

SENATE BILL REPORT

SB 6313

As Reported By Senate Committee On:
Judiciary, January 29, 2004

Title: An act relating to liability of boards of directors or officers of nonprofit corporations.

Brief Description: Limiting liability for boards of directors or officers of nonprofit corporations.

Sponsors: Senators T. Sheldon, Hale, Kohl-Welles, Eide, Shin, Jacobsen, B. Sheldon, Finkbeiner, Doumit, Prentice, McAuliffe, Regala, Berkey, Fairley, Winsley, Haugen and Rasmussen.

Brief History:

Committee Activity: Judiciary: 1/28/04, 1/29/04 [DP].

SENATE COMMITTEE ON JUDICIARY

Majority Report: Do pass.

Signed by Senators McCaslin, Chair; Esser, Vice Chair; Brandland, Hargrove, Haugen, Johnson, Roach and Thibaudeau.

Staff: Jinnah Rose-McFadden (786-7421)

Background: Under current law, officers and members of a nonprofit corporation's board of directors are not personally liable for any discretionary decision made within their official capacity, unless the decision constitutes gross negligence.

Similarly, officers and members of a nonprofit corporation's board of directors are not personally liable to the corporation, shareholders, or members for conduct within their official capacity, except that an officer's or director's liability may not be eliminated or limited for acts or omissions that involve intentional misconduct, knowing violations of law, or personal benefit from an unlawful transaction.

There is nothing in current statute expressly eliminating or limiting the personal liability of officers and directors for a nonprofit's failure to comply with provisions of the Washington Administrative Code.

Summary of Bill: Officers and members of a nonprofit corporation's board of directors are released from personal liability for a nonprofit's failure to comply with provisions of the Washington Administrative Code, unless the nonprofit's failure to comply constitutes gross negligence.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: None.

Testimony Against: None.

Testified: No one.