

CERTIFICATION OF ENROLLMENT

SENATE BILL 5829

Chapter 128, Laws of 1999

56th Legislature
1999 Regular Session

OCCUPATIONAL AND PHYSICAL THERAPY--BUSINESS STRUCTURE

EFFECTIVE DATE: 7/25/99

Passed by the Senate March 12, 1999
YEAS 48 NAYS 0

BRAD OWEN
President of the Senate

Passed by the House April 8, 1999
YEAS 95 NAYS 0

CLYDE BALLARD
**Speaker of the
House of Representatives**

FRANK CHOPP
**Speaker of the
House of Representatives**

Approved April 28, 1999

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

I, Tony M. Cook, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5829** as passed by the Senate and the House of Representatives on the dates hereon set forth.

TONY M. COOK
Secretary

FILED

April 28, 1999 - 4:19 p.m.

**Secretary of State
State of Washington**

SENATE BILL 5829

Passed Legislature - 1999 Regular Session

State of Washington

56th Legislature

1999 Regular Session

By Senators Thibaudeau and Loveland

Read first time 02/11/1999. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to professional services; and amending RCW
2 18.100.050 and 25.15.045.

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

4 **Sec. 1.** RCW 18.100.050 and 1997 c 390 s 3 are each amended to read
5 as follows:

6 (1) An individual or group of individuals duly licensed or
7 otherwise legally authorized to render the same professional services
8 within this state may organize and become a shareholder or shareholders
9 of a professional corporation for pecuniary profit under the provisions
10 of Title 23B RCW for the purpose of rendering professional service.
11 One or more of the legally authorized individuals shall be the
12 incorporators of the professional corporation.

13 (2) Notwithstanding any other provision of this chapter, registered
14 architects and registered engineers may own stock in and render their
15 individual professional services through one professional service
16 corporation.

17 (3) Licensed health care professionals, providing services to
18 enrolled participants either directly or through arrangements with a
19 health maintenance organization registered under chapter 48.46 RCW or

1 federally qualified health maintenance organization, may own stock in
2 and render their individual professional services through one
3 professional service corporation.

4 (4) Professionals may organize a nonprofit nonstock corporation
5 under this chapter and chapter 24.03 RCW to provide professional
6 services, and the provisions of this chapter relating to stock and
7 referring to Title 23B RCW shall not apply to any such corporation.

8 (5)(a) Notwithstanding any other provision of this chapter, health
9 care professionals who are licensed or certified pursuant to chapters
10 18.06, 18.19, 18.22, 18.25, 18.29, 18.34, 18.35, 18.36A, 18.50, 18.53,
11 18.55, 18.57, 18.57A, 18.64, 18.71, 18.71A, 18.79, 18.83, 18.89,
12 18.108, and 18.138 RCW may own stock in and render their individual
13 professional services through one professional service corporation and
14 are to be considered, for the purpose of forming a professional service
15 corporation, as rendering the "same specific professional services" or
16 "same professional services" or similar terms.

17 (b) Notwithstanding any other provision of this chapter, health
18 care professionals who are regulated under chapters 18.59 and 18.74 RCW
19 may own stock in and render their individual professional services
20 through one professional service corporation formed for the sole
21 purpose of providing professional services within their respective
22 scope of practice.

23 (c) Formation of a professional service corporation under this
24 subsection does not restrict the application of the uniform
25 disciplinary act under chapter 18.130 RCW, or applicable health care
26 professional statutes under Title 18 RCW, including but not limited to
27 restrictions on persons practicing a health profession without being
28 appropriately credentialed and persons practicing beyond the scope of
29 their credential.

30 **Sec. 2.** RCW 25.15.045 and 1998 c 293 s 5 are each amended to read
31 as follows:

32 (1) A person or group of persons licensed or otherwise legally
33 authorized to render professional services within this or any other
34 state may organize and become a member or members of a professional
35 limited liability company under the provisions of this chapter for the
36 purposes of rendering professional service. A "professional limited
37 liability company" is subject to all the provisions of chapter 18.100
38 RCW that apply to a professional corporation, and its managers,

1 members, agents, and employees shall be subject to all the provisions
2 of chapter 18.100 RCW that apply to the directors, officers,
3 shareholders, agents, or employees of a professional corporation,
4 except as provided otherwise in this section. Nothing in this section
5 prohibits a person duly licensed or otherwise legally authorized to
6 render professional services in any jurisdiction other than this state
7 from becoming a member of a professional limited liability company
8 organized for the purpose of rendering the same professional services.
9 Nothing in this section prohibits a professional limited liability
10 company from rendering professional services outside this state through
11 individuals who are not duly licensed or otherwise legally authorized
12 to render such professional services within this state. Persons
13 engaged in a profession and otherwise meeting the requirements of this
14 chapter may operate under this chapter as a professional limited
15 liability company so long as each member personally engaged in the
16 practice of the profession in this state is duly licensed or otherwise
17 legally authorized to practice the profession in this state and:

18 (a) At least one manager of the company is duly licensed or
19 otherwise legally authorized to practice the profession in this state;
20 or

21 (b) Each member in charge of an office of the company in this state
22 is duly licensed or otherwise legally authorized to practice the
23 profession in this state.

24 (2) If the company's members are required to be licensed to
25 practice such profession, and the company fails to maintain for itself
26 and for its members practicing in this state a policy of professional
27 liability insurance, bond, or other evidence of financial
28 responsibility of a kind designated by rule by the state insurance
29 commissioner and in the amount of at least one million dollars or a
30 greater amount as the state insurance commissioner may establish by
31 rule for a licensed profession or for any specialty within a
32 profession, taking into account the nature and size of the business,
33 then the company's members are personally liable to the extent that,
34 had the insurance, bond, or other evidence of responsibility been
35 maintained, it would have covered the liability in question.

36 (3) For purposes of applying the provisions of chapter 18.100 RCW
37 to a professional limited liability company, the terms "director" or
38 "officer" means manager, "shareholder" means member, "corporation"
39 means professional limited liability company, "articles of

1 incorporation" means certificate of formation, "shares" or "capital
2 stock" means a limited liability company interest, "incorporator" means
3 the person who executes the certificate of formation, and "bylaws"
4 means the limited liability company agreement.

5 (4) The name of a professional limited liability company must
6 contain either the words "Professional Limited Liability Company," or
7 the words "Professional Limited Liability" and the abbreviation "Co.,"
8 or the abbreviation "P.L.L.C." or "PLLC" provided that the name of a
9 professional limited liability company organized to render dental
10 services shall contain the full names or surnames of all members and no
11 other word than "chartered" or the words "professional services" or the
12 abbreviation "P.L.L.C." or "PLLC."

13 (5) Subject to the provisions in article VII of this chapter, the
14 following may be a member of a professional limited liability company
15 and may be the transferee of the interest of an ineligible person or
16 deceased member of the professional limited liability company:

17 (a) A professional corporation, if its shareholders, directors, and
18 its officers other than the secretary and the treasurer, are licensed
19 or otherwise legally authorized to render the same specific
20 professional services as the professional limited liability company;
21 and

22 (b) Another professional limited liability company, if the managers
23 and members of both professional limited liability companies are
24 licensed or otherwise legally authorized to render the same specific
25 professional services.

26 (6)(a) Notwithstanding any other provision of this chapter, health
27 care professionals who are licensed or certified pursuant to chapters
28 18.06, 18.19, 18.22, 18.25, 18.29, 18.34, 18.35, 18.36A, 18.50, 18.53,
29 18.55, 18.57, 18.57A, 18.64, 18.71, 18.71A, 18.79, 18.83, 18.89,
30 18.108, and 18.138 RCW may own membership interests in and render their
31 individual professional services through one limited liability company
32 and are to be considered, for the purpose of forming a limited
33 liability company, as rendering the "same specific professional
34 services" or "same professional services" or similar terms.

35 (b) Notwithstanding any other provision of this chapter, health
36 care professionals who are regulated under chapters 18.59 and 18.74 RCW
37 may own membership interests in and render their individual
38 professional services through one limited liability company formed for

1 the sole purpose of providing professional services within their
2 respective scope of practice.

3 (c) Formation of a limited liability company under this subsection
4 does not restrict the application of the uniform disciplinary act under
5 chapter 18.130 RCW, or any applicable health care professional statutes
6 under Title 18 RCW, including but not limited to restrictions on
7 persons practicing a health profession without being appropriately
8 credentialed and persons practicing beyond the scope of their
9 credential.

Passed the Senate March 12, 1999.

Passed the House April 8, 1999.

Approved by the Governor April 28, 1999.

Filed in Office of Secretary of State April 28, 1999.