a reduced price or without charge to a prospective  
29 member.

30 (7) "Use fees or dues" means fees paid on a regular periodic  
31 basis for use of a health studio. This does not preclude prepayment  
32 of use fees at the buyer's option.

33 **Sec. 5208.** RCW 23.95.105 and 2020 c 57 s 29 are each amended to  
34 read as follows:

35 The definitions in this section apply throughout this chapter  
36 unless the context clearly requires otherwise or as set forth in RCW  
37 23.95.400 or 23.95.600.

38 (1) "Annual report" means the report required by RCW 23.95.255.

1 (2) "Business corporation" means a domestic business corporation  
2 incorporated under or subject to Title 23B RCW or a foreign business  
3 corporation.

4 (3) "Commercial registered agent" means a person listed under RCW  
5 23.95.420.

6 (4) "Domestic," with respect to an entity, means governed as to  
7 its internal affairs by the law of this state.

8 (5) "Electronic transmission" means an electronic communication:

9 (a) Not directly involving the physical transfer of a record in a  
10 tangible medium; and

11 (b) That may be retained, retrieved, and reviewed by the sender  
12 and the recipient thereof, and that may be directly reproduced in a  
13 tangible medium by such a sender and recipient.

14 (6) "Entity" means:

15 (a) A business corporation;

16 (b) A nonprofit corporation;

17 (c) A limited liability partnership;

18 (d) A limited partnership;

19 (e) A limited liability company;

20 (f) A general cooperative association; or

21 (g) A limited cooperative association.

22 (7) "Entity filing" means a record delivered to the secretary of  
23 state for filing pursuant to this chapter.

24 (8) "Execute," "executes," or "executed" means with present  
25 intent to authenticate or adopt a record:

26 (a) To sign or adopt a tangible symbol;

27 (b) To attach to or logically associate with the record an  
28 electronic symbol, sound, or process; or

29 (c) With respect to a record to be filed with the secretary of  
30 state, in compliance with the standards for filing with the office of  
31 the secretary of state as prescribed by the secretary of state.

32 (9) "Filed record" means a record filed by the secretary of state  
33 pursuant to this chapter.

34 (10) "Foreign," with respect to an entity, means governed as to  
35 its internal affairs by the law of a jurisdiction other than this  
36 state.

37 (11) "General cooperative association" means a domestic general  
38 cooperative association formed under or subject to chapter 23.86 RCW.

39 (12) "Governor" means:

40 (a) A director of a business corporation;

1 (b) A director of a nonprofit corporation;  
2 (c) A partner of a limited liability partnership;  
3 (d) A general partner of a limited partnership;  
4 (e) A manager of a manager-managed limited liability company;  
5 (f) A member of a member-managed limited liability company;  
6 (g) A director of a general cooperative association;  
7 (h) A director of a limited cooperative association; or  
8 (i) Any other person under whose authority the powers of an  
9 entity are exercised and under whose direction the activities and  
10 affairs of the entity are managed pursuant to the organic law and  
11 organic rules of the entity.

12 (13) "Interest" means:

13 (a) A share in a business corporation;  
14 (b) A membership in a nonprofit corporation;  
15 (c) A share in a nonprofit corporation formed under chapter 24.06  
16 RCW;  
17 (d) A partnership interest in a limited liability partnership;  
18 (e) A partnership interest in a limited partnership;  
19 (f) A limited liability company interest;  
20 (g) A share or membership in a general cooperative association;  
21 or  
22 (h) A member's interest in a limited cooperative association.

23 (14) "Interest holder" means:

24 (a) A shareholder of a business corporation;  
25 (b) A member of a nonprofit corporation;  
26 (c) A shareholder of a nonprofit corporation formed under chapter  
27 24.06 RCW;  
28 (d) A partner of a limited liability partnership;  
29 (e) A general partner of a limited partnership;  
30 (f) A limited partner of a limited partnership;  
31 (g) A member of a limited liability company;  
32 (h) A shareholder or member of a general cooperative association;  
33 or  
34 (i) A member of a limited cooperative association.

35 (15) "Jurisdiction," when used to refer to a political entity,  
36 means the United States, a state, a foreign country, or a political  
37 subdivision of a foreign country.

38 (16) "Jurisdiction of formation" means the jurisdiction whose law  
39 includes the organic law of an entity.

1 (17) "Limited cooperative association" means a domestic limited  
2 cooperative association formed under or subject to chapter 23.100 RCW  
3 or a foreign limited cooperative association.

4 (18) "Limited liability company" means a domestic limited  
5 liability company formed under or subject to chapter 25.15 RCW or a  
6 foreign limited liability company.

7 (19) "Limited liability limited partnership" means a domestic  
8 limited liability limited partnership formed under or subject to  
9 chapter 25.10 RCW or a foreign limited liability limited partnership.

10 (20) "Limited liability partnership" means a domestic limited  
11 liability partnership registered under or subject to chapter 25.05  
12 RCW or a foreign limited liability partnership.

13 (21) "Limited partnership" means a domestic limited partnership  
14 formed under or subject to chapter 25.10 RCW or a foreign limited  
15 partnership. "Limited partnership" includes a limited liability  
16 limited partnership.

17 (22) "Noncommercial registered agent" means a person that is not  
18 a commercial registered agent and is:

19 (a) An individual or domestic or foreign entity that serves in  
20 this state as the registered agent of an entity;

21 (b) An individual who holds the office or other position in an  
22 entity which is designated as the registered agent pursuant to RCW  
23 23.95.415(1)(b)(ii); or

24 (c) A government, governmental subdivision, agency, or  
25 instrumentality, or a separate legal entity comprised of two or more  
26 of these entities, that serves as the registered agent of an entity.

27 (23) "Nonprofit corporation" means a domestic nonprofit  
28 corporation incorporated under or subject to chapter ~~((24.03))~~ 24.--  
29 (the new chapter created in section 6101 of this act) or 24.06 RCW or  
30 a foreign nonprofit corporation.

31 (24) "Nonregistered foreign entity" means a foreign entity that  
32 is not registered to do business in this state pursuant to a  
33 statement of registration filed by the secretary of state.

34 (25) "Organic law" means the law of an entity's jurisdiction of  
35 formation governing the internal affairs of the entity.

36 (26) "Organic rules" means the public organic record and private  
37 organic rules of an entity.

38 (27) "Person" means an individual, business corporation,  
39 nonprofit corporation, partnership, limited partnership, limited  
40 liability company, general cooperative association, limited

1 cooperative association, unincorporated nonprofit association,  
2 statutory trust, business trust, common-law business trust, estate,  
3 trust, association, joint venture, public corporation, government or  
4 governmental subdivision, agency, or instrumentality, or any other  
5 legal or commercial entity.

6 (28) "Principal office" means the principal executive office of  
7 an entity, whether or not the office is located in this state.

8 (29) "Private organic rules" means the rules, whether or not in a  
9 record, that govern the internal affairs of an entity, are binding on  
10 all its interest holders, and are not part of its public organic  
11 record, if any. "Private organic rules" includes:

12 (a) The bylaws of a business corporation and any agreement among  
13 shareholders pursuant to RCW 23B.07.320;

14 (b) The bylaws of a nonprofit corporation;

15 (c) The partnership agreement of a limited liability partnership;

16 (d) The partnership agreement of a limited partnership;

17 (e) The limited liability company agreement;

18 (f) The bylaws of a general cooperative association; and

19 (g) The bylaws of a limited cooperative association.

20 (30) "Proceeding" means civil suit and criminal, administrative,  
21 and investigatory action.

22 (31) "Property" means all property, whether real, personal, or  
23 mixed or tangible or intangible, or any right or interest therein.

24 (32) "Public organic record" means the record the filing of which  
25 by the secretary of state is required to form an entity and any  
26 amendment to or restatement of that record. The term includes:

27 (a) The articles of incorporation of a business corporation;

28 (b) The articles of incorporation of a nonprofit corporation;

29 (c) The certificate of limited partnership of a limited  
30 partnership;

31 (d) The certificate of formation of a limited liability company;

32 (e) The articles of incorporation of a general cooperative  
33 association;

34 (f) The articles of organization of a limited cooperative  
35 association; and

36 (g) The document under the laws of another jurisdiction that is  
37 equivalent to a document listed in this subsection.

38 (33) "Receipt," as used in this chapter, means actual receipt.  
39 "Receive" has a corresponding meaning.

1 (34) "Record" means information that is inscribed on a tangible  
2 medium or that is stored in an electronic or other medium and is  
3 retrievable in perceivable form.

4 (35) "Registered agent" means an agent of an entity which is  
5 authorized to receive service of any process, notice, or demand  
6 required or permitted by law to be served on the entity. The term  
7 includes a commercial registered agent and a noncommercial registered  
8 agent.

9 (36) "Registered foreign entity" means a foreign entity that is  
10 registered to do business in this state pursuant to a certificate of  
11 registration filed by the secretary of state.

12 (37) "State" means a state of the United States, the District of  
13 Columbia, Puerto Rico, the United States Virgin Islands, or any  
14 territory or insular possession subject to the jurisdiction of the  
15 United States.

16 (38) "Tangible medium" means a writing, copy of a writing,  
17 facsimile, or a physical reproduction, each on paper or on other  
18 tangible material.

19 (39) "Transfer" includes:

20 (a) An assignment;

21 (b) A conveyance;

22 (c) A sale;

23 (d) A lease;

24 (e) An encumbrance, including a mortgage or security interest;

25 (f) A change of record owner of interest;

26 (g) A gift; and

27 (h) A transfer by operation of law.

28 (40) "Type of entity" means a generic form of entity:

29 (a) Recognized at common law; or

30 (b) Formed under an organic law, whether or not some entities  
31 formed under that law are subject to provisions of that law that  
32 create different categories of the form of entity.

33 **Sec. 5209.** RCW 24.50.010 and 2011 c 310 s 1 are each amended to  
34 read as follows:

35 (1) Washington manufacturing services is organized as a private,  
36 nonprofit corporation in accordance with chapter (~~(24.03-RCW)~~) 24.--  
37 RCW (the new chapter created in section 6101 of this act) and this  
38 section. The mission of the corporation is to operate a modernization  
39 extension system, coordinate a network of public and private

1 modernization resources, and stimulate the competitiveness of small  
2 and midsize manufacturers in Washington.

3 (2) The corporation must be governed by a board of directors. A  
4 majority of the board of directors shall be representatives of small  
5 and medium-sized manufacturing firms and industry associations,  
6 networks, or consortia. The board must also include at least one  
7 member representing labor unions or labor councils and, as ex officio  
8 members, the director of the department of commerce, the executive  
9 director of the state board for community and technical colleges, and  
10 the director of the workforce training and education coordinating  
11 board, or their respective designees.

12 (3) The corporation may be known as impact Washington and may:

13 (a) Charge fees for services, make and execute contracts with any  
14 individual, corporation, association, public agency, or any other  
15 entity, and employ all other legal instruments necessary or  
16 convenient for the performance of its duties and the exercise of its  
17 powers and functions under this chapter; and

18 (b) Receive funds from federal, state, or local governments,  
19 private businesses, foundations, or any other source for purposes  
20 consistent with this chapter.

21 (4) The corporation must:

22 (a) Develop policies, plans, and programs to assist in the  
23 modernization of businesses in targeted sectors of Washington's  
24 economy and coordinate the delivery of modernization services;

25 (b) Provide information about the advantages of modernization and  
26 the modernization services available in the state to federal, state,  
27 and local economic development officials, state colleges and  
28 universities, and private providers;

29 (c) Collaborate with the Washington quality initiative in the  
30 development of manufacturing quality standards and quality  
31 certification programs;

32 (d) Collaborate with industry sector and cluster associations to  
33 inform import-impacted manufacturers about federal trade adjustment  
34 assistance funding;

35 (e) Serve as an information clearinghouse and provide access for  
36 users to the federal manufacturing extension partnership national  
37 research and information system; and

38 (f) Provide, either directly or through contracts, assistance to  
39 industry or cluster associations, networks, or consortia, that would  
40 be of value to their member firms in:

1 (i) Adopting advanced business management practices such as  
2 strategic planning and total quality management;

3 (ii) Developing mechanisms for interfirm collaboration and  
4 cooperation;

5 (iii) Appraising, purchasing, installing, and effectively using  
6 equipment, technologies, and processes that improve the quality of  
7 goods and services and the productivity of the firm;

8 (iv) Improving human resource systems and workforce training in a  
9 manner that moves firms toward flexible, high-performance work  
10 organizations;

11 (v) Developing new products;

12 (vi) Conducting market research, analysis, and development of new  
13 sales channels and export markets;

14 (vii) Improving processes to enhance environmental, health, and  
15 safety compliance; and

16 (viii) Improving credit, capital management, and business finance  
17 skills.

18 (5) Between thirty-five and sixty-five percent of the funds  
19 received by the corporation from the state must be used by the  
20 corporation for carrying out the duties under subsection (4)(f) of  
21 this section, consistent with the intent of RCW 24.50.005(2).

22 **Sec. 5210.** RCW 28A.710.010 and 2016 c 241 s 101 are each amended  
23 to read as follows:

24 The definitions in this section apply throughout this chapter  
25 unless the context clearly requires otherwise.

26 (1) "Applicant" means a nonprofit corporation that has submitted  
27 an application to an authorizer. The nonprofit corporation must be  
28 either a public benefit nonprofit corporation as defined in (~~RCW~~  
29 ~~24.03.490~~) section 1701 of this act, or a nonprofit corporation (~~as~~  
30 ~~defined in RCW 24.03.005~~) organized under chapter 24.-- RCW (the new  
31 chapter created in section 6101 of this act) that has applied for tax  
32 exempt status under section 501(c)(3) of the internal revenue code of  
33 1986 (26 U.S.C. Sec. 501(c)(3)). The nonprofit corporation may not be  
34 a sectarian or religious organization and must meet all of the  
35 requirements for a public benefit nonprofit corporation before  
36 receiving any funding under RCW 28A.710.220.

37 (2) "At-risk student" means a student who has an academic or  
38 economic disadvantage that requires assistance or special services to  
39 succeed in educational programs. The term includes, but is not



1 limited to, students who do not meet minimum standards of academic  
2 proficiency, students who are at risk of dropping out of high school,  
3 students in chronically low-performing schools, students with higher  
4 than average disciplinary sanctions, students with lower  
5 participation rates in advanced or gifted programs, students who are  
6 limited in English proficiency, students who are members of  
7 economically disadvantaged families, and students who are identified  
8 as having special educational needs.

9 (3) "Authorizer" means the commission established in RCW  
10 28A.710.070 or a school district approved under RCW 28A.710.090 to  
11 review, approve, or reject charter school applications; enter into,  
12 renew, or revoke charter contracts with applicants; and oversee the  
13 charter schools the entity has authorized.

14 (4) "Charter contract" means a fixed term, renewable contract  
15 between a charter school and an authorizer that outlines the roles,  
16 powers, responsibilities, and performance expectations for each party  
17 to the contract.

18 (5) "Charter school" or "charter public school" means a public  
19 school that is established in accordance with this chapter, governed  
20 by a charter school board, and operated according to the terms of a  
21 charter contract executed under this chapter.

22 (6) "Charter school board" means the board of directors appointed  
23 or selected under the terms of a charter application to manage and  
24 operate the charter school.

25 (7) "Commission" means the Washington state charter school  
26 commission established in RCW 28A.710.070.

27 (8) "Parent" means a parent, guardian, or other person or entity  
28 having legal custody of a child.

29 (9) "Student" means a child eligible to attend a public school in  
30 the state.

31 **Sec. 5211.** RCW 35.67.020 and 2003 c 394 s 1 are each amended to  
32 read as follows:

33 (1) Every city and town may construct, condemn and purchase,  
34 acquire, add to, maintain, conduct, and operate systems of sewerage  
35 and systems and plants for refuse collection and disposal together  
36 with additions, extensions, and betterments thereto, within and  
37 without its limits. Every city and town has full jurisdiction and  
38 authority to manage, regulate, and control them and, except as

1 provided in subsection (3) of this section, to fix, alter, regulate,  
2 and control the rates and charges for their use.

3 (2) Subject to subsection (3) of this section, the rates charged  
4 under this section must be uniform for the same class of customers or  
5 service and facilities furnished. In classifying customers served or  
6 service and facilities furnished by such system of sewerage, the city  
7 or town legislative body may in its discretion consider any or all of  
8 the following factors:

9 (a) The difference in cost of service and facilities to the  
10 various customers;

11 (b) The location of the various customers within and without the  
12 city or town;

13 (c) The difference in cost of maintenance, operation, repair, and  
14 replacement of the various parts of the system;

15 (d) The different character of the service and facilities  
16 furnished various customers;

17 (e) The quantity and quality of the sewage delivered and the time  
18 of its delivery;

19 (f) The achievement of water conservation goals and the  
20 discouragement of wasteful water use practices;

21 (g) Capital contributions made to the system, including but not  
22 limited to, assessments;

23 (h) The ((~~nonprofit~~)) public benefit nonprofit corporation  
24 status, as defined in ((~~RCW 24.03.490~~)) section 1701 of this act, of  
25 the land user; and

26 (i) Any other matters which present a reasonable difference as a  
27 ground for distinction.

28 (3) The rate a city or town may charge under this section for  
29 storm or surface water sewer systems or the portion of the rate  
30 allocable to the storm or surface water sewer system of combined  
31 sanitary sewage and storm or surface water sewer systems shall be  
32 reduced by a minimum of ten percent for any new or remodeled  
33 commercial building that utilizes a permissive rainwater harvesting  
34 system. Rainwater harvesting systems shall be properly sized to  
35 utilize the available roof surface of the building. The jurisdiction  
36 shall consider rate reductions in excess of ten percent dependent  
37 upon the amount of rainwater harvested.

38 (4) Rates or charges for on-site inspection and maintenance  
39 services may not be imposed under this chapter on the development,  
40 construction, or reconstruction of property.

1 (5) A city or town may provide assistance to aid low-income  
2 persons in connection with services provided under this chapter.

3 (6) Under this chapter, after July 1, 1998, any requirements for  
4 pumping the septic tank of an on-site sewage system should be based,  
5 among other things, on actual measurement of accumulation of sludge  
6 and scum by a trained inspector, trained owner's agent, or trained  
7 owner. Training must occur in a program approved by the state board  
8 of health or by a local health officer.

9 (7) Before adopting on-site inspection and maintenance utility  
10 services, or incorporating residences into an on-site inspection and  
11 maintenance or sewer utility under this chapter, notification must be  
12 provided, prior to the applicable public hearing, to all residences  
13 within the proposed service area that have on-site systems permitted  
14 by the local health officer. The notice must clearly state that the  
15 residence is within the proposed service area and must provide  
16 information on estimated rates or charges that may be imposed for the  
17 service.

18 (8) A city or town shall not provide on-site sewage system  
19 inspection, pumping services, or other maintenance or repair services  
20 under this section using city or town employees unless the on-site  
21 system is connected by a publicly owned collection system to the city  
22 or town's sewerage system, and the on-site system represents the  
23 first step in the sewage disposal process. Nothing in this section  
24 shall affect the authority of state or local health officers to carry  
25 out their responsibilities under any other applicable law.

26 **Sec. 5212.** RCW 35.67.190 and 1995 c 124 s 4 are each amended to  
27 read as follows:

28 (1) The legislative body of such city or town may provide by  
29 ordinance for revenues by fixing rates and charges for the furnishing  
30 of service to those served by its system of sewerage or system for  
31 refuse collection and disposal, which rates and charges shall be  
32 uniform for the same class of customer or service. In classifying  
33 customers served or service furnished by such system of sewerage, the  
34 city or town legislative body may in its discretion consider any or  
35 all of the following factors: ~~((1))~~ (a) The difference in cost of  
36 service to the various customers; ~~((2))~~ (b) the location of the  
37 various customers within and without the city or town; ~~((3))~~ (c)  
38 the difference in cost of maintenance, operation, repair, and  
39 replacement of the various parts of the system; ~~((4))~~ (d) the

1 different character of the service furnished various customers;  
2 ~~((5))~~ (e) the quantity and quality of the sewage delivered and the  
3 time of its delivery; ~~((6))~~ (f) capital contributions made to the  
4 system, including but not limited to, assessments; ~~((7))~~ (g) the  
5 ~~((nonprofit))~~ public benefit nonprofit corporation status, as defined  
6 in ~~((RCW 24.03.490))~~ section 1701 of this act, of the land user; and  
7 ~~((8))~~ (h) any other matters which present a reasonable difference  
8 as a ground for distinction.

9 (2) If special indebtedness bonds or warrants are issued against  
10 the revenues, the legislative body shall by ordinance fix charges at  
11 rates which will be sufficient to take care of the costs of  
12 maintenance and operation, bond and warrant principal and interest,  
13 sinking fund requirements, and all other expenses necessary for  
14 efficient and proper operation of the system.

15 (3) All property owners within the area served by such sewerage  
16 system shall be compelled to connect their private drains and sewers  
17 with such city or town system, under such penalty as the legislative  
18 body of such city or town may by ordinance direct. Such penalty may  
19 in the discretion of such legislative body be an amount equal to the  
20 charge that would be made for sewer service if the property was  
21 connected to such system. All penalties collected shall be considered  
22 revenue of the system.

23 **Sec. 5213.** RCW 35.92.020 and 2020 c 20 s 1014 are each amended  
24 to read as follows:

25 (1) A city or town may construct, condemn and purchase, purchase,  
26 acquire, add to, alter, maintain, and operate systems, plants, sites,  
27 or other facilities of sewerage as defined in RCW 35.67.010, or solid  
28 waste handling as defined by RCW 70A.205.015. A city or town shall  
29 have full authority to manage, regulate, operate, control, and,  
30 except as provided in subsection (3) of this section, to fix the  
31 price of service and facilities of those systems, plants, sites, or  
32 other facilities within and without the limits of the city or town.

33 (2) Subject to subsection (3) of this section, the rates charged  
34 shall be uniform for the same class of customers or service and  
35 facilities. In classifying customers served or service and facilities  
36 furnished by a system or systems of sewerage, the legislative  
37 authority of the city or town may in its discretion consider any or  
38 all of the following factors:

- 1 (a) The difference in cost of service and facilities to  
2 customers;
- 3 (b) The location of customers within and without the city or  
4 town;
- 5 (c) The difference in cost of maintenance, operation, repair, and  
6 replacement of the parts of the system;
- 7 (d) The different character of the service and facilities  
8 furnished to customers;
- 9 (e) The quantity and quality of the sewage delivered and the time  
10 of its delivery;
- 11 (f) Capital contributions made to the systems, plants, sites, or  
12 other facilities, including but not limited to, assessments;
- 13 (g) The ((~~nonprofit~~)) public benefit nonprofit corporation  
14 status, as defined in ((~~RCW 24.03.490~~)) section 1701 of this act, of  
15 the land user; and
- 16 (h) Any other factors that present a reasonable difference as a  
17 ground for distinction.
- 18 (3) The rate a city or town may charge under this section for  
19 storm or surface water sewer systems or the portion of the rate  
20 allocable to the storm or surface water sewer system of combined  
21 sanitary sewage and storm or surface water sewer systems shall be  
22 reduced by a minimum of ten percent for any new or remodeled  
23 commercial building that utilizes a permissive rainwater harvesting  
24 system. Rainwater harvesting systems shall be properly sized to  
25 utilize the available roof surface of the building. The jurisdiction  
26 shall consider rate reductions in excess of ten percent dependent  
27 upon the amount of rainwater harvested.
- 28 (4) Rates or charges for on-site inspection and maintenance  
29 services may not be imposed under this chapter on the development,  
30 construction, or reconstruction of property.
- 31 (5) A city or town may provide assistance to aid low-income  
32 persons in connection with services provided under this chapter.
- 33 (6) Under this chapter, after July 1, 1998, any requirements for  
34 pumping the septic tank of an on-site sewage system should be based,  
35 among other things, on actual measurement of accumulation of sludge  
36 and scum by a trained inspector, trained owner's agent, or trained  
37 owner. Training must occur in a program approved by the state board  
38 of health or by a local health officer.
- 39 (7) Before adopting on-site inspection and maintenance utility  
40 services, or incorporating residences into an on-site inspection and

1 maintenance or sewer utility under this chapter, notification must be  
2 provided, prior to the applicable public hearing, to all residences  
3 within the proposed service area that have on-site systems permitted  
4 by the local health officer. The notice must clearly state that the  
5 residence is within the proposed service area and must provide  
6 information on estimated rates or charges that may be imposed for the  
7 service.

8 (8) A city or town shall not provide on-site sewage system  
9 inspection, pumping services, or other maintenance or repair services  
10 under this section using city or town employees unless the on-site  
11 system is connected by a publicly owned collection system to the city  
12 or town's sewerage system, and the on-site system represents the  
13 first step in the sewage disposal process. Nothing in this section  
14 shall affect the authority of state or local health officers to carry  
15 out their responsibilities under any other applicable law.

16 **Sec. 5214.** RCW 36.89.080 and 2003 c 394 s 3 are each amended to  
17 read as follows:

18 (1) Subject to subsections (2) and (3) of this section, any  
19 county legislative authority may provide by resolution for revenues  
20 by fixing rates and charges for the furnishing of service to those  
21 served or receiving benefits or to be served or to receive benefits  
22 from any stormwater control facility or contributing to an increase  
23 of surface water runoff. In fixing rates and charges, the county  
24 legislative authority may in its discretion consider:

25 (a) Services furnished or to be furnished;

26 (b) Benefits received or to be received;

27 (c) The character and use of land or its water runoff  
28 characteristics;

29 (d) The ~~((nonprofit))~~ public benefit nonprofit corporation  
30 status, as defined in ~~((RCW 24.03.490))~~ section 1701 of this act, of  
31 the land user;

32 (e) Income level of persons served or provided benefits under  
33 this chapter, including senior citizens and ~~((disabled persons))~~  
34 individuals with disabilities; or

35 (f) Any other matters which present a reasonable difference as a  
36 ground for distinction.

37 (2) The rate a county may charge under this section for  
38 stormwater control facilities shall be reduced by a minimum of ten  
39 percent for any new or remodeled commercial building that utilizes a

1 permissive rainwater harvesting system. Rainwater harvesting systems  
2 shall be properly sized to utilize the available roof surface of the  
3 building. The jurisdiction shall consider rate reductions in excess  
4 of ten percent dependent upon the amount of rainwater harvested.

5 (3) Rates and charges authorized under this section may not be  
6 imposed on lands taxed as forestland under chapter 84.33 RCW or as  
7 timberland under chapter 84.34 RCW.

8 (4) The service charges and rates collected shall be deposited in  
9 a special fund or funds in the county treasury to be used only for  
10 the purpose of paying all or any part of the cost and expense of  
11 maintaining and operating stormwater control facilities, all or any  
12 part of the cost and expense of planning, designing, establishing,  
13 acquiring, developing, constructing and improving any of such  
14 facilities, or to pay or secure the payment of all or any portion of  
15 any issue of general obligation or revenue bonds issued for such  
16 purpose.

17 **Sec. 5215.** RCW 36.94.140 and 2005 c 324 s 2 are each amended to  
18 read as follows:

19 (1) Every county, in the operation of a system of sewerage and/or  
20 water, shall have full jurisdiction and authority to manage,  
21 regulate, and control it. Except as provided in subsection (3) of  
22 this section, every county shall have full jurisdiction and authority  
23 to fix, alter, regulate, and control the rates and charges for the  
24 service and facilities to those to whom such service and facilities  
25 are available, and to levy charges for connection to the system.

26 (2) The rates for availability of service and facilities, and  
27 connection charges so charged must be uniform for the same class of  
28 customers or service and facility. In classifying customers served,  
29 service furnished or made available by such system of sewerage and/or  
30 water, or the connection charges, the county legislative authority  
31 may consider any or all of the following factors:

32 (a) The difference in cost of service to the various customers  
33 within or without the area;

34 (b) The difference in cost of maintenance, operation, repair and  
35 replacement of the various parts of the systems;

36 (c) The different character of the service and facilities  
37 furnished various customers;

38 (d) The quantity and quality of the sewage and/or water delivered  
39 and the time of its delivery;

1 (e) Capital contributions made to the system or systems,  
2 including, but not limited to, assessments;

3 (f) The cost of acquiring the system or portions of the system in  
4 making system improvements necessary for the public health and  
5 safety;

6 (g) The ((nonprofit)) public benefit nonprofit corporation  
7 status, as defined in ((RCW 24.03.490)) section 1701 of this act, of  
8 the land user; and

9 (h) Any other matters which present a reasonable difference as a  
10 ground for distinction.

11 (3) The rate a county may charge under this section for storm or  
12 surface water sewer systems or the portion of the rate allocable to  
13 the storm or surface water sewer system of combined sanitary sewage  
14 and storm or surface water sewer systems shall be reduced by a  
15 minimum of ten percent for any new or remodeled commercial building  
16 that utilizes a permissive rainwater harvesting system. Rainwater  
17 harvesting systems shall be properly sized to utilize the available  
18 roof surface of the building. The jurisdiction shall consider rate  
19 reductions in excess of ten percent dependent upon the amount of  
20 rainwater harvested.

21 (4) A county may provide assistance to aid low-income persons in  
22 connection with services provided under this chapter.

23 (5) The service charges and rates shall produce revenues  
24 sufficient to take care of the costs of maintenance and operation,  
25 revenue bond and warrant interest and principal amortization  
26 requirements, and all other charges necessary for the efficient and  
27 proper operation of the system.

28 (6) A connection charge under this section for service to a  
29 manufactured housing community, as defined in RCW 59.20.030, applies  
30 to an individual lot within that community only if the system of  
31 water or sewerage provides and maintains the connection.

32 **Sec. 5216.** RCW 39.34.030 and 2019 c 91 s 1 are each amended to  
33 read as follows:

34 (1) Any power or powers, privileges or authority exercised or  
35 capable of exercise by a public agency of this state may be exercised  
36 and enjoyed jointly with any other public agency of this state having  
37 the power or powers, privilege or authority, and jointly with any  
38 public agency of any other state or of the United States to the  
39 extent that laws of such other state or of the United States permit



1 such joint exercise or enjoyment. Any agency of the state government  
2 when acting jointly with any public agency may exercise and enjoy all  
3 of the powers, privileges and authority conferred by this chapter  
4 upon a public agency.

5 (2) Any two or more public agencies may enter into agreements  
6 with one another for joint or cooperative action pursuant to the  
7 provisions of this chapter, except that any such joint or cooperative  
8 action by public agencies which are educational service districts  
9 and/or school districts shall comply with the provisions of RCW  
10 28A.320.080. Appropriate action by ordinance, resolution or otherwise  
11 pursuant to law of the governing bodies of the participating public  
12 agencies shall be necessary before any such agreement may enter into  
13 force.

14 (3) Any such agreement shall specify the following:

15 (a) Its duration;

16 (b) The precise organization, composition and nature of any  
17 separate legal or administrative entity created thereby together with  
18 the powers delegated thereto, provided such entity may be legally  
19 created. Such entity may include a nonprofit corporation organized  
20 pursuant to chapter ~~((24.03))~~ 24.-- (the new chapter created in  
21 section 6101 of this act) or 24.06 RCW whose membership is limited  
22 solely to the participating public agencies or a partnership  
23 organized pursuant to chapter 25.04 or 25.05 RCW whose partners are  
24 limited solely to participating public agencies, or a limited  
25 liability company organized under chapter 25.15 RCW whose membership  
26 is limited solely to participating public agencies, and the funds of  
27 any such corporation, partnership, or limited liability company shall  
28 be subject to audit in the manner provided by law for the auditing of  
29 public funds;

30 (c) Its purpose or purposes;

31 (d) The manner of financing the joint or cooperative undertaking  
32 and of establishing and maintaining a budget therefor;

33 (e) The permissible method or methods to be employed in  
34 accomplishing the partial or complete termination of the agreement  
35 and for disposing of property upon such partial or complete  
36 termination; and

37 (f) Any other necessary and proper matters.

38 (4) In the event that the agreement does not establish a separate  
39 legal entity to conduct the joint or cooperative undertaking, the  
40 agreement shall contain, in addition to provisions specified in

1 subsection (3)(a), (c), (d), (e), and (f) of this section, the  
2 following:

3 (a) Provision for an administrator or a joint board responsible  
4 for administering the joint or cooperative undertaking. In the case  
5 of a joint board, public agencies that are party to the agreement  
6 shall be represented; and

7 (b) The manner of acquiring, holding and disposing of real and  
8 personal property used in the joint or cooperative undertaking. Any  
9 joint board is authorized to establish a special fund with a state,  
10 county, city, or district treasurer servicing an involved public  
11 agency designated "Operating fund of . . . . . joint board."

12 (5) No agreement made pursuant to this chapter relieves any  
13 public agency of any obligation or responsibility imposed upon it by  
14 law except that:

15 (a) To the extent of actual and timely performance thereof by a  
16 joint board or other legal or administrative entity created by an  
17 agreement made pursuant to this chapter, the performance may be  
18 offered in satisfaction of the obligation or responsibility; and

19 (b) With respect to one or more public agencies purchasing or  
20 otherwise contracting through a bid, proposal, or contract awarded by  
21 another public agency or by a group of public agencies, any  
22 obligation with respect to competitive bids or proposals that applies  
23 to the public agencies involved is satisfied if the public agency or  
24 group of public agencies that awarded the bid, proposal, or contract  
25 complied with its own statutory requirements and either (i) posted  
26 the bid or solicitation notice on a web site established and  
27 maintained by a public agency, purchasing cooperative, or similar  
28 service provider, for purposes of posting public notice of bid or  
29 proposal solicitations, or (ii) provided an access link on the  
30 state's web portal to the notice.

31 (6)(a) Any two or more public agencies may enter into a contract  
32 providing for the joint utilization of architectural or engineering  
33 services if:

34 (i) The agency contracting with the architectural or engineering  
35 firm complies with the requirements for contracting for such services  
36 under chapter 39.80 RCW; and

37 (ii) The services to be provided to the other agency or agencies  
38 are related to, and within the general scope of, the services the  
39 architectural or engineering firm was selected to perform.

1 (b) Any agreement providing for the joint utilization of  
2 architectural or engineering services under this subsection must be  
3 executed for a scope of work specifically detailed in the agreement  
4 and must be entered into prior to commencement of procurement of such  
5 services under chapter 39.80 RCW.

6 (7) Financing of joint projects by agreement shall be as provided  
7 by law.

8 **Sec. 5217.** RCW 39.34.055 and 2011 1st sp.s. c 43 s 246 are each  
9 amended to read as follows:

10 The department of enterprise services may enter into an agreement  
11 with a public benefit nonprofit corporation to allow the public  
12 benefit nonprofit corporation to participate in state contracts for  
13 purchases administered by the department. Such agreement must comply  
14 with the requirements of RCW 39.34.030 through 39.34.050. For the  
15 purposes of this section "public benefit nonprofit corporation" means  
16 a public benefit nonprofit corporation as defined in ((RCW  
17 ~~24.03.005~~)) section 1701 of this act that is receiving local, state,  
18 or federal funds either directly or through a public agency other  
19 than an Indian tribe or a political subdivision of another state.

20 **Sec. 5218.** RCW 41.04.382 and 1993 c 194 s 4 are each amended to  
21 read as follows:

22 In order to qualify for services under RCW 41.04.380, state  
23 employee child care organizations shall be organized as nonprofit  
24 under chapter ((~~24.03~~ RCW)) 24.-- RCW (the new chapter created in  
25 section 6101 of this act).

26 **Sec. 5219.** RCW 43.06.335 and 2004 c 245 s 1 are each amended to  
27 read as follows:

28 (1) The Washington quality award council shall be organized as a  
29 private, nonprofit corporation, in accordance with chapter ((~~24.03~~  
30 ~~RCW~~)) 24.-- RCW (the new chapter created in section 6101 of this act)  
31 and this section.

32 (2) The council shall oversee the governor's Washington state  
33 quality award program. The purpose of the program is to improve the  
34 overall competitiveness of the state's economy by stimulating  
35 Washington state industries, business, and organizations to bring  
36 about measurable success through setting standards of organizational  
37 excellence, encouraging organizational self-assessment, identifying

1 successful organizations as role models, and providing a valuable  
2 mechanism for promoting and strengthening a commitment to continuous  
3 quality improvement in all sectors of the state's economy. The  
4 governor shall annually present the award to organizations that  
5 improve the quality of their products and services and are noteworthy  
6 examples of high-performing work organizations, as determined by the  
7 council in consultation with the governor or appointed  
8 representative.

9 (3) The governor shall appoint a representative to serve on the  
10 board of directors of the council.

11 (4) The council shall establish a board of examiners, a  
12 recognition committee, and such other committees or subgroups as it  
13 deems appropriate to carry out its responsibilities.

14 (5) The council may conduct such public information, research,  
15 education, and assistance programs as it deems appropriate to further  
16 quality improvement in organizations operating in the state of  
17 Washington.

18 (6) The council shall:

19 (a) Approve and announce award recipients;

20 (b) Approve guidelines to examine applicant organizations;

21 (c) Approve appointment of board of examiners; and

22 (d) Arrange appropriate annual awards and recognition for  
23 recipients.

24 **Sec. 5220.** RCW 43.07.120 and 2019 c 132 s 3 are each amended to  
25 read as follows:

26 (1) The secretary of state must establish by rule and collect the  
27 fees in this subsection:

28 (a) For a copy of any law, resolution, record, or other document  
29 or paper on file in the secretary's office;

30 (b) For any certificate under seal;

31 (c) For filing and recording trademark;

32 (d) For each deed or patent of land issued by the governor;

33 (e) For recording miscellaneous records, papers, or other  
34 documents.

35 (2) The secretary of state may adopt rules under chapter 34.05  
36 RCW establishing reasonable fees for the following services rendered  
37 under chapter 23.95 RCW, Title 23B RCW, chapter 18.100, 19.09, 19.77,  
38 23.86, 23.90, (~~24.03~~) 24.-- (the new chapter created in section

1 6101 of this act), 24.06, 24.12, 24.20, 24.24, 24.28, 24.36, 25.04,  
2 25.15, 25.10, 25.05, or 26.60 RCW:

3 (a) Any service rendered in-person at the secretary of state's  
4 office;

5 (b) Any expedited service;

6 (c) The electronic or facsimile transmittal of information from  
7 corporation records or copies of documents;

8 (d) The providing of information by micrographic or other  
9 reduced-format compilation;

10 (e) The handling of checks, drafts, or credit or debit cards upon  
11 adoption of rules authorizing their use for which sufficient funds  
12 are not on deposit; and

13 (f) Special search charges.

14 (3) To facilitate the collection of fees, the secretary of state  
15 may establish accounts for deposits by persons who may frequently be  
16 assessed such fees to pay the fees as they are assessed. The  
17 secretary of state may make whatever arrangements with those persons  
18 as may be necessary to carry out this section.

19 (4) The secretary of state may adopt rules for the use of credit  
20 or debit cards for payment of fees.

21 (5) No member of the legislature, state officer, justice of the  
22 supreme court, judge of the court of appeals, or judge of the  
23 superior court may be charged for any search relative to matters  
24 pertaining to the duties of his or her office; nor may such official  
25 be charged for a certified copy of any law or resolution passed by  
26 the legislature relative to his or her official duties, if such law  
27 has not been published as a state law.

28 **Sec. 5221.** RCW 43.07.190 and 2016 c 202 s 62 are each amended to  
29 read as follows:

30 Where the secretary of state determines that a summary face sheet  
31 or cover sheet would expedite review of any documents made under  
32 Title 23B RCW, or chapter 18.100, 23.86, 23.90, (~~24.03~~) 24.-- (the  
33 new chapter created in section 6101 of this act), 24.06, 24.12,  
34 24.20, 24.24, 24.36, 25.10, or 25.15 RCW, the secretary of state may  
35 require the use of a summary face sheet or cover sheet that  
36 accurately reflects the contents of the attached document. The  
37 secretary of state may, by rule adopted under chapter 34.05 RCW,  
38 specify the required contents of any summary face sheet and the type  
39 of document or documents in which the summary face sheet will be

1 required, in addition to any other filing requirements which may be  
2 applicable.

3 **Sec. 5222.** RCW 43.15.030 and 2020 c 114 s 18 are each amended to  
4 read as follows:

5 (1) The Washington state leadership board is organized as a  
6 private, nonprofit, nonpartisan corporation in accordance with  
7 chapter ((24.03 RCW)) 24.-- RCW (the new chapter created in section  
8 6101 of this act) and this section.

9 (2) The purpose of the Washington state leadership board is to:

10 (a) Provide the state a means of extending formal recognition for  
11 an individual's outstanding services to the state;

12 (b) Bring together those individuals to serve the state as  
13 ambassadors of trade, tourism, and international goodwill; and

14 (c) Expand educational, sports, leadership, and/or employment  
15 opportunities for youth, veterans, and people with disabilities in  
16 Washington state.

17 (3) The Washington state leadership board may conduct activities  
18 in support of their mission.

19 (4) The Washington state leadership board is governed by a board  
20 of directors. The board of directors is composed of the governor, the  
21 lieutenant governor, and the secretary of state, who serve as ex  
22 officio, nonvoting members, and other officers and members as the  
23 Washington state leadership board designates. In addition, four  
24 legislators may be appointed to the board of directors as ex officio  
25 members in the following manner: One legislator from each of the two  
26 largest caucuses of the senate, appointed by the president of the  
27 senate, and one legislator from each of the two largest caucuses of  
28 the house of representatives, appointed by the speaker of the house  
29 of representatives.

30 (5) The board of directors shall adopt bylaws and establish  
31 governance and transparency policies.

32 (6) The lieutenant governor's office may provide technical and  
33 financial assistance for the Washington state leadership board, where  
34 the work of the board aligns with the mission of the office.  
35 Assistance from the lieutenant governor's office may include, but is  
36 not limited to:

37 (a) Collaboration with the Washington state leadership board on  
38 the Washington world fellows program, a college readiness and study

1 abroad fellowship administered by the office of the lieutenant  
2 governor;

3 (b) Beginning January 1, 2019, collaboration with the Washington  
4 state leadership board to administer the sports mentoring program as  
5 established under RCW 43.15.100, a mentoring program to encourage  
6 underserved youth to join sports or otherwise participate in the area  
7 of sports. If approved by the board, boundless Washington, an outdoor  
8 leadership program for young people with disabilities, shall satisfy  
9 the terms of the sports mentoring program; and

10 (c) The compilation of a yearly financial report, which shall be  
11 made available to the legislature no later than January 15th of each  
12 year, detailing all revenues and expenditures associated with the  
13 Washington world fellows program and the sports mentoring program.  
14 Any expenditures made by the Washington state leadership board in  
15 support of the Washington world fellows program and the sports  
16 mentoring program shall be made available to the office of the  
17 lieutenant governor for the purpose of inclusion in the annual  
18 financial report.

19 (7) The legislature may make appropriations in support of the  
20 Washington state leadership board subject to the availability of  
21 funds.

22 (8) The office of the lieutenant governor must post on its web  
23 site detailed information on all funds received by the Washington  
24 state leadership board and all expenditures by the Washington state  
25 leadership board.

26 **Sec. 5223.** RCW 43.105.020 and 2017 c 92 s 2 are each amended to  
27 read as follows:

28 The definitions in this section apply throughout this chapter  
29 unless the context clearly requires otherwise.

- 30 (1) "Agency" means the consolidated technology services agency.  
31 (2) "Board" means the technology services board.  
32 (3) "Customer agencies" means all entities that purchase or use  
33 information technology resources, telecommunications, or services  
34 from the consolidated technology services agency.  
35 (4) "Director" means the state chief information officer, who is  
36 the director of the consolidated technology services agency.  
37 (5) "Enterprise architecture" means an ongoing activity for  
38 translating business vision and strategy into effective enterprise  
39 change. It is a continuous activity. Enterprise architecture creates,

1 communicates, and improves the key principles and models that  
2 describe the enterprise's future state and enable its evolution.

3 (6) "Equipment" means the machines, devices, and transmission  
4 facilities used in information processing, including but not limited  
5 to computers, terminals, telephones, wireless communications system  
6 facilities, cables, and any physical facility necessary for the  
7 operation of such equipment.

8 (7) "Information" includes, but is not limited to, data, text,  
9 voice, and video.

10 (8) "Information security" means the protection of communication  
11 and information resources from unauthorized access, use, disclosure,  
12 disruption, modification, or destruction in order to:

13 (a) Prevent improper information modification or destruction;

14 (b) Preserve authorized restrictions on information access and  
15 disclosure;

16 (c) Ensure timely and reliable access to and use of information;  
17 and

18 (d) Maintain the confidentiality, integrity, and availability of  
19 information.

20 (9) "Information technology" includes, but is not limited to, all  
21 electronic technology systems and services, automated information  
22 handling, system design and analysis, conversion of data, computer  
23 programming, information storage and retrieval, telecommunications,  
24 requisite system controls, simulation, electronic commerce, radio  
25 technologies, and all related interactions between people and  
26 machines.

27 (10) "Information technology portfolio" or "portfolio" means a  
28 strategic management process documenting relationships between agency  
29 missions and information technology and telecommunications  
30 investments.

31 (11) "K-20 network" means the network established in RCW  
32 43.41.391.

33 (12) "Local governments" includes all municipal and quasi-  
34 municipal corporations and political subdivisions, and all agencies  
35 of such corporations and subdivisions authorized to contract  
36 separately.

37 (13) "Office" means the office of the state chief information  
38 officer within the consolidated technology services agency.



1 (14) "Oversight" means a process of comprehensive risk analysis  
2 and management designed to ensure optimum use of information  
3 technology resources and telecommunications.

4 (15) "Proprietary software" means that software offered for sale  
5 or license.

6 (16) "Public agency" means any agency of this state or another  
7 state; any political subdivision or unit of local government of this  
8 state or another state including, but not limited to, municipal  
9 corporations, quasi-municipal corporations, special purpose  
10 districts, and local service districts; any public benefit nonprofit  
11 corporation; any agency of the United States; and any Indian tribe  
12 recognized as such by the federal government.

13 (17) "Public benefit nonprofit corporation" means a public  
14 benefit nonprofit corporation as defined in ((RCW 24.03.005)) section  
15 1701 of this act that is receiving local, state, or federal funds  
16 either directly or through a public agency other than an Indian tribe  
17 or political subdivision of another state.

18 (18) "Public record" has the definitions in RCW 42.56.010 and  
19 chapter 40.14 RCW and includes legislative records and court records  
20 that are available for public inspection.

21 (19) "Public safety" refers to any entity or services that ensure  
22 the welfare and protection of the public.

23 (20) "Security incident" means an accidental or deliberative  
24 event that results in or constitutes an imminent threat of the  
25 unauthorized access, loss, disclosure, modification, disruption, or  
26 destruction of communication and information resources.

27 (21) "State agency" means every state office, department,  
28 division, bureau, board, commission, or other state agency, including  
29 offices headed by a statewide elected official.

30 (22) "Telecommunications" includes, but is not limited to,  
31 wireless or wired systems for transport of voice, video, and data  
32 communications, network systems, requisite facilities, equipment,  
33 system controls, simulation, electronic commerce, and all related  
34 interactions between people and machines.

35 (23) "Utility-based infrastructure services" includes personal  
36 computer and portable device support, servers and server  
37 administration, security administration, network administration,  
38 telephony, email, and other information technology services commonly  
39 used by state agencies.

1       **Sec. 5224.** RCW 43.210.020 and 1998 c 109 s 1 are each amended to  
2 read as follows:

3       A nonprofit corporation, to be known as the small business export  
4 finance assistance center, and branches subject to its authority, may  
5 be formed under chapter (~~(24.03 RCW)~~) 24.-- RCW (the new chapter  
6 created in section 6101 of this act) for the following public  
7 purposes:

8       (1) To assist small and medium-sized businesses in both urban and  
9 rural areas in the financing of export transactions.

10       (2) To provide, singly or in conjunction with other  
11 organizations, information and assistance to these businesses about  
12 export opportunities and financing alternatives.

13       **Sec. 5225.** RCW 43.210.040 and 2010 c 166 s 1 are each amended to  
14 read as follows:

15       (1) The small business export finance assistance center formed  
16 under RCW 43.210.020 and 43.210.030 has the powers granted under  
17 chapter (~~(24.03 RCW)~~) 24.-- RCW (the new chapter created in section  
18 6101 of this act). In exercising such powers, the center may:

19       (a) Solicit and accept grants, contributions, and any other  
20 financial assistance from the federal government, federal agencies,  
21 and any other sources to carry out its purposes;

22       (b) Make loans or provide loan guarantees on loans made by  
23 financial institutions to Washington businesses with annual sales of  
24 two hundred million dollars or less for the purpose of financing  
25 exports of goods or services by those businesses to buyers in foreign  
26 countries and for the purpose of financing business growth to  
27 accommodate increased export sales. Loans or loan guarantees made  
28 under the authority of this section may only be considered upon a  
29 financial institution's assurance that such loan or loan guarantee is  
30 otherwise not available;

31       (c) Provide assistance to businesses with annual sales of two  
32 hundred million dollars or less in obtaining loans and guarantees of  
33 loans made by financial institutions for the purpose of financing  
34 export of goods or services from the state of Washington;

35       (d) Provide export finance and risk mitigation counseling to  
36 Washington exporters with annual sales of two hundred million dollars  
37 or less, provided that such counseling is not practicably available  
38 from a Washington for-profit business. For such counseling, the  
39 center may charge reasonable fees as it determines are necessary;

1 (e) Provide assistance in obtaining export credit insurance or  
2 alternate forms of foreign risk mitigation to facilitate the export  
3 of goods and services from the state of Washington;

4 (f) Be available as a teaching resource to both public and  
5 private sponsors of workshops and programs relating to the financing  
6 and risk mitigation aspects of exporting products and services from  
7 the state of Washington;

8 (g) Develop a comprehensive inventory of export-financing  
9 resources, both public and private, including information on resource  
10 applicability to specific countries and payment terms;

11 (h) Contract with the federal government and its agencies to  
12 become a program administrator for federally provided loan guarantee  
13 and export credit insurance programs; and

14 (i) Take whatever action may be necessary to accomplish the  
15 purposes set forth in this chapter.

16 (2) The center may not use any Washington state funds or funds  
17 which come from the public treasury of the state of Washington to  
18 make loans or to make any payment under a loan guarantee agreement.  
19 Under no circumstances may the center use any funds received under  
20 RCW 43.210.050 to make or assist in making any loan or to pay or  
21 assist in paying any amount under a loan guarantee agreement. Debts  
22 of the center shall be center debts only and may be satisfied only  
23 from the resources of the center. The state of Washington shall not  
24 in any way be liable for such debts.

25 (3) The small business export finance assistance center shall  
26 make every effort to seek nonstate funds for its continued operation.

27 (4) The small business export finance assistance center may  
28 receive such gifts, grants, and endowments from public or private  
29 sources as may be made from time to time, in trust or otherwise, for  
30 the use and benefit of the purposes of the small business export  
31 finance assistance center and expend the same or any income therefrom  
32 according to the terms of the gifts, grants, or endowments.

33 **Sec. 5226.** RCW 43.330.135 and 2009 c 565 s 8 are each amended to  
34 read as follows:

35 (1) The department of commerce shall distribute such funds as are  
36 appropriated for the statewide technical support, development, and  
37 enhancement of court-appointed special advocate programs.

38 (2) In order to receive money under subsection (1) of this  
39 section, an organization providing statewide technical support,

1 development, and enhancement of court-appointed special advocate  
2 programs must meet all of the following requirements:

3 (a) The organization must provide statewide support, development,  
4 and enhancement of court-appointed special advocate programs that  
5 offer guardian ad litem services as provided in RCW 26.12.175,  
6 26.44.053, and 13.34.100;

7 (b) All guardians ad litem working under court-appointed special  
8 advocate programs supported, developed, or enhanced by the  
9 organization must be volunteers and may not receive payment for  
10 services rendered pursuant to the program. The organization may  
11 include paid positions that are exclusively administrative in nature,  
12 in keeping with the scope and purpose of this section; and

13 (c) The organization providing statewide technical support,  
14 development, and enhancement of court-appointed special advocate  
15 programs must be a public benefit nonprofit corporation as defined in  
16 (~~RCW 24.03.490~~) section 1701 of this act.

17 (3) If more than one organization is eligible to receive money  
18 under this section, the department shall develop criteria for  
19 allocation of appropriated money among the eligible organizations.

20 **Sec. 5227.** RCW 46.19.020 and 2017 c 151 s 1 are each amended to  
21 read as follows:

22 (1) The following organizations may apply for special parking  
23 privileges:

24 (a) Public transportation authorities;

25 (b) Nursing homes licensed under chapter 18.51 RCW;

26 (c) Assisted living facilities licensed under chapter 18.20 RCW;

27 (d) Senior citizen centers;

28 (e) Accessible van rental companies registered with the  
29 department;

30 (f) Private nonprofit corporations (~~(, as defined in RCW~~  
31 ~~24.03.005)~~) organized under chapter 24.-- RCW (the new chapter  
32 created in section 6101 of this act);

33 (g) Cabulance companies that regularly transport persons with  
34 disabilities who have been determined eligible for special parking  
35 privileges under this section and who are registered with the  
36 department under chapter 46.72 RCW; and

37 (h) Companies that dispatch taxicab vehicles under chapter 81.72  
38 RCW or vehicles for hire under chapter 46.72 RCW, for such vehicles  
39 that are equipped with wheelchair accessible lifts or ramps for the

1 transport of persons with disabilities and that are regularly  
2 dispatched and used in the transport of such persons. However,  
3 qualifying vehicles under this subsection (1)(h) may utilize special  
4 parking privileges only while in service. For the purposes of this  
5 subsection (1)(h), "in service" means while in the process of picking  
6 up, transporting, or discharging a passenger.

7 (2) An organization that qualifies for special parking privileges  
8 may receive, upon application, special license plates or parking  
9 placards, or both, for persons with disabilities as defined by the  
10 department.

11 (3) An organization that qualifies for special parking privileges  
12 under subsection (1) of this section and receives parking placards or  
13 special license plates under subsection (2) of this section is  
14 responsible for ensuring that the parking placards and special  
15 license plates are not used improperly and is responsible for all  
16 fines and penalties for improper use.

17 (4) The department shall adopt rules to determine organization  
18 eligibility.

19 **Sec. 5228.** RCW 48.30.135 and 2015 c 272 s 4 are each amended to  
20 read as follows:

21 (1) An insurance producer may sponsor events for, or make  
22 contributions to a bona fide charitable or nonprofit organization, if  
23 the sponsorship or contribution is not conditioned upon the  
24 organization applying for or obtaining insurance through the  
25 insurance producer.

26 (2) For purposes of this section, a bona fide charitable or  
27 nonprofit organization is:

28 (a) Any nonprofit corporation duly existing under the provisions  
29 of chapter (~~(24.03—RCW)~~) 24.-- RCW (the new chapter created in  
30 section 6101 of this act) for charitable, benevolent, eleemosynary,  
31 educational, civic, patriotic, political, social, fraternal,  
32 cultural, athletic, scientific, agricultural, or horticultural  
33 purposes;

34 (b) Any professional, commercial, industrial, or trade  
35 association;

36 (c) Any organization duly existing under the provisions of  
37 chapter 24.12, 24.20, or 24.28 RCW;

38 (d) Any agricultural fair authorized under the provisions of  
39 chapter 15.76 or 36.37 RCW; or

1 (e) Any nonprofit organization, whether incorporated or  
2 otherwise, when determined by the commissioner to be organized and  
3 operated for one or more of the purposes described in (a) through (d)  
4 of this subsection.

5 (3) RCW 48.30.140 and 48.30.150 do not apply to sponsorships or  
6 charitable contributions that are provided or given in compliance  
7 with subsection (1) of this section.

8 **Sec. 5229.** RCW 48.62.021 and 2015 c 109 s 2 are each reenacted  
9 and amended to read as follows:

10 Unless the context clearly requires otherwise, the definitions in  
11 this section apply throughout this chapter.

12 (1) "Health and welfare benefits" means a plan or program  
13 established by a local government entity or entities for the purpose  
14 of providing its employees and their dependents, and in the case of  
15 school districts, its district employees, students, directors, or any  
16 of their dependents, with health care, accident, disability, death,  
17 and salary protection benefits.

18 (2) "Local government entity" or "entity" means every unit of  
19 local government, both general purpose and special purpose, and  
20 includes, but is not limited to, counties, cities, towns, port  
21 districts, public utility districts, water-sewer districts, school  
22 districts, fire protection districts, irrigation districts,  
23 metropolitan municipal corporations, conservation districts, and  
24 other political subdivisions, governmental subdivisions, municipal  
25 corporations, quasi-municipal corporations, nonprofit corporations  
26 comprised of only units of local government, or a group comprised of  
27 local governments joined by an interlocal agreement authorized by  
28 chapter 39.34 RCW.

29 (3) "Nonprofit corporation" or "corporation" has the same meaning  
30 as defined in (~~RCW 24.03.005(3)~~) section 1102 of this act or a  
31 similar statute with similar intent within the entity's state of  
32 domicile.

33 (4) "Property and liability risks" includes the risk of property  
34 damage or loss sustained by a local government entity and the risk of  
35 claims arising from the tortious or negligent conduct or any error or  
36 omission of the local government entity, its officers, employees,  
37 agents, or volunteers as a result of which a claim may be made  
38 against the local government entity.

1 (5) "Risk assumption" means a decision to absorb the entity's  
2 financial exposure to a risk of loss without the creation of a formal  
3 program of advance funding of anticipated losses.

4 (6) "Self-insurance" means a formal program of advance funding  
5 and management of entity financial exposure to a risk of loss that is  
6 not transferred through the purchase of an insurance policy or  
7 contract.

8 (7) "State risk manager" means the risk manager of the office of  
9 risk management within the department of enterprise services.

10 **Sec. 5230.** RCW 48.180.010 and 2015 c 109 s 6 are each amended to  
11 read as follows:

12 The definitions in this section apply throughout this chapter  
13 unless the context clearly requires otherwise.

14 (1) "Nonprofit corporation" or "corporation" has the same meaning  
15 as defined in (~~RCW 24.03.005~~) section 1102 of this act.

16 (2) "Property and liability risks" includes the risk of property  
17 damage or loss sustained by a nonprofit corporation and the risk of  
18 claims arising from the tortious or negligent conduct or any error or  
19 omission of the entity, its officers, employees, agents, or  
20 volunteers as a result of a claim that may be made against the  
21 entity.

22 (3) "Self-insurance" means a formal program of advance funding  
23 and management of entity financial exposure to a risk of loss that is  
24 not transferred through the purchase of an insurance policy or  
25 contract.

26 (4) "State risk manager" means the risk manager of the office of  
27 risk management within the department of enterprise services.

28 **Sec. 5231.** RCW 64.34.300 and 1992 c 220 s 14 are each amended to  
29 read as follows:

30 A unit owners' association shall be organized no later than the  
31 date the first unit in the condominium is conveyed. The membership of  
32 the association at all times shall consist exclusively of all the  
33 unit owners. Following termination of the condominium, the membership  
34 of the association shall consist of all of the unit owners at the  
35 time of termination entitled to distributions of proceeds under RCW  
36 64.34.268 or their heirs, successors, or assigns. The association  
37 shall be organized as a profit or nonprofit corporation. In case of  
38 any conflict between Title 23B RCW, the business corporation act,

1 chapter (~~(24.03 RCW)~~) 24.-- RCW (the new chapter created in section  
2 6101 of this act), the nonprofit corporation act, or chapter 24.06  
3 RCW, the nonprofit miscellaneous and mutual corporations act, and  
4 this chapter, this chapter shall control.

5 **Sec. 5232.** RCW 64.38.025 and 2019 c 238 s 222 are each amended  
6 to read as follows:

7 (1) Except as provided in the association's governing documents  
8 or this chapter, the board of directors shall act in all instances on  
9 behalf of the association. In the performance of their duties, the  
10 officers and members of the board of directors shall exercise the  
11 degree of care and loyalty required of an officer or director of a  
12 corporation organized under chapter (~~(24.03 RCW)~~) 24.-- RCW (the new  
13 chapter created in section 6101 of this act).

14 (2) The board of directors shall not act on behalf of the  
15 association to amend the articles of incorporation, to take any  
16 action that requires the vote or approval of the owners, to terminate  
17 the association, to elect members of the board of directors, or to  
18 determine the qualifications, powers, and duties, or terms of office  
19 of members of the board of directors; but the board of directors may  
20 fill vacancies in its membership of the unexpired portion of any  
21 term.

22 (3) Except as provided in RCW 64.90.080, 64.90.405(1) (b) and  
23 (c), and 64.90.525, within thirty days after adoption by the board of  
24 directors of any proposed regular or special budget of the  
25 association, the board shall set a date for a meeting of the owners  
26 to consider ratification of the budget not less than fourteen nor  
27 more than sixty days after mailing of the summary. Unless at that  
28 meeting the owners of a majority of the votes in the association are  
29 allocated or any larger percentage specified in the governing  
30 documents reject the budget, in person or by proxy, the budget is  
31 ratified, whether or not a quorum is present. In the event the  
32 proposed budget is rejected or the required notice is not given, the  
33 periodic budget last ratified by the owners shall be continued until  
34 such time as the owners ratify a subsequent budget proposed by the  
35 board of directors.

36 (4) As part of the summary of the budget provided to all owners,  
37 the board of directors shall disclose to the owners:

38 (a) The current amount of regular assessments budgeted for  
39 contribution to the reserve account, the recommended contribution



1 rate from the reserve study, and the funding plan upon which the  
2 recommended contribution rate is based;

3 (b) If additional regular or special assessments are scheduled to  
4 be imposed, the date the assessments are due, the amount of the  
5 assessments per each owner per month or year, and the purpose of the  
6 assessments;

7 (c) Based upon the most recent reserve study and other  
8 information, whether currently projected reserve account balances  
9 will be sufficient at the end of each year to meet the association's  
10 obligation for major maintenance, repair, or replacement of reserve  
11 components during the next thirty years;

12 (d) If reserve account balances are not projected to be  
13 sufficient, what additional assessments may be necessary to ensure  
14 that sufficient reserve account funds will be available each year  
15 during the next thirty years, the approximate dates assessments may  
16 be due, and the amount of the assessments per owner per month or  
17 year;

18 (e) The estimated amount recommended in the reserve account at  
19 the end of the current fiscal year based on the most recent reserve  
20 study, the projected reserve account cash balance at the end of the  
21 current fiscal year, and the percent funded at the date of the latest  
22 reserve study;

23 (f) The estimated amount recommended in the reserve account based  
24 upon the most recent reserve study at the end of each of the next  
25 five budget years, the projected reserve account cash balance in each  
26 of those years, and the projected percent funded for each of those  
27 years; and

28 (g) If the funding plan approved by the association is  
29 implemented, the projected reserve account cash balance in each of  
30 the next five budget years and the percent funded for each of those  
31 years.

32 (5) The owners by a majority vote of the voting power in the  
33 association present, in person or by proxy, and entitled to vote at  
34 any meeting of the owners at which a quorum is present, may remove  
35 any member of the board of directors with or without cause.

36 **Sec. 5233.** RCW 64.90.400 and 2018 c 277 s 301 are each amended  
37 to read as follows:

1 (1) A unit owners association must be organized no later than the  
2 date the first unit in the common interest community is conveyed to a  
3 purchaser.

4 (2) The membership of the association at all times consists  
5 exclusively of all unit owners or, following termination of the  
6 common interest community, of all former unit owners entitled to  
7 distributions of proceeds under RCW 64.90.290 or their heirs,  
8 successors, or assigns.

9 (3) The association must have a board and be organized as a for-  
10 profit or nonprofit corporation or limited liability company.

11 (4) In case of any conflict between Title 23B RCW or chapter  
12 23.86, (~~(24.03)~~) 24.-- (the new chapter created in section 6101 of  
13 this act), 24.06, or 25.15 RCW and this chapter, this chapter  
14 controls.

15 **Sec. 5234.** RCW 66.24.495 and 1997 c 321 s 33 are each amended to  
16 read as follows:

17 (1) There shall be a license to be designated as a nonprofit arts  
18 organization license. This shall be a special license to be issued to  
19 any nonprofit arts organization which sponsors and presents  
20 productions or performances of an artistic or cultural nature in a  
21 specific theater or other appropriate designated indoor premises  
22 approved by the board. The license shall permit the licensee to sell  
23 liquor to patrons of productions or performances for consumption on  
24 the premises at these events. The fee for the license shall be two  
25 hundred fifty dollars per annum.

26 (2) For the purposes of this section, the term "nonprofit arts  
27 organization" means an organization which is organized and operated  
28 for the purpose of providing artistic or cultural exhibitions,  
29 presentations, or performances or cultural or art education programs,  
30 as defined in subsection (3) of this section, for viewing or  
31 attendance by the general public. The organization must be a not-for-  
32 profit corporation under chapter (~~(24.03—RCW)~~) 24.-- RCW (the new  
33 chapter created in section 6101 of this act) and managed by a  
34 governing board of not less than eight individuals none of whom is a  
35 paid employee of the organization or by a corporation sole under  
36 chapter 24.12 RCW. In addition, the corporation must satisfy the  
37 following conditions:

38 (a) No part of its income may be paid directly or indirectly to  
39 its members, stockholders, officers, directors, or trustees except in

1 the form of services rendered by the corporation in accordance with  
2 its purposes and bylaws;

3 (b) Salary or compensation paid to its officers and executives  
4 must be only for actual services rendered, and at levels comparable  
5 to the salary or compensation of like positions within the state;

6 (c) Assets of the corporation must be irrevocably dedicated to  
7 the activities for which the license is granted and, on the  
8 liquidation, dissolution, or abandonment by the corporation, may not  
9 inure directly or indirectly to the benefit of any member or  
10 individual except a nonprofit organization, association, or  
11 corporation;

12 (d) The corporation must be duly licensed or certified when  
13 licensing or certification is required by law or regulation;

14 (e) The proceeds derived from sales of liquor, except for  
15 reasonable operating costs, must be used in furtherance of the  
16 purposes of the organization;

17 (f) Services must be available regardless of race, color,  
18 national origin, or ancestry; and

19 (g) The liquor (~~control~~) and cannabis board shall have access  
20 to its books in order to determine whether the corporation is  
21 entitled to a license.

22 (3) The term "artistic or cultural exhibitions, presentations, or  
23 performances or cultural or art education programs" includes and is  
24 limited to:

25 (a) An exhibition or presentation of works of art or objects of  
26 cultural or historical significance, such as those commonly displayed  
27 in art or history museums;

28 (b) A musical or dramatic performance or series of performances;  
29 or

30 (c) An educational seminar or program, or series of such  
31 programs, offered by the organization to the general public on an  
32 artistic, cultural, or historical subject.

33 **Sec. 5235.** RCW 66.24.680 and 2014 c 78 s 1 are each amended to  
34 read as follows:

35 (1) There shall be a license to be designated as a senior center  
36 license. This shall be a license issued to a nonprofit organization  
37 whose primary service is providing recreational and social activities  
38 for seniors on the licensed premises. This license shall permit the  
39 licensee to sell spirits by the individual glass, including mixed

1 drinks and cocktails mixed on the premises only, beer and wine, at  
2 retail for consumption on the premises.

3 (2) To qualify for this license, the applicant entity must:

4 (a) Be a nonprofit organization under chapter ((24.03-RCW)) 24.--  
5 RCW (the new chapter created in section 6101 of this act);

6 (b) Be open at times and durations established by the board; and

7 (c) Provide limited food service as defined by the board.

8 (3) All alcohol servers must have a valid mandatory alcohol  
9 server training permit.

10 (4) The board shall adopt rules to implement this section.

11 (5) The annual fee for this license shall be seven hundred twenty  
12 dollars.

13 **Sec. 5236.** RCW 68.20.020 and 1983 c 3 s 167 are each amended to  
14 read as follows:

15 Any private corporation authorized by its articles so to do, may  
16 establish, maintain, manage, improve, or operate a cemetery, and  
17 conduct any or all of the businesses of a cemetery, either for or  
18 without profit to its members or stockholders. A nonprofit cemetery  
19 corporation may be organized in the manner provided in chapter  
20 ((24.03-RCW)) 24.-- RCW (the new chapter created in section 6101 of  
21 this act). A profit corporation may be organized in the manner  
22 provided in the general corporation laws of the state of Washington.

23 **Sec. 5237.** RCW 70.45.070 and 1997 c 332 s 7 are each amended to  
24 read as follows:

25 The department shall only approve an application if the parties  
26 to the acquisition have taken the proper steps to safeguard the value  
27 of charitable assets and ensure that any proceeds from the  
28 acquisition are used for appropriate charitable health purposes. To  
29 this end, the department may not approve an application unless, at a  
30 minimum, it determines that:

31 (1) The acquisition is permitted under chapter ((24.03-RCW))  
32 24.-- RCW (the new chapter created in section 6101 of this act), the  
33 Washington nonprofit corporation act, and other laws governing  
34 nonprofit entities, trusts, or charities;

35 (2) The nonprofit corporation that owns the hospital being  
36 acquired has exercised due diligence in authorizing the acquisition,  
37 selecting the acquiring person, and negotiating the terms and  
38 conditions of the acquisition;

1 (3) The procedures used by the nonprofit corporation's board of  
2 trustees and officers in making its decision fulfilled their  
3 fiduciary duties, that the board and officers were sufficiently  
4 informed about the proposed acquisition and possible alternatives,  
5 and that they used appropriate expert assistance;

6 (4) No conflict of interest exists related to the acquisition,  
7 including, but not limited to, conflicts of interest related to board  
8 members of, executives of, and experts retained by the nonprofit  
9 corporation, acquiring person, or other parties to the acquisition;

10 (5) The nonprofit corporation will receive fair market value for  
11 its assets. The attorney general or the department may employ, at the  
12 expense of the acquiring person, reasonably necessary expert  
13 assistance in making this determination. This expense must be in  
14 addition to the fees charged under RCW 70.45.030;

15 (6) Charitable funds will not be placed at unreasonable risk, if  
16 the acquisition is financed in part by the nonprofit corporation;

17 (7) Any management contract under the acquisition will be for  
18 fair market value;

19 (8) The proceeds from the acquisition will be controlled as  
20 charitable funds independently of the acquiring person or parties to  
21 the acquisition, and will be used for charitable health purposes  
22 consistent with the nonprofit corporation's original purpose,  
23 including providing health care to the disadvantaged, the uninsured,  
24 and the underinsured and providing benefits to promote improved  
25 health in the affected community;

26 (9) Any charitable entity established to hold the proceeds of the  
27 acquisition will be broadly based in and representative of the  
28 community where the hospital to be acquired is located, taking into  
29 consideration the structure and governance of such entity; and

30 (10) A right of first refusal to repurchase the assets by a  
31 successor nonprofit corporation or foundation has been retained if  
32 the hospital is subsequently sold to, acquired by, or merged with  
33 another entity.

34 **Sec. 5238.** RCW 70.290.030 and 2013 c 144 s 48 are each amended  
35 to read as follows:

36 (1) The association is comprised of all health carriers issuing  
37 or renewing health benefit plans in Washington state and all third-  
38 party administrators conducting business on behalf of residents of  
39 Washington state or Washington health care providers and facilities.

1 Third-party administrators are subject to registration under RCW  
2 70.290.075.

3 (2) The association is a nonprofit corporation under chapter  
4 (~~(24.03 RCW)~~) 24.-- RCW (the new chapter created in section 6101 of  
5 this act) and has the powers granted under that chapter.

6 (3) The board of directors includes the following voting members:

7 (a) Four members, selected from health carriers or third-party  
8 administrators, excluding health maintenance organizations, that have  
9 the most fully insured and self-funded covered lives in Washington  
10 state. The count of total covered lives includes enrollment in all  
11 companies included in their holding company system. Each health  
12 carrier or third-party administrator is entitled to no more than a  
13 single position on the board to represent all entities under common  
14 ownership or control.

15 (b) One member selected from the health maintenance organization  
16 having the most fully insured and self-insured covered lives in  
17 Washington state. The count of total lives includes enrollment in all  
18 companies included in its holding company system. Each health  
19 maintenance organization is entitled to no more than a single  
20 position on the board to represent all entities under common  
21 ownership or control.

22 (c) One member, representing health carriers not otherwise  
23 represented on the board under (a) or (b) of this subsection, who is  
24 elected from among the health carrier members not designated under  
25 (a) or (b) of this subsection.

26 (d) One member, representing Taft Hartley plans, appointed by the  
27 secretary from a list of nominees submitted by the Northwest  
28 administrators association.

29 (e) One member representing Washington state employers offering  
30 self-funded health coverage, appointed by the secretary from a list  
31 of nominees submitted by the Puget Sound health alliance.

32 (f) Two physician members appointed by the secretary, including  
33 at least one board certified pediatrician.

34 (g) The secretary, or a designee of the secretary with expertise  
35 in childhood immunization purchasing and distribution.

36 (4) The directors' terms and appointments must be specified in  
37 the plan of operation adopted by the association.

38 (5) The board of directors of the association must:

39 (a) Prepare and adopt articles of association and bylaws;

- 1 (b) Prepare and adopt a plan of operation. The plan of operation  
2 must include a dispute mechanism through which a carrier or third-  
3 party administrator can challenge an assessment determination by the  
4 board under RCW 70.290.040. The board must include a means to bring  
5 unresolved disputes to an impartial decision maker as a component of  
6 the dispute mechanism;
- 7 (c) Submit the plan of operation to the secretary for approval;
- 8 (d) Conduct all activities in accordance with the approved plan  
9 of operation;
- 10 (e) Enter into contracts as necessary or proper to collect and  
11 disburse the assessment;
- 12 (f) Enter into contracts as necessary or proper to administer the  
13 plan of operation;
- 14 (g) Sue or be sued, including taking any legal action necessary  
15 or proper for the recovery of any assessment for, on behalf of, or  
16 against members of the association or other participating person;
- 17 (h) Appoint, from among its directors, committees as necessary to  
18 provide technical assistance in the operation of the association,  
19 including the hiring of independent consultants as necessary;
- 20 (i) Obtain such liability and other insurance coverage for the  
21 benefit of the association, its directors, officers, employees, and  
22 agents as may in the judgment of the board of directors be helpful or  
23 necessary for the operation of the association;
- 24 (j) On an annual basis, beginning no later than November 1, 2010,  
25 and by November 1st of each year thereafter, establish the estimated  
26 amount of the assessment;
- 27 (k) Notify, in writing, each health carrier and third-party  
28 administrator of the health carrier's or third-party administrator's  
29 estimated total assessment by November 15th of each year;
- 30 (l) Submit a periodic report to the secretary listing those  
31 health carriers or third-party administrators that failed to remit  
32 their assessments and audit health carrier and third-party  
33 administrator books and records for accuracy of assessment payment  
34 submission;
- 35 (m) Allow each health carrier or third-party administrator no  
36 more than ninety days after the notification required by (k) of this  
37 subsection to remit any amounts in arrears or submit a payment plan,  
38 subject to approval by the association and initial payment under an  
39 approved payment plan;

1 (n) Deposit annual assessments collected by the association, less  
2 the association's administrative costs, with the state treasurer to  
3 the credit of the universal vaccine purchase account established in  
4 RCW 43.70.720;

5 (o) Borrow and repay such working capital, reserve, or other  
6 funds as, in the judgment of the board of directors, may be helpful  
7 or necessary for the operation of the association; and

8 (p) Perform any other functions as may be necessary or proper to  
9 carry out the plan of operation and to affect any or all of the  
10 purposes for which the association is organized.

11 (6) The secretary must convene the initial meeting of the  
12 association board of directors.

13 **Sec. 5239.** RCW 74.15.020 and 2020 c 331 s 10 and 2020 c 265 s 1  
14 are each reenacted and amended to read as follows:

15 The definitions in this section apply throughout this chapter and  
16 RCW 74.13.031 unless the context clearly requires otherwise.

17 (1) "Agency" means any person, firm, partnership, association,  
18 corporation, or facility which receives children, expectant mothers,  
19 or persons with developmental disabilities for control, care, or  
20 maintenance outside their own homes, or which places, arranges the  
21 placement of, or assists in the placement of children, expectant  
22 mothers, or persons with developmental disabilities for foster care  
23 or placement of children for adoption, and shall include the  
24 following irrespective of whether there is compensation to the agency  
25 or to the children, expectant mothers, or persons with developmental  
26 disabilities for services rendered:

27 (a) "Child-placing agency" means an agency which places a child  
28 or children for temporary care, continued care, or for adoption;

29 (b) "Community facility" means a group care facility operated for  
30 the care of juveniles committed to the department under RCW  
31 13.40.185. A county detention facility that houses juveniles  
32 committed to the department under RCW 13.40.185 pursuant to a  
33 contract with the department is not a community facility;

34 (c) "Crisis residential center" means an agency which is a  
35 temporary protective residential facility operated to perform the  
36 duties specified in chapter 13.32A RCW, in the manner provided in RCW  
37 43.185C.295 through 43.185C.310;

38 (d) "Emergency respite center" is an agency that may be commonly  
39 known as a crisis nursery, that provides emergency and crisis care



1 for up to seventy-two hours to children who have been admitted by  
2 their parents or guardians to prevent abuse or neglect. Emergency  
3 respite centers may operate for up to twenty-four hours a day, and  
4 for up to seven days a week. Emergency respite centers may provide  
5 care for children ages birth through seventeen, and for persons  
6 eighteen through twenty with developmental disabilities who are  
7 admitted with a sibling or siblings through age seventeen. Emergency  
8 respite centers may not substitute for crisis residential centers or  
9 HOPE centers, or any other services defined under this section, and  
10 may not substitute for services which are required under chapter  
11 13.32A or 13.34 RCW;

12 (e) "Foster family home" means an agency which regularly provides  
13 care on a twenty-four hour basis to one or more children, expectant  
14 mothers, or persons with developmental disabilities in the family  
15 abode of the person or persons under whose direct care and  
16 supervision the child, expectant mother, or person with a  
17 developmental disability is placed;

18 (f) "Group-care facility" means an agency, other than a foster  
19 family home, which is maintained and operated for the care of a group  
20 of children on a twenty-four hour basis. "Group care facility"  
21 includes but is not limited to:

22 (i) Qualified residential treatment programs as defined in RCW  
23 13.34.030;

24 (ii) Facilities specializing in providing prenatal, postpartum,  
25 or parenting supports for youth; and

26 (iii) Facilities providing high-quality residential care and  
27 supportive services to children who are, or who are at risk of  
28 becoming, victims of sex trafficking;

29 (g) "HOPE center" means an agency licensed by the secretary to  
30 provide temporary residential placement and other services to street  
31 youth. A street youth may remain in a HOPE center for thirty days  
32 while services are arranged and permanent placement is coordinated.  
33 No street youth may stay longer than thirty days unless approved by  
34 the department and any additional days approved by the department  
35 must be based on the unavailability of a long-term placement option.  
36 A street youth whose parent wants him or her returned to home may  
37 remain in a HOPE center until his or her parent arranges return of  
38 the youth, not longer. All other street youth must have court  
39 approval under chapter 13.34 or 13.32A RCW to remain in a HOPE center  
40 up to thirty days;

1 (h) "Maternity service" means an agency which provides or  
2 arranges for care or services to expectant mothers, before or during  
3 confinement, or which provides care as needed to mothers and their  
4 infants after confinement;

5 (i) "Resource and assessment center" means an agency that  
6 provides short-term emergency and crisis care for a period up to  
7 seventy-two hours, excluding Saturdays, Sundays, and holidays to  
8 children who have been removed from their parent's or guardian's care  
9 by child protective services or law enforcement;

10 (j) "Responsible living skills program" means an agency licensed  
11 by the secretary that provides residential and transitional living  
12 services to persons ages sixteen to eighteen who are dependent under  
13 chapter 13.34 RCW and who have been unable to live in his or her  
14 legally authorized residence and, as a result, the minor lived  
15 outdoors or in another unsafe location not intended for occupancy by  
16 the minor. Dependent minors ages fourteen and fifteen may be eligible  
17 if no other placement alternative is available and the department  
18 approves the placement;

19 (k) "Service provider" means the entity that operates a community  
20 facility.

21 (2) "Agency" shall not include the following:

22 (a) Persons related to the child, expectant mother, or person  
23 with developmental disability in the following ways:

24 (i) Any blood relative, including those of half-blood, and  
25 including first cousins, second cousins, nephews or nieces, and  
26 persons of preceding generations as denoted by prefixes of grand,  
27 great, or great-great;

28 (ii) Stepfather, stepmother, stepbrother, and stepsister;

29 (iii) A person who legally adopts a child or the child's parent  
30 as well as the natural and other legally adopted children of such  
31 persons, and other relatives of the adoptive parents in accordance  
32 with state law;

33 (iv) Spouses of any persons named in (a)(i), (ii), or (iii) of  
34 this subsection (2), even after the marriage is terminated;

35 (v) Relatives, as named in (a)(i), (ii), (iii), or (iv) of this  
36 subsection (2), of any half sibling of the child; or

37 (vi) Extended family members, as defined by the law or custom of  
38 the Indian child's tribe or, in the absence of such law or custom, a  
39 person who has reached the age of eighteen and who is the Indian  
40 child's grandparent, aunt or uncle, brother or sister, brother-in-law

1 or sister-in-law, niece or nephew, first or second cousin, or  
2 stepparent who provides care in the family abode on a twenty-four-  
3 hour basis to an Indian child as defined in 25 U.S.C. Sec. 1903(4);

4 (b) Persons who are legal guardians of the child, expectant  
5 mother, or persons with developmental disabilities;

6 (c) Persons who care for a neighbor's or friend's child or  
7 children, with or without compensation, where the parent and person  
8 providing care on a twenty-four-hour basis have agreed to the  
9 placement in writing and the state is not providing any payment for  
10 the care;

11 (d) A person, partnership, corporation, or other entity that  
12 provides placement or similar services to exchange students or  
13 international student exchange visitors or persons who have the care  
14 of an exchange student in their home;

15 (e) A person, partnership, corporation, or other entity that  
16 provides placement or similar services to international children who  
17 have entered the country by obtaining visas that meet the criteria  
18 for medical care as established by the United States citizenship and  
19 immigration services, or persons who have the care of such an  
20 international child in their home;

21 (f) Schools, including boarding schools, which are engaged  
22 primarily in education, operate on a definite school year schedule,  
23 follow a stated academic curriculum, accept only school-age children  
24 and do not accept custody of children;

25 (g) Hospitals licensed pursuant to chapter 70.41 RCW when  
26 performing functions defined in chapter 70.41 RCW, nursing homes  
27 licensed under chapter 18.51 RCW and assisted living facilities  
28 licensed under chapter 18.20 RCW;

29 (h) Licensed physicians or lawyers;

30 (i) Facilities approved and certified under chapter 71A.22 RCW;

31 (j) Any agency having been in operation in this state ten years  
32 prior to June 8, 1967, and not seeking or accepting moneys or  
33 assistance from any state or federal agency, and is supported in part  
34 by an endowment or trust fund;

35 (k) Persons who have a child in their home for purposes of  
36 adoption, if the child was placed in such home by a licensed child-  
37 placing agency, an authorized public or tribal agency or court or if  
38 a replacement report has been filed under chapter 26.33 RCW and the  
39 placement has been approved by the court;

1 (l) An agency operated by any unit of local, state, or federal  
2 government or an agency licensed by an Indian tribe pursuant to RCW  
3 74.15.190;

4 (m) A maximum or medium security program for juvenile offenders  
5 operated by or under contract with the department;

6 (n) An agency located on a federal military reservation, except  
7 where the military authorities request that such agency be subject to  
8 the licensing requirements of this chapter;

9 (o)(i) A host home program, and host home, operated by a tax  
10 exempt organization for youth not in the care of or receiving  
11 services from the department, if that program: (A) Recruits and  
12 screens potential homes in the program, including performing  
13 background checks on individuals over the age of eighteen residing in  
14 the home through the Washington state patrol or equivalent law  
15 enforcement agency and performing physical inspections of the home;  
16 (B) screens and provides case management services to youth in the  
17 program; (C) obtains a notarized permission slip or limited power of  
18 attorney from the parent or legal guardian of the youth authorizing  
19 the youth to participate in the program and the authorization is  
20 updated every six months when a youth remains in a host home longer  
21 than six months; (D) obtains insurance for the program through an  
22 insurance provider authorized under Title 48 RCW; (E) provides  
23 mandatory reporter and confidentiality training; and (F) registers  
24 with the secretary of state (~~as provided in RCW 24.03.550~~) under  
25 section 5104 of this act.

26 (ii) For purposes of this section, a "host home" is a private  
27 home that volunteers to host youth in need of temporary placement  
28 that is associated with a host home program.

29 (iii) For purposes of this section, a "host home program" is a  
30 program that provides support to individual host homes and meets the  
31 requirements of (o)(i) of this subsection.

32 (iv) Any host home program that receives local, state, or  
33 government funding shall report the following information to the  
34 office of homeless youth prevention and protection programs annually  
35 by December 1st of each year: The number of children the program  
36 served, why the child was placed with a host home, and where the  
37 child went after leaving the host home, including but not limited to  
38 returning to the parents, running away, reaching the age of majority,  
39 or becoming a dependent of the state;

40 (p) Receiving centers as defined in RCW 7.68.380.

1 (3) "Department" means the department of children, youth, and  
2 families.

3 (4) "Juvenile" means a person under the age of twenty-one who has  
4 been sentenced to a term of confinement under the supervision of the  
5 department under RCW 13.40.185.

6 (5) "Performance-based contracts" or "contracting" means the  
7 structuring of all aspects of the procurement of services around the  
8 purpose of the work to be performed and the desired results with the  
9 contract requirements set forth in clear, specific, and objective  
10 terms with measurable outcomes. Contracts may also include provisions  
11 that link the performance of the contractor to the level and timing  
12 of the reimbursement.

13 (6) "Probationary license" means a license issued as a  
14 disciplinary measure to an agency that has previously been issued a  
15 full license but is out of compliance with licensing standards.

16 (7) "Requirement" means any rule, regulation, or standard of care  
17 to be maintained by an agency.

18 (8) "Secretary" means the secretary of the department.

19 (9) "Street youth" means a person under the age of eighteen who  
20 lives outdoors or in another unsafe location not intended for  
21 occupancy by the minor and who is not residing with his or her parent  
22 or at his or her legally authorized residence.

23 (10) "Transitional living services" means at a minimum, to the  
24 extent funds are available, the following:

25 (a) Educational services, including basic literacy and  
26 computational skills training, either in local alternative or public  
27 high schools or in a high school equivalency program that leads to  
28 obtaining a high school equivalency degree;

29 (b) Assistance and counseling related to obtaining vocational  
30 training or higher education, job readiness, job search assistance,  
31 and placement programs;

32 (c) Counseling and instruction in life skills such as money  
33 management, home management, consumer skills, parenting, health care,  
34 access to community resources, and transportation and housing  
35 options;

36 (d) Individual and group counseling; and

37 (e) Establishing networks with federal agencies and state and  
38 local organizations such as the United States department of labor,  
39 employment and training administration programs including the  
40 workforce innovation and opportunity act which administers private

1 industry councils and the job corps; vocational rehabilitation; and  
2 volunteer programs.

3 **Sec. 5240.** RCW 79A.30.030 and 2013 c 31 s 2 are each amended to  
4 read as follows:

5 (1) A nonprofit corporation may be formed under the nonprofit  
6 corporation provisions of chapter ((24.03 RCW)) 24.-- RCW (the new  
7 chapter created in section 6101 of this act) to carry out the  
8 purposes of this chapter. Except as provided in RCW 79A.30.040, the  
9 corporation shall have all the powers and be subject to the same  
10 restrictions as are permitted or prescribed to nonprofit corporations  
11 and shall exercise those powers only for carrying out the purposes of  
12 this chapter and those purposes necessarily implied therefrom. The  
13 nonprofit corporation shall be known as the Washington state horse  
14 park authority. The articles of incorporation shall provide that it  
15 is the responsibility of the authority to develop, promote, operate,  
16 manage, and maintain the Washington state horse park. The articles of  
17 incorporation shall provide for appointment of directors and other  
18 conduct of business consistent with the requirements of this chapter.

19 (2)(a) The articles of incorporation shall provide for an  
20 eleven-member board of directors for the authority, all appointed by  
21 the commission. Board members shall serve three-year terms, except  
22 that two of the original appointees shall serve one-year terms, and  
23 two of the original appointees shall serve two-year terms. Of the  
24 board members appointed pursuant to chapter 31, Laws of 2013, one  
25 shall serve an initial one-year term, one shall serve an initial two-  
26 year term, and two shall serve an initial term of three years. A  
27 board member may serve consecutive terms.

28 (b) The articles of incorporation shall provide that the  
29 commission appoint board members as follows:

30 (i) One board member shall represent the interests of the  
31 commission;

32 (ii) One board member shall represent the interests of the county  
33 in which the park is located. In making this appointment, the  
34 commission shall solicit recommendations from the county legislative  
35 authority; and

36 (iii) Nine board members shall represent the geographic and  
37 sports discipline diversity of equestrian interests in the state, and  
38 at least three of these members shall have business experience  
39 relevant to the organization of horse shows or operation of a horse

1 show facility. In making these appointments, the commission shall  
2 solicit recommendations from a variety of active horse-related  
3 organizations in the state.

4 (3) The articles of incorporation shall include a policy that  
5 provides for the preferential use of a specific area of the horse  
6 park facilities at nominal cost for horse groups associated with  
7 youth groups and individuals with disabilities.

8 (4) The commission shall make appointments to fill board  
9 vacancies for positions authorized under subsection (2) of this  
10 section, upon additional solicitation of recommendations from the  
11 board of directors.

12 (5) The board of directors shall perform their duties in the best  
13 interests of the authority, consistent with the standards applicable  
14 to directors of nonprofit corporations under (~~RCW 24.03.127~~)  
15 section 2402 of this act.

16 **Sec. 5241.** RCW 79A.30.040 and 1995 c 200 s 5 are each amended to  
17 read as follows:

18 To meet its responsibility for developing, promoting, operating,  
19 managing, and maintaining the state horse park, the authority is  
20 empowered to do the following:

21 (1) Exercise the general powers authorized for any nonprofit  
22 corporation as specified in (~~RCW 24.03.035~~) section 1403 of this  
23 act. All debts of the authority shall be in the name of the authority  
24 and shall not be debts of the state of Washington for which the state  
25 or any state agency shall have any obligation to pay; and the  
26 authority may not issue bonds. Neither the full faith and credit of  
27 the state nor the state's taxing power is pledged for any  
28 indebtedness of the authority;

29 (2) Employ and discharge at its discretion employees, agents,  
30 advisors, and other personnel;

31 (3) Apply for or solicit, accept, administer, and dispose of  
32 grants, gifts, and bequests of money, services, securities, real  
33 estate, or other property. However, if the authority accepts a  
34 donation designated for a specific purpose, the authority shall use  
35 the donation for the designated purpose;

36 (4) Establish, revise, collect, manage, and expend such fees and  
37 charges at the state horse park as the authority deems necessary to  
38 accomplish its responsibilities;

1 (5) Make such expenditures as are appropriate for paying the  
2 administrative costs and expenses of the authority and the state  
3 horse park;

4 (6) Authorize use of the state horse park facilities by the  
5 general public and by and for compatible nonequestrian events as the  
6 authority deems reasonable, so long as the primacy of the center for  
7 horse-related purposes is not compromised;

8 (7) Insure its obligations and potential liability;

9 (8) Enter into cooperative agreements with and provide for  
10 private nonprofit groups to use the state horse park facilities and  
11 property to raise money to contribute gifts, grants, and support to  
12 the authority for the purposes of this chapter;

13 (9) Grant concessions or leases at the state horse park upon such  
14 terms and conditions as the authority deems appropriate, but in no  
15 event shall the term of a concession or lease exceed twenty-five  
16 years. Concessions and leases shall be consistent with the purposes  
17 of this chapter and may be renegotiated at least every five years;  
18 and

19 (10) Generally undertake any and all lawful acts necessary or  
20 appropriate to carry out the purposes for which the authority and the  
21 state horse park are created.

22 **Sec. 5242.** RCW 79A.35.130 and 2011 c 56 s 1 are each amended to  
23 read as follows:

24 Participants in conservation corps programs offered by a  
25 nonprofit organization affiliated with a national service  
26 organization established under the authority of the national and  
27 community service trust act of 1993, P.L. 103-82, are exempt from  
28 provisions related to rates of compensation while performing  
29 environmental and trail maintenance work provided:

30 (1) The nonprofit organization must be registered as a nonprofit  
31 corporation pursuant to chapter ((24.03—RCW)) 24.-- RCW (the new  
32 chapter created in section 6101 of this act);

33 (2) The nonprofit organization's management and administrative  
34 headquarters must be located in Washington;

35 (3) Participants in the program spend at least fifteen percent of  
36 their time in the program on education and training activities; and

37 (4) Participants in the program receive a stipend or living  
38 allowance as authorized by federal or state law.



1 Participants are exempt from provisions related to rates of  
2 compensation only for environmental and trail maintenance work  
3 conducted pursuant to the conservation corps program.

4 **Sec. 5243.** RCW 79A.70.030 and 2014 c 86 s 8 are each amended to  
5 read as follows:

6 (1) By September 1, 2000, the commission shall file articles of  
7 incorporation in accordance with the Washington nonprofit corporation  
8 act, chapter (~~(24.03 RCW)~~) 24.-- RCW (the new chapter created in  
9 section 6101 of this act), to establish the Washington state parks  
10 foundation. The foundation shall not be an agency, instrumentality,  
11 or political subdivision of the state and shall not disburse public  
12 funds.

13 (2) The foundation shall have a board of directors consisting of  
14 up to fifteen members, whose terms, method of appointment, and  
15 authority must be in accordance with the Washington nonprofit  
16 corporation act, chapter (~~(24.03 RCW)~~) 24.-- RCW (the new chapter  
17 created in section 6101 of this act).

18 **Sec. 5244.** RCW 82.04.4251 and 2006 c 310 s 1 are each amended to  
19 read as follows:

20 This chapter does not apply to amounts received by a nonprofit  
21 corporation organized under chapter (~~(24.03 RCW)~~) 24.-- RCW (the new  
22 chapter created in section 6101 of this act) as payments or  
23 contributions from the state or any county, city, town, municipal  
24 corporation, quasi-municipal corporation, federally recognized Indian  
25 tribe, port district, or public corporation for the promotion of  
26 conventions and tourism.

27 **Sec. 5245.** RCW 82.04.4264 and 2012 c 10 s 71 are each amended to  
28 read as follows:

29 (1) This chapter does not apply to amounts received by a  
30 nonprofit assisted living facility licensed under chapter 18.20 RCW  
31 for providing room and domiciliary care to residents of the assisted  
32 living facility.

33 (2) As used in this section:

34 (a) "Domiciliary care" has the meaning provided in RCW 18.20.020.

35 (b) "Nonprofit assisted living facility" means an assisted living  
36 facility that is operated as a religious or charitable organization,  
37 is exempt from federal income tax under 26 U.S.C. Sec. 501(c)(3), is

1 incorporated under chapter ((24.03-RCW)) 24.-- RCW (the new chapter  
2 created in section 6101 of this act), is operated as part of a  
3 nonprofit hospital, or is operated as part of a public hospital  
4 district.

5 **Sec. 5246.** RCW 82.04.431 and 2011 1st sp.s. c 19 s 3 are each  
6 amended to read as follows:

7 (1) The term "health or social welfare organization" means an  
8 organization, including any community action council, which renders  
9 health or social welfare services as defined in subsection (2) of  
10 this section, which is a domestic or foreign ((not-for-profit))  
11 nonprofit corporation under chapter ((24.03-RCW)) 24.-- RCW (the new  
12 chapter created in section 6101 of this act) and which is managed by  
13 a governing board of not less than eight individuals none of whom is  
14 a paid employee of the organization or which is a corporation sole  
15 under chapter 24.12 RCW. Health or social welfare organization does  
16 not include a corporation providing professional services as  
17 authorized in chapter 18.100 RCW. In addition a corporation in order  
18 to be exempt under RCW 82.04.4297 must satisfy the following  
19 conditions:

20 (a) No part of its income may be paid directly or indirectly to  
21 its members, stockholders, officers, directors, or trustees except in  
22 the form of services rendered by the corporation in accordance with  
23 its purposes and bylaws;

24 (b) Salary or compensation paid to its officers and executives  
25 must be only for actual services rendered, and at levels comparable  
26 to the salary or compensation of like positions within the public  
27 service of the state;

28 (c) Assets of the corporation must be irrevocably dedicated to  
29 the activities for which the exemption is granted and, on the  
30 liquidation, dissolution, or abandonment by the corporation, may not  
31 inure directly or indirectly to the benefit of any member or  
32 individual except a nonprofit organization, association, or  
33 corporation which also would be entitled to the exemption;

34 (d) The corporation must be duly licensed or certified where  
35 licensing or certification is required by law or regulation;

36 (e) The amounts received qualifying for exemption must be used  
37 for the activities for which the exemption is granted;

38 (f) Services must be available regardless of race, color,  
39 national origin, or ancestry; and

1 (g) The director of revenue must have access to its books in  
2 order to determine whether the corporation is exempt from taxes  
3 within the intent of RCW 82.04.4297 and this section.

4 (2) The term "health or social welfare services" includes and is  
5 limited to:

6 (a) Mental health, drug, or alcoholism counseling or treatment;

7 (b) Family counseling;

8 (c) Health care services;

9 (d) Therapeutic, diagnostic, rehabilitative, or restorative  
10 services for the care of the sick, aged, or physically,  
11 developmentally, or emotionally-disabled individuals;

12 (e) Activities which are for the purpose of preventing or  
13 ameliorating juvenile delinquency or child abuse, including  
14 recreational activities for those purposes;

15 (f) Care of orphans or foster children;

16 (g) Day care of children;

17 (h) Employment development, training, and placement;

18 (i) Legal services to the indigent;

19 (j) Weatherization assistance or minor home repair for low-income  
20 homeowners or renters;

21 (k) Assistance to low-income homeowners and renters to offset the  
22 cost of home heating energy, through direct benefits to eligible  
23 households or to fuel vendors on behalf of eligible households;

24 (l) Community services to low-income individuals, families, and  
25 groups, which are designed to have a measurable and potentially major  
26 impact on causes of poverty in communities of the state; and

27 (m) Temporary medical housing, as defined in RCW 82.08.997, if  
28 the housing is provided only:

29 (i) While the patient is receiving medical treatment at a  
30 hospital required to be licensed under RCW 70.41.090 or at an  
31 outpatient clinic associated with such hospital, including any period  
32 of recuperation or observation immediately following such medical  
33 treatment; and

34 (ii) By a person that does not furnish lodging or related  
35 services to the general public.

36 **Sec. 5247.** RCW 82.04.4328 and 2020 c 139 s 9 are each amended to  
37 read as follows:

38 (1) For the purposes of RCW 82.04.4327, 82.08.031, and 82.12.031,  
39 the term "artistic or cultural organization" means an organization

1 that is organized and operated exclusively for the purpose of  
2 providing artistic or cultural exhibitions, presentations, or  
3 performances or cultural or art education programs, as defined in  
4 subsection (2) of this section, for viewing or attendance by the  
5 general public. The organization must be a (~~not-for-profit~~)  
6 nonprofit corporation under chapter (~~24.03 RCW~~) 24.-- RCW (the new  
7 chapter created in section 6101 of this act) and managed by a  
8 governing board of not less than eight individuals none of whom is a  
9 paid employee of the organization or by a corporation sole under  
10 chapter 24.12 RCW. In addition, to qualify for deduction or exemption  
11 from taxation under RCW 82.04.4327, 82.08.031, and 82.12.031, the  
12 corporation must satisfy the following conditions:

13 (a) No part of its income may be paid directly or indirectly to  
14 its members, stockholders, officers, directors, or trustees except in  
15 the form of services rendered by the corporation in accordance with  
16 its purposes and bylaws;

17 (b) Salary or compensation paid to its officers and executives  
18 must be only for actual services rendered, and at levels comparable  
19 to the salary or compensation of like positions within the state;

20 (c) Assets of the corporation must be irrevocably dedicated to  
21 the activities for which the exemption is granted and, on the  
22 liquidation, dissolution, or abandonment by the corporation, may not  
23 inure directly or indirectly to the benefit of any member or  
24 individual except a nonprofit organization, association, or  
25 corporation which also would be entitled to the exemption;

26 (d) The corporation must be duly licensed or certified when  
27 licensing or certification is required by law or regulation;

28 (e) The amounts received that qualify for exemption must be used  
29 for the activities for which the exemption is granted;

30 (f) Services must be available regardless of race, color,  
31 national origin, or ancestry; and

32 (g) The director of revenue must have access to its books in  
33 order to determine whether the corporation is exempt from taxes.

34 (2) The term "artistic or cultural exhibitions, presentations, or  
35 performances or cultural or art education programs" includes and is  
36 limited to:

37 (a) An exhibition or presentation of works of art or objects of  
38 cultural or historical significance, such as those commonly displayed  
39 in art or history museums;

1 (b) A musical or dramatic performance or series of performances;  
2 or

3 (c) An educational seminar or program, or series of such  
4 programs, offered by the organization to the general public on an  
5 artistic, cultural, or historical subject.

6 **Sec. 5248.** RCW 82.08.0203 and 2008 c 260 s 1 are each amended to  
7 read as follows:

8 The tax levied by RCW 82.08.020 does not apply to sales of trail  
9 grooming services to the state of Washington or nonprofit  
10 corporations organized under chapter (~~(24.03 RCW)~~) 24.-- RCW (the new  
11 chapter created in section 6101 of this act). For the purposes of  
12 this section, "trail grooming" means the activity of snow compacting,  
13 snow redistribution, or snow removal on state-owned or privately  
14 owned trails.

15 **Sec. 5249.** RCW 82.08.0293 and 2019 c 8 s 401 are each amended to  
16 read as follows:

17 (1) The tax levied by RCW 82.08.020 does not apply to sales of  
18 food and food ingredients. "Food and food ingredients" means  
19 substances, whether in liquid, concentrated, solid, frozen, dried, or  
20 dehydrated form, that are sold for ingestion or chewing by humans and  
21 are consumed for their taste or nutritional value. "Food and food  
22 ingredients" does not include:

23 (a) "Alcoholic beverages," which means beverages that are  
24 suitable for human consumption and contain one-half of one percent or  
25 more of alcohol by volume;

26 (b) "Tobacco," which means cigarettes, cigars, chewing or pipe  
27 tobacco, or any other item that contains tobacco; and

28 (c) Marijuana, useable marijuana, or marijuana-infused products.

29 (2) The exemption of "food and food ingredients" provided for in  
30 subsection (1) of this section does not apply to prepared food, soft  
31 drinks, bottled water, or dietary supplements. The definitions in  
32 this subsection apply throughout this section unless the context  
33 clearly requires otherwise.

34 (a) "Bottled water" means water that is placed in a safety sealed  
35 container or package for human consumption. Bottled water is calorie  
36 free and does not contain sweeteners or other additives except that  
37 it may contain: (i) Antimicrobial agents; (ii) fluoride; (iii)  
38 carbonation; (iv) vitamins, minerals, and electrolytes; (v) oxygen;

1 (vi) preservatives; and (vii) only those flavors, extracts, or  
2 essences derived from a spice or fruit. "Bottled water" includes  
3 water that is delivered to the buyer in a reusable container that is  
4 not sold with the water.

5 (b) "Dietary supplement" means any product, other than tobacco,  
6 intended to supplement the diet that:

7 (i) Contains one or more of the following dietary ingredients:

8 (A) A vitamin;

9 (B) A mineral;

10 (C) An herb or other botanical;

11 (D) An amino acid;

12 (E) A dietary substance for use by humans to supplement the diet  
13 by increasing the total dietary intake; or

14 (F) A concentrate, metabolite, constituent, extract, or  
15 combination of any ingredient described in this subsection;

16 (ii) Is intended for ingestion in tablet, capsule, powder,  
17 softgel, gelcap, or liquid form, or if not intended for ingestion in  
18 such form, is not represented as conventional food and is not  
19 represented for use as a sole item of a meal or of the diet; and

20 (iii) Is required to be labeled as a dietary supplement,  
21 identifiable by the "supplement facts" box found on the label as  
22 required pursuant to 21 C.F.R. Sec. 101.36, as amended or renumbered  
23 as of January 1, 2003.

24 (c) (i) "Prepared food" means:

25 (A) Food sold in a heated state or heated by the seller;

26 (B) Food sold with eating utensils provided by the seller,  
27 including plates, knives, forks, spoons, glasses, cups, napkins, or  
28 straws. A plate does not include a container or packaging used to  
29 transport the food; or

30 (C) Two or more food ingredients mixed or combined by the seller  
31 for sale as a single item, except:

32 (I) Food that is only cut, repackaged, or pasteurized by the  
33 seller; or

34 (II) Raw eggs, fish, meat, poultry, and foods containing these  
35 raw animal foods requiring cooking by the consumer as recommended by  
36 the federal food and drug administration in chapter 3, part 401.11 of  
37 The Food Code, published by the food and drug administration, as  
38 amended or renumbered as of January 1, 2003, so as to prevent  
39 foodborne illness.

1 (ii) Food is "sold with eating utensils provided by the seller"  
2 if:

3 (A) The seller's customary practice for that item is to  
4 physically deliver or hand a utensil to the customer with the food or  
5 food ingredient as part of the sales transaction. If the food or food  
6 ingredient is prepackaged with a utensil, the seller is considered to  
7 have physically delivered a utensil to the customer unless the food  
8 and utensil are prepackaged together by a food manufacturer  
9 classified under sector 311 of the North American industry  
10 classification system (NAICS);

11 (B) A plate, glass, cup, or bowl is necessary to receive the food  
12 or food ingredient, and the seller makes those utensils available to  
13 its customers; or

14 (C) (I) The seller makes utensils available to its customers, and  
15 the seller has more than seventy-five percent prepared food sales.  
16 For purposes of this subsection (2)(c)(ii)(C), a seller has more than  
17 seventy-five percent prepared food sales if the seller's gross retail  
18 sales of prepared food under (c)(i)(A), (c)(i)(C), and (c)(ii)(B) of  
19 this subsection equal more than seventy-five percent of the seller's  
20 gross retail sales of all food and food ingredients, including  
21 prepared food, soft drinks, and dietary supplements.

22 (II) However, even if a seller has more than seventy-five percent  
23 prepared food sales, four servings or more of food or food  
24 ingredients packaged for sale as a single item and sold for a single  
25 price are not "sold with utensils provided by the seller" unless the  
26 seller's customary practice for the package is to physically hand or  
27 otherwise deliver a utensil to the customer as part of the sales  
28 transaction. Whenever available, the number of servings included in a  
29 package of food or food ingredients must be determined based on the  
30 manufacturer's product label. If no label is available, the seller  
31 must reasonably determine the number of servings.

32 (III) The seller must determine a single prepared food sales  
33 percentage annually for all the seller's establishments in the state  
34 based on the prior year of sales. The seller may elect to determine  
35 its prepared food sales percentage based either on the prior calendar  
36 year or on the prior fiscal year. A seller may not change its elected  
37 method for determining its prepared food percentage without the  
38 written consent of the department. The seller must determine its  
39 annual prepared food sales percentage as soon as possible after  
40 accounting records are available, but in no event later than ninety

1 days after the beginning of the seller's calendar or fiscal year. A  
2 seller may make a good faith estimate of its first annual prepared  
3 food sales percentage if the seller's records for the prior year are  
4 not sufficient to allow the seller to calculate the prepared food  
5 sales percentage. The seller must adjust its good faith estimate  
6 prospectively if its relative sales of prepared foods in the first  
7 ninety days of operation materially depart from the seller's  
8 estimate.

9 (iii) "Prepared food" does not include the following items, if  
10 sold without eating utensils provided by the seller:

11 (A) Food sold by a seller whose proper primary NAICS  
12 classification is manufacturing in sector 311, except subsector 3118  
13 (bakeries), as provided in the "North American industry  
14 classification system—United States, 2002";

15 (B) Food sold in an unheated state by weight or volume as a  
16 single item; or

17 (C) Bakery items. The term "bakery items" includes bread, rolls,  
18 buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes,  
19 tortes, pies, tarts, muffins, bars, cookies, or tortillas.

20 (d) "Soft drinks" means nonalcoholic beverages that contain  
21 natural or artificial sweeteners. Soft drinks do not include  
22 beverages that contain: Milk or milk products; soy, rice, or similar  
23 milk substitutes; or greater than fifty percent of vegetable or fruit  
24 juice by volume.

25 (3) Notwithstanding anything in this section to the contrary, the  
26 exemption of "food and food ingredients" provided in this section  
27 applies to food and food ingredients that are furnished, prepared, or  
28 served as meals:

29 (a) Under a state administered nutrition program for the aged as  
30 provided for in the older Americans act (P.L. 95-478 Title III) and  
31 RCW 74.38.040(6);

32 (b) That are provided to senior citizens, individuals with  
33 disabilities, or low-income persons by a (~~not-for-profit~~) nonprofit  
34 organization organized under chapter (~~24.03~~) 24.-- (the new chapter  
35 created in section 6101 of this act) or 24.12 RCW; or

36 (c) That are provided to residents, sixty-two years of age or  
37 older, of a qualified low-income senior housing facility by the  
38 lessor or operator of the facility. The sale of a meal that is billed  
39 to both spouses of a marital community or both domestic partners of a  
40 domestic partnership meets the age requirement in this subsection



1 (3)(c) if at least one of the spouses or domestic partners is at  
2 least sixty-two years of age. For purposes of this subsection,  
3 "qualified low-income senior housing facility" means a facility:

4 (i) That meets the definition of a qualified low-income housing  
5 project under 26 U.S.C. Sec. 42 of the federal internal revenue code,  
6 as existing on August 1, 2009;

7 (ii) That has been partially funded under 42 U.S.C. Sec. 1485;  
8 and

9 (iii) For which the lessor or operator has at any time been  
10 entitled to claim a federal income tax credit under 26 U.S.C. Sec. 42  
11 of the federal internal revenue code.

12 (4)(a) Subsection (1) of this section notwithstanding, the retail  
13 sale of food and food ingredients is subject to sales tax under RCW  
14 82.08.020 if the food and food ingredients are sold through a vending  
15 machine. Except as provided in (b) of this subsection, the selling  
16 price of food and food ingredients sold through a vending machine for  
17 purposes of RCW 82.08.020 is fifty-seven percent of the gross  
18 receipts.

19 (b) For soft drinks, bottled water, and hot prepared food and  
20 food ingredients, other than food and food ingredients which are  
21 heated after they have been dispensed from the vending machine, the  
22 selling price is the total gross receipts of such sales divided by  
23 the sum of one plus the sales tax rate expressed as a decimal.

24 (c) For tax collected under this subsection (4), the requirements  
25 that the tax be collected from the buyer and that the amount of tax  
26 be stated as a separate item are waived.

27 **Sec. 5250.** RCW 82.12.0293 and 2017 3rd sp.s. c 28 s 102 are each  
28 amended to read as follows:

29 (1) The provisions of this chapter do not apply in respect to the  
30 use of food and food ingredients for human consumption. "Food and  
31 food ingredients" has the same meaning as in RCW 82.08.0293.

32 (2) The exemption of "food and food ingredients" provided for in  
33 subsection (1) of this section does not apply to prepared food, soft  
34 drinks, bottled water, or dietary supplements. "Prepared food," "soft  
35 drinks," "bottled water," and "dietary supplements" have the same  
36 meanings as in RCW 82.08.0293.

37 (3) Notwithstanding anything in this section to the contrary, the  
38 exemption of "food and food ingredients" provided in this section

1 applies to food and food ingredients which are furnished, prepared,  
2 or served as meals:

3 (a) Under a state administered nutrition program for the aged as  
4 provided for in the older Americans act (P.L. 95-478 Title III) and  
5 RCW 74.38.040(6);

6 (b) Which are provided to senior citizens, individuals with  
7 disabilities, or low-income persons by a (~~not-for-profit~~) nonprofit  
8 organization organized under chapter (~~24.03~~) 24.-- (the new chapter  
9 created in section 6101 of this act) or 24.12 RCW; or

10 (c) That are provided to residents, sixty-two years of age or  
11 older, of a qualified low-income senior housing facility by the  
12 lessor or operator of the facility. The sale of a meal that is billed  
13 to both spouses of a marital community or both domestic partners of a  
14 domestic partnership meets the age requirement in this subsection  
15 (3)(c) if at least one of the spouses or domestic partners is at  
16 least sixty-two years of age. For purposes of this subsection,  
17 "qualified low-income senior housing facility" has the same meaning  
18 as in RCW 82.08.0293.

19 **Sec. 5251.** RCW 88.46.065 and 1994 sp.s. c 9 s 853 are each  
20 amended to read as follows:

21 A nonprofit corporation established for the sole purpose of  
22 providing contingency plan coverage for any vessel in compliance with  
23 RCW 88.46.060 is entitled to liability protection as provided in this  
24 section. Obligations incurred by the corporation and any other  
25 liabilities or claims against the corporation may be enforced only  
26 against the assets of the corporation, and no liability for the debts  
27 or actions of the corporation exists against a director, officer,  
28 member, employee, incident commander, agent, contractor, or  
29 subcontractor of the corporation in his or her individual or  
30 representative capacity. Except as otherwise provided in this  
31 chapter, neither the directors, officers, members, employees,  
32 incident (~~commander[s]~~) commanders, or agents of the corporation,  
33 nor the business entities by whom they are regularly employed may be  
34 held individually responsible for discretionary decisions, errors in  
35 judgment, mistakes, or other acts, either of commission or omission,  
36 that are directly related to the operation or implementation of  
37 contingency plans, other than for acts of gross negligence or willful  
38 or wanton misconduct. The corporation may insure and defend and  
39 indemnify the directors, officers, members, employees, incident

1 commanders, and agents to the extent permitted by chapters 23B.08 and  
2 ((24.03)) 24.-- (the new chapter created in section 6101 of this act)  
3 RCW. This section does not alter or limit the responsibility or  
4 liability of any person for the operation of a motor vehicle.

5 **Sec. 5252.** RCW 89.08.405 and 2015 c 88 s 1 are each amended to  
6 read as follows:

7 (1) Any county legislative authority may approve by resolution  
8 revenues to a conservation district by fixing rates and charges. The  
9 county legislative authority may provide for this system of rates and  
10 charges as an alternative to, but not in addition to, a special  
11 assessment provided by RCW 89.08.400. In fixing rates and charges,  
12 the county legislative authority may in its discretion consider the  
13 information proposed to the county legislative authority by a  
14 conservation district consistent with this section.

15 (2) A conservation district, in proposing a system of rates and  
16 charges, may consider:

17 (a) Services furnished, to be furnished, or available to the  
18 landowner;

19 (b) Benefits received, to be received, or available to the  
20 property;

21 (c) The character and use of land;

22 (d) The ((nonprofit)) public benefit nonprofit corporation  
23 status, as defined in ((RCW 24.03.490)) section 1701 of this act, of  
24 the land user;

25 (e) The income level of persons served or provided benefits under  
26 this chapter, including senior citizens and disabled persons; or

27 (f) Any other matters that present a reasonable difference as a  
28 ground for distinction, including the natural resource needs within  
29 the district and the capacity of the district to provide either  
30 services or improvements, or both.

31 (3) (a) The system of rates and charges may include an annual per  
32 acre amount, an annual per parcel amount, or an annual per parcel  
33 amount plus an annual per acre amount. If included in the system of  
34 rates and charges, the maximum annual per acre rate or charge shall  
35 not exceed ten cents per acre. The maximum annual per parcel rate  
36 shall not exceed five dollars, except that for counties with a  
37 population of over four hundred eighty thousand persons, the maximum  
38 annual per parcel rate shall not exceed ten dollars, and for counties

1 with a population of over one million five hundred thousand persons,  
2 the maximum annual per parcel rate shall not exceed fifteen dollars.

3 (b) Public land, including lands owned or held by the state,  
4 shall be subject to rates and charges to the same extent as privately  
5 owned lands. The procedures provided in chapter 79.44 RCW shall be  
6 followed if lands owned or held by the state are subject to the rates  
7 and charges of a conservation district.

8 (c) Forestlands used solely for the planting, growing, or  
9 harvesting of trees may be subject to rates and charges if such lands  
10 are served by the activities of the conservation district. However,  
11 if the system of rates and charges includes an annual per acre amount  
12 or an annual per parcel amount plus an annual per acre amount, the  
13 per acre rate or charge on such forestlands shall not exceed  
14 one-tenth of the weighted average per acre rate or charge on all  
15 other lands within the conservation district that are subject to  
16 rates and charges. The calculation of the weighted average per acre  
17 shall be a ratio calculated as follows: (i) The numerator shall be  
18 the total amount of money estimated to be derived from the per acre  
19 special rates and charges on the nonforestlands in the conservation  
20 district; and (ii) the denominator shall be the total number of  
21 nonforestland acres in the conservation district that are served by  
22 the activities of the conservation district and that are subject to  
23 the rates or charges of the conservation district. No more than ten  
24 thousand acres of such forestlands that is both owned by the same  
25 person or entity and is located in the same conservation district may  
26 be subject to the rates and charges that are imposed for that  
27 conservation district in any year. Per parcel charges shall not be  
28 imposed on forestland parcels. However, in lieu of a per parcel  
29 charge, a charge of up to three dollars per forestland owner may be  
30 imposed on each owner of forestlands whose forestlands are subject to  
31 a per acre rate or charge.

32 (4) The consideration, development, adoption, and implementation  
33 of a system of rates and charges shall follow the same public notice  
34 and hearing process and be subject to the same procedure and  
35 authority of RCW 89.08.400(2).

36 (5)(a) Following the adoption of a system of rates and charges,  
37 the conservation district board of supervisors shall establish by  
38 resolution a process providing for landowner appeals of the  
39 individual rates and charges as applicable to a parcel or parcels.

1 (b) Any appeal must be filed by the landowner with the  
2 conservation district no later than twenty-one days after the date  
3 property taxes are due. The decision of the board of supervisors  
4 regarding any appeal shall be final and conclusive.

5 (c) Any appeal of the decision of the board shall be to the  
6 superior court of the county in which the district is located, and  
7 served and filed within twenty-one days of the date of the board's  
8 written decision.

9 (6) A conservation district shall prepare a roll that implements  
10 the system of rates and charges approved by the county legislative  
11 authority. The rates and charges from the roll shall be spread by the  
12 county assessor as a separate item on the tax rolls and shall be  
13 collected and accounted for with property taxes by the county  
14 treasurer. The amount of the rates and charges shall constitute a  
15 lien against the land that shall be subject to the same conditions as  
16 a tax lien, and collected by the treasurer in the same manner as  
17 delinquent real property taxes, and subject to the same interest and  
18 penalty as for delinquent property taxes. The county treasurer shall  
19 deduct an amount from the collected rates and charges, as established  
20 by the county legislative authority, to cover the costs incurred by  
21 the county assessor and county treasurer in spreading and collecting  
22 the rates and charges, but not to exceed the actual costs of such  
23 work. All remaining funds collected under this section shall be  
24 transferred to the conservation district and used by the conservation  
25 district in accordance with this section.

26 (7) The rates and charges for a conservation district shall not  
27 be spread on the tax rolls and shall not be allocated with property  
28 tax collections in the following year if, after the system of rates  
29 and charges has been approved by the county legislative authority but  
30 before the fifteenth day of December in that year, a petition has  
31 been filed with the county legislative authority objecting to the  
32 imposition of such rates and charges, which petition has been signed  
33 by at least twenty percent of the owners of land that would be  
34 subject to the rate or charge to be imposed for a conservation  
35 district.

36 **ARTICLE 3**

37 **REPEALER**

1        NEW SECTION.    **Sec. 5301.**    The following acts or parts of acts are  
2 each repealed:

3        (1) RCW 24.03.005 (Definitions) and 2020 c 57 s 80, 2015 c 176 s  
4 3101, 2004 c 265 s 1, 2002 c 74 s 4, 1989 c 291 s 3, 1986 c 240 s 1,  
5 1982 c 35 s 72, & 1967 c 235 s 2;

6        (2) RCW 24.03.009 (Notice by electronic transmission—Consent  
7 required—When effective) and 2004 c 265 s 4;

8        (3) RCW 24.03.010 (Applicability) and 1971 ex.s. c 53 s 1 & 1967  
9 c 235 s 3;

10       (4) RCW 24.03.015 (Purposes) and 1986 c 240 s 2, 1983 c 106 s 22,  
11 & 1967 c 235 s 4;

12       (5) RCW 24.03.017 (Corporation may elect to have chapter apply to  
13 it—Procedure) and 2015 c 176 s 3102, 2004 c 265 s 5, 1982 c 35 s 73,  
14 & 1971 ex.s. c 53 s 2;

15       (6) RCW 24.03.020 (Incorporators) and 2004 c 265 s 6, 1986 c 240  
16 s 3, 1982 c 35 s 74, & 1967 c 235 s 5;

17       (7) RCW 24.03.025 (Articles of incorporation) and 1987 c 212 s  
18 703, 1982 c 35 s 75, & 1967 c 235 s 6;

19       (8) RCW 24.03.027 (Filing false statements—Penalty);

20       (9) RCW 24.03.030 (Limitations) and 1986 c 240 s 4 & 1967 c 235 s  
21 7;

22       (10) RCW 24.03.035 (General powers) and 1991 c 72 s 42, 1986 c  
23 240 s 5, & 1967 c 235 s 8;

24       (11) RCW 24.03.040 (Defense of ultra vires) and 1967 c 235 s 9;

25       (12) RCW 24.03.043 (Indemnification of agents of any corporation  
26 authorized);

27       (13) RCW 24.03.045 (Corporate name) and 2015 c 176 s 3103, 2004 c  
28 265 s 7, 1998 c 102 s 3, 1994 c 211 s 1305, 1989 c 291 s 10, 1987 c  
29 55 s 39, 1986 c 240 s 6, 1982 c 35 s 76, & 1967 c 235 s 10;

30       (14) RCW 24.03.046 (Reservation of exclusive right to use a  
31 corporate name) and 2015 c 176 s 3104, 1993 c 356 s 1, & 1982 c 35 s  
32 77;

33       (15) RCW 24.03.047 (Registration of corporate name) and 2015 c  
34 176 s 3105, 1994 c 211 s 1306, 1993 c 356 s 2, 1987 c 55 s 40, 1986 c  
35 240 s 7, & 1982 c 35 s 78;

36       (16) RCW 24.03.048 (Renewal of registration of corporate name)  
37 and 2015 c 176 s 3106, 1986 c 240 s 8, & 1982 c 35 s 79;

1 (17) RCW 24.03.050 (Registered agent) and 2015 c 176 s 3107, 2009  
2 c 202 s 1, 2004 c 265 s 8, 1986 c 240 s 9, 1982 c 35 s 80, 1969 ex.s.  
3 c 163 s 1, & 1967 c 235 s 11;

4 (18) RCW 24.03.055 (Change of registered agent) and 2015 c 176 s  
5 3108, 2004 c 265 s 9, 1993 c 356 s 3, 1986 c 240 s 10, 1982 c 35 s  
6 81, & 1967 c 235 s 12;

7 (19) RCW 24.03.060 (Service of process on corporation) and 2015 c  
8 176 s 3109, 1986 c 240 s 11, 1982 c 35 s 82, & 1967 c 235 s 13;

9 (20) RCW 24.03.065 (Members—Member committees) and 2004 c 98 s 1,  
10 1986 c 240 s 12, & 1967 c 235 s 14;

11 (21) RCW 24.03.070 (Bylaws) and 1991 c 72 s 43, 1986 c 240 s 13,  
12 & 1967 c 235 s 15;

13 (22) RCW 24.03.075 (Meetings of members and committees of  
14 members) and 2004 c 98 s 2, 1986 c 240 s 14, & 1967 c 235 s 16;

15 (23) RCW 24.03.080 (Notice of members' meetings) and 2004 c 265 s  
16 10, 1969 ex.s. c 115 s 1, & 1967 c 235 s 17;

17 (24) RCW 24.03.085 (Voting) and 2004 c 265 s 11, 1969 ex.s. c 115  
18 s 2, & 1967 c 235 s 18;

19 (25) RCW 24.03.090 (Quorum) and 1967 c 235 s 19;

20 (26) RCW 24.03.095 (Board of directors) and 1967 c 235 s 20;

21 (27) RCW 24.03.100 (Number and election or appointment of  
22 directors) and 1986 c 240 s 15 & 1967 c 235 s 21;

23 (28) RCW 24.03.103 (Removal of directors) and 1986 c 240 s 16;

24 (29) RCW 24.03.1031 (Judicial removal of directors) and 1999 c 32  
25 s 1;

26 (30) RCW 24.03.105 (Vacancies) and 2011 c 336 s 655, 1986 c 240 s  
27 17, & 1967 c 235 s 22;

28 (31) RCW 24.03.110 (Quorum of directors) and 1986 c 240 s 18 &  
29 1967 c 235 s 23;

30 (32) RCW 24.03.113 (Assent presumed—Procedures for dissent or  
31 abstention) and 2004 c 265 s 12 & 1986 c 240 s 19;

32 (33) RCW 24.03.115 (Committees) and 2011 c 336 s 656, 1986 c 240  
33 s 20, & 1967 c 235 s 24;

34 (34) RCW 24.03.120 (Place and notice of directors' meetings) and  
35 2004 c 265 s 13, 1986 c 240 s 21, & 1967 c 235 s 25;

36 (35) RCW 24.03.125 (Officers) and 1986 c 240 s 22 & 1967 c 235 s  
37 26;

38 (36) RCW 24.03.127 (Duties of a director) and 1986 c 240 s 23;

39 (37) RCW 24.03.130 (Removal of officers) and 1967 c 235 s 27;

1 (38) RCW 24.03.135 (Required documents in the form of a record—  
2 Inspection—Copying) and 2004 c 265 s 14, 1986 c 240 s 24, & 1967 c  
3 235 s 28;

4 (39) RCW 24.03.140 (Loans to directors and officers prohibited)  
5 and 1967 c 235 s 29;

6 (40) RCW 24.03.145 (Filing of articles of incorporation) and 2015  
7 c 176 s 3110, 2002 c 74 s 7, 1982 c 35 s 83, & 1967 c 235 s 30;

8 (41) RCW 24.03.150 (Effect of filing the articles of  
9 incorporation) and 1986 c 240 s 25, 1982 c 35 s 84, & 1967 c 235 s  
10 31;

11 (42) RCW 24.03.155 (Organization meetings) and 2004 c 265 s 15,  
12 1986 c 240 s 26, & 1967 c 235 s 32;

13 (43) RCW 24.03.160 (Right to amend articles of incorporation) and  
14 1967 c 235 s 33;

15 (44) RCW 24.03.165 (Procedure to amend articles of incorporation)  
16 and 2004 c 265 s 16, 1986 c 240 s 27, & 1967 c 235 s 34;

17 (45) RCW 24.03.170 (Articles of amendment) and 2004 c 265 s 17,  
18 1982 c 35 s 85, & 1967 c 235 s 35;

19 (46) RCW 24.03.175 (Filing of articles of amendment) and 2015 c  
20 176 s 3111, 2002 c 74 s 8, 1982 c 35 s 86, & 1967 c 235 s 36;

21 (47) RCW 24.03.180 (Effect of filing of articles of amendment)  
22 and 2015 c 176 s 3112, 1986 c 240 s 28, 1982 c 35 s 87, & 1967 c 235  
23 s 37;

24 (48) RCW 24.03.183 (Restated articles of incorporation) and 2015  
25 c 176 s 3113, 2004 c 265 s 18, 2002 c 74 s 9, 1986 c 240 s 29, & 1982  
26 c 35 s 88;

27 (49) RCW 24.03.185 (Procedure for merger) and 1986 c 240 s 30 &  
28 1967 c 235 s 38;

29 (50) RCW 24.03.190 (Procedure for consolidation) and 1986 c 240 s  
30 31 & 1967 c 235 s 39;

31 (51) RCW 24.03.195 (Approval of merger or consolidation) and 2004  
32 c 265 s 19, 1986 c 240 s 32, & 1967 c 235 s 40;

33 (52) RCW 24.03.200 (Articles of merger or consolidation) and 2015  
34 c 176 s 3114, 2004 c 265 s 20, 2002 c 74 s 10, 1986 c 240 s 33, 1982  
35 c 35 s 89, & 1967 c 235 s 41;

36 (53) RCW 24.03.205 (Merger or consolidation—When effective) and  
37 2015 c 176 s 3115, 1986 c 240 s 34, 1982 c 35 s 90, & 1967 c 235 s  
38 42;



1 (54) RCW 24.03.207 (Merger or consolidation of domestic and  
2 foreign corporation) and 2015 c 176 s 3116, 2004 c 265 s 21, 1986 c  
3 240 s 35, & 1982 c 35 s 91;

4 (55) RCW 24.03.210 (Effect of merger or consolidation) and 1967 c  
5 235 s 43;

6 (56) RCW 24.03.215 (Sale, lease, exchange, or other disposition  
7 of assets not in the ordinary course of business) and 2004 c 265 s  
8 22, 1986 c 240 s 36, & 1967 c 235 s 44;

9 (57) RCW 24.03.217 (Sale, lease, exchange, or disposition of  
10 assets in course of business—Mortgage and pledge of assets) and 1986  
11 c 240 s 37;

12 (58) RCW 24.03.220 (Voluntary dissolution) and 2004 c 265 s 23,  
13 1986 c 240 s 38, 1982 c 35 s 92, & 1967 c 235 s 45;

14 (59) RCW 24.03.225 (Distribution of assets) and 1967 c 235 s 46;

15 (60) RCW 24.03.230 (Plan of distribution) and 2011 c 336 s 657,  
16 2004 c 265 s 24, 1969 ex.s. c 115 s 3, & 1967 c 235 s 47;

17 (61) RCW 24.03.235 (Revocation of voluntary dissolution  
18 proceedings) and 2004 c 265 s 25 & 1967 c 235 s 48;

19 (62) RCW 24.03.240 (Articles of dissolution) and 2004 c 265 s 26,  
20 1993 c 356 s 4, 1982 c 35 s 93, & 1967 c 235 s 49;

21 (63) RCW 24.03.245 (Filing of articles of dissolution) and 2015 c  
22 176 s 3117, 2002 c 74 s 11, 1982 c 35 s 94, & 1967 c 235 s 50;

23 (64) RCW 24.03.250 (Involuntary dissolution) and 1969 ex.s. c 163  
24 s 2 & 1967 c 235 s 51;

25 (65) RCW 24.03.255 (Notification to attorney general) and 1982 c  
26 35 s 95, 1969 ex.s. c 163 s 3, & 1967 c 235 s 52;

27 (66) RCW 24.03.260 (Venue and process) and 1967 c 235 s 53;

28 (67) RCW 24.03.266 (Dissolution of a nonprofit corporation—  
29 Superior courts) and 2010 c 212 s 1;

30 (68) RCW 24.03.271 (Dissolution of a nonprofit corporation—Venue  
31 —Proceedings—Court's authority—Distribution of assets) and 2010 c  
32 212 s 2;

33 (69) RCW 24.03.276 (Dissolution of a nonprofit corporation—  
34 Decree) and 2010 c 212 s 3;

35 (70) RCW 24.03.295 (Filing of decree of dissolution) and 1986 c  
36 240 s 40 & 1967 c 235 s 60;

37 (71) RCW 24.03.300 (Survival of remedy after dissolution—  
38 Extension of duration of corporation) and 2015 c 176 s 3118, 1986 c  
39 240 s 41, 1982 c 35 s 96, & 1967 c 235 s 61;

1 (72) RCW 24.03.302 (Administrative dissolution—Reinstatement—  
2 Survival of actions) and 2015 c 176 s 3119, 1994 c 287 s 8, 1993 c  
3 356 s 5, 1987 c 117 s 3, 1986 c 240 s 42, 1982 c 35 s 97, 1971 ex.s.  
4 c 128 s 1, & 1969 ex.s. c 163 s 9;

5 (73) RCW 24.03.305 (Registration of foreign corporation—Authority  
6 to conduct affairs) and 2015 c 176 s 3120, 1993 c 181 s 12, 1986 c  
7 240 s 43, & 1967 c 235 s 62;

8 (74) RCW 24.03.310 (Powers of foreign corporation—Effect of  
9 registration—Governing law) and 2015 c 176 s 3121 & 1967 c 235 s 63;

10 (75) RCW 24.03.315 (Corporate name of foreign corporation—  
11 Fictitious name) and 2015 c 176 s 3122, 1982 c 35 s 98, & 1967 c 235  
12 s 64;

13 (76) RCW 24.03.325 (Foreign registration statement) and 2015 c  
14 176 s 3123, 2002 c 74 s 12, 1986 c 240 s 45, & 1967 c 235 s 66;

15 (77) RCW 24.03.332 (Certificate of authority as insurance company  
16 —Filing of records) and 2004 c 265 s 28 & 1998 c 23 s 12;

17 (78) RCW 24.03.334 (Certificate of authority as insurance company  
18 —Registration or reservation of name) and 1998 c 23 s 13;

19 (79) RCW 24.03.335 (Effect of foreign registration statement—  
20 Right of state to terminate registration) and 2015 c 176 s 3124, 1982  
21 c 35 s 100, & 1967 c 235 s 68;

22 (80) RCW 24.03.340 (Registered agent of foreign corporation) and  
23 2015 c 176 s 3125, 2004 c 265 s 29, 1982 c 35 s 101, & 1967 c 235 s  
24 69;

25 (81) RCW 24.03.345 (Change of registered agent of foreign  
26 corporation) and 2015 c 176 s 3126, 2004 c 265 s 30, 1993 c 356 s 6,  
27 1986 c 240 s 47, 1982 c 35 s 102, & 1967 c 235 s 70;

28 (82) RCW 24.03.350 (Service on foreign corporation) and 2015 c  
29 176 s 3127, 2011 c 336 s 658, 1986 c 240 s 48, 1982 c 35 s 103, &  
30 1967 c 235 s 71;

31 (83) RCW 24.03.360 (Merger of foreign corporation authorized to  
32 conduct affairs in this state) and 1986 c 240 s 49 & 1967 c 235 s 73;

33 (84) RCW 24.03.365 (Amended foreign registration statement) and  
34 2015 c 176 s 3128, 2004 c 265 s 31, & 1967 c 235 s 74;

35 (85) RCW 24.03.370 (Withdrawal of foreign corporation) and 2015 c  
36 176 s 3129, 1993 c 356 s 7, 1982 c 35 s 104, & 1967 c 235 s 75;

37 (86) RCW 24.03.380 (Termination of registration) and 2015 c 176 s  
38 3130, 2004 c 265 s 32, 1986 c 240 s 50, 1982 c 35 s 106, & 1967 c 235  
39 s 77;

1 (87) RCW 24.03.390 (Conducting affairs without registering) and  
2 2015 c 176 s 3131, 1986 c 240 s 52, & 1967 c 235 s 79;

3 (88) RCW 24.03.395 (Annual report of domestic and foreign  
4 corporations) and 2015 c 176 s 3132, 1993 c 356 s 10, 1989 c 291 s 2,  
5 1987 c 117 s 4, 1986 c 240 s 53, 1982 c 35 s 108, & 1967 c 235 s 80;

6 (89) RCW 24.03.405 (Applicable fees, charges, and penalties) and  
7 2015 c 176 s 3133, 2010 1st sp.s. c 29 s 3, 1993 c 269 s 5, 1991 c  
8 223 s 1, 1987 c 117 s 5, 1986 c 240 s 55, 1982 c 35 s 110, 1981 c 230  
9 s 5, 1969 ex.s. c 163 s 5, & 1967 c 235 s 82;

10 (90) RCW 24.03.417 (Fees for services by secretary of state);

11 (91) RCW 24.03.420 (Penalties imposed upon corporation) and 1969  
12 ex.s. c 163 s 7 & 1967 c 235 s 85;

13 (92) RCW 24.03.425 (Penalties imposed upon directors and  
14 officers) and 2015 c 176 s 3134, 2004 c 265 s 34, & 1967 c 235 s 86.

15 (93) RCW 24.03.430 (Interrogatories by secretary of state) and  
16 2004 c 265 s 35, 1982 c 35 s 112, & 1967 c 235 s 87;

17 (94) RCW 24.03.435 (Confidential nature of information disclosed  
18 by interrogatories) and 1982 c 35 s 113 & 1967 c 235 s 88;

19 (95) RCW 24.03.440 (Power and authority of secretary of state)  
20 and 1982 c 35 s 114 & 1967 c 235 s 89;

21 (96) RCW 24.03.445 (Duty of secretary of state to file—Review of  
22 refusal to file) and 2015 c 176 s 3135, 2004 c 265 s 36, 1986 c 240 s  
23 56, 1982 c 35 s 115, & 1967 c 235 s 90;

24 (97) RCW 24.03.455 (Greater voting requirements) and 1967 c 235 s  
25 92;

26 (98) RCW 24.03.460 (Waiver of notice) and 2004 c 265 s 38 & 1967  
27 c 235 s 93;

28 (99) RCW 24.03.465 (Action by members or directors without a  
29 meeting) and 2004 c 265 s 39 & 1967 c 235 s 94;

30 (100) RCW 24.03.470 (Unauthorized assumption of corporate powers)  
31 and 1967 c 235 s 95;

32 (101) RCW 24.03.480 (Postsecondary education loans—Interest  
33 rates) and 1989 c 166 s 1;

34 (102) RCW 24.03.490 (Public benefit nonprofit corporation  
35 designation established) and 1989 c 291 s 4;

36 (103) RCW 24.03.500 (Public benefit nonprofit corporations—  
37 Temporary designation) and 1989 c 291 s 5;

38 (104) RCW 24.03.510 (Public benefit nonprofit corporations—  
39 Application) and 1989 c 291 s 6;

1 (105) RCW 24.03.520 (Public benefit nonprofit corporations—  
2 Renewal) and 1989 c 291 s 7;  
3 (106) RCW 24.03.530 (Public benefit nonprofit corporations—Fees)  
4 and 1989 c 291 s 8;  
5 (107) RCW 24.03.540 (Public benefit nonprofit corporations—  
6 Removal of status) and 1989 c 291 s 9;  
7 (108) RCW 24.03.550 (Host home programs—Registration) and 2016 c  
8 166 s 3;  
9 (109) RCW 24.03.900 (Short title) and 1967 c 235 s 1;  
10 (110) RCW 24.03.905 (Savings—1967 c 235) and 1967 c 235 s 96;  
11 (111) RCW 24.03.915 (Notice to existing corporations) and 1982 c  
12 35 s 117, 1969 ex.s. c 163 s 8, & 1967 c 235 s 98;  
13 (112) RCW 24.03.920 (Repealer—Exception) and 1967 c 235 s 100;  
14 and  
15 (113) RCW 24.03.925 (Effective date—1967 c 235) and 1967 c 235 s  
16 99.

17 **PART VI**  
18 **IMPLEMENTATION**

19 NEW SECTION. **Sec. 6101.** CODIFICATION. Sections 1101 through  
20 4203 of this act constitute a new chapter in Title 24 RCW.

21 NEW SECTION. **Sec. 6102.** SEVERABILITY. If any provision of this  
22 act or its application to any person or circumstance is held invalid,  
23 the remainder of the act or the application of the provision to other  
24 persons or circumstances is not affected.

25 NEW SECTION. **Sec. 6103.** EFFECTIVE DATE. Except for section 5204  
26 of this act, this act takes effect January 1, 2022.

27 NEW SECTION. **Sec. 6104.** EFFECTIVE DATE. Section 5204 of this  
28 act takes effect July 1, 2022.

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