

VETO MESSAGE ON HB 2577

March 24, 2004

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 3, House Bill No. 2577 entitled:

"AN ACT Relating to nonprofit corporations;"

This bill would allow a nonprofit corporation to provide in its articles of incorporation or its bylaws that one or more committees of members may handle duties assigned in the articles or bylaws. It further provides that committees of members may meet by teleconference or other electronic means.

Section 3 of House Bill No. 2577 would have amended RCW 24.03.465 to provide that unless restricted by articles or bylaws, members or committees of members could take action on a matter without a meeting if a majority of members, or committee members, consent. This authority is inconsistent with that provided to nonprofit corporations in section 39 of Engrossed Senate Bill No. 6188, which the Legislature also passed this session and which also amends RCW 24.03.465. Section 39 provides that an action "may be taken without a meeting if a consent in the form of a record, setting forth the action so taken, shall be executed by *all of the members* entitled to vote with respect to the subject matter thereof, or all of the directors, as the case may be." Substantively, these two sections differ on the important point of whether a "consent to action" by members of a nonprofit corporation requires affirmative action by a majority of members or by all members entitled to vote.

Section 3 would have also been inconsistent with section 11 of Engrossed Senate Bill No. 6188, which allows matters submitted to a vote of the members to be acted upon by a majority vote, and that such a vote may be conducted "by mail, by electronic transmission, or by proxy in the form of a record executed by the member." Section 11 would provide this authority only where specifically approved in the bylaws or articles of incorporation, while section 3 would have provided this authority unless it is specifically restricted in the bylaws or articles of incorporation.

In any event, section 11 of Engrossed Senate Bill No. 6188 provides an alternative mechanism by which matters submitted to members may be acted upon by a majority vote. This section establishes specific requirements and time limits for such voting, and therefore provides an effective and more comprehensive mechanism for action by members, and committees of members, than that provided under section 3 of House Bill No. 2577.

For these reasons, I have vetoed section 3 of House Bill No. 2577. With the exception of section 3, House Bill No. 2577 is approved. Respectfully submitted,

Gary Locke
Governor