
SENATE BILL 5034

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

By Senators Pedersen, Padden, and Mullet; by request of Washington State Bar Association

Prefiled 12/22/20. Read first time 01/11/21. Referred to Committee on Law & Justice.

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 1407, 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) The court may modify a restriction related to a
3 gift's management or investment, rather than to its charitable
4 purpose, 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) The court may modify a restriction on the use of a gift
12 relating to the charitable purpose of the gift, rather than its
13 management or investment, if the purpose becomes unlawful,
14 impracticable, impossible to achieve, or wasteful.

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

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

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

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

35 **ARTICLE 6**
36 **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. The
19 court shall dispose of an application under this subsection on an
20 expedited basis.

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

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

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

37 (b) Used for any commercial purpose; or

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

1 (2) Instead of making a membership list available for inspection
2 and copying under sections 1601 through 1607 of this act, a nonprofit
3 corporation may elect to proceed under the procedures set forth in
4 section 2304(6) of this act.

5 **ARTICLE 7**

6 **PUBLIC BENEFIT CORPORATIONS**

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

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

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

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

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

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

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

32 NEW SECTION. **Sec. 1703.** REMOVAL OF STATUS. The secretary of
33 state may remove a corporation's public benefit nonprofit corporation
34 designation if the corporation does not comply with this chapter or
35 the internal revenue service revokes recognition of the corporation's

1 status as an organization described in section 501(c)(3) of the
2 Internal Revenue Code.

3 **ARTICLE 8**
4 **FOREIGN CORPORATIONS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 NEW SECTION. **Sec. 1809.** TRANSFER OF REGISTRATION. (1) If a
2 registered foreign nonprofit corporation merges into a nonregistered
3 foreign entity or converts to a different type of foreign entity
4 required to register to do business in this state, the foreign entity
5 shall deliver to the secretary of state for filing an application for
6 transfer of registration under RCW 23.95.545.

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

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

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

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

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

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

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

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

36 **PART II**
37 **GOVERNANCE**

1 **ARTICLE 1**

2 **MEMBERS AND MEMBERSHIPS**

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

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

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

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

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

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

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

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

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

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

1 NEW SECTION. **Sec. 2104.** CONSIDERATION FOR ADMISSION. Except as
2 provided in its articles or bylaws, a membership corporation may
3 admit members for no consideration or for consideration determined by
4 the board, which may take any form, including promissory notes,
5 intangible property, or past or future services. Payment of the
6 consideration may be made at those times and upon those terms as are
7 set forth in or authorized by the articles, bylaws, or a resolution
8 of the board.

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

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

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

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

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

35 (2) If the corporation has one or more classes of members, then
36 the designation of the class or classes, the articles, or the bylaws

1 shall set forth the manner of election or appointment and the
2 qualifications and rights of the members of each class.

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

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

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

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

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

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

35 NEW SECTION. **Sec. 2111.** CREDITOR'S ACTION AGAINST MEMBER. (1) A
36 proceeding may not be brought by a creditor of a membership

1 corporation to reach the liability, if any, of a member to the
2 corporation unless final judgment has been rendered in favor of the
3 creditor against the corporation and execution has been returned
4 unsatisfied in whole or in part.

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

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

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

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

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

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

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

23 (b) Either:

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

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

34 (iii) If members, or a class of members, are not identified
35 individually on the records of the corporation, a request from the
36 corporation for members to provide contact information that includes
37 a statement that failure to respond could result in termination of
38 membership is published once a week for six consecutive weeks in a

1 newspaper of general circulation in the county in which the
2 corporation's principal office is located.

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

7 (4) Irrespective of anything to the contrary in the articles or
8 bylaws, the court may order termination of a member in the best
9 interests of the corporation.

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

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

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

22 **ARTICLE 2**

23 **DELEGATES**

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

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

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

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

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

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

35 (a) The power to appoint, remove, or modify any provision of the
36 articles or bylaws governing the appointment or removal of delegates
37 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. The articles or
17 bylaws may prescribe other qualifications for directors. A director
18 need not be a resident of this state or a member of the corporation
19 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) A corporation described in subsection (2) of this section may
36 have fewer than three directors if the death, incapacity,
37 resignation, or removal of a director causes the corporation to have
38 fewer than three directors, provided that the entity, body, or person

1 with the power to elect or appoint directors makes reasonable and
2 prompt efforts to elect or appoint additional directors.

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

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

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

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

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

31 (2) For a corporation formed before the effective date of this
32 section, if the articles or bylaws current as of the effective date
33 of this section provided for terms of elected directors longer than
34 five years, then the terms for elected directors provided in those
35 articles or bylaws may continue in effect until and unless the
36 articles or bylaws are amended to shorten those terms.

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

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

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

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

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

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

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

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

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

36 (a) The members may remove, with or without cause, one or more
37 directors who have been elected by the members, unless the articles

1 or bylaws provide that directors may be removed only for cause. The
2 articles or bylaws may specify what constitutes cause for removal.

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

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

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

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

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

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

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

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

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

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

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

39 (a) Who has been appointed a guardian under RCW 11.130.185 or
40 11.130.265;

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

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

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

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

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

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

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

25 NEW SECTION. **Sec. 2410.** VACANCY ON BOARD OF DIRECTORS. (1)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

38 (a) For money damages, also has the burden of establishing that:

1 (i) Harm to the nonprofit corporation or its members has been
2 suffered; and

3 (ii) The harm suffered was proximately caused by the director's
4 challenged conduct; or

5 (b) For other money payment under a legal remedy, such as
6 compensation for the unauthorized use of corporate assets, also has
7 whatever burden of persuasion may be called for to establish that the
8 payment sought is appropriate in the circumstances; or

9 (c) For other money payment under an equitable remedy, such as
10 profit recovery by or disgorgement to the corporation, also has
11 whatever burden of persuasion may be called for to establish that the
12 equitable remedy sought is appropriate in the circumstances.

13 (7) Nothing contained in this section:

14 (a) In any instance where fairness is at issue, such as
15 consideration of the fairness of a transaction to the nonprofit
16 corporation under section 2703(1)(c) of this act, alters the burden
17 of proving the fact or lack of fairness otherwise applicable;

18 (b) Alters the fact or lack of liability of a director to the
19 nonprofit corporation under another section of this chapter, such as
20 the provisions governing the consequences of an unlawful distribution
21 under section 2702 of this act, a conflicting interest transaction
22 under section 2703 of this act, or taking advantage of a business
23 opportunity under section 2704 of this act;

24 (c) Affects any rights to which the corporation or a director or
25 member may be entitled under another statute of this state or the
26 United States; or

27 (d) Affects the authority of the attorney general to take any
28 action against a director under this chapter or other applicable
29 Washington state law.

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

33 **ARTICLE 5**

34 **MEETINGS AND ACTION OF THE BOARD**

35 NEW SECTION. **Sec. 2501.** MEETINGS OF THE BOARD. (1) The board
36 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) 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) If a quorum is present when a vote is taken, then the
11 affirmative vote of a majority of directors present is the act of the
12 board unless a greater vote is required by the articles or bylaws or
13 this chapter.

14 (4) No proxy for a director, however appointed, may:

15 (a) Participate in any vote of the board or of any board
16 committee;

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

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

20 (5) A director who is present at a meeting of the board when
21 corporate action is taken is considered to have assented to the
22 action taken unless:

23 (a) The director objects at the beginning of the meeting or
24 promptly upon arrival to holding it or transacting business at the
25 meeting;

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

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

32 (6) The right of dissent or abstention is not available to a
33 director who votes in favor of the action taken.

34 NEW SECTION. **Sec. 2505.** ACTION WITHOUT MEETING BY UNANIMOUS

35 WRITTEN CONSENT. (1) Unless the articles or bylaws prohibit action
36 without a meeting, action required or permitted by this chapter to be
37 taken by the board may be taken without a meeting if each director
38 entitled to vote with respect to the subject matter thereof executes

1 a consent in the form of a record describing the action to be taken
2 and delivers it to the nonprofit corporation.

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

6 (a) The board has determined that:

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

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

15 (b) That determination of the board is included in the written
16 consent executed by the noninterested directors or in other records
17 of the corporation; and

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

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

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

34 NEW SECTION. **Sec. 2506.** BOARD AND ADVISORY COMMITTEES. (1)
35 Unless this chapter, the articles, or the bylaws provide otherwise, a
36 board may create one or more committees of the board that consist of
37 two or more directors. A committee of the board shall not include as
38 voting members persons who are not directors, except:

1 (a) As provided in Title 48 RCW or the regulations promulgated
2 thereunder;

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

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

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

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

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

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

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

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

26 (a) Authorize distributions;

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

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

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

33 (e) Amend the articles;

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

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

37 (h) Authorize the sale, lease, or exchange of all or
38 substantially all of the property and assets of the corporation not
39 in the ordinary course of business;

1 (i) Authorize the voluntary dissolution of the corporation or
2 revoke proceedings therefor;

3 (j) Adopt a plan for the distribution of the assets of the
4 corporation; or

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

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

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

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

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

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

24 **ARTICLE 6**

25 **OFFICERS**

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

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

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

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

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

9 (a) In good faith;

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

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

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

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

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

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

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

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

37 (i) Within the particular person's professional or expert
38 competence; or

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

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

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

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

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

16 (a) The board;

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

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

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

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

27 (2) An officer's removal does not affect the officer's contract
28 rights, if any, with the nonprofit corporation. An officer's
29 resignation does not affect the corporation's contract rights, if
30 any, with the officer.

31 **ARTICLE 7**

32 **PROVISIONS COMMON TO DIRECTORS AND OFFICERS**

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

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

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

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

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

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

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

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

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

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

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

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

32 (a) The nature or amount of the distribution was material to the
33 interests of the corporation for any reason under all of the facts
34 and circumstances including, but not limited to, federal excise tax
35 liability or federal tax penalties imposed on the corporation as a
36 result of the distribution;

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

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

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

5 (a) For a distribution by a charitable corporation, or a
6 distribution of assets held for charitable purposes, if the director
7 did not comply with section 2402 of this act or the officer did not
8 comply with section 2602 of this act; or

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

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

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

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

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

20 (ii) Knowing the distribution was made in violation of this
21 chapter, for a distribution of property not held for charitable
22 purposes.

23 (4) A proceeding to enforce:

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

27 (b) Contribution or recoupment under subsection (3) of this
28 section is barred, unless it is commenced within one year after the
29 liability of the claimant under this section has been finally
30 adjudicated.

31 NEW SECTION. **Sec. 2703.** CONFLICTING INTEREST TRANSACTIONS—
32 VOIDABILITY. (1) A contract or transaction between a nonprofit
33 corporation and one or more of its members, directors, or officers;
34 or between a nonprofit corporation and any other entity in which one
35 or more of its directors or officers are directors or officers, hold
36 a similar position, or have a financial interest is not void or
37 voidable solely for that reason, or solely because the member,
38 director, or officer is present at or participates in the meeting of

1 the board that authorizes the contract or transaction or solely
2 because his or her or their votes are counted for that purpose, if:

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

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

14 (c) The contract or transaction is fair as to the corporation as
15 of the time the board or the members authorize, approve, or ratify
16 the transaction.

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

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

24 NEW SECTION. **Sec. 2704.** BUSINESS OPPORTUNITIES. (1) The taking
25 advantage, directly or indirectly, by a director or officer of a
26 business opportunity may not be the subject of equitable relief, or
27 give rise to an award of damages or other sanctions against the
28 director or officer, in a proceeding by or in the right of the
29 nonprofit corporation on the ground that the opportunity should have
30 first been offered to the corporation, if before becoming legally
31 obligated or entitled respecting the opportunity the director or
32 officer brings it to the attention of the corporation and action by
33 the members or the directors disclaiming the corporation's interest
34 in the opportunity is taken in compliance with the procedures set
35 forth in section 2703 of this act, as if the decision being made
36 concerned a conflicting interest transaction.

37 (2) In any proceeding seeking equitable relief or other remedies,
38 based upon an alleged improper taking advantage of a business
39 opportunity by a director or officer, the fact that the director or

1 officer did not employ the procedure described in subsection (1) of
2 this section before taking advantage of the opportunity does not
3 support an inference that the opportunity should have been first
4 presented to the nonprofit corporation or alter the burden of proof
5 otherwise applicable to establish that the director or officer
6 breached a duty to the corporation in the circumstances.

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

11 (a) The director or officer engaged in fraudulent conduct with
12 respect to the corporation or its members, knowingly inflicted harm
13 on the corporation, or engaged in acts or omissions constituting
14 gross negligence with respect to the director's or officer's duties;
15 and

16 (b) Considering the course of conduct of the director or officer
17 and the inadequacy of other available remedies, removal would be in
18 the best interest of the corporation.

19 (2) An action under this section may be commenced by a member,
20 individual director, or delegate. The attorney general may also
21 commence an action under this section if the corporation holds
22 property for charitable purposes.

23 (3) The court, in addition to removing the director or officer,
24 may bar the director or officer from being reelected, redesignated,
25 or reappointed as a director, an officer, or both for a period
26 prescribed by the court.

27 (4) Nothing in this section limits the equitable powers of the
28 court to order other relief.

29 (5) If a proceeding is commenced under this section to remove a
30 director or officer of a charitable corporation, then the plaintiff
31 shall give the attorney general notice in the form of a record of the
32 commencement of the proceeding.

33 NEW SECTION. **Sec. 2706.** INDEMNIFICATION AND ADVANCE FOR
34 EXPENSES. The provisions of RCW 23B.08.500 through 23B.08.603, or
35 their successors, apply to any corporation to which this chapter
36 applies. For purposes of this chapter:

1 (1) All references in those provisions to shares of a corporation
2 are deemed to refer to membership interests in the nonprofit
3 corporation.

4 (2) All references in those provisions to shareholders are deemed
5 to refer to members of the nonprofit corporation.

6 (3) All references in those provisions to a shareholders meeting
7 are deemed to refer to a meeting of the members of the nonprofit
8 corporation.

9 (4) All references in those provisions to transactions from which
10 directors or officers will personally receive a benefit to which they
11 are not entitled are deemed to include transactions approved or
12 implemented by a director or officer knowing them to be in violation
13 of section 1406 of this act.

14 (5) This section does not limit a nonprofit corporation's power
15 to indemnify, advance expenses to, or provide or maintain insurance
16 on behalf of an employee, agent, or volunteer.

17 **PART III**

18 **FUNDAMENTAL TRANSACTIONS**

19 **ARTICLE 1**

20 **AMENDMENT OF ARTICLES OR BYLAWS**

21 NEW SECTION. **Sec. 3101.** AUTHORITY TO AMEND. (1) A nonprofit
22 corporation may amend its articles of incorporation, from time to
23 time, so long as its articles as amended contain only provisions that
24 are lawful under this chapter.

25 (2) Amendments to the articles of a charitable corporation to
26 include one or more purposes of the corporation substantially
27 different from the corporation's purposes before the amendment are
28 subject to the reporting requirement set out in section 1205 of this
29 act.

30 NEW SECTION. **Sec. 3102.** AMENDMENT OF ARTICLES BY NONMEMBERSHIP
31 CORPORATION. (1) Except as provided in the articles, the board of a
32 nonmembership corporation may adopt amendments to the corporation's
33 articles by the vote of a majority of the directors in office.

34 (2) Except as provided in subsection (3) of this section, an
35 amendment adopted by the board under this subsection must also be
36 approved, if the amendment changes or deletes a provision regarding

1 the appointment of a director by persons other than the board, by
2 those persons as if they constituted a voting group.

3 (3) Unless the articles provide otherwise, the board of a
4 nonmembership corporation may adopt amendments to the corporation's
5 articles without approval of any of the other persons identified in
6 subsection (2) of this section to:

7 (a) Extend the duration of the corporation if it was incorporated
8 at a time when limited duration was required by law;

9 (b) Delete the names and addresses of the initial directors;

10 (c) Notwithstanding section 1303(1) of this act, delete the name
11 of each incorporator and the name and address of the initial
12 registered agent or registered office, if a statement of change is on
13 file with the secretary of state; and

14 (d) Restate without change all of the then operative provisions
15 of the articles.

16 NEW SECTION. **Sec. 3103.** AMENDMENT BEFORE ADMISSION OF MEMBERS.

17 If a membership corporation has not yet admitted members, then its
18 board may adopt one or more amendments to the articles.

19 NEW SECTION. **Sec. 3104.** AMENDMENT AFTER ADMISSION OF MEMBERS.

20 (1) An amendment to the articles of a membership corporation must be
21 adopted in the following manner:

22 (a) Except as provided in (e) of this subsection, a proposed
23 amendment must be adopted by the board.

24 (b) Except as provided in sections 3107 and 3108 of this act, a
25 proposed amendment must be submitted to the members entitled to vote
26 on the amendment, if any, for their approval.

27 (c) The board shall deliver to all members a recommendation that
28 the members approve an amendment, unless the board makes a
29 determination that because of conflicts of interest or other special
30 circumstances it should not make such a recommendation, in which case
31 the board shall deliver to the members the basis for that
32 determination.

33 (d) The board may condition its submission of an amendment to the
34 members on any basis. Such a condition is in addition to any approval
35 requirements set forth in the corporation's articles or bylaws or in
36 this chapter.

37 (e) If the articles or bylaws so permit, an amendment may be
38 proposed by ten percent or more of the members entitled to vote on

1 the amendment, or by a greater number of members if the articles or
2 bylaws so specify. (a), (c), and (d) of this subsection do not apply
3 to an amendment proposed by the members under this subsection.

4 (f) If an amendment is required to be approved by the members,
5 including under (e) of this subsection, and the approval is to be
6 given at a meeting, then the corporation shall give notice to each
7 member, whether or not entitled to vote on the amendment, of the
8 meeting of members at which the amendment is to be submitted for
9 approval. The notice shall state that the purpose, or one of the
10 purposes, of the meeting is to consider the amendment and must
11 contain or be accompanied by a copy or summary of the amendment. If a
12 summary is provided in lieu of a copy of the amendment, then a copy
13 must be available to members upon request and the notice shall state
14 that fact.

15 (g) At a meeting described in (f) of this subsection, those
16 members entitled to vote on the amendment may:

17 (i) Approve or reject the amendment exactly as provided or
18 summarized in the notice of the meeting; or

19 (ii) Approve revisions to the amendment at the meeting, if the
20 subject matter of the revisions is within the scope of the subject
21 matter of the amendment as provided or summarized in the notice of
22 the meeting.

23 (h) The board shall determine whether the subject matter of any
24 revisions approved by members remains within the scope of the subject
25 matter of the amendment as provided or summarized in the notice of
26 the meeting. If the board determines that the revisions approved by
27 the members are not within that scope, then the amendment is deemed
28 rejected by the membership. If the board determines that the
29 revisions by members are within scope, then the board may:

30 (i) Accept the amendment incorporating the revisions approved by
31 the members; or

32 (ii) Propose a further revised amendment to the members for
33 approval.

34 This process may continue until an amendment acceptable to the
35 board has been approved by the members. If successive votes take
36 place at the same meeting of members, then no further notices or
37 meetings are required.

38 (i) Unless the articles or bylaws, or the board acting pursuant
39 to (d) of this subsection, requires a greater vote or a greater
40 number of votes to be present, the approval of an amendment by the

1 members entitled to vote thereon requires the approval of those
2 members at a meeting at which a quorum is present, and, if any class
3 of members is entitled to vote as a separate group on the amendment,
4 the approval of each separate voting group entitled to vote at a
5 meeting at which a quorum of the voting group is present.

6 (j) Except as provided in subsection (2) of this section, an
7 amendment adopted by the board under this subsection must also be
8 approved, if the amendment changes or deletes a provision regarding
9 the appointment of a director by persons other than the board, by
10 those persons as if they constituted a voting group.

11 (k) If a membership corporation has no members entitled to vote
12 on the amendment, then the corporation shall deliver notice of the
13 approval of the amendment by the board to all members of the
14 corporation at least five days before filing articles of amendment or
15 restated articles of incorporation with the secretary of state.

16 (2) Unless the articles provide otherwise, the board of a
17 membership corporation may adopt amendments to the corporation's
18 articles without approval of the members to:

19 (a) Delete the names and addresses of the initial directors;

20 (b) Notwithstanding section 1303(2) of this act, delete the name
21 of each incorporator and the name and address of the initial
22 registered agent or registered office, if a statement of change is on
23 file with the secretary of state; or

24 (c) Restate without change all of the then operative provisions
25 of the articles.

26 NEW SECTION. **Sec. 3105.** VOTING ON AMENDMENTS BY VOTING GROUPS.

27 (1) If a nonprofit corporation has more than one class of members
28 entitled to vote on an amendment to the articles, then the articles
29 or bylaws may provide that the members of each class entitled to vote
30 on the amendment are entitled to vote as a separate voting group if
31 the amendment would change the rights, powers, preferences, or
32 limitations of the class.

33 (2) If a class of members will be divided into two or more
34 classes by an amendment to the articles, then the amendment must be
35 approved by a majority of the members of each class that will be
36 created.

37 NEW SECTION. **Sec. 3106.** ARTICLES OF AMENDMENT. After an
38 amendment to the articles has been adopted and approved in the manner

1 required by sections 3101 through 3114 of this act and by the
2 articles, the nonprofit corporation shall deliver to the secretary of
3 state for filing articles of amendment, which must be executed by an
4 officer or other authorized representative and set forth:

- 5 (1) The name of the corporation;
- 6 (2) The text of the amendment adopted;
- 7 (3) The date of the amendment's adoption; and
- 8 (4) If the amendment:

9 (a) Was adopted by the board without member approval, a statement
10 that the amendment was adopted by the board of directors, and that
11 member approval was not required; or

12 (b) Required approval by the members, a statement that the
13 amendment was approved by the members in the manner required by this
14 chapter and by the articles and bylaws.

15 NEW SECTION. **Sec. 3107.** RESTATED ARTICLES OF INCORPORATION. (1)

16 The board of a nonprofit corporation may restate its articles of
17 incorporation at any time, without approval by the members or any
18 other person, to consolidate all amendments into a single document
19 without substantive change.

20 (2) A restatement of the articles may include one or more
21 amendments to the articles. If restated articles of incorporation of
22 a nonmembership corporation include one or more new amendments, then
23 these amendments must have been adopted and approved as provided in
24 section 3102 of this act. If restated articles of incorporation of a
25 membership corporation include one or more new amendments that
26 require member approval, then the amendments must have been adopted
27 and approved as provided in section 3103 or 3104 of this act, as
28 appropriate.

29 (3) A nonprofit corporation that restates its articles of
30 incorporation shall deliver to the secretary of state for filing
31 articles of restatement setting forth the name of the nonprofit
32 corporation and the text of the restated articles of incorporation
33 together with a certificate setting forth:

34 (a) If the restatement does not include any amendments to the
35 articles, a statement of that fact;

36 (b) If the restatement contains one or more amendments to the
37 articles, the information required by section 3106 (1) through (4) of
38 this act.

1 (4) The articles of restatement and the certificate must be
2 executed by an officer or other authorized representative.

3 (5) Duly adopted restated articles of incorporation supersede the
4 original articles and all amendments thereto.

5 (6) The secretary of state shall certify restated articles of
6 incorporation as the articles currently in effect.

7 NEW SECTION. **Sec. 3108.** AMENDMENT OF ARTICLES PURSUANT TO
8 REORGANIZATION. (1) A nonprofit corporation's articles of
9 incorporation may be amended without action by the board or the
10 members to carry out a plan of reorganization ordered or decreed by
11 any court of competent jurisdiction.

12 (2) An individual designated by the court shall deliver to the
13 secretary of state for filing articles of amendment setting forth:

14 (a) The name of the corporation;

15 (b) The text of each amendment approved by the court;

16 (c) The date of the court's order or decree approving the
17 articles of amendment;

18 (d) The title of the reorganization proceeding in which the order
19 or decree was entered; and

20 (e) A statement that the court had jurisdiction of the
21 proceeding.

22 (3) This section does not apply after entry of a final decree in
23 the reorganization proceeding even though the court retains
24 jurisdiction of the proceeding for limited purposes unrelated to
25 consummation of the reorganization plan.

26 NEW SECTION. **Sec. 3109.** EFFECTIVE DATE. Unless a delayed
27 effective date is specified, articles of amendment or restated
28 articles of incorporation become effective on the date the articles
29 of amendment or restated articles of incorporation are filed by the
30 secretary of state.

31 NEW SECTION. **Sec. 3110.** EFFECT OF ARTICLES OF AMENDMENT. (1)
32 Except as provided in subsection (2) of this section, an amendment to
33 the articles does not affect a cause of action existing against or in
34 favor of the nonprofit corporation, a proceeding to which the
35 corporation is a party, or the existing rights of persons other than
36 members of the corporation or persons referred to in the articles. An

1 amendment changing a corporation's name does not abate a proceeding
2 brought by or against the corporation in its former name.

3 (2) No amendment to the articles shall modify any restriction
4 imposed through any means upon property held for charitable purposes
5 unless, before the delivery of the amendment to the secretary of
6 state for filing, the restriction is modified:

7 (a) In the case of a restriction imposed pursuant to a trust
8 instrument governed by chapter 11.110 RCW in which the nonprofit
9 corporation is a trustee or a beneficiary, through an appropriate
10 order of the court or the agreement of all interested parties,
11 including the attorney general, under chapter 11.96A RCW; or

12 (b) In the case of any other restriction, pursuant to section
13 1503 of this act.

14 (3) A person who is a member or otherwise affiliated with a
15 charitable corporation may not receive a direct or indirect financial
16 benefit in connection with an amendment of the articles unless the
17 person is itself a charitable corporation, the federal government, a
18 state, a governmental subdivision, or an unincorporated entity that
19 has charitable purposes. This subsection does not apply to the
20 receipt of reasonable compensation for services rendered.

21 NEW SECTION. **Sec. 3111.** POWER TO AMEND BYLAWS. The power to
22 alter, amend, or repeal the bylaws or adopt new bylaws is vested in
23 the board unless otherwise provided in the articles, the bylaws, or
24 this chapter.

25 NEW SECTION. **Sec. 3112.** BYLAW AMENDMENTS REQUIRING MEMBER
26 APPROVAL. (1) Except as provided in the articles or bylaws, the board
27 of a membership corporation that has one or more members may not,
28 without approval of the class or classes of members affected, adopt
29 or amend a provision of the bylaws:

30 (a) That would eliminate any existing right, power, or privilege
31 of membership contained in the bylaws;

32 (b) Under section 2107 of this act, providing that some of the
33 members have different rights or obligations than other members with
34 respect to voting, dissolution, transfer of memberships or other
35 matters;

36 (c) Under section 2110 of this act, levying dues, assessments, or
37 fees on some or all of the members;

1 (d) Under section 2113 of this act, relating to the termination
2 or suspension of members; or

3 (e) Under section 2114 of this act, authorizing the purchase of
4 memberships.

5 (2) The board of a membership corporation that has members may
6 not amend the articles or bylaws without approval of every class or
7 classes of members affected to vary the application of subsection (1)
8 of this section to the corporation.

9 (3) If a nonprofit corporation has more than one class of
10 members, then the members of a class are entitled to vote as a
11 separate voting group on an amendment to the bylaws that:

12 (a) Is described in subsection (1) of this section, if the
13 amendment would affect the members of that class differently than the
14 members of another class; or

15 (b) Has any of the effects described in section 3104(1)(j) of
16 this act.

17 (4) If a class of members will be divided into two or more
18 classes by an amendment to the bylaws, then the amendment must be
19 approved by a majority of the members of each class that will be
20 created.

21 NEW SECTION. **Sec. 3113.** EFFECT OF BYLAW AMENDMENT. (1) No
22 amendment to the bylaws shall modify any restriction imposed through
23 any means upon property held for charitable purposes unless, before
24 or simultaneously with the adoption of the bylaws amendment, the
25 restriction is modified:

26 (a) In the case of a restriction imposed pursuant to a trust
27 instrument governed by chapter 11.110 RCW in which the nonprofit
28 corporation is a trustee or a beneficiary, through an appropriate
29 order of the court or the agreement of all interested parties,
30 including the attorney general, under chapter 11.96A RCW; or

31 (b) In the case of any other restriction, pursuant to section
32 1503 of this act.

33 (2) A person who is a member or otherwise affiliated with a
34 charitable corporation may not receive a direct or indirect financial
35 benefit in connection with an amendment of the bylaws unless the
36 person is itself a charitable corporation, the federal government, a
37 state, a governmental subdivision, or an unincorporated entity that
38 has charitable purposes. This subsection does not apply to the
39 receipt of reasonable compensation for services rendered.

1 NEW SECTION. **Sec. 3114.** APPROVAL OF AMENDMENTS BY THIRD
2 PARTIES. (1) The articles of incorporation may require that an
3 amendment to the articles be approved in the form of a record by a
4 specified person or group of persons in addition to the board or
5 members.

6 (2) The articles or bylaws may require that an amendment to the
7 bylaws be approved in the form of a record by a specified person or
8 group of persons in addition to the board or members.

9 (3) A requirement in the articles or bylaws described in
10 subsection (1) or (2) of this section may only be amended with the
11 approval in the form of a record of the specified person or group of
12 persons.

13 **ARTICLE 2**
14 **MERGER**

15 NEW SECTION. **Sec. 3201.** DEFINITIONS. The definitions in this
16 section apply throughout this section and sections 3202 through 3209
17 of this act unless the context clearly requires otherwise.

18 (1) "Eligible interests" means interests or shares.

19 (2) "Interests" means either or both of the following rights
20 under the organic law of an unincorporated entity:

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

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

26 (3) "Merger" means a transaction pursuant to section 3205 of this
27 act.

28 (4) "Party to a merger" means any domestic or foreign nonprofit
29 corporation or eligible entity that will merge under a plan of
30 merger.

31 (5) "Shares" means the units into which the proprietary interests
32 in a domestic or foreign for-profit corporation are divided.

33 (6) "Survivor" in a merger means the corporation or eligible
34 entity into which one or more other corporations or eligible entities
35 are merged. A survivor of a merger may preexist the merger or be
36 created by the merger.

1 NEW SECTION. **Sec. 3202.** PROPERTY HELD FOR CHARITABLE PURPOSES.

2 (1) In a merger under sections 3201 through 3209 of this act,
3 property held for charitable purposes by a nonprofit corporation may
4 not be diverted from charitable purposes.

5 (2) The survivor of any merger under sections 3201 through 3209
6 of this act remains bound by any restriction imposed through any
7 means upon property held for charitable purposes by any party to the
8 merger including, but not limited to, any restriction that affects
9 existing rights of persons other than members, shareholders, or
10 interest holders of the other party, unless the restriction is
11 modified:

12 (a) In the case of a restriction imposed pursuant to a trust
13 instrument governed by chapter 11.110 RCW in which the nonprofit
14 corporation is a trustee or a beneficiary, through an appropriate
15 order of the court or the agreement of all interested parties,
16 including the attorney general, under chapter 11.96A RCW; or

17 (b) In the case of any other restriction, pursuant to section
18 1503 of this act.

19 (3) Property held by a nonprofit corporation for charitable
20 purposes upon condition requiring return, transfer, or conveyance,
21 which condition occurs by reason of the merger, must be returned,
22 transferred, or conveyed in accordance with that condition.

23 (4) A corporation that is not a charitable corporation but holds
24 property for charitable purposes shall deliver to the attorney
25 general notice of its intent to consummate a merger, unless the
26 survivor of the merger is a charitable corporation. The notice must
27 be delivered to the attorney general in the form of a record at least
28 twenty days before the meeting at which the proposed transaction is
29 to be approved. Such a merger may not be implemented without the
30 approval of the attorney general, or the approval of the court in a
31 proceeding to which the attorney general is made a party. In the
32 event that the attorney general does not deliver a notice of
33 objection in the form of a record to the corporation within twenty
34 days after the delivery to the attorney general of notice of the
35 transaction, approval of the transaction is deemed to have been
36 given.

37 (5) The notice described in subsection (4) of this section shall
38 include:

39 (a) A statement specifying how the merger will comply with
40 subsections (1) through (3) of this section; and

- 1 (b) A brief description of:
- 2 (i) Real property held by the corporation for charitable
3 purposes, and its nature and location;
- 4 (ii) Cash, bank deposits, brokerage accounts, or other financial
5 assets held by the corporation for charitable purposes, and their
6 approximate total fair market value;
- 7 (iii) Other personal property held by the corporation for
8 charitable purposes, and its nature and approximate total fair market
9 value; and
- 10 (iv) All gift restrictions applicable to any property described
11 in (b) (i) through (iii) of this subsection, and the nature of those
12 restrictions.

13 NEW SECTION. **Sec. 3203.** PROHIBITION OF FINANCIAL BENEFIT. A
14 person who is a member, director, officer, interest holder, or
15 otherwise affiliated with a charitable corporation or any other
16 eligible entity with a charitable purpose may not receive a direct or
17 indirect financial benefit in connection with a transaction under
18 this chapter to which the charitable corporation or unincorporated
19 entity is a party unless the person is itself a charitable
20 corporation, the federal government, a tribal government, a state or
21 local government, a governmental subdivision, or an eligible entity
22 that is organized exclusively for charitable purposes. This section
23 does not apply to the receipt of reasonable compensation for services
24 rendered.

25 NEW SECTION. **Sec. 3204.** LIMITATIONS ON CHARITABLE CORPORATIONS.

26 (1) A charitable corporation may merge only with:

27 (a) Another charitable corporation;

28 (b) A foreign corporation that, if it were a domestic
29 corporation, would qualify under this chapter as a charitable
30 corporation; or

31 (c) A foreign or domestic for-profit or nonprofit corporation, or
32 unincorporated entity, only if the charitable corporation is the
33 surviving corporation and continues to qualify as a charitable
34 corporation after the merger.

35 (2) No member of a charitable corporation may receive or keep
36 anything as a result of a merger other than a membership in the
37 surviving charitable corporation, unless:

1 (a) The attorney general, or the court in a proceeding in which
2 the attorney general has been given notice, has provided prior
3 written consent; or

4 (b) The member is a charitable corporation, another entity that
5 is organized and operated exclusively for one or more charitable
6 purposes, the federal government, or a tribal, state, or local
7 government.

8 NEW SECTION. **Sec. 3205.** MERGER. (1) Subject to the
9 restrictions in sections 3202 through 3204 of this act, one or more
10 domestic nonprofit corporations may merge with one or more domestic
11 or foreign nonprofit corporations or eligible entities pursuant to a
12 plan of merger or two or more foreign nonprofit corporations or
13 domestic or foreign eligible entities may merge into a new domestic
14 nonprofit corporation to be created in the merger in the manner
15 provided in sections 3201 through 3209 of this act.

16 (2) A foreign nonprofit corporation, or a foreign eligible
17 entity, may be a party to a merger with a domestic nonprofit
18 corporation, or may be created by the terms of the plan of merger,
19 only if the merger is permitted by the organic law of the corporation
20 or eligible entity.

21 (3) If the law of this state, other than this chapter, permits
22 the merger of a domestic eligible entity with a nonprofit corporation
23 but does not provide procedures for the approval of such a merger,
24 then a plan of merger may be adopted and approved, and the merger may
25 be effectuated, in accordance with the procedures in sections 3201
26 through 3209 of this act. For the purposes of applying sections 3201
27 through 3209 of this act, as the context may require:

28 (a) The eligible entity is treated as a domestic nonprofit
29 corporation, its interest holders are treated as members, eligible
30 interests are treated as memberships, and organic records are treated
31 as articles and bylaws; and

32 (b) If there is no board of directors and the business and
33 affairs of the eligible entity are managed by a team or body of
34 persons that is not identical to the interest holders, that team or
35 body is deemed to be the board of directors.

36 (4) The plan of merger must be in the form of a record and
37 include:

38 (a) The name of each domestic or foreign nonprofit corporation or
39 eligible entity that will merge and the name of the domestic or

1 foreign nonprofit corporation or eligible entity that will be the
2 survivor of the merger;

3 (b) The terms and conditions of the merger;

4 (c) The manner and basis of converting the memberships of each
5 merging domestic or foreign nonprofit membership corporation and the
6 eligible interests of each merging domestic or foreign eligible
7 entity into memberships, eligible interests, securities, or
8 obligations; rights to acquire memberships, eligible interests,
9 securities, or obligations; cash; other property or other
10 consideration; or any combination of the foregoing;

11 (d) The articles and bylaws of any corporation, or the organic
12 records of any eligible entity, to be created by the merger; or if a
13 new corporation or eligible entity is not to be created by the
14 merger, any changes to the survivor's articles or bylaws or organic
15 records;

16 (e) Whether the corporation is a charitable corporation or is
17 holding assets for charitable purposes;

18 (f) If the corporation is a charitable corporation or is holding
19 assets for charitable purposes, a plan setting forth how the merging
20 entities will comply with sections 3202 and 3204 of this act; and

21 (g) Any other provisions relating to the merger that the parties
22 desire be included in the plan of merger.

23 (5) The plan of merger may also include a provision that the plan
24 may be amended before filing articles of merger, but if the members
25 of a domestic corporation that is a party to the merger are required
26 or entitled to vote on the plan, then the plan shall provide that
27 after approval of the plan by those members the plan may not be
28 amended to change:

29 (a) The amount or kind of memberships, eligible interests,
30 securities, or obligations; rights to acquire memberships, eligible
31 interests, securities, or obligations; cash; or other property or
32 other consideration to be received by the members of or owners of
33 eligible interests in any party to the merger;

34 (b) The articles or bylaws of any corporation, or the organic
35 records of any unincorporated entity, that will survive or be created
36 as a result of the merger, except for changes permitted by section
37 3104(2) of this act or by comparable provisions of the organic law of
38 a foreign nonprofit or for-profit corporation or domestic or foreign
39 unincorporated entity; or

1 (c) Any of the other terms or conditions of the plan, if the
2 change would adversely affect those members in any material respect.

3 (6) Terms of a plan of merger may be made dependent on facts
4 objectively ascertainable outside the plan in accordance with section
5 1202(3) of this act.

6 NEW SECTION. **Sec. 3206.** ADOPTION OF PLAN OF MERGER. In the case
7 of a nonprofit corporation that is a party to a merger:

8 (1) The plan of merger must be adopted by the board.

9 (2) Except as provided in subsection (9) of this section, section
10 3205 of this act, or the articles or bylaws, after adopting the plan
11 of merger, the board shall submit the plan to those members entitled
12 to vote on the plan for their approval. The board shall also deliver
13 to the members a recommendation that the members approve the plan,
14 unless the board makes a determination that because of conflicts of
15 interest or other special circumstances it should not make such a
16 recommendation, in which case the board shall deliver to the members
17 the basis for that determination.

18 (3) The board may condition its submission of the plan of merger
19 to the members on any basis.

20 (4) If the plan of merger is required to be approved by the
21 members, and if the approval is to be given at a meeting, then the
22 nonprofit corporation shall give notice to each member, whether or
23 not entitled to vote on the merger, of the meeting of members at
24 which the plan is to be submitted for approval. The notice shall
25 state that the purpose, or one of the purposes, of the meeting is to
26 consider the plan and must contain or be accompanied by a copy or
27 summary of the plan. If the corporation is to be merged into an
28 existing corporation or eligible entity, then the notice shall also
29 include a copy or summary of the articles and bylaws or organic
30 records of that corporation or eligible entity. If the corporation is
31 to be merged into a corporation or eligible entity that is to be
32 created pursuant to the merger, then the notice shall include a copy
33 or a summary of the articles and bylaws or organic records of the new
34 corporation or eligible entity. If a summary is provided in lieu of a
35 copy of the plan or of the articles and bylaws, then a copy of the
36 plan and articles and bylaws, as applicable, must be available to
37 members upon request and this fact must be stated in the notice. Such
38 copy of the plan and articles and bylaws, as applicable, may be made
39 available in electronic format.

1 (5) Unless the articles or bylaws, or the board acting pursuant
2 to subsection (3) of this section, requires a greater vote or a
3 greater number of votes to be present, the approval of the plan of
4 merger by the members entitled to vote thereon requires the approval
5 of those members at a meeting at which a quorum is present, and, if
6 any class of memberships is entitled to vote as a separate group on
7 the plan of merger, the approval of each voting group entitled to
8 vote at a meeting at which a quorum of the voting group is present.

9 (6) Separate voting on a plan of merger is required:

10 (a) By each class of members:

11 (i) Whose memberships are to be converted into eligible
12 interests, securities, or obligations; rights to acquire eligible
13 interests, securities, or obligations; cash; other property or other
14 consideration; or any combination of the foregoing;

15 (ii) Which is to experience a change in the rights, powers,
16 preferences, or limitations of the class as a result of the merger;
17 or

18 (iii) That would be entitled to vote as a separate group on a
19 provision in the plan that, if contained in a proposed amendment to
20 articles of incorporation, would require action by separate voting
21 groups under the articles or bylaws.

22 (b) By a voting group, if the voting group is entitled under the
23 articles or bylaws to vote as a voting group to approve a plan of
24 merger.

25 (7) If a plan of merger would affect in the same or a
26 substantially similar way two or more classes of members entitled to
27 vote separately on the plan of merger under subsection (6)(a) of this
28 section, then, instead of voting separately, all similarly affected
29 classes of members shall vote together as a single voting group on
30 the plan of merger, unless otherwise provided in the articles or as a
31 condition imposed by the board under subsection (3) of this section.

32 (8) If as a result of a merger one or more members of a domestic
33 nonprofit corporation would become subject to owner liability for the
34 debts, obligations or liabilities of any other person or entity, then
35 approval of the plan of merger requires the execution, by each member
36 who would become subject to owner liability, of a separate record
37 consenting to become subject to owner liability.

38 (9) If a domestic nonprofit corporation that is a party to a
39 merger does not have any members entitled to vote on the merger, then
40 a plan of merger is deemed adopted by the corporation when it has

1 been adopted by the board pursuant to subsection (1) of this section.
2 If a membership corporation has no members entitled to vote on the
3 merger, then the corporation shall deliver notice of the proposed
4 merger to all members of the corporation at least five days before
5 the meeting at which the board is to adopt the plan of merger.

6 (10) In addition to the adoption and approval of the plan of
7 merger by the board and members as required by this section, the plan
8 of merger must also be approved in the form of a record by any person
9 or group of persons whose approval is required under section 3114 of
10 this act to amend the articles or bylaws.

11 (11) Adoption and approval of a plan of merger by all required
12 persons under the procedures set forth in this section constitutes
13 adoption and approval of all changes to the approving party's
14 articles, bylaws, or other organic documents contained within the
15 plan of merger.

16 NEW SECTION. **Sec. 3207.** ARTICLES OF MERGER. (1) After a plan of
17 merger has been adopted and approved as required by sections 3201
18 through 3209 of this act, articles of merger must be executed on
19 behalf of each party to the merger by an officer or other authorized
20 representative of the party. The articles of merger shall set forth:

21 (a) The names of the parties to the merger;

22 (b) If the articles of the surviving domestic nonprofit
23 corporation are being changed, or if a new domestic nonprofit
24 corporation is created as a result of a merger, the changes to the
25 articles of the surviving corporation or the articles of the new
26 corporation;

27 (c) If the plan of merger required approval by the members of a
28 domestic nonprofit corporation that was a party to the merger, a
29 statement that the plan was approved by the members and, if voting by
30 any separate voting group was required, by each separate voting group
31 entitled to vote, in the manner required by this chapter and the
32 articles or bylaws;

33 (d) If the plan of merger did not require approval by the members
34 of a domestic nonprofit corporation that was a party to the merger, a
35 statement to that effect;

36 (e) If a party to the merger is a noncharitable corporation
37 holding property for charitable purposes, and the survivor is not a
38 charitable corporation, a statement that the attorney general has

1 approved, or is deemed to have approved, the merger pursuant to
2 section 3202 of this act; and

3 (f) As to each foreign nonprofit corporation or eligible entity
4 that was a party to the merger, a statement that the participation of
5 the foreign corporation or eligible entity was authorized as required
6 by the organic law of the corporation or eligible entity.

7 (2) Terms of articles of merger may be made dependent on facts
8 objectively ascertainable outside the articles in accordance with
9 section 1203 of this act.

10 (3) Articles of merger must be delivered to the secretary of
11 state for filing by the surviving entity of the merger and shall take
12 effect at the effective time provided in RCW 23.95.210. Articles of
13 merger filed under this section may be combined with any filing
14 required under the organic law of any domestic eligible entity
15 involved in the transaction if the combined filing satisfies the
16 requirements of both this section and the other organic law.

17 NEW SECTION. **Sec. 3208.** EFFECT OF MERGER. (1) Subject to
18 sections 3202 and 3203 of this act, if the surviving entity is a
19 domestic nonprofit corporation when a merger becomes effective:

20 (a) The domestic nonprofit corporation that is designated in the
21 plan of merger as the surviving corporation continues or comes into
22 existence, as the case may be;

23 (b) The separate existence of every domestic or foreign nonprofit
24 corporation or eligible entity that is merged into the survivor
25 ceases;

26 (c) All property owned by, and every contract and other right
27 possessed by, each domestic or foreign nonprofit corporation or
28 eligible entity that merges into the surviving corporation is vested
29 in the surviving corporation without reversion or impairment;

30 (d) All liabilities of each domestic or foreign nonprofit
31 corporation or eligible entity that is merged into the survivor are
32 vested in the surviving corporation;

33 (e) The name of the surviving corporation may, but need not be,
34 substituted in any pending proceeding for the name of any party to
35 the merger whose separate existence ceased in the merger;

36 (f) The articles and bylaws or organic records of the surviving
37 corporation are amended to the extent of the changes provided in the
38 plan of merger;

1 (g) The articles and bylaws of a surviving corporation that is
2 created by the merger become effective; and

3 (h) The memberships of each corporation that is a party to the
4 merger, and the eligible interests in an eligible entity that is a
5 party to a merger, that are to be converted under the plan of merger
6 into memberships, eligible interests, securities, or obligations;
7 rights to acquire memberships, eligible interests, securities, or
8 obligations; cash; other property or other consideration; or any
9 combination of the foregoing; are converted.

10 (2) A person who becomes subject to owner liability for some or
11 all of the debts, obligations, or liabilities of any entity as a
12 result of a merger has owner liability only to the extent provided in
13 the organic law of the entity and only for those debts, obligations,
14 and liabilities that arise after the effective time of the articles
15 of merger, except to the extent that the person consented to become
16 subject to liability under section 3206(8) of this act.

17 (3) The effect of a merger on the owner liability of a person who
18 had owner liability for some or all of the debts, obligations, or
19 liabilities of a party to the merger is as follows:

20 (a) The merger does not discharge any owner liability under the
21 organic law of the entity in which the person was a member,
22 shareholder, or interest holder to the extent that owner liability
23 arose before the effective time of the articles of merger.

24 (b) The person does not have owner liability under the organic
25 law of the entity in which the person was a member, shareholder, or
26 interest holder before the merger for any debt, obligation, or
27 liability that arises after the effective time of the articles of
28 merger.

29 (c) The provisions of the organic law of any entity for which the
30 person had owner liability before the merger continue to apply to the
31 collection or discharge of any owner liability preserved by
32 subsection (1) of this section, as if the merger had not occurred.

33 (d) The person has whatever rights of contribution from other
34 persons are provided by the organic law of the entity for which the
35 person had owner liability with respect to any owner liability
36 preserved by (a) of this subsection, as if the merger had not
37 occurred.

38 (4) A devise, bequest, gift, grant, or promise contained in a
39 will or other instrument, in trust or otherwise, made before or after
40 a merger, to or for any of the parties to the merger, inures to the

1 survivor, subject to the express terms of the will or other
2 instrument.

3 NEW SECTION. **Sec. 3209.** ABANDONMENT OF MERGER. (1) Unless
4 otherwise provided in a plan of merger or in the organic law of a
5 foreign nonprofit corporation or a domestic or foreign eligible
6 entity that is a party to a merger, after the plan has been adopted
7 and approved as required by this chapter, and at any time before the
8 merger has become effective, it may be abandoned by a domestic
9 nonprofit corporation that is a party thereto without action by its
10 members, in accordance with any procedures set forth in the plan of
11 merger or, if no procedures are set forth in the plan, in the manner
12 determined by the board, subject to any contractual rights of other
13 parties to the merger.

14 (2) If a merger is abandoned under subsection (1) of this section
15 after articles of merger have been filed by the secretary of state
16 but before the merger has become effective, then a statement that the
17 merger has been abandoned in accordance with this section, executed
18 on behalf of a party to the merger by an officer or other authorized
19 representative, must be delivered to the secretary of state for
20 filing before the effective date of the merger. Upon filing by the
21 secretary of state, the statement takes effect and the merger is
22 deemed abandoned and shall not become effective.

23 **ARTICLE 3**

24 **DOMESTICATION AND CONVERSION**

25 NEW SECTION. **Sec. 3301.** DEFINITIONS. The definitions in this
26 section apply throughout this section and sections 3302 through 3326
27 of this act unless the context clearly requires otherwise.

28 (1) "Conversion" means a transaction authorized by section 3312,
29 3317, or 3321 of this act.

30 (2) "Converting corporation" means the domestic or foreign
31 nonprofit or for-profit corporation that approves a conversion
32 pursuant to sections 3301 through 3326 of this act or its organic
33 law.

34 (3) "Converting entity" means the domestic or foreign entity that
35 approves a conversion pursuant to section 3321 of this act or its
36 organic law.

1 (4) "Domesticated corporation" means the domesticating
2 corporation as it continues in existence after a domestication.

3 (5) "Domesticating corporation" means the domestic nonprofit
4 corporation that adopts a plan of domestication pursuant to section
5 3308 of this act or the foreign nonprofit corporation that approves a
6 domestication pursuant to its organic law.

7 (6) "Domestication" means a transaction authorized by section
8 3307 of this act.

9 (7) "Surviving corporation" means the corporation as it continues
10 in existence immediately after consummation of a for-profit
11 conversion pursuant to section 3312 of this act, a foreign for-profit
12 conversion and domestication pursuant to section 3317 of this act, or
13 an entity conversion pursuant to section 3321 of this act.

14 (8) "Surviving entity" means the unincorporated entity as it
15 continues in existence immediately after consummation of an entity
16 conversion pursuant to section 3321 of this act.

17 NEW SECTION. **Sec. 3302.** EXCLUDED TRANSACTIONS. Sections 3301
18 through 3326 of this act may not be used to effect a transaction
19 that:

20 (1) Converts a nonprofit or mutual insurance company to a for-
21 profit stock corporation; or

22 (2) Is governed by chapter 70.45 RCW.

23 NEW SECTION. **Sec. 3303.** REQUIRED APPROVALS. If a domestic or
24 foreign nonprofit corporation or eligible entity may not be a party
25 to a merger or sale of its assets without the approval of a federal
26 or state agency other than the secretary of state, then the
27 corporation or eligible entity shall not be a party to a transaction
28 under sections 3301 through 3326 of this act without the prior
29 approval of that agency.

30 NEW SECTION. **Sec. 3304.** PROPERTY HELD FOR CHARITABLE PURPOSES.

31 (1) In any transaction under sections 3301 through 3326 of this act,
32 property held for charitable purposes by a nonprofit corporation may
33 not be diverted from charitable purposes.

34 (2) No transaction under this chapter shall modify any
35 restriction imposed through any means upon property held for
36 charitable purposes by any entity involved in the transaction,
37 including but not limited to a restriction that affects existing

1 rights of persons other than members, shareholders, or interest
2 holders of the entity, unless the restriction is modified:

3 (a) In the case of a restriction imposed pursuant to a trust
4 instrument governed by chapter 11.110 RCW in which the nonprofit
5 corporation is a trustee or a beneficiary, through an appropriate
6 order of the court or the agreement of all interested parties,
7 including the attorney general, under chapter 11.96A RCW; or

8 (b) In the case of any other restriction, pursuant to section
9 1503 of this act.

10 (3) Property held by a nonprofit corporation for charitable
11 purposes upon condition requiring return, transfer or conveyance,
12 which condition occurs by reason of a transaction under this chapter,
13 must be returned, transferred, or conveyed in accordance with that
14 condition.

15 (4) A corporation holding property for charitable purposes shall
16 deliver to the attorney general notice of its intent to consummate
17 any transaction under this chapter. The notice must be delivered to
18 the attorney general in the form of a record at least forty-five days
19 before the meeting at which the proposed transaction is to be
20 approved. Such a transaction may not be implemented without the
21 approval of the attorney general, or the approval of the court in a
22 proceeding to which the attorney general is made a party. In the
23 event that the attorney general does not deliver a notice of
24 objection in the form of a record to the corporation within twenty
25 days after the delivery to the attorney general of notice of the
26 transaction, approval of the transaction is deemed to have been
27 given.

28 (5) The notice described in subsection (4) of this section shall
29 include:

30 (a) A statement specifying how the transaction will comply with
31 subsections (1) through (3) of this section, as applicable; and

32 (b) A brief description of:

33 (i) Real property held for charitable purposes by the
34 corporation, and its nature and location;

35 (ii) Cash, bank deposits, brokerage accounts, or other financial
36 assets held for charitable purposes by the corporation, and their
37 approximate total fair market value;

38 (iii) Other personal property held for charitable purposes by the
39 corporation, and its nature and approximate total fair market value;
40 and

1 (iv) Any gift restrictions applicable to any property described
2 in (b)(i) through (iii) of this subsection, and the nature of those
3 restrictions.

4 (6) An event of domestication or conversion does not affect the
5 applicability of chapter 11.110, 19.09, or 24.55 RCW to any entity.

6 NEW SECTION. **Sec. 3305.** PROHIBITION ON FINANCIAL BENEFIT. A
7 person who is a member, interest holder, or otherwise affiliated with
8 a charitable corporation or an unincorporated entity with charitable
9 purposes may not receive a direct or indirect financial benefit in
10 connection with a transaction under this chapter to which the
11 charitable corporation or unincorporated entity is a party unless the
12 person is itself a charitable corporation, the federal government, a
13 tribal, state, or local government, a governmental subdivision, or an
14 unincorporated entity that has charitable purposes. This section does
15 not apply to the receipt of reasonable compensation for services
16 rendered.

17 NEW SECTION. **Sec. 3306.** VOTING RIGHTS IN EXISTING CORPORATIONS.
18 For any corporation formed before July 1, 2021, any member or other
19 person who is entitled under the articles or bylaws to vote on or
20 approve a merger transaction involving the corporation is deemed
21 entitled, to the same extent, to vote on or approve any transaction
22 under this chapter involving the corporation.

23 NEW SECTION. **Sec. 3307.** DOMESTICATION. (1) A foreign nonprofit
24 corporation may become a domestic nonprofit corporation only if the
25 law of the foreign jurisdiction allows the domestication.

26 (2) A domestic nonprofit corporation may become a foreign
27 nonprofit corporation if the law of the foreign jurisdiction allows
28 the domestication.

29 (3) Regardless of whether the laws of the foreign jurisdiction
30 require the adoption of a plan of domestication, the domestication
31 must be approved by the corporation's adoption of a plan of
32 domestication in the manner provided in sections 3301 through 3326 of
33 this act.

34 (4) The plan of domestication shall include:

35 (a) A statement of the jurisdiction in which the corporation is
36 to be domesticated;

37 (b) The terms and conditions of the domestication;

1 (c) The manner and basis of canceling or reclassifying the
2 memberships of the corporation following its domestication into
3 memberships, obligations, rights to acquire memberships, cash, other
4 property, or any combination of the foregoing;

5 (d) If the corporation is a charitable corporation or is holding
6 assets for charitable purposes, a plan setting forth how the
7 corporation will comply with section 3304 (2) and (3) of this act;
8 and

9 (e) Any desired changes to the articles or bylaws of the
10 corporation in connection with its domestication.

11 (5) The plan of domestication may also include a provision that
12 the plan may be amended before filing the document required by the
13 laws of this state or the other jurisdiction to consummate the
14 domestication; except that, after approval of the plan by the
15 members, the plan may not be amended without the approval of the
16 members entitled to vote thereon to change:

17 (a) The amount or kind of memberships, obligations, rights to
18 acquire memberships, cash, or other property to be received by the
19 members under the plan;

20 (b) The articles as they will be in effect immediately following
21 the domestication, except for changes permitted by section 3104 of
22 this act or by comparable provisions of the laws of the other
23 jurisdiction; or

24 (c) Any of the other terms or conditions of the plan if the
25 change would adversely affect any of the members in any material
26 respect.

27 (6) Terms of a plan of domestication may be made dependent upon
28 facts objectively ascertainable outside the plan in accordance with
29 section 1202(3) of this act.

30 (7) If any debt security, note, or similar evidence of
31 indebtedness for money borrowed, whether secured or unsecured, or a
32 contract of any kind, issued, incurred or executed by a domestic
33 nonprofit corporation before July 1, 2021, contains a provision
34 applying to a merger of the corporation and the document does not
35 refer to a domestication of the corporation, then the provision is
36 deemed to apply to a domestication of the corporation until the
37 provision is amended after that date.

1 NEW SECTION. **Sec. 3308.** ACTION ON A PLAN OF DOMESTICATION. In
2 the case of a domestication of a domestic nonprofit corporation in a
3 foreign jurisdiction:

4 (1) The plan of domestication must be adopted by the board.

5 (2) If there are no members entitled to vote on the plan, then
6 the plan must be adopted by a vote of the majority of directors then
7 in office. If a membership corporation has no members entitled to
8 vote on the plan, then the corporation shall deliver notice of the
9 proposed domestication to all members of the corporation at least ten
10 days before the meeting at which the board is to adopt the plan.

11 (3) After adopting the plan of domestication, the board shall
12 submit the plan to the members for their approval, if there are
13 members entitled to vote on the plan. The board shall also transmit
14 to the members a recommendation that the members approve the plan,
15 unless the board determines that, because of conflicts of interest or
16 other special circumstances, it should not make such a
17 recommendation, in which case the board shall transmit to the members
18 the basis for that determination.

19 (4) The board may condition its submission of the plan of
20 domestication to the members on any basis.

21 (5) If the approval of the members is to be given at a meeting,
22 then the corporation shall notify each member, whether or not
23 entitled to vote, of the meeting of members at which the plan of
24 domestication is to be submitted for approval. The notice shall state
25 that the purpose, or one of the purposes, of the meeting is to
26 consider the plan and must contain or be accompanied by a copy or
27 summary of the plan. The notice shall include a copy of the articles
28 and bylaws as they will be in effect immediately after the
29 domestication. If a summary is provided in lieu of a copy of the
30 plan, then a copy of the plan must be available to members upon
31 request and this fact must be stated in the notice.

32 (6) Unless the articles or bylaws, or the board acting pursuant
33 to subsection (4) of this section, requires a greater vote or a
34 greater number of votes to be present, the approval of the plan of
35 domestication by the members entitled to vote thereon requires the
36 approval of a majority of those members at a meeting at which a
37 quorum is present, and, if any class of members is entitled to vote
38 as a separate group on the plan, the approval of a majority of the
39 members of each separate voting group entitled to vote at a meeting
40 at which a quorum of the voting group is present.

1 (7) A separate voting by voting groups is required by each class
2 of members that:

3 (a) Is to be reclassified under the plan of domestication into a
4 different class of memberships, or into obligations, rights to
5 acquire memberships, cash, other property, or any combination of the
6 foregoing;

7 (b) Would be entitled to vote as a separate group on a provision
8 of the plan that, if contained in a proposed amendment to articles of
9 incorporation, would require action by separate voting groups under
10 section 3105 of this act; or

11 (c) Is entitled under the articles or bylaws to vote as a voting
12 group to approve an amendment of the articles.

13 (8) If any provision of the articles, bylaws, or an agreement to
14 which any of the directors or members are parties, adopted or entered
15 into before July 1, 2021, applies to a merger of the corporation and
16 that document does not refer to a domestication of the corporation,
17 then the provision is deemed to apply to a domestication of the
18 corporation until the provision is later amended.

19 NEW SECTION. **Sec. 3309.** ARTICLES OF DOMESTICATION. (1) Articles
20 of domestication must be executed on behalf of the domesticating
21 corporation by an officer or other authorized representative. The
22 articles shall set forth:

23 (a) The name and jurisdiction of incorporation of the
24 domesticating corporation;

25 (b) The name and jurisdiction of incorporation of the
26 domesticated entity; and

27 (c) If the domesticating corporation is a domestic nonprofit
28 corporation, a statement that the plan of domestication was approved
29 in accordance with sections 3301 through 3326 of this act or, if the
30 domesticating corporation is a foreign nonprofit corporation, a
31 statement that the domestication was approved in accordance with the
32 law of its jurisdiction of incorporation.

33 (2) The articles of domestication must be delivered to the
34 secretary of state for filing, and take effect at the effective time
35 provided in RCW 23.95.210.

36 (3) If the domesticating corporation is a foreign corporation,
37 then the domesticating corporation must, simultaneously with the
38 delivery of the articles of domestication, deliver articles of
39 incorporation that comply with this title to the secretary of state

1 for filing and the secretary of state shall file the articles.
2 Provisions that would not be required to be included in restated
3 articles of incorporation may be omitted, except that the name and
4 address of the initial registered agent of the corporation must be
5 included and the name of the corporation must satisfy the
6 requirements of section 1302 of this act.

7 (4) If the domesticating corporation is a registered foreign
8 corporation, then its registration is terminated automatically on the
9 effective date of its domestication, and the secretary of state shall
10 record the termination of the registration.

11 NEW SECTION. **Sec. 3310.** EFFECT OF DOMESTICATION. (1) Except as
12 provided in section 3304 of this act, when a domestication becomes
13 effective:

14 (a) The title to all real and personal property, both tangible
15 and intangible, of the domesticating corporation remains in the
16 domesticated corporation without reversion or impairment;

17 (b) The liabilities of the domesticating corporation remain the
18 liabilities of the domesticated corporation;

19 (c) An action or proceeding pending against the domesticating
20 corporation continues against the domesticated corporation as if the
21 domestication had not occurred;

22 (d) The articles of incorporation filed pursuant to section
23 3309(3) of this act constitute the articles of a foreign corporation
24 domesticating in Washington state;

25 (e) The memberships in the domesticating corporation are
26 reclassified into memberships, obligations, rights to acquire
27 memberships, or cash or other property in accordance with the terms
28 of the domestication, and the members are entitled only to the rights
29 provided by those terms;

30 (f) Gift restrictions binding the domestic corporation remain in
31 place as if the domestication had not occurred, unless modified in
32 accordance with section 1503 of this act;

33 (g) A devise, bequest, gift, grant, or promise contained in a
34 will or other instrument, in trust or otherwise, made to or for the
35 domesticating corporation before or after the domestication, inures
36 to the domesticated corporation, subject to the express terms of the
37 will or other instrument; and

38 (h) The domesticating corporation is deemed to be:

1 (i) Incorporated under and subject to the organic law of the
2 domesticated corporation for all purposes; and

3 (ii) The same corporation without interruption as the
4 domesticating corporation.

5 (2) The interest holder liability of a member in a foreign
6 nonprofit corporation that is domesticated in the state of Washington
7 is as follows:

8 (a) The domestication does not discharge any interest holder
9 liability under the laws of the foreign jurisdiction to the extent
10 the interest holder liability arose before the effective time of the
11 articles of domestication.

12 (b) The member does not have interest holder liability under the
13 laws of the foreign jurisdiction for any debt, obligation, or
14 liability of the corporation that arises after the effective time of
15 the articles of domestication.

16 (c) The provisions of the laws of the foreign jurisdiction
17 continue to apply to the collection or discharge of any interest
18 holder liability preserved by (a) of this subsection, as if the
19 domestication had not occurred.

20 (d) The domestication has no effect on any member's rights of
21 contribution from other members provided by the laws of the foreign
22 jurisdiction with respect to any interest holder liability preserved
23 by (a) of this subsection.

24 NEW SECTION. **Sec. 3311.** ABANDONMENT OF DOMESTICATION. (1)

25 Unless otherwise provided in a plan of domestication of a domestic
26 nonprofit corporation, after the plan has been adopted and approved
27 as required by sections 3301 through 3326 of this act, and at any
28 time before the domestication has become effective, it may be
29 abandoned by the members if there are members entitled to vote on the
30 plan of domestication, or by the board without action by members.

31 (2) If a domestication is abandoned under subsection (1) of this
32 section after articles of domestication have been filed by the
33 secretary of state but before the domestication has become effective,
34 then a statement that the domestication has been abandoned in
35 accordance with this section, executed by an officer or other
36 authorized representative, must be delivered to the secretary of
37 state for filing before the effective date of the domestication. The
38 statement takes effect upon filing and the domestication is abandoned
39 and does not become effective.

1 (3) If the domestication of a foreign nonprofit corporation in
2 Washington state is abandoned in accordance with the laws of the
3 foreign jurisdiction after articles of domestication have been filed
4 by the secretary of state, then a statement that the domestication
5 has been abandoned, executed by an officer or other authorized
6 representative, must be delivered to the secretary of state for
7 filing. The statement takes effect upon filing and the domestication
8 is abandoned and does not become effective.

9 NEW SECTION. **Sec. 3312.** FOR-PROFIT CONVERSION OF NONCHARITABLE
10 CORPORATIONS. (1) A domestic nonprofit corporation, other than a
11 charitable corporation, may become a domestic for-profit corporation
12 pursuant to a plan of for-profit conversion if the for-profit
13 conversion is permitted under Title 23B RCW.

14 (2) A domestic nonprofit corporation, other than a charitable
15 corporation, may become a foreign for-profit corporation if the for-
16 profit conversion is permitted by the laws of the foreign
17 jurisdiction. Regardless of whether the laws of the foreign
18 jurisdiction require the adoption of a plan of for-profit conversion,
19 the foreign for-profit conversion must be approved by the adoption by
20 the domestic nonprofit corporation of a plan of for-profit conversion
21 in the manner provided in sections 3301 through 3326 of this act.

22 (3) The plan of for-profit conversion shall include:

23 (a) The terms and conditions of the conversion;

24 (b) The manner and basis of:

25 (i) Issuing at least one share in the corporation following its
26 conversion; and

27 (ii) Otherwise reclassifying the memberships in the corporation,
28 if any, following its conversion into shares and other securities,
29 obligations, rights to acquire shares or other securities, cash,
30 other property, or any combination of the foregoing;

31 (c) If the corporation is holding assets for charitable purposes,
32 a plan setting forth how the corporation will comply with section
33 3304(2), (3), and (5) of this act;

34 (d) Any desired changes to the articles or bylaws of the
35 corporation following its conversion; and

36 (e) If the domestic nonprofit corporation is to be converted to a
37 foreign for-profit corporation, a statement of the jurisdiction in
38 which the corporation will be incorporated after the conversion.

1 (4) The plan of for-profit conversion may also include a
2 provision that the plan may be amended before filing articles of for-
3 profit conversion, except that after approval of the plan by the
4 members the plan may not be amended without the approval of the
5 members to change:

6 (a) The amount or kind of shares and other securities,
7 obligations, rights to acquire shares or other securities, cash, or
8 other property to be received by the members under the plan;

9 (b) The articles of incorporation as they will be in effect
10 immediately following the conversion, except for changes permitted by
11 section 3104 of this act; or

12 (c) Any of the other terms or conditions of the plan if the
13 change would adversely affect any of the members in any material
14 respect.

15 (5) Terms of a plan of for-profit conversion may be made
16 dependent upon facts objectively ascertainable outside the plan in
17 accordance with section 1202(3) of this act.

18 (6) If any debt security, note, or similar evidence of
19 indebtedness for money borrowed, whether secured or unsecured, or a
20 contract of any kind, issued, incurred, or executed by a domestic
21 nonprofit corporation before July 1, 2021, contains a provision
22 applying to a merger of the corporation and the document does not
23 refer to a for-profit conversion of the corporation, then the
24 provision is deemed to apply to a for-profit conversion of the
25 corporation until the provision is later amended.

26 NEW SECTION. **Sec. 3313.** ACTION ON A PLAN OF FOR-PROFIT
27 CONVERSION. In the case of a conversion of a domestic nonprofit
28 corporation to a domestic or foreign for-profit corporation:

29 (1) The plan of for-profit conversion must be adopted by the
30 board.

31 (2) If there are no members entitled to vote on the plan, then
32 the plan must be adopted by a vote of the majority of directors then
33 in office. If a membership corporation has no members entitled to
34 vote on the plan, then the corporation shall deliver notice of the
35 proposed for-profit conversion to all members of the corporation at
36 least ten days before the meeting at which the board is to adopt the
37 plan.

38 (3) After adopting the plan of for-profit conversion, the board
39 shall submit the plan to the members for their approval if there are

1 members entitled to vote on the plan. The board shall also deliver to
2 the members a recommendation that the members approve the plan,
3 unless the board determines that because of conflicts of interest or
4 other special circumstances, it should not make such a
5 recommendation, in which case the board shall deliver to the members
6 the basis for that determination.

7 (4) The board may condition its submission of the plan of for-
8 profit conversion to the members on any basis.

9 (5) If the approval of the members is to be given at a meeting,
10 then the corporation shall notify each member of the meeting of
11 members at which the plan of for-profit conversion is to be submitted
12 for approval. The notice shall state that the purpose, or one of the
13 purposes, of the meeting is to consider the plan and must contain or
14 be accompanied by a copy or summary of the plan. The notice shall
15 include a copy of the articles as they will be in effect immediately
16 after the for-profit conversion. If a summary is provided in lieu of
17 a copy of the plan, then a copy of the plan must be available to
18 members upon request and this fact must be stated in the notice.

19 (6) Unless the articles or bylaws, or the board acting pursuant
20 to subsection (4) of this section, require a greater vote or a
21 greater number of votes to be present, the approval of the plan of
22 for-profit conversion by the members entitled to vote thereon
23 requires approval of a majority of those members at a meeting at
24 which a quorum is present, and, if any class of members is entitled
25 to vote as a separate group on the plan of for-profit conversion, the
26 approval of each separate voting group entitled to vote at a meeting
27 at which a quorum of the voting group is present.

28 (7) If any provision of the articles, bylaws, or an agreement to
29 which any of the directors or members are parties, adopted or entered
30 into before July 1, 2021, applies to a merger of the corporation and
31 the document does not refer to a for-profit conversion of the
32 corporation, then the provision is deemed to apply to a for-profit
33 conversion of the corporation until the provision is later amended.

34 NEW SECTION. **Sec. 3314.** ARTICLES OF FOR-PROFIT CONVERSION. (1)
35 Articles of for-profit conversion must be executed on behalf of the
36 converting corporation by an officer of the corporation. The articles
37 shall set forth:

38 (a) If the surviving corporation is a domestic business
39 corporation, the name of the corporation immediately before the

1 filing of the articles of for-profit conversion and if that name does
2 not satisfy the requirements of RCW 23B.04.010, or the corporation
3 desires to change its name in connection with the conversion, a name
4 that satisfies the requirements of RCW 23B.04.010;

5 (b) Whether the corporation is holding assets for charitable
6 purposes;

7 (c) If the corporation is holding assets for charitable purposes,
8 that the attorney general has approved, or is deemed to have
9 approved, the for-profit conversion pursuant to section 3304(4) of
10 this act;

11 (d) If the surviving corporation is a foreign for-profit
12 corporation, its name after the conversion and its jurisdiction of
13 incorporation;

14 (e) If the nonprofit corporation has members with voting rights
15 with respect to the for-profit conversion, a statement that the plan
16 of for-profit conversion was approved by the members in the manner
17 required by this chapter and the articles or bylaws; and

18 (f) Where there are no members or no members having voting rights
19 with respect to the for-profit conversion, a statement to that
20 effect, the date of the meeting of the board at which the amendment
21 was adopted, and a statement that the amendment received the vote of
22 a majority of directors in office.

23 (2) If the surviving corporation is a domestic for-profit
24 corporation, then the articles of for-profit conversion shall either
25 contain all of the provisions that RCW 23B.02.020 requires to be set
26 forth in articles of incorporation of a domestic for-profit
27 corporation and any other desired provisions permitted under Title
28 23B RCW, or have attached articles of incorporation that satisfy the
29 requirements of RCW 23B.02.020. In either case, provisions that would
30 not be required to be included in restated articles of incorporation
31 of a domestic for-profit corporation may be omitted, except that the
32 name and address of the initial registered agent of the for-profit
33 corporation must be included.

34 (3) The articles of for-profit conversion and articles of
35 incorporation, if a separate document, must be delivered to the
36 secretary of state for filing, and take effect at the effective time
37 provided in RCW 23.95.210.

38 NEW SECTION. **Sec. 3315.** EFFECT OF FOR-PROFIT CONVERSION. (1)
39 Except as provided in section 3304 of this act, when a conversion of

1 a domestic nonprofit corporation to a domestic or foreign for-profit
2 corporation becomes effective:

3 (a) The title to all real and personal property, both tangible
4 and intangible, of the corporation remains in the corporation without
5 reversion or impairment;

6 (b) The liabilities of the corporation remain the liabilities of
7 the corporation;

8 (c) An action or proceeding pending against the corporation
9 continues against the corporation as if the conversion had not
10 occurred;

11 (d) The articles of the domestic or foreign for-profit
12 corporation become effective;

13 (e) The memberships of the corporation are reclassified into
14 shares or other securities, obligations, rights to acquire shares or
15 other securities, or into cash or other property in accordance with
16 the plan of conversion, and the members are entitled only to the
17 rights provided in the plan of for-profit conversion;

18 (f) A devise, bequest, gift, grant, or promise contained in a
19 will or other instrument, in trust or otherwise, made to or for the
20 corporation before or after the for-profit conversion, continues to
21 inure to the corporation, subject to the express terms of the will or
22 other instrument; and

23 (g) The corporation is deemed to:

24 (i) Be a domestic or foreign for-profit corporation for all
25 purposes; and

26 (ii) Be the same corporation without interruption as the
27 nonprofit corporation.

28 (2) The interest holder liability of a member in a domestic
29 nonprofit corporation that converts to a domestic for-profit
30 corporation is as follows:

31 (a) The conversion does not discharge any interest holder
32 liability of the member as a member of the nonprofit corporation to
33 the extent the interest holder liability arose before the effective
34 time of the articles of for-profit conversion.

35 (b) The member does not have interest holder liability for any
36 debt, obligation, or liability of the for-profit corporation that
37 arises after the effective time of the articles of for-profit
38 conversion.

1 (c) The laws of this state continue to apply to the collection or
2 discharge of any interest holder liability preserved by (a) of this
3 subsection, as if the conversion had not occurred.

4 (d) The member has whatever rights of contribution from other
5 members are provided by the laws of this state with respect to any
6 interest holder liability preserved by (a) of this subsection, as if
7 the conversion had not occurred.

8 (3) A member who becomes subject to interest holder liability for
9 some or all of the debts, obligations, or liabilities of the for-
10 profit corporation has interest holder liability only for those
11 debts, obligations, or liabilities of the for-profit corporation that
12 arise after the effective time of the articles of for-profit
13 conversion.

14 NEW SECTION. **Sec. 3316.** ABANDONMENT OF FOR-PROFIT CONVERSION.

15 (1) Unless otherwise provided in a plan of for-profit conversion of a
16 domestic nonprofit corporation, after the plan has been adopted and
17 approved as required by sections 3301 through 3326 of this act, and
18 at any time before the for-profit conversion has become effective, it
19 may be abandoned by the members if there are members entitled to vote
20 on the for-profit conversion, or by the board without action by
21 members.

22 (2) If a for-profit conversion is abandoned under subsection (1)
23 of this section after articles of for-profit conversion have been
24 filed by the secretary of state but before the for-profit conversion
25 has become effective, then a statement that the for-profit conversion
26 has been abandoned in accordance with this section, executed by an
27 officer of the corporation, must be delivered to the secretary of
28 state for filing before the effective date of the for-profit
29 conversion. The statement takes effect upon filing and the for-profit
30 conversion is abandoned and does not become effective.

31 NEW SECTION. **Sec. 3317.** FOR-PROFIT DOMESTICATION AND
32 CONVERSION. A foreign for-profit corporation may become a domestic
33 nonprofit corporation if the domestication and conversion is
34 permitted by the law of the foreign jurisdiction.

35 NEW SECTION. **Sec. 3318.** ARTICLES OF DOMESTICATION AND
36 CONVERSION. (1) Articles of domestication and conversion must be
37 executed on behalf of the domesticating and converting corporation by

1 an officer or other authorized representative. The articles shall set
2 forth:

3 (a) The name of the corporation immediately before the filing of
4 the articles of domestication and conversion and, if that name is
5 unavailable for use in Washington state or the corporation desires to
6 change its name in connection with the domestication and conversion,
7 a name that satisfies the requirements of section 1302 of this act;

8 (b) The jurisdiction of incorporation of the corporation
9 immediately before the filing of the articles of domestication and
10 conversion and the date the corporation was incorporated in that
11 jurisdiction; and

12 (c) A statement that the domestication and conversion of the
13 corporation in this state was authorized as required by the laws of
14 the jurisdiction in which the corporation was incorporated
15 immediately before its domestication and conversion in Washington
16 state.

17 (2) The articles of domestication and conversion shall either
18 contain all of the provisions that section 1303(1) of this act
19 requires to be set forth in articles of incorporation and any other
20 desired provisions that section 1303(1)(b) and (c) of this act permit
21 to be included in articles of incorporation, or have attached
22 articles of incorporation that comply with this chapter. In either
23 case, provisions that would not be required to be included in
24 restated articles of incorporation may be omitted, except that the
25 name and address of the initial registered agent of the domestic
26 nonprofit corporation must be included.

27 (3) If the domesticating corporation is a foreign corporation,
28 then the domesticating corporation must, simultaneously with the
29 delivery of the articles of domestication and conversion, deliver
30 articles of incorporation that comply with this chapter to the
31 secretary of state for filing and the secretary of state shall file
32 the articles. Provisions that would not be required to be included in
33 restated articles of incorporation may be omitted, except that the
34 name and address of the initial registered agent of the corporation
35 must be included and the name of the corporation must satisfy the
36 requirements of section 1302 of this act.

37 (4) If the foreign for-profit corporation is authorized to
38 transact business in Washington state under chapter 23B.01 RCW, then
39 its registration shall be terminated automatically on the effective

1 date of its domestication and conversion and the secretary of state
2 shall record the termination of registration.

3 NEW SECTION. **Sec. 3319.** EFFECT OF FOR-PROFIT DOMESTICATION AND
4 CONVERSION. (1) When a domestication and conversion of a foreign for-
5 profit corporation to a domestic nonprofit corporation becomes
6 effective:

7 (a) The title to all real and personal property, both tangible
8 and intangible, of the corporation remains in the corporation without
9 reversion or impairment;

10 (b) The liabilities of the corporation remain the liabilities of
11 the corporation;

12 (c) An action or proceeding pending against the corporation
13 continues against the corporation as if the domestication and
14 conversion had not occurred;

15 (d) The articles of domestication and conversion, or the articles
16 attached to the articles of domestication and conversion, constitute
17 the articles of incorporation of the corporation;

18 (e) Memberships, securities, obligations, rights to acquire
19 memberships or securities of the corporation, or cash or other
20 property must be issued or paid as provided pursuant to the laws of
21 the foreign jurisdiction;

22 (f) A devise, bequest, gift, grant, or promise contained in a
23 will or other instrument, in trust or otherwise, made to or for the
24 foreign for-profit corporation before or after the domestication and
25 conversion, inures to the domestic nonprofit corporation, subject to
26 the express terms of the will or other instrument and to applicable
27 law of the foreign jurisdiction; and

28 (g) The corporation is deemed to be:

29 (i) A domestic corporation for all purposes; and

30 (ii) The same corporation without interruption as the foreign
31 for-profit corporation.

32 (2) The interest holder liability of a shareholder of the foreign
33 for-profit corporation who becomes a member of the domestic nonprofit
34 corporation in the domestication and conversion is as follows:

35 (a) The domestication and conversion does not discharge any
36 interest holder liability under the laws of the foreign jurisdiction
37 to the extent the interest holder liability arose before the
38 effective time of the articles of domestication and conversion.

1 (b) The member does not have interest holder liability under the
2 laws of the foreign jurisdiction for any debt, obligation, or
3 liability of the corporation that arises after the effective time of
4 the articles of domestication and conversion.

5 (c) The provisions of the laws of the foreign jurisdiction
6 continue to apply to the collection or discharge of any interest
7 holder liability preserved by (a) of this subsection, as if the
8 domestication and conversion had not occurred.

9 (d) The member has whatever rights of contribution from other
10 members are provided by the laws of the foreign jurisdiction with
11 respect to any interest holder liability preserved by (a) of this
12 subsection, as if the domestication and conversion had not occurred.

13 (3) A shareholder of a foreign for-profit corporation who becomes
14 subject to interest holder liability for some or all of the debts,
15 obligations, or liabilities of the corporation as a result of its
16 domestication and conversion in this state has interest holder
17 liability only for those debts, obligations, or liabilities of the
18 corporation that arise after the effective time of the articles of
19 domestication and conversion.

20 NEW SECTION. **Sec. 3320.** ABANDONMENT OF FOR-PROFIT DOMESTICATION
21 AND CONVERSION. If the domestication and conversion of a foreign
22 for-profit corporation to a domestic nonprofit corporation is
23 abandoned in accordance with the laws of the foreign jurisdiction
24 after articles of domestication and conversion have been filed by the
25 secretary of state, then a statement that the domestication and
26 conversion has been abandoned, executed by an officer or other
27 authorized representative, must be delivered to the secretary of
28 state for filing. The statement takes effect upon filing and the
29 domestication and conversion is abandoned and does not become
30 effective.

31 NEW SECTION. **Sec. 3321.** ENTITY CONVERSION FOR NONCHARITABLE
32 CORPORATIONS. (1) A domestic nonprofit corporation, other than a
33 charitable corporation, may become a domestic unincorporated entity
34 pursuant to a plan of entity conversion only if the entity conversion
35 is permitted under the organic law governing the entity that would
36 survive the entity conversion.

1 (2) A domestic nonprofit corporation, other than a charitable
2 corporation, may become a foreign unincorporated entity if the entity
3 conversion is permitted by the laws of the foreign jurisdiction.

4 (3) A domestic unincorporated entity may be converted into a
5 domestic nonprofit corporation only if applicable Washington state
6 law provides procedures for the approval of an entity conversion into
7 a domestic nonprofit corporation.

8 (4) A foreign unincorporated entity may become a domestic
9 nonprofit corporation if the law of the foreign jurisdiction
10 authorizes it to become a nonprofit corporation in another
11 jurisdiction.

12 (5) If any provision of a debt security, note, or similar
13 evidence of indebtedness for money borrowed, whether secured or
14 unsecured, or a contract of any kind, issued, incurred, or executed
15 by a domestic nonprofit corporation before July 1, 2021, applies to a
16 merger of the corporation and the document does not refer to an
17 entity conversion of the corporation, then the provision is deemed to
18 apply to an entity conversion of the corporation until the provision
19 is later amended.

20 NEW SECTION. **Sec. 3322.** PLAN OF ENTITY CONVERSION. (1) A plan
21 of entity conversion shall include:

22 (a) A statement of the type of unincorporated entity the
23 surviving entity will be and, if it will be a foreign unincorporated
24 entity, its jurisdiction of organization;

25 (b) The terms and conditions of the conversion;

26 (c) The manner and basis of converting the memberships in the
27 domestic nonprofit corporation following its conversion into
28 interests or other securities, obligations, rights to acquire
29 interests or other securities, cash, other property, or any
30 combination of the foregoing;

31 (d) If the corporation is holding assets for charitable purposes,
32 a plan setting forth how the corporation will comply with section
33 3303 of this act; and

34 (e) The full text, as they will be in effect immediately
35 following the conversion, of the organic documents of the surviving
36 entity.

37 (2) The plan of entity conversion may also include a provision
38 that the plan may be amended before filing articles of entity

1 conversion, except that after approval of the plan by the members the
2 plan may not be amended to change:

3 (a) The amount or kind of memberships or other securities,
4 interests, obligations, rights to acquire memberships, securities, or
5 interests, cash, or other property to be received under the plan by
6 the members;

7 (b) The organic documents that will be in effect immediately
8 following the conversion, except for changes permitted by a provision
9 of the organic law of the surviving entity comparable to section
10 3104(2) of this act; or

11 (c) Any of the other terms or conditions of the plan if the
12 change would adversely affect any of the members in any material
13 respect.

14 (3) Terms of a plan of entity conversion may be made dependent
15 upon facts objectively ascertainable outside the plan in accordance
16 with section 1202(3) of this act.

17 NEW SECTION. **Sec. 3323.** ACTION ON A PLAN OF ENTITY CONVERSION.

18 In the case of an entity conversion of a domestic nonprofit
19 corporation to a domestic or foreign unincorporated entity:

20 (1) The plan of entity conversion must be adopted by a vote of
21 the majority of the directors in office.

22 (2) If there are no members entitled to vote on the plan, then
23 the plan must be adopted by a vote of the majority of directors then
24 in office. If a membership corporation has no members entitled to
25 vote on the plan, then the corporation shall deliver notice of the
26 proposed entity conversion to all members of the corporation at least
27 ten days before the meeting at which the board is to adopt the plan.

28 (3) After adopting the plan of entity conversion, the board shall
29 submit the plan to the members for their approval if there are
30 members entitled to vote on the plan. The board shall also deliver to
31 the members a recommendation that the members approve the plan,
32 unless the board determines that because of conflicts of interest or
33 other special circumstances it should not make such a recommendation,
34 in which case the board shall deliver to the members the basis for
35 that determination.

36 (4) The board may condition its submission of the plan of entity
37 conversion to the members on any basis.

38 (5) If the approval of the members is to be given at a meeting,
39 then the corporation shall notify each member, whether or not

1 entitled to vote, of the meeting of members at which the plan of
2 entity conversion is to be submitted for approval. The notice shall
3 state that the purpose, or one of the purposes, of the meeting is to
4 consider the plan and must contain or be accompanied by a copy or
5 summary of the plan. The notice shall include a copy of the organic
6 documents as they will be in effect immediately after the entity
7 conversion. The notice may additionally be accompanied by a summary
8 of the required materials. If a summary is provided in lieu of a copy
9 of the plan, then a copy of the plan must be available to members
10 upon request and this fact must be stated in the notice. Such copy of
11 the plan may be made available to members electronically.

12 (6) Unless the articles, or the board acting pursuant to
13 subsection (3) of this section, requires a greater vote or a greater
14 number of votes to be present, the approval of the plan of entity
15 conversion by the members entitled to vote thereon requires the
16 approval of a majority of those members at a meeting at which a
17 quorum is present, and, if any class of members is entitled to vote
18 as a separate group on the plan of entity conversion, the approval of
19 each separate voting group entitled to vote at a meeting at which a
20 quorum of the voting group is present.

21 (7) If any provision of the articles, bylaws, or an agreement to
22 which any of the directors or members are parties, adopted or entered
23 into before July 1, 2021, applies to a merger of the corporation and
24 the document does not refer to an entity conversion of the
25 corporation, then the provision is deemed to apply to an entity
26 conversion of the corporation until the provision is later amended.

27 (8) If, as a result of the conversion, one or more members of the
28 corporation would become subject to interest holder liability for the
29 debts, obligations, or liabilities of any other person or entity,
30 then approval of the plan of conversion requires the execution, by
31 each affected member, of a separate written consent to become subject
32 to interest holder liability.

33 NEW SECTION. **Sec. 3324.** ARTICLES OF ENTITY CONVERSION. (1)
34 After the conversion of a domestic nonprofit corporation to a
35 domestic or foreign unincorporated entity has been adopted and
36 approved as required by this chapter, articles of entity conversion
37 must be executed on behalf of the converting corporation by an
38 officer of the corporation. The articles must:

1 (a) Set forth the name of the corporation immediately before the
2 filing of the articles of entity conversion and the name to which the
3 name of the corporation is to be changed, which must be a name that
4 satisfies the organic law of the surviving entity if the surviving
5 entity is a domestic entity;

6 (b) State whether the corporation is holding assets for
7 charitable purposes;

8 (c) If the corporation is holding assets for charitable purposes,
9 state that the attorney general has approved, or is deemed to have
10 approved, the entity conversion pursuant to section 3304(4) of this
11 act;

12 (d) State the type of unincorporated entity that the surviving
13 entity will be and its jurisdiction of organization;

14 (e) State that the plan of entity conversion was approved in the
15 manner required by this chapter; and

16 (f) If the surviving entity is a domestic filing entity, either
17 contain all of the provisions required to be set forth in its public
18 organic record and any other desired provisions that are permitted,
19 or have attached a public organic record.

20 (2) After the conversion of a domestic unincorporated entity to a
21 domestic nonprofit corporation has been adopted and approved as
22 required by the organic law of the unincorporated entity, articles of
23 entity conversion must be executed on behalf of the unincorporated
24 entity by an officer or other authorized representative. The articles
25 must:

26 (a) Set forth the name of the unincorporated entity immediately
27 before the filing of the articles of entity conversion and the name
28 to which the name of the unincorporated entity is to be changed,
29 which must be a name that satisfies the requirements of section 1302
30 of this act;

31 (b) Set forth a statement that the plan of entity conversion was
32 approved in accordance with the organic law of the unincorporated
33 entity; and

34 (c) Either contain all of the provisions that section 1303(1) of
35 this act requires to be set forth in articles of incorporation and
36 any other desired provisions that section 1303 (2) and (3) of this
37 act permit to be included in articles of incorporation, or have
38 attached articles of incorporation that comply with this act.

39 (3) After the conversion of a foreign unincorporated entity to a
40 domestic nonprofit corporation has been authorized as required by the

1 laws of the foreign jurisdiction, articles of entity conversion must
2 be executed on behalf of the foreign unincorporated entity by an
3 officer or other authorized representative. The articles must:

4 (a) Set forth the name of the unincorporated entity immediately
5 before the filing of the articles of entity conversion and the name
6 to which the name of the unincorporated entity is to be changed,
7 which must be a name that satisfies the requirements of section 1302
8 of this act;

9 (b) Set forth the jurisdiction under the laws of which the
10 unincorporated entity was organized immediately before the filing of
11 the articles of entity conversion and the date on which the
12 unincorporated entity was organized in that jurisdiction;

13 (c) Set forth a statement that the conversion of the
14 unincorporated entity was approved in the manner required by the law
15 of the foreign jurisdiction; and

16 (d) Either contain all of the provisions that section 1303(1) of
17 this act requires to be set forth in articles of incorporation and
18 any other desired provisions that section 1303 (2) and (3) of this
19 act permit to be included in articles of incorporation, or have
20 attached articles of incorporation that comply with this act; except
21 that, in either case, provisions that would not be required to be
22 included in restated articles of incorporation of a domestic
23 nonprofit corporation may be omitted.

24 (4) The articles of entity conversion and articles of
25 incorporation must be simultaneously delivered to the secretary of
26 state for filing. The articles of entity conversion and articles of
27 incorporation take effect at the effective time provided in RCW
28 23.95.210. Articles of entity conversion filed under subsection (1)
29 or (2) of this section may be combined with any required conversion
30 filing under the organic law of the domestic unincorporated entity if
31 the combined filing satisfies the requirements of both this section
32 and the other organic law.

33 (5) If the converting entity is a foreign unincorporated entity
34 that is registered to do business in this state under chapter 23.95
35 RCW, then its registration statement is canceled automatically on the
36 effective date of its conversion.

37 NEW SECTION. **Sec. 3325.** EFFECT OF ENTITY CONVERSION. (1) Except
38 as provided in section 3303 of this act, when a conversion under
39 sections 3301 through 3326 of this act becomes effective:

1 (a) The title to all real and personal property, both tangible
2 and intangible, of the converting entity remains in the surviving
3 entity without reversion or impairment;

4 (b) The liabilities of the converting entity remain the
5 liabilities of the surviving entity;

6 (c) An action or proceeding pending against the converting entity
7 continues against the surviving entity as if the conversion had not
8 occurred;

9 (d) In the case of a surviving entity that is a filing entity,
10 its articles or public organic record and its private organic rules
11 become effective;

12 (e) In the case of a surviving entity that is a nonfiling entity,
13 its private organic rules become effective;

14 (f) The memberships or interests of the converting entity are
15 reclassified into memberships, interests, other securities,
16 obligations, rights to acquire memberships, interests, or securities,
17 or into cash or other property in accordance with the plan of
18 conversion; and the members or interest holders of the converting
19 entity are entitled only to the rights provided to them under the
20 terms of the conversion and to any appraisal rights they may have
21 under the organic law of the converting entity;

22 (g) A devise, bequest, gift, grant, or promise contained in a
23 will or other instrument, in trust or otherwise, made to or for the
24 converting entity before or after a transaction under this chapter,
25 inures to the surviving entity, subject to the express terms of the
26 will or other instrument; and

27 (h) The surviving entity is deemed to be:

28 (i) Incorporated or organized under and subject to the organic
29 law of the converting entity for all purposes; and

30 (ii) The same nonprofit corporation or unincorporated entity
31 without interruption as the converting entity.

32 (2) A member who becomes subject to interest holder liability for
33 some or all of the debts, obligations, or liabilities of the
34 surviving entity has interest holder liability only for those debts,
35 obligations, or liabilities of the surviving entity that arise after
36 the effective time of the articles of entity conversion.

37 (3) The interest holder liability of an interest holder in an
38 unincorporated entity that converts to a domestic nonprofit
39 corporation is as follows:

1 (a) The conversion does not discharge any interest holder
2 liability under the organic law of the unincorporated entity to the
3 extent the interest holder liability arose before the effective time
4 of the articles of entity conversion.

5 (b) The interest holder does not have interest holder liability
6 under the organic law of the unincorporated entity for any debt,
7 obligation, or liability of the corporation that arises after the
8 effective time of the articles of entity conversion.

9 (c) The provisions of the organic law of the unincorporated
10 entity continue to apply to the collection or discharge of any
11 interest holder liability preserved by (a) of this subsection, as if
12 the conversion had not occurred.

13 (d) The interest holder has whatever rights of contribution from
14 other interest holders are provided by the organic law of the
15 unincorporated entity with respect to any interest holder liability
16 preserved by (a) of this subsection, as if the conversion had not
17 occurred.

18 NEW SECTION. **Sec. 3326.** ABANDONMENT OF ENTITY CONVERSION. (1)
19 Unless otherwise provided in a plan of entity conversion of a
20 domestic nonprofit corporation, after the plan has been adopted and
21 approved as required by sections 3301 through 3326 of this act, and
22 at any time before the entity conversion has become effective, it may
23 be abandoned by the members if there are members entitled to vote, or
24 by the board without action by the members.

25 (2) If an entity conversion is abandoned after articles of entity
26 conversion have been filed by the secretary of state but before the
27 entity conversion has become effective, then a statement that the
28 entity conversion has been abandoned in accordance with this section,
29 executed by an officer of the corporation, must be delivered to the
30 secretary of state for filing before the effective date of the entity
31 conversion. Upon filing, the statement takes effect and the entity
32 conversion is abandoned and does not become effective.

33 **ARTICLE 4**
34 **DISPOSITION OF ASSETS**

35 NEW SECTION. **Sec. 3401.** DISPOSITIONS NOT REQUIRING MEMBER
36 APPROVAL. Unless the articles or bylaws otherwise provide, approval
37 of the members of a nonprofit corporation is not required:

1 (1) To sell, lease, exchange, or otherwise dispose of any or all
2 of the corporation's assets:

3 (a) In the usual and regular course of its activities; or

4 (b) If the assets disposed of represent less than fifty percent
5 of the total assets of the corporation and its consolidated
6 subsidiaries, determined as of the end of the most recently completed
7 fiscal year;

8 (2) To mortgage, pledge, dedicate to the repayment of
9 indebtedness whether with or without recourse, or otherwise encumber
10 any or all of the corporation's assets, whether or not in the usual
11 and regular course of business its activities; or

12 (3) To transfer any or all of the corporation's assets to one or
13 more corporations or other entities all of the memberships or
14 interests of which are owned by the corporation.

15 NEW SECTION. **Sec. 3402.** DISPOSITIONS REQUIRING MEMBER APPROVAL.

16 (1) A sale, lease, exchange, or other disposition of assets, other
17 than a disposition described in section 3401 of this act, requires
18 approval of the corporation's members that are entitled to vote on
19 the disposition, unless the articles or bylaws otherwise provide.

20 (2) A disposition that requires approval of the members must be
21 initiated by a resolution by the board authorizing the disposition.
22 After adoption of the resolution, the board shall submit the proposed
23 disposition to the members for their approval. The board shall also
24 deliver to the members a recommendation that the members approve the
25 proposed disposition, unless the board makes a determination that
26 because of conflicts of interest or other special circumstances it
27 should not make a recommendation, in which case the board shall
28 deliver to the members the basis for that determination.

29 (3) The board may condition its submission of a disposition to
30 the members under subsection (2) of this section on any basis.

31 (4) If a disposition is required to be approved by the members,
32 and if the approval is to be given at a meeting, then the nonprofit
33 corporation shall give notice to each member, whether or not entitled
34 to vote, of the meeting of members at which the disposition is to be
35 submitted for approval. The notice shall state that the purpose, or
36 one of the purposes, of the meeting is to consider the disposition
37 and must contain a description of the disposition, including the
38 terms and conditions thereof and the consideration to be received by
39 the corporation.

1 (5) Unless the articles, bylaws, or the board acting pursuant to
2 subsection (3) of this section requires a greater vote, or a greater
3 number of votes to be present, the approval of a disposition by the
4 members entitled to vote thereon requires the approval of those
5 members at a meeting at which a quorum is present, and, if any class
6 of members is entitled to vote as a separate group on the
7 disposition, the approval of each separate voting group entitled to
8 vote at a meeting at which a quorum of the voting group is present.

9 (6) If a membership corporation has no members entitled to vote
10 on a disposition, then the corporation shall deliver notice of a
11 proposed disposition to all members of the corporation at least ten
12 days before the meeting at which the board is to act upon the
13 disposition.

14 (7) After a disposition has been approved by the members under
15 subsection (5) of this section, and at any time before the
16 disposition has been consummated, it may be abandoned by the
17 nonprofit corporation without action by the members, subject to any
18 contractual rights of other parties to the disposition.

19 (8) In addition to the approval of a disposition of assets by the
20 board and members as required by this section, the disposition must
21 also be approved in the form of a record by any person or group of
22 persons whose approval is required under section 3114 of this act to
23 amend the articles or bylaws.

24 (9) The assets of a direct or indirect consolidated subsidiary
25 are deemed the assets of the parent nonprofit corporation for the
26 purposes of this section.

27 (10) A disposition of assets in the course of a dissolution
28 governed by sections 3501 through 3512 of this act is not governed by
29 this chapter.

30 NEW SECTION. **Sec. 3403.** EFFECT OF DISPOSITIONS. Unless a
31 domestic entity that is a party to a transaction under this chapter
32 obtains an appropriate order of the court or approval from the
33 attorney general under the law of this state, a disposition of assets
34 under sections 3401 through 3405 of this act may not affect:

35 (1) Any restriction imposed upon the entity by its organic
36 documents or other governing authority that may not be amended by its
37 directors, members, or interest holders; or

38 (2) The existing rights of persons other than members,
39 shareholders, or interest holders of the entity.

1 NEW SECTION. **Sec. 3404.** PROPERTY HELD FOR CHARITABLE PURPOSES.

2 (1) In a transaction under this chapter, property held for charitable
3 purposes by a nonprofit corporation may not be diverted from
4 charitable purposes.

5 (2) Property held by a nonprofit corporation and restricted to
6 charitable purposes by a gift instrument may not be diverted from the
7 restricted charitable purpose by a transaction under this chapter
8 unless modified in accordance with section 1503 of this act.

9 (3) Property held for charitable purposes pursuant to a trust
10 instrument governed by chapter 11.110 RCW in which the nonprofit
11 corporation is a trustee or a beneficiary may not be diverted from
12 the charitable purposes specified in the trust instrument unless
13 those purposes are modified by the court or pursuant to an agreement
14 between all interested parties, including the attorney general, under
15 chapter 11.96A RCW.

16 (4) Property held by a nonprofit corporation for charitable
17 purposes upon condition requiring return, transfer, or conveyance,
18 which condition occurs by reason of a transaction under this chapter,
19 must be returned, transferred, or conveyed in accordance with that
20 condition.

21 (5) A charitable corporation or a corporation holding property
22 for charitable purposes shall deliver to the attorney general of its
23 intent to consummate a disposition, other than a disposition
24 described in section 3401 of this act. The notice must be delivered
25 to the attorney general in the form of a record at least twenty days
26 before the meeting at which the proposed disposition is to be
27 approved. Such a disposition may not be implemented without the
28 approval of the attorney general, or the approval of the court in a
29 proceeding to which the attorney general is made a party. In the
30 event that the attorney general does not deliver a notice of
31 objection in the form of a record to the corporation within twenty
32 days after the delivery to the attorney general of notice of the
33 disposition, approval of the disposition is deemed to have been
34 given.

35 (6) The notice described in subsection (5) of this section shall
36 include:

37 (a) A statement specifying how the disposition will comply with
38 subsections (1) through (4) of this section; and

39 (b) A brief description of:

1 (i) Real property held for charitable purposes that will be
2 included in the disposition, and its nature and location;

3 (ii) Cash, bank deposits, brokerage accounts, or other financial
4 assets held for charitable purposes that will be included in the
5 disposition in full or in part, and their approximate total fair
6 market value;

7 (iii) Other personal property held for charitable purposes that
8 will be included in the disposition, and its nature and approximate
9 total fair market value; and

10 (iv) Any gift restrictions applicable to any property described
11 in (b)(i) through (iii) of this subsection, and the nature of those
12 restrictions.

13 NEW SECTION. **Sec. 3405.** PROHIBITION OF FINANCIAL BENEFIT. A
14 person who is a member or otherwise affiliated with a charitable
15 corporation may not receive a direct or indirect financial benefit in
16 connection with a disposition of assets governed by sections 3401
17 through 3405 of this act unless the person is a charitable
18 corporation, the federal government, a tribal government, a state or
19 local government, a governmental subdivision, or an unincorporated
20 entity that has charitable purposes. This section does not apply to
21 the receipt of reasonable compensation for services rendered.

22 **ARTICLE 5**
23 **VOLUNTARY DISSOLUTION**

24 NEW SECTION. **Sec. 3501.** AUTHORIZATION OF VOLUNTARY DISSOLUTION.

25 (1) Unless the articles or bylaws require a greater vote, a majority
26 of the directors in office of a nonprofit corporation may authorize
27 the dissolution of any nonprofit corporation that is not a membership
28 corporation or is a membership corporation but has no members
29 entitled to vote on its dissolution.

30 (2) If a membership corporation has no members entitled to vote
31 on dissolution, then the corporation shall deliver notice of the
32 proposed dissolution to all members of the corporation at least ten
33 days before the meeting at which the board is to authorize the
34 dissolution.

35 (3) For a membership corporation that has members that are
36 entitled to vote on its dissolution:

1 (a) The board may propose dissolution for submission to the
2 members entitled to vote, and for such a proposal to dissolve to be
3 authorized:

4 (i) The board shall recommend dissolution to the members entitled
5 to vote on the dissolution, unless the board determines that because
6 of conflict of interest or other special circumstances it should make
7 no recommendation and communicates the basis for its determination to
8 the members entitled to vote on the dissolution;

9 (ii) The board may condition its submission of the proposal for
10 dissolution on any basis, including approval of the proposed plan of
11 distribution if required under section 3502 of this act;

12 (iii) The nonprofit corporation shall give notice to each member,
13 whether or not entitled to vote, of the proposed meeting of members
14 that includes the following statements:

15 (A) That the purpose, or one of the purposes, of the meeting is
16 to consider dissolving the corporation; and

17 (B) How the assets of the corporation will be distributed after
18 all creditors have been paid or how the distribution of assets will
19 be determined; and

20 (iv) The members entitled to vote on the dissolution shall
21 approve the proposal to dissolve as provided in (b) of this
22 subsection.

23 (b) Unless the articles, the bylaws, or the board acting pursuant
24 to (a)(ii) of this subsection requires a greater vote or a greater
25 number of members to be present, the adoption of the proposal to
26 dissolve by the members entitled to vote thereon requires the
27 approval of at least a majority of those members at a meeting at
28 which a quorum is present, and, if any class of members is entitled
29 to vote as a separate group on the proposal, the approval by a
30 majority of the members in each separate voting group entitled to
31 vote at a meeting at which a quorum of the voting group is present.

32 NEW SECTION. **Sec. 3502.** DISTRIBUTION OF ASSETS ON DISSOLUTION.

33 The assets of a corporation in the process of dissolution shall be
34 applied and distributed in the following order:

35 (1) All known liabilities and obligations of the corporation must
36 be paid, satisfied, and discharged, or adequate provision must be
37 made to pay, satisfy, and discharge those liabilities.

38 (2) All property held for charitable purposes by the corporation,
39 including all assets of a charitable corporation remaining after

1 satisfaction of subsection (1) of this section, must be applied and
2 distributed consistently with the corporation's articles, such that
3 property is not diverted from charitable purposes, and as follows:

4 (a) Property held for charitable purposes pursuant to a trust
5 instrument in which the nonprofit corporation is a trustee or a
6 beneficiary must be governed by and distributed in accordance with
7 the trust instrument and chapter 11.110 RCW, and any modification of
8 restrictions imposed through the trust instrument accomplished
9 through an appropriate order of the court or the agreement of all
10 interested parties, including the attorney general, pursuant to
11 chapter 11.96A RCW.

12 (b) Property owned outright and held for charitable purposes, but
13 not held upon a condition requiring return, transfer, or conveyance
14 by reason of the dissolution and not subject to any gift restriction,
15 must be transferred or conveyed:

16 (i) To one or more entities operated exclusively for one or more
17 charitable purposes;

18 (ii) To the federal government, a tribal government, or a state
19 or local government for a public purpose; or

20 (iii) Subject to one or more gift restrictions requiring the
21 property to be used exclusively for the same charitable purposes for
22 which the dissolving corporation holds the property.

23 (c) Property that is subject to charitable purpose or management
24 or investment restrictions that do not require modification at the
25 time of dissolution and is not held upon a condition requiring
26 return, transfer, or conveyance by reason of the dissolution must be
27 transferred or conveyed subject to all restrictions applicable to the
28 property, except to the extent restrictions are modified pursuant to
29 section 1503 of this act before distribution, pursuant to a plan of
30 distribution adopted by the board and as provided by sections 3501
31 through 3512 of this act.

32 (d) Property subject to charitable purpose or management or
33 investment restrictions that require modification at the time of
34 dissolution and are not held upon a condition requiring return,
35 transfer, or conveyance by reason of dissolution, must be modified
36 pursuant to section 1503 of this act before the gifts can be
37 distributed, pursuant to a plan of distribution adopted by the board
38 and as provided by this chapter.

39 (e) Property held for charitable purposes by the nonprofit
40 corporation upon condition requiring return, transfer, or conveyance,

1 which condition occurs by reason of the dissolution, must be
2 returned, transferred, or conveyed in accordance with those
3 requirements.

4 (3) Property held by a corporation upon condition requiring
5 return, transfer, or conveyance, which condition occurs by reason of
6 the dissolution, must be returned, transferred, or conveyed in
7 accordance with the requirements of the condition.

8 (4) Other assets of a corporation other than a charitable
9 corporation, if any, must be distributed:

10 (a) To members or other persons in accordance with the articles
11 or bylaws, to the extent that the articles or bylaws determine the
12 rights of members to distributions upon dissolution, or provide for
13 distribution to other persons or classes of persons; and

14 (b) To the extent that the articles or bylaws do not govern
15 distribution of assets on dissolution, to any persons the board may
16 select.

17 NEW SECTION. **Sec. 3503.** CORPORATIONS HOLDING PROPERTY FOR
18 CHARITABLE PURPOSES. (1) A nonprofit corporation holding property for
19 charitable purposes, including any charitable corporation, may not
20 deliver articles of dissolution to the secretary of state for filing
21 pursuant to section 3504 of this act until it has complied with all
22 of the requirements of this section.

23 (2) A nonprofit corporation described in subsection (1) of this
24 section shall adopt a plan for the distribution of assets for the
25 purpose of authorizing any transfer or conveyance of property held
26 for charitable purposes, which shall:

27 (a) Be consistent with sections 3502 and 3506 of this act; and

28 (b) Include a brief description of the following:

29 (i) Real property held for charitable purposes, and its nature
30 and location;

31 (ii) Cash, bank deposits, brokerage accounts, or other financial
32 assets held for charitable purposes, and their approximate total fair
33 market value;

34 (iii) Other personal property held for charitable purposes, and
35 its nature and approximate total fair market value; and

36 (iv) Any gift restrictions applicable to any property described
37 in (b)(i) through (iii) of this subsection, and the nature of those
38 restrictions.

1 (3) A plan of distribution shall be adopted in the following
2 manner:

3 (a) Where there are no members, or no members having voting
4 rights, a plan of distribution is adopted at a meeting of the board
5 upon receiving a vote of a majority of the directors in office.

6 (b) Where there are members having voting rights, the board shall
7 adopt a resolution recommending a plan of distribution and directing
8 the submission thereof to a vote at a meeting of members having
9 voting rights. Such vote may take place at the same meeting during
10 which members having voting rights vote upon dissolution of the
11 nonprofit corporation. Notice in the form of a record setting forth
12 the proposed plan of distribution or a summary thereof must be given
13 to each member, whether or not entitled to vote at the meeting,
14 within the time and in the manner provided in this chapter for the
15 giving of notice of meetings of members. Such plan of distribution is
16 adopted upon receiving votes from a majority of the members entitled
17 to vote 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 plan, the
19 approval by a majority of the members in each separate voting group
20 entitled to vote at a meeting at which a quorum of the voting group
21 is present. If the members entitled to vote on the dissolution
22 approve the proposal to dissolve but do not approve the proposed plan
23 of distribution in all material respects, then the board may either
24 accept the plan of distribution, as approved by the members, or
25 propose a new plan of distribution to the members for approval. This
26 process shall continue until a plan of distribution acceptable to the
27 board has been approved by the members. If successive votes take
28 place at the same meeting of members, then no further notices or
29 meetings are required.

30 (4) A nonprofit corporation described in subsection (1) of this
31 section shall give the attorney general notice that it intends to
32 dissolve. The notice shall include:

33 (a) A copy of the plan of distribution proposed to be adopted in
34 accordance with subsection (3) of this section; and

35 (b) The names and phone numbers of individuals available to
36 answer questions regarding the dissolution and proposed plan of
37 distribution.

38 (5) Notice required under subsection (4) of this section must be
39 delivered to the attorney general in the form of a record at least
40 twenty days before the meeting at which the proposed plan is to be

1 adopted. No plan of distribution for a corporation described in
2 subsection (1) of this section may be implemented without the
3 approval of the attorney general, or the approval of the court in a
4 proceeding to which the attorney general is made a party. In the
5 event that the attorney general does not deliver a notice of
6 objection in the form of a record to the corporation within twenty
7 days after the delivery to the attorney general of notice of the
8 plan, approval of the plan is deemed to have been given.

9 NEW SECTION. **Sec. 3504.** ARTICLES OF DISSOLUTION. (1) At any
10 time after dissolution is authorized, the nonprofit corporation may
11 dissolve by filing with the secretary of state articles of
12 dissolution, accompanied by a revenue clearance certificate issued
13 pursuant to RCW 82.32.260. The articles of dissolution shall set
14 forth:

15 (a) The name of the corporation;

16 (b) The date of its incorporation;

17 (c) The effective date of the dissolution, which may be the date
18 on which the articles of dissolution are filed or any date and time
19 up to thirty days thereafter;

20 (d) Whether it is a membership corporation and, if it is a
21 membership corporation, whether it has members that have a right to
22 vote on its dissolution;

23 (e) If the corporation is not a membership corporation or has no
24 members that have a right to vote on its dissolution, that the
25 dissolution was authorized by the requisite number of directors;

26 (f) If the corporation is a membership corporation that has
27 members that have a right to vote on its dissolution, that the
28 requisite number of members has approved the proposal to dissolve;

29 (g) Whether the corporation is a charitable corporation or is
30 holding property for charitable purposes;

31 (h) If the corporation is a charitable corporation or is holding
32 property for charitable purposes, that the attorney general has
33 approved, or is deemed to have approved, the corporation's plan of
34 distribution pursuant to section 3503(3) of this act; and

35 (i) That the net assets of the corporation remaining after
36 winding up have been, or will be, distributed in accordance with the
37 corporation's articles and bylaws and the corporation's adopted plan
38 of distribution.

1 (2) A nonprofit corporation is dissolved upon the effective date
2 of its articles of dissolution.

3 (3) For purposes of sections 3501 through 3512 of this act,
4 "dissolved corporation" means a nonprofit corporation whose articles
5 of dissolution have become effective and includes a liquidating
6 trust, if any, or other acquirer entity to which the remaining assets
7 of the corporation are transferred subject to its liabilities for
8 purposes of liquidation.

9 NEW SECTION. **Sec. 3505.** REVOCATION OF DISSOLUTION. (1) A
10 nonprofit corporation may revoke its dissolution within one hundred
11 twenty days of the effective date of the dissolution.

12 (2) Revocation of dissolution must be authorized in the same
13 manner as the dissolution was authorized unless that authorization
14 permitted revocation by action of the board alone, in which event the
15 board may revoke the dissolution without action by the members.

16 (3) Except as provided in subsection (4) of this section, after
17 the revocation of dissolution is authorized, the nonprofit
18 corporation may revoke the dissolution by delivering to the secretary
19 of state for filing articles of revocation of dissolution, together
20 with a copy of its articles of dissolution, that set forth:

21 (a) The name of the corporation;

22 (b) The effective date of the dissolution that was revoked;

23 (c) The date that the revocation of dissolution was authorized;

24 and

25 (d) That the revocation of dissolution was approved in the manner
26 required by this chapter and by the articles and bylaws.

27 (4) A charitable corporation or a nonprofit corporation holding
28 property restricted to charitable purposes shall not deliver articles
29 of revocation of dissolution to the secretary of state for filing
30 without the approval of the attorney general. Such a corporation
31 shall give the attorney general notice in the form of a record that
32 it intends to revoke its dissolution, to which notice a copy of the
33 articles of revocation of dissolution adopted in accordance with
34 subsection (2) of this section must be attached. In the event that
35 the attorney general does not deliver a notice of objection in the
36 form of a record to the corporation within twenty days after the
37 delivery to the attorney general of notice of the revocation of
38 dissolution, approval of the revocation of dissolution is deemed to
39 have been given.

1 (5) Revocation of dissolution is effective upon the effective
2 date of the articles of revocation of dissolution.

3 (6) When the revocation of dissolution is effective, it relates
4 back to and takes effect as of the effective date of the dissolution
5 and the nonprofit corporation resumes carrying on its activities as
6 if dissolution had never occurred.

7 NEW SECTION. **Sec. 3506.** EFFECT OF DISSOLUTION. (1) A nonprofit
8 corporation, the dissolution of which has been authorized, continues
9 its corporate existence but may not carry on any activities except
10 those appropriate to wind up and liquidate its affairs, including:

11 (a) Collecting its assets;

12 (b) Disposing of its properties that will not be distributed in
13 kind;

14 (c) Discharging or making provision for discharging its
15 liabilities;

16 (d) Distributing its remaining property as required by the plan
17 of distribution; and

18 (e) Doing every other act necessary to wind up and liquidate its
19 activities and affairs.

20 (2) Dissolution of or authorization to dissolve a nonprofit
21 corporation does not:

22 (a) Transfer title to the corporation's property;

23 (b) Subject its directors or officers to standards of conduct
24 different from those prescribed in sections 2402 and 2602 of this
25 act;

26 (c) Change quorum or voting requirements for its board or
27 members; change provisions for selection, resignation, or removal of
28 its directors or officers or both; or change provisions for amending
29 its bylaws;

30 (d) Prevent commencement of a proceeding by or against the
31 corporation in its corporate name;

32 (e) Abate or suspend a proceeding pending by or against the
33 corporation on the effective date of dissolution;

34 (f) Terminate the authority of the registered agent of the
35 corporation; or

36 (g) Modify any gift restriction, unless the restriction is
37 modified in accordance with section 1503 of this act.

1 NEW SECTION. **Sec. 3507.** PROHIBITION OF FINANCIAL BENEFIT. No
2 person may receive a direct or indirect financial benefit in
3 connection with the dissolution of a charitable corporation unless
4 the person is an entity operated exclusively for one or more
5 charitable purposes, the federal government, a tribal government, a
6 state or local government, or an unincorporated entity that has
7 charitable purposes. This section does not apply to the receipt of
8 reasonable compensation for services rendered.

9 NEW SECTION. **Sec. 3508.** KNOWN CLAIMS AGAINST DISSOLVED
10 CORPORATION. (1) A dissolved nonprofit corporation shall deliver
11 notice of the dissolution in the form of a record to all of the
12 corporation's known claimants within thirty days of the date when the
13 corporation delivered articles of dissolution to the secretary of
14 state for filing.

15 (2) A dissolved nonprofit corporation may dispose of the known
16 claims against it by delivering a notice in the form of a record that
17 meets the requirements listed in subsection (3) of this section to
18 its known claimants at any time after the date when the corporation
19 delivered articles of dissolution to the secretary of state for
20 filing. Delivery of a notice under this subsection shall satisfy the
21 requirement of subsection (1) of this section if the notice is
22 delivered to all known claimants within thirty days of the date when
23 the corporation delivered articles of dissolution to the secretary of
24 state for filing.

25 (3) A notice to claimants under subsection (2) of this section
26 must:

- 27 (a) Describe information that must be included in a claim;
28 (b) Provide a mailing address where a claim may be sent;
29 (c) State the deadline, which may not be fewer than one hundred
30 twenty days from the effective date of the notice, by which the
31 dissolved nonprofit corporation must receive the claim; and
32 (d) State that the claim will be barred if not received by the
33 deadline.

34 (4) A claim against the dissolved nonprofit corporation is
35 barred:

- 36 (a) If a claimant who was given notice under subsection (2) of
37 this section does not deliver the claim to the dissolved corporation
38 by the deadline; or

1 (b) If a claimant whose claim was rejected by the dissolved
2 corporation does not commence a proceeding to enforce the claim
3 within ninety days from the effective date of the rejection notice.

4 (5) For purposes of this section, "claim" does not include a
5 contingent liability or a claim based on an event occurring after the
6 effective date of dissolution.

7 NEW SECTION. **Sec. 3509.** OTHER CLAIMS AGAINST DISSOLVED
8 CORPORATION. (1) A dissolved nonprofit corporation may publish notice
9 of its dissolution and request that persons with claims against the
10 dissolved corporation present them in accordance with the notice.

11 (2) The notice must:

12 (a) Be published three times during three successive weeks in a
13 newspaper of general circulation in the county where the principal
14 office of the dissolved nonprofit corporation or, if none in this
15 state, its registered office is or was last located;

16 (b) Describe the information that must be included in a claim and
17 provide a mailing address where the claim shall be sent; and

18 (c) State that a claim against the dissolved corporation will be
19 barred unless a proceeding to enforce the claim is commenced within
20 three years after the last publication of the notice.

21 (3) If the dissolved nonprofit corporation publishes a newspaper
22 notice in accordance with subsection (2) of this section, then the
23 claim of each of the following claimants is barred unless the
24 claimant commences a proceeding to enforce the claim against the
25 dissolved corporation within three years after the last publication
26 date of the newspaper notice:

27 (a) A claimant who was not given notice under section 3508 of
28 this act;

29 (b) A claimant whose claim was timely sent to the dissolved
30 corporation but not acted on; or

31 (c) A claimant whose claim is contingent or based on an event
32 occurring after the effective date of dissolution.

33 NEW SECTION. **Sec. 3510.** ENFORCEMENT OF CLAIMS. A claim that is
34 not barred by section 3508(4) or 3509(3) of this act may be enforced:

35 (1) Against the dissolved nonprofit corporation, to the extent of
36 its undistributed assets; or

37 (2) Except as provided in section 3511(4) of this act, if the
38 assets have been distributed in liquidation, against any person,

1 other than a creditor of the dissolved corporation, to whom the
2 corporation distributed its property, subject to the following
3 restrictions:

4 (a) Recovery is limited to the amount of the distributee's pro
5 rata share of the claim or the corporate assets distributed to the
6 distributee in liquidation, whichever is less;

7 (b) A distributee's total liability for all claims under this
8 section may not exceed the total amount of assets distributed to the
9 distributee; and

10 (c) A distributee is only liable to the extent permitted by
11 existing common law or statutory remedies, and nothing in this
12 section creates a separate cause of action against a distributee.

13 NEW SECTION. **Sec. 3511.** COURT PROCEEDINGS. (1) A dissolved
14 nonprofit corporation that has published a notice under section 3508
15 of this act may file an application with the court for a
16 determination of the amount and form of security to be provided for
17 payment of claims that are contingent or have not been made known to
18 the dissolved corporation or that are based on an event occurring
19 after the effective date of dissolution but that, based on the facts
20 known to the dissolved corporation, are reasonably estimated to be
21 presented after the effective date of dissolution. Provision need not
22 be made for any claim that is or is reasonably anticipated to be
23 barred under section 3508(3) of this act.

24 (2) Within ten days after the filing of the application, the
25 dissolved corporation shall give notice of the proceeding to each
26 claimant holding a contingent claim whose contingent claim is shown
27 on the records of the dissolved corporation.

28 (3) The court may appoint a guardian ad litem to represent all
29 claimants whose identities are unknown in any proceeding brought
30 under this section. The dissolved corporation shall pay reasonable
31 fees and expenses of the guardian, including all reasonable expert
32 witness fees.

33 (4) Provision by the dissolved nonprofit corporation for security
34 in the amount and the form ordered by the court under section 3510(1)
35 of this act satisfies the dissolved corporation's obligations with
36 respect to claims that are contingent, have not been made known to
37 the dissolved corporation, or are based on an event occurring after
38 the effective date of dissolution. Such claims may not be enforced
39 against a person who received assets in liquidation.

1 NEW SECTION. **Sec. 3512.** DIRECTORS' DUTIES. (1) Directors shall
2 cause the dissolved corporation to discharge or make reasonable
3 provision for the payment of claims and make distributions of assets
4 in accordance with the plan of distribution after payment or
5 provision for claims.

6 (2) Directors of a dissolved corporation that has disposed of
7 claims under section 3508, 3509, or 3511 of this act are not liable
8 for breach of subsection (1) of this section with respect to claims
9 against the dissolved corporation that are barred or satisfied under
10 section 3508, 3509, or 3511 of this act.

11 (3) Failure to dispose of claims under section 3508, 3509, or
12 3511 of this act is not, in and of itself, a violation of this
13 section.

14 **ARTICLE 6**

15 **ADMINISTRATIVE AND JUDICIAL DISSOLUTION**

16 NEW SECTION. **Sec. 3601.** ADMINISTRATIVE DISSOLUTION. The
17 secretary of state may commence a proceeding under RCW 23.95.610 to
18 administratively dissolve a nonprofit corporation for any reason set
19 forth in RCW 23.95.605.

20 NEW SECTION. **Sec. 3602.** PROCEDURE AND EFFECT OF ADMINISTRATIVE
21 DISSOLUTION. (1) Administrative dissolution does not terminate, bar,
22 or otherwise modify any claim against the administratively dissolved
23 corporation.

24 (2) A person is not liable in contract, tort, or otherwise solely
25 by reason of being a director, officer, or member of a nonprofit
26 corporation that was dissolved under sections 3601 through 3608 of
27 this act, with respect to the activities or affairs of the
28 corporation that have been continued, without knowledge of the
29 dissolution.

30 NEW SECTION. **Sec. 3603.** PROPERTY HELD FOR CHARITABLE PURPOSES.
31 (1) If a charitable corporation, or a corporation holding property
32 for charitable purposes, has been administratively dissolved and has
33 not been reinstated, then neither the corporation nor any other
34 person may transfer or distribute to any other person any property
35 held for charitable purposes by the corporation unless the
36 corporation has:

1 (a) Adopted a plan of distribution satisfying the requirements of
2 section 3503(2) of this act and following the procedure set out in
3 section 3503(3) of this act; and

4 (b) Obtained the approval or deemed approval of the attorney
5 general of the plan of distribution, following the procedure set out
6 in section 3503(4) of this act.

7 (2) A corporation that has been administratively dissolved is not
8 required to apply for reinstatement if its only activities will
9 consist of adopting a plan of distribution, obtaining the approval or
10 deemed approval of the attorney general of the plan of distribution,
11 and distributing assets in accordance with the plan of distribution.

12 NEW SECTION. **Sec. 3604.** REINSTATEMENT OF ADMINISTRATIVELY
13 DISSOLVED CORPORATION. A nonprofit corporation administratively
14 dissolved under RCW 23.95.610 may apply to the secretary of state for
15 reinstatement by following the procedure and meeting the requirements
16 set forth in RCW 23.95.615. A nonprofit corporation denied
17 reinstatement may obtain judicial review of the denial within the
18 time specified in RCW 23.95.620.

19 NEW SECTION. **Sec. 3605.** JUDICIAL DISSOLUTION. The court may
20 dissolve a nonprofit corporation:

21 (1) in a proceeding by the attorney general, if it is established
22 that:

23 (a) The corporation obtained its articles through fraud; or

24 (b) The corporation has exceeded or abused, and is continuing to
25 exceed or abuse, the authority conferred upon it by law; or

26 (c) the directors are deadlocked in the management of the
27 corporate affairs; the members, if any, are unable to break the
28 deadlock; and irreparable injury to the corporation or its purposes
29 is threatened or being suffered because of the deadlock; or

30 (d) The corporation is misapplying or wasting property held for
31 charitable purposes;

32 (2) Except as provided in the articles or bylaws, in a proceeding
33 by fifty members or members holding at least five percent of the
34 voting power, whichever is less, or by a director, if it is
35 established that:

36 (a) The directors are deadlocked in the management of the
37 corporate affairs; the members, if any, are unable to break the

1 deadlock; and irreparable injury to the corporation or its mission is
2 threatened or being suffered because of the deadlock;

3 (b) The directors or those in control of the corporation have
4 acted, are acting, or have expressed intent to act in a manner that
5 is illegal, oppressive, or fraudulent;

6 (c) The members are deadlocked in voting power and have failed,
7 for a period that includes at least two consecutive annual meeting
8 dates, to elect successors to directors whose terms have, or
9 otherwise would have, expired;

10 (d) The corporate assets are being misapplied or wasted; or

11 (e) The corporation has insufficient assets to continue its
12 activities and it is no longer able to assemble a quorum of directors
13 or members;

14 (3) In a proceeding by a creditor, if it is established that:

15 (a) The creditor's claim has been reduced to judgment, the
16 execution on the judgment returned unsatisfied, and the corporation
17 is insolvent; or

18 (b) The corporation has admitted in a record that the creditor's
19 claim is due and owing and the corporation is insolvent; or

20 (4) In a proceeding by the corporation to have its voluntary
21 dissolution continued under court supervision.

22 NEW SECTION. **Sec. 3606.** PROCEDURE FOR JUDICIAL DISSOLUTION. (1)

23 It is not necessary to make directors or members parties to a
24 proceeding to dissolve a nonprofit corporation unless relief is
25 sought against them individually.

26 (2) A person commencing a proceeding to dissolve a nonprofit
27 corporation shall notify the attorney general of the proceeding in
28 the form of a record if:

29 (a) The corporation is recognized by the internal revenue service
30 as an organization described in section 501(c)(3) of the Internal
31 Revenue Code; or

32 (b) The person bringing the proceeding knows that the nonprofit
33 corporation is a charitable corporation or has property held for
34 charitable purposes.

35 (3) The court in a proceeding brought to dissolve a nonprofit
36 corporation may issue injunctions, take other action required to
37 preserve the corporate assets wherever located, and carry on the
38 activities of the corporation until a full hearing can be held.

1 must identify that it is being given pursuant to this subsection. The
2 attorney general may waive this notice at any time.

3 (4) Notice to the attorney general is effective:

4 (a) Five days after its deposit in the United States mail, only
5 if the postage is paid and the notice is correctly addressed; or

6 (b) When given, if the notice is delivered in any other manner
7 that the attorney general has authorized.

8 NEW SECTION. **Sec. 4102.** ACTIONS TO SECURE PROPERTY HELD FOR
9 CHARITABLE PURPOSES. The attorney general may commence in the court
10 described in section 1105 of this act any action or proceeding to:

11 (1) Ensure compliance by a nonprofit corporation, or its members,
12 directors, officers, employees, or agents, with any provision of this
13 chapter that governs the distribution, disposition, management, or
14 expenditure of, or reporting obligations relating to, any property
15 held for charitable purposes;

16 (2) Secure the proper administration of a charitable corporation,
17 or of property held for charitable purposes by a nonprofit
18 corporation, when reasonably necessary to protect property held for
19 charitable purposes; and

20 (3) Restrain and prevent any act that violates any provision of
21 this chapter that governs the distribution, disposition, management,
22 or expenditure of, or reporting obligations relating to, any property
23 held for charitable purposes.

24 NEW SECTION. **Sec. 4103.** ATTORNEY GENERAL'S RIGHT TO INTERVENE.
25 The attorney general, as of right, may intervene in any proceeding
26 that has been commenced by a person other than the attorney general
27 if the attorney general is otherwise authorized to bring such a
28 proceeding under this chapter.

29 NEW SECTION. **Sec. 4104.** ATTORNEY GENERAL'S INVESTIGATIVE POWER.
30 Upon reasonable suspicion that there has been a violation of any
31 provision of this chapter that governs the distribution, disposition,
32 management, or expenditure of, or reporting obligations relating to,
33 any property held for charitable purposes, or that a charitable
34 corporation or property held for charitable purposes by a nonprofit
35 corporation has been improperly administered, the attorney general
36 may institute an investigation for the purpose of determining whether
37 there has been such a violation or improper administration.

1 NEW SECTION. **Sec. 4105.** CIVIL INVESTIGATIVE DEMANDS. (1) The
2 attorney general may, before the institution of a civil proceeding
3 arising from an investigation instituted under section 4104 of this
4 act, execute in writing and cause to be served upon a person a civil
5 investigative demand requiring the person to produce documentary
6 material and permit inspection and copying, to answer in writing
7 written interrogatories, to give oral testimony, or any combination
8 of those demands, whenever the attorney general believes that the
9 person:

10 (a) May be in possession, custody, or control of any original or
11 copy of any record, report, memorandum, paper, communication,
12 tabulation, map, chart, photograph, mechanical transcription, or
13 other document or recording, wherever situated, which the attorney
14 general reasonably believes to be relevant to the subject matter of
15 any investigation instituted under section 4104 of this act; or

16 (b) May have knowledge of any information which the attorney
17 general reasonably believes to be relevant to the subject matter of
18 any such investigation.

19 (2) The provisions of RCW 19.86.110 (2) through (9) except for
20 RCW 19.86.110(7) (b) and (c), shall apply to every civil
21 investigative demand issued under this section.

22 (3) With respect to a civil investigative demand issued under
23 this section, the venue for filing a petition to extend a return date
24 under RCW 19.86.110(8) or a petition for an order of enforcement
25 under RCW 19.86.110(9) shall include any court described in section
26 1105 of this act.

27 (4) The attorney general may provide copies of documentary
28 material, answers to written interrogatories, or transcripts of oral
29 testimony provided under this section to an official of this state,
30 another state, or the federal government who is charged with the
31 enforcement of state or federal laws related to the protection or
32 regulation of property held for charitable purposes, provided that
33 before the disclosure the receiving official agrees in the form of a
34 record that the information may not be disclosed to anyone other than
35 that official or the official's authorized employees or agents.
36 Material provided under this subsection is subject to the limitations
37 on disclosure contained in RCW 19.86.110(7)(a), and, where
38 applicable, Title 5 U.S.C. Sec. 552, and may not be introduced as
39 evidence in a criminal prosecution.

1 (5) The attorney general may use such copies of documentary
2 material, answers to written interrogatories, or transcripts of oral
3 testimony as the attorney general determines necessary in the
4 enforcement of any provision of this chapter that governs the
5 distribution, disposition, management, or expenditure of, or
6 reporting obligations relating to, any property held for charitable
7 purposes, including presentation before any court, provided, however,
8 that any such material, answers to written interrogatories, or
9 transcripts of oral testimony which contain trade secrets shall not
10 be presented except with the approval of the court in which the
11 action is pending after adequate notice to the person furnishing such
12 material, answers to written interrogatories, or oral testimony.

13 NEW SECTION. **Sec. 4106.** RELIGIOUS CORPORATIONS. The attorney
14 general shall not commence any action under section 4102 of this act
15 against a religious corporation; intervene in any action under
16 section 4103 of this act involving a religious corporation; institute
17 any investigation under section 4104 of this act, the subject of
18 which is a religious corporation; or serve any civil investigative
19 demand under section 4105 of this act on a religious corporation,
20 unless for the purposes of this section only:

21 (1) The basis for the action, investigation, or civil
22 investigative demand is the attorney general's knowledge of facts,
23 circumstances, or results that property held by the religious
24 corporation for charitable purposes has been, is threatened to be, or
25 is about to be distributed in violation of section 1406 of this act;

26 (2) The board of directors of the religious corporation has
27 adopted a resolution in the form of a record requesting the attorney
28 general's involvement in the action or investigation; or

29 (3) The attorney general has knowledge of facts, circumstances,
30 or results indicating that the religious corporation has no directors
31 in office, in which case the attorney general may investigate the
32 issue of whether the religious corporation has directors in office,
33 and, if necessary, appoint one or more directors of the religious
34 corporation following the procedure set out in section 2410(4) of
35 this act.

36 NEW SECTION. **Sec. 4107.** ASSURANCES OF DISCONTINUANCE. In the
37 enforcement of the provisions of this chapter that govern the
38 distribution, disposition, or expenditure of, or reporting

1 obligations relating to, property held for charitable purposes, the
2 attorney general may accept an assurance of discontinuance of any act
3 or practice deemed in violation of such provision, from any person
4 engaging in, or who has engaged in, such act or practice. Any such
5 assurance must be in writing and be filed with and subject to the
6 approval of the court. Such assurance of discontinuance is not an
7 admission of a violation for any purpose, but proof of failure to
8 comply with the assurance of discontinuance is prima facie evidence
9 of a violation of this chapter.

10 NEW SECTION. **Sec. 4108.** CIVIL PENALTIES, COSTS, AND FEES. (1)
11 Pursuant to an action by the attorney general, a person shall forfeit
12 and pay a civil penalty of not more than five thousand dollars for
13 each violation if such person:

14 (a) Engages in conduct that violates any provision of this
15 chapter governing the distribution, disposition, management, or
16 expenditure of, or reporting obligations relating to, property held
17 for charitable purposes, intending or knowing that such conduct was
18 in violation of this chapter;

19 (b) As a director or officer of a corporation, votes for or
20 assents to a distribution of property held for charitable purposes
21 that would give rise to liability under section 2702 of this act; or

22 (c) Receives any portion of a distribution described in (b) of
23 this subsection knowing that the distribution was made in violation
24 of this chapter.

25 (2) Any person who shall violate the terms of any injunction
26 issued pursuant to an action by the attorney general under section
27 4102 of this act shall forfeit and pay a civil penalty of not more
28 than twenty-five thousand dollars for each violation.

29 (3) At the discretion of the court, the attorney general is
30 entitled to recovery of its costs and fees incurred in securing
31 compliance with the provisions of this chapter governing the
32 distribution, disposition, management, or expenditure of, or
33 reporting obligations relating to, property held for charitable
34 purposes.

35 NEW SECTION. **Sec. 4109.** CHARITABLE ASSET PROTECTION ACCOUNT.

36 (1) The Washington state attorney general charitable asset protection
37 account is created in the custody of the state treasurer. Only the
38 attorney general or the attorney general's designee may authorize

1 expenditures from the account. Moneys in the account shall be used
2 exclusively for:

3 (a) The costs associated with the attorney general's enforcement
4 of the provisions of this chapter governing the distribution,
5 disposition, management, or expenditure of, or reporting obligations
6 relating to, property held for charitable purposes, or the proper
7 administration of a charitable corporation or property held for
8 charitable purposes;

9 (b) The costs associated with the attorney general's review and
10 handling of notices and requests submitted to the attorney general
11 under the provisions of this chapter including, but not limited to,
12 binding agreements described in section 1504 of this act, major
13 changes in purposes or programs reported under section 1205 of this
14 act, and notices of proposed transactions under sections 3101 through
15 3608 of this act;

16 (c) The costs associated with the attorney general's review and
17 handling of notices and requests submitted to the attorney general in
18 connection with the release or modification under RCW 24.55.045 of
19 restrictions applicable to institutional funds;

20 (d) The costs associated with the attorney general's supervision
21 of charitable trusts under the authority granted in chapter 11.110
22 RCW, including review and handling of binding agreements under
23 chapter 11.96A RCW, involving assets held in charitable trust; and

24 (e) The charitable solicitation education program.

25 An appropriation is not required for expenditures, but the
26 account is subject to allotment procedures under chapter 43.88 RCW.

27 (2) The secretary of state shall collect and place into the
28 Washington state attorney general charitable asset protection account
29 a charitable asset protection fee, in addition to fees that the
30 secretary of state may set under section 1207 of this act, for
31 filing:

32 (a) Annual reports under section 1204 of this act;

33 (b) Articles of incorporation of newly formed corporations under
34 section 1303 of this act;

35 (c) Articles of domestication under section 3309 of this act; and

36 (d) Articles of domestication and conversion under section 3318
37 of this act.

38 (3) The charitable asset protection fee is fifty dollars per
39 year, reduced to ten dollars if the corporation certifies that its

1 total gross revenue in the most recent fiscal year was less than five
2 hundred thousand dollars.

3 **ARTICLE 2**

4 **CONTESTED CORPORATE ACTION**

5 NEW SECTION. **Sec. 4201.** DEFINITIONS. This section and sections
6 4202 and 4203 of this act apply to, and the term "corporate action"
7 in this section and sections 4202 and 4203 of this act means, any of
8 the following actions:

9 (1) The election, appointment, designation, or other selection
10 and the suspension, removal, or expulsion of members, delegates,
11 directors, or officers of a nonprofit corporation;

12 (2) The taking of any action on any matter that:

13 (a) Is required under this chapter or any other provision of law
14 to be submitted for approval of or adoption by the members,
15 delegates, directors, or officers of a nonprofit corporation;

16 (b) Under the articles or bylaws may be submitted for approval of
17 or adoption by the members, delegates, directors, or officers of a
18 nonprofit corporation; or

19 (c) Is in fact approved or adopted by the members, delegates,
20 directors, or officers of a nonprofit corporation.

21 NEW SECTION. **Sec. 4202.** PROCEEDINGS PRIOR TO CORPORATE ACTION.

22 (1) Where under applicable law or the articles or bylaws of a
23 nonprofit corporation there has been a failure to hold a meeting to
24 take corporate action and the failure has continued for thirty days
25 after the date designated or appropriate therefor, the court may
26 summarily order a meeting to be held upon the application of any
27 person entitled, either alone or in conjunction with other persons
28 similarly seeking relief under this section, to call a meeting to
29 consider the corporate action in issue, and, in the case of a
30 charitable corporation, upon the application of the attorney general.

31 (2) The court may determine the right to vote at the meeting of
32 persons claiming that right, may appoint an individual to hold the
33 meeting under such orders and powers as the court may deem proper,
34 and may take such action as may be required to give due notice of the
35 meeting and convene and conduct the meeting in the interests of
36 justice.

1 NEW SECTION. **Sec. 4203.** REVIEW OF CONTESTED CORPORATE ACTION.

2 (1) Except as provided in subsection (3) of this section, upon
3 petition of a person whose status as, or whose rights or duties as, a
4 member, delegate, director, or officer of a corporation are or may be
5 affected by any corporate action, or, in the case of a charitable
6 corporation, the attorney general, the court may hear and determine
7 the validity of the corporate action.

8 (2) The court may make such orders in any such case as may be
9 just and proper, with power to enforce the production of any books,
10 papers, and records of the corporation and other evidence that may
11 relate to the issue. The court shall provide for notice of the
12 pendency of the proceedings under this section to every person
13 affected thereby. If it is determined that no valid corporate action
14 has been taken, the court may order a meeting to be held in
15 accordance with section 4202 of this act.

16 (3) If a nonprofit corporation has provided in its articles or
17 bylaws for a means of resolving a challenge to a corporate action,
18 then subsection (1) of this section shall not apply, except in the
19 case of actions brought by the attorney general with respect to
20 corporate actions of charitable corporations. The court may enforce
21 provisions of the articles or bylaws if appropriate.

22 **PART V**

23 **REVISIONS TO EXISTING STATUTES**

24 **ARTICLE 1**

25 **SUBSTANTIVE AMENDMENTS**

26 **Sec. 5101.** RCW 11.110.020 and 1985 c 30 s 114 are each amended
27 to read as follows:

28 ~~((When used in))~~ The definitions in this section apply throughout
29 this chapter~~((,))~~ unless the context clearly requires otherwise
30 ~~((requires)).~~

31 (1) "Person" means an individual, organization, group,
32 association, partnership, corporation, or any combination of them.

33 (2)(a) "Trustee" means ~~((+1))~~:

34 (i) Any person holding property in trust for a public charitable
35 purpose; except the United States, its states, territories, and
36 possessions, the District of Columbia, Puerto Rico, and their
37 agencies and subdivisions; ~~((and (2))~~

1 (ii) A corporation formed for the administration of a charitable
2 trust (~~(or)~~); and

3 (iii) Any person holding assets subject to limitations permitting
4 their use only for charitable, religious, eleemosynary, benevolent,
5 educational, or similar purposes (~~(: PROVIDED, That)~~).

6 (b) Unless they are described in (a)(i) or (ii) of this
7 subsection, the term "trustee" does not apply to (~~(a)~~):

8 (i) Washington nonprofit corporations incorporated under chapter
9 24.-- RCW (the new chapter created in section 6101 of this act) or to
10 which chapter 24.-- RCW (the new chapter created in section 6101 of
11 this act) applies through operation of section 1107 of this act;

12 (ii) Religious corporations duly organized and operated in good
13 faith as religious organizations, which have received a declaration
14 of current tax exempt status from the government of the United
15 States; their duly organized branches or chapters; and charities,
16 agencies, and organizations affiliated with and forming an integral
17 part of said organization, or operated, supervised, or controlled
18 directly by such religious corporations nor any officer of any such
19 religious organization who holds property for religious purposes (~~(: PROVIDED, That)~~). However, if such organization has not received from
20 the United States government a declaration of current tax exempt
21 status prior to the time it receives property under the terms of a
22 charitable trust, this exemption shall be applicable for two years
23 only from the time of receiving such property, or until such tax
24 exempt status is finally declared, whichever is sooner; or (~~(b)~~)

25 (iii) An educational institution which is nonprofit and
26 charitable, having a program of primary, secondary, or collegiate
27 instruction comparable in scope to that of any public school or
28 college operated by the state of Washington or any of its school
29 districts.

31 **Sec. 5102.** RCW 23.95.255 and 2017 c 31 s 2 are each amended to
32 read as follows:

33 (1) A domestic entity other than a limited liability partnership
34 or nonprofit corporation shall, within one hundred twenty days of the
35 date on which its public organic record became effective, deliver to
36 the secretary of state for filing an initial report that states the
37 information required under subsection (2) of this section.

38 (2) A domestic entity or registered foreign entity shall deliver
39 to the secretary of state for filing an annual report that states:

- 1 (a) The name of the entity and its jurisdiction of formation;
- 2 (b) The name and street and mailing addresses of the entity's
3 registered agent in this state;
- 4 (c) The street and mailing addresses of the entity's principal
5 office;
- 6 (d) In the case of a registered foreign entity, the street and
7 mailing address of the entity's principal office in the state or
8 country under the laws of which it is incorporated;
- 9 (e) The names of the entity's governors;
- 10 (f) A brief description of the nature of the entity's business;
- 11 (~~and~~)
- 12 (g) The entity's unified business identifier number;
- 13 (h) In the case of a nonprofit corporation, the corporation's
14 federal employer identification number; and
- 15 (i) In the case of a nonprofit corporation, any information
16 required under section 1205 of this act.
- 17 (3) Information in an initial or annual report must be current as
18 of the date the report is executed by the entity.
- 19 (4) Annual reports must be delivered to the secretary of state on
20 a date determined by the secretary of state and at such additional
21 times as the entity elects.
- 22 (5) If an initial or annual report does not contain the
23 information required by this section, the secretary of state promptly
24 shall notify the reporting entity in a record and return the report
25 for correction.
- 26 (6) If an initial or annual report contains the name or address
27 of a registered agent that differs from the information shown in the
28 records of the secretary of state immediately before the annual
29 report becomes effective, the differing information in the initial or
30 annual report is considered a statement of change under RCW
31 23.95.430.
- 32 (7) The secretary of state shall send to each domestic entity and
33 registered foreign entity, not less than thirty or more than ninety
34 days prior to the expiration date of the entity's annual renewal, a
35 notice that the entity's annual report must be filed as required by
36 this chapter and that any applicable annual renewal fee must be paid,
37 and stating that if the entity fails to file its annual report or pay
38 the annual renewal fee it will be administratively dissolved. The
39 notice may be sent by postal or email as elected by the entity,
40 addressed to its registered agent within the state, or to an

1 electronic address designated by the entity in a record retained by
2 the secretary of state. Failure of the secretary of state to provide
3 any such notice does not relieve a domestic entity or registered
4 foreign entity from its obligations to file the annual report
5 required by this chapter or to pay any applicable annual renewal fee.
6 The option to receive the notice provided under this section by email
7 may be selected only when the secretary of state makes the option
8 available.

9 **Sec. 5103.** RCW 23.95.305 and 2019 c 37 s 1402 are each amended
10 to read as follows:

11 (1) (a) The name of a business corporation:

12 (i) (A) Except in the case of a social purpose corporation, must
13 contain the word "corporation," "incorporated," "company," or
14 "limited," or the abbreviation "Corp.," "Inc.," "Co.," or "Ltd.," or
15 words or abbreviations of similar import in another language; or

16 (B) In the case of a social purpose corporation, must contain the
17 words "social purpose corporation" or the abbreviation "SPC" or
18 "S.P.C."; and

19 (ii) Must not contain any of the following words or phrases:
20 "Bank," "banking," "banker," "trust," "cooperative," or any
21 combination of the words "industrial" and "loan," or any combination
22 of any two or more of the words "building," "savings," "loan,"
23 "home," "association," and "society," or any other words or phrases
24 prohibited by any statute of this state.

25 (b) The name of a professional service corporation must contain
26 either the words "professional service" or "professional corporation"
27 or the abbreviation "P.S." or "P.C." The name may also contain either
28 the words "corporation," "incorporated," "company," or "limited," or
29 the abbreviation "Corp.," "Inc.," "Co.," or "Ltd." The name of a
30 professional service corporation organized to render dental services
31 must contain the full names or surnames of all shareholders and no
32 other word than "chartered" or the words "professional services" or
33 the abbreviation "P.S." or "P.C."

34 (2) The name of a nonprofit corporation:

35 (a) May include "club," "league," "association," "services,"
36 "committee," "fund," "society," "foundation," "guild," ". ,
37 a nonprofit corporation," ". , a nonprofit mutual
38 corporation," or any name of like import;

1 (b) Except for nonprofit corporations formed prior to January 1,
2 1969, must not include or end with "incorporated," "company,"
3 "corporation," "partnership," "limited partnership," or "Ltd.," or
4 any abbreviation thereof; (~~and~~)

5 (c) May not be deceptively similar to the name of an existing
6 domestic entity which is not then administratively dissolved; and

7 (d) May only include the term "public benefit" or names of like
8 import if the nonprofit corporation has been designated as a public
9 benefit nonprofit corporation by the secretary of state in accordance
10 with chapter (~~(24.03 RCW)~~) 24.-- RCW (the new chapter created in
11 section 6101 of this act).

12 (3) The name of a limited partnership may contain the name of any
13 partner. The name of a partnership that is not a limited liability
14 limited partnership must contain the words "limited partnership" or
15 the abbreviation "LP" or "L.P." and may not contain the words
16 "limited liability limited partnership" or the abbreviation "LLLP" or
17 "L.L.L.P." If the limited partnership is a limited liability limited
18 partnership, the name must contain the words "limited liability
19 limited partnership" or the abbreviation "LLLP" or "L.L.L.P." and may
20 not contain the abbreviation "LP" or "L.P."

21 (4) The name of a limited liability partnership must contain the
22 words "limited liability partnership" or the abbreviation "LLP" or
23 "L.L.P." If the name of a foreign limited liability partnership
24 contains the words "registered limited liability partnership" or the
25 abbreviation "R.L.L.P." or "RLLP," it may include those words or
26 abbreviations in its foreign registration statement.

27 (5) (a) The name of a limited liability company:

28 (i) Must contain the words "limited liability company," the words
29 "limited liability" and abbreviation "Co.," or the abbreviation
30 "L.L.C." or "LLC"; and

31 (ii) May not contain any of the following words or phrases:
32 "Cooperative," "partnership," "corporation," "incorporated," or the
33 abbreviations "Corp.," "Ltd.," or "Inc.," or "LP," "L.P.," "LLP,"
34 "L.L.P.," "LLLP," "L.L.L.P.," or any words or phrases prohibited by
35 any statute of this state.

36 (b) The name of a professional limited liability company must
37 contain either the words "professional limited liability company," or
38 the words "professional limited liability" and the abbreviation
39 "Co.," or the abbreviation "P.L.L.C." or "PLLC," provided that the
40 name of a professional limited liability company organized to render

1 dental services must contain the full names or surnames of all
2 members and no other word than "chartered" or the words "professional
3 services" or the abbreviation "P.L.L.C." or "PLLC."

4 (6) The name of a cooperative association organized under chapter
5 23.86 RCW may contain the words "corporation," "incorporated," or
6 "limited," or the abbreviation "Corp.," "Inc.," or "Ltd."

7 (7) The name of a limited cooperative association must contain
8 the phrase "limited cooperative association" or "limited cooperative"
9 or the abbreviation "L.C.A." or "LCA." "Limited" may be abbreviated
10 as "Ltd." "Cooperative" may be abbreviated as "Co-op." or "Coop."
11 "Association" may be abbreviated as "Assoc." or "Assn."

12 NEW SECTION. **Sec. 5104.** A new section is added to chapter 74.15
13 RCW to read as follows:

14 (1) A host home program must register with the secretary of
15 state's office. This registration may occur when the secretary of
16 state files articles of incorporation of the host home program under
17 chapter 24.-- RCW (the new chapter created in section 6101 of this
18 act).

19 (2) The host home program registration must include a notarized
20 statement by the host home program that it meets all of the
21 requirements set out in RCW 74.15.020(2)(o).

22 (3) The secretary of state has no duty to confirm that a host
23 home program is meeting its statutory requirements. A filing under
24 this section does not imply an endorsement by the secretary of state.

25 (4) The secretary of state may adopt rules necessary to carry out
26 its duties under this section.

27 **ARTICLE 2**

28 **AMENDMENTS TO UPDATE REFERENCES**

29 **Sec. 5201.** RCW 7.60.025 and 2019 c 389 s 1 are each amended to
30 read as follows:

31 (1) A receiver may be appointed by the superior court of this
32 state in the following instances, but except in any case in which a
33 receiver's appointment is expressly required by statute, or any case
34 in which a receiver's appointment is sought by a state agent whose
35 authority to seek the appointment of a receiver is expressly
36 conferred by statute, or any case in which a receiver's appointment
37 with respect to real property is sought under (b)(ii) of this

1 subsection, a receiver shall be appointed only if the court
2 additionally determines that the appointment of a receiver is
3 reasonably necessary and that other available remedies either are not
4 available or are inadequate:

5 (a) On application of any party, when the party is determined to
6 have a probable right to or interest in property that is a subject of
7 the action and in the possession of an adverse party, or when the
8 property or its revenue-producing potential is in danger of being
9 lost or materially injured or impaired. A receiver may be appointed
10 under this subsection (1)(a) whether or not the application for
11 appointment of a receiver is combined with, or is ancillary to, an
12 action seeking a money judgment or other relief;

13 (b) Provisionally, after commencement of any judicial action or
14 nonjudicial proceeding to foreclose upon any lien against or for
15 forfeiture of any interest in real or personal property, on
16 application of any person, when the interest in the property that is
17 the subject of such an action or proceeding of the person seeking the
18 receiver's appointment is determined to be probable and either:

19 (i) The property or its revenue-producing potential is in danger
20 of being lost or materially injured or impaired; or

21 (ii) The appointment of a receiver with respect to the real or
22 personal property that is the subject of the action or proceeding is
23 provided for by agreement or is reasonably necessary to effectuate or
24 enforce an assignment of rents or other revenues from the property.
25 For purposes of this subsection (1)(b), a judicial action is
26 commenced as provided in superior court civil rule 3(a), a
27 nonjudicial proceeding is commenced under chapter 61.24 RCW upon the
28 service of notice of default described in RCW 61.24.030(8), and a
29 proceeding for forfeiture is commenced under chapter 61.30 RCW upon
30 the recording of the notice of intent to forfeit described in RCW
31 61.30.060;

32 (c) After judgment, in order to give effect to the judgment;

33 (d) To dispose of property according to provisions of a judgment
34 dealing with its disposition;

35 (e) To the extent that property is not exempt from execution, at
36 the instance of a judgment creditor either before or after the
37 issuance of any execution, to preserve or protect it, or prevent its
38 transfer;

39 (f) If and to the extent that property is subject to execution to
40 satisfy a judgment, to preserve the property during the pendency of

1 an appeal, or when an execution has been returned unsatisfied, or
2 when an order requiring a judgment debtor to appear for proceedings
3 supplemental to judgment has been issued and the judgment debtor
4 fails to submit to examination as ordered;

5 (g) Upon an attachment of real or personal property when the
6 property attached is of a perishable nature or is otherwise in danger
7 of waste, impairment, or destruction, or where the abandoned
8 property's owner has absconded with, secreted, or abandoned the
9 property, and it is necessary to collect, conserve, manage, control,
10 or protect it, or to dispose of it promptly, or when the court
11 determines that the nature of the property or the exigency of the
12 case otherwise provides cause for the appointment of a receiver;

13 (h) In an action by a transferor of real or personal property to
14 avoid or rescind the transfer on the basis of fraud, or in an action
15 to subject property or a fund to the payment of a debt;

16 (i) In an action against any person who is not an individual if
17 the object of the action is the dissolution of that person, or if
18 that person has been dissolved, or if that person is insolvent or is
19 not generally paying the person's debts as those debts become due
20 unless they are the subject of bona fide dispute, or if that person
21 is in imminent danger of insolvency;

22 (j) In accordance with RCW 7.08.030 (4) and (6), in cases in
23 which a general assignment for the benefit of creditors has been
24 made;

25 (k) In quo warranto proceedings under chapter 7.56 RCW;

26 (l) As provided under RCW 11.64.022;

27 (m) In an action by the department of licensing under RCW
28 18.35.220(3) with respect to persons engaged in the business of
29 dispensing of hearing aids, RCW 18.85.430 in the case of persons
30 engaged in the business of a real estate broker, associate real
31 estate broker, or real estate salesperson, or RCW 19.105.470 with
32 respect to persons engaged in the business of camping resorts;

33 (n) In an action under RCW 18.44.470 or 18.44.490 in the case of
34 persons engaged in the business of escrow agents;

35 (o) Upon a petition with respect to a nursing home in accordance
36 with and subject to receivership provisions under chapter 18.51 RCW;

37 (p) In connection with a proceeding for relief with respect to a
38 voidable transfer as to a present or future creditor under RCW
39 19.40.041 or a present creditor under RCW 19.40.051;

1 (q) Under RCW 19.100.210(1), in an action by the attorney general
2 or director of financial institutions to restrain any actual or
3 threatened violation of the franchise investment protection act;

4 (r) In an action by the attorney general or by a prosecuting
5 attorney under RCW 19.110.160 with respect to a seller of business
6 opportunities;

7 (s) In an action by the director of financial institutions under
8 RCW 21.20.390 in cases involving actual or threatened violations of
9 the securities act of Washington or under RCW 21.30.120 in cases
10 involving actual or threatened violations of chapter 21.30 RCW with
11 respect to certain businesses and transactions involving commodities;

12 (t) In an action for or relating to dissolution of a business
13 corporation under RCW 23B.14.065, 23B.14.300, 23B.14.310, or
14 23B.14.320, for dissolution of a nonprofit corporation under ((RCW
15 ~~24.03.271~~)) section 3605 of this act, for dissolution of a mutual
16 corporation under RCW 24.06.305, or in any other action for the
17 dissolution or winding up of any other entity provided for by Title
18 23, 23B, 24, or 25 RCW;

19 (u) In any action in which the dissolution of any public or
20 private entity is sought, in any action involving any dispute with
21 respect to the ownership or governance of such an entity, or upon the
22 application of a person having an interest in such an entity when the
23 appointment is reasonably necessary to protect the property of the
24 entity or its business or other interests;

25 (v) Under RCW 25.05.215, in aid of a charging order with respect
26 to a partner's interest in a partnership;

27 (w) Under and subject to RCW 30A.44.100, 30A.44.270, and
28 30A.56.030, in the case of a state commercial bank, RCW 30B.44B.100,
29 in the case of a state trust company, RCW 32.24.070, 32.24.073,
30 32.24.080, and 32.24.090, in the case of a state savings bank;

31 (x) Under and subject to RCW 31.12.637 and 31.12.671 through
32 31.12.724, in the case of credit unions;

33 (y) Upon the application of the director of financial
34 institutions under RCW 31.35.090 in actions to enforce chapter 31.35
35 RCW applicable to agricultural lenders, under RCW 31.40.120 in
36 actions to enforce chapter 31.40 RCW applicable to entities engaged
37 in federally guaranteed small business loans, under RCW 31.45.160 in
38 actions to enforce chapter 31.45 RCW applicable to persons licensed
39 as check cashers or check sellers, or under RCW 19.230.230 in actions

1 to enforce chapter 19.230 RCW applicable to persons licensed under
2 the uniform money services act;

3 (z) Under RCW 35.82.090 or 35.82.180, with respect to a housing
4 project;

5 (aa) Under RCW 39.84.160 or 43.180.360, in proceedings to enforce
6 rights under any revenue bonds issued for the purpose of financing
7 industrial development facilities or bonds of the Washington state
8 housing finance commission, or any financing document securing any
9 such bonds;

10 (bb) Under and subject to RCW 43.70.195, in an action by the
11 secretary of health or by a local health officer with respect to a
12 public water system;

13 (cc) As contemplated by RCW 61.24.030, with respect to real
14 property that is the subject of nonjudicial foreclosure proceedings
15 under chapter 61.24 RCW;

16 (dd) As contemplated by RCW 61.30.030(3), with respect to real
17 property that is the subject of judicial or nonjudicial forfeiture
18 proceedings under chapter 61.30 RCW;

19 (ee) Under RCW 64.32.200(2), in an action or proceeding commenced
20 under chapter 61.12 or 61.24 RCW to foreclose upon a lien for common
21 expenses against a dwelling unit subject to the horizontal property
22 regimes act, chapter 64.32 RCW. For purposes of this subsection
23 (1)(ee), a judicial action is commenced as provided in superior court
24 civil rule 3(a) and a nonjudicial proceeding is commenced under
25 chapter 61.24 RCW upon the service of notice of default described in
26 RCW 61.24.030(8);

27 (ff) Under RCW 64.34.364(10), in an action or proceeding
28 commenced under chapter 61.12 or 61.24 RCW by a unit owners'
29 association to foreclose a lien for nonpayment of delinquent
30 assessments against condominium units. For purposes of this
31 subsection (1)(ff), a judicial action is commenced as provided in
32 superior court civil rule (3)(a) and a nonjudicial proceeding is
33 commenced under chapter 61.24 RCW upon the service of notice of
34 default described in RCW 61.24.030(8);

35 (gg) Upon application of the attorney general under RCW
36 64.36.220(3), in aid of any writ or order restraining or enjoining
37 violations of chapter 64.36 RCW applicable to timeshares;

38 (hh) Under RCW (~~70.95A.050~~) 70A.210.070(3), in aid of the
39 enforcement of payment or performance of municipal bonds issued with
40 respect to facilities used to abate, control, or prevent pollution;

1 (ii) Upon the application of the department of social and health
2 services under RCW 74.42.580, in cases involving nursing homes;

3 (jj) Upon the application of the utilities and transportation
4 commission under RCW 80.28.040, with respect to a water company or
5 wastewater company that has failed to comply with an order of such
6 commission within the time deadline specified therein;

7 (kk) Under RCW 87.56.065, in connection with the dissolution of
8 an irrigation district;

9 (ll) Upon application of the attorney general or the department
10 of licensing, in any proceeding that either of them are authorized by
11 statute to bring to enforce Title 18 or 19 RCW; the securities act of
12 Washington, chapter 21.20 RCW; the Washington commodities act,
13 chapter 21.30 RCW; the land development act, chapter 58.19 RCW; or
14 under chapter 64.36 RCW relating to the regulation of timeshares;

15 (mm) Upon application of the director of financial institutions
16 in any proceeding that the director of financial institutions is
17 authorized to bring to enforce chapters 31.35, 31.40, and 31.45 RCW;
18 or

19 (nn) In such other cases as may be provided for by law, or when,
20 in the discretion of the court, it may be necessary to secure ample
21 justice to the parties.

22 (2) The superior courts of this state shall appoint as receiver
23 of property located in this state a person who has been appointed by
24 a federal or state court located elsewhere as receiver with respect
25 to the property specifically or with respect to the owner's property
26 generally, upon the application of the person or of any party to that
27 foreign proceeding, and following the appointment shall give effect
28 to orders, judgments, and decrees of the foreign court affecting the
29 property in this state held by the receiver, unless the court
30 determines that to do so would be manifestly unjust or inequitable.
31 The venue of such a proceeding may be any county in which the person
32 resides or maintains any office, or any county in which any property
33 over which the receiver is to be appointed is located at the time the
34 proceeding is commenced.

35 (3) At least seven days' notice of any application for the
36 appointment of a receiver must be given to the owner of property to
37 be subject thereto and to all other parties in the action, and to
38 other parties in interest as the court may require. If any execution
39 by a judgment creditor under Title 6 RCW or any application by a
40 judgment creditor for the appointment of a receiver, with respect to

1 property over which the receiver's appointment is sought, is pending
2 in any other action at the time the application is made, then notice
3 of the application for the receiver's appointment also must be given
4 to the judgment creditor in the other action. The court may shorten
5 or expand the period for notice of an application for the appointment
6 of a receiver upon good cause shown.

7 (4) The order appointing a receiver in all cases must reasonably
8 describe the property over which the receiver is to take charge, by
9 category, individual items, or both if the receiver is to take charge
10 of less than all of the owner's property. If the order appointing a
11 receiver does not expressly limit the receiver's authority to
12 designated property or categories of property of the owner, the
13 receiver is a general receiver with the authority to take charge over
14 all of the owner's property, wherever located.

15 (5) The court may condition the appointment of a receiver upon
16 the giving of security by the person seeking the receiver's
17 appointment, in such amount as the court may specify, for the payment
18 of costs and damages incurred or suffered by any person should it
19 later be determined that the appointment of the receiver was
20 wrongfully obtained.

21 **Sec. 5202.** RCW 9.46.0209 and 2020 c 150 s 1 are each amended to
22 read as follows:

23 (1)(a) "Bona fide charitable or nonprofit organization," as used
24 in this chapter, means:

25 (i) Any organization duly existing under the provisions of
26 chapter 24.12, 24.20, or 24.28 RCW, any agricultural fair authorized
27 under the provisions of chapter(~~s~~) 15.76 or 36.37 RCW, or any
28 nonprofit corporation duly existing under the provisions of chapter
29 19.09 or (~~(24.03 RCW)~~) 24.-- RCW (the new chapter created in section
30 6101 of this act) for charitable, benevolent, eleemosynary,
31 educational, civic, patriotic, political, religious, scientific,
32 social, fraternal, athletic, or agricultural purposes only, or any
33 nonprofit organization, whether incorporated or otherwise, when found
34 by the commission to be organized and operating for one or more of
35 the aforesaid purposes only, all of which in the opinion of the
36 commission have been organized and are operated primarily for
37 purposes other than the operation of gambling activities authorized
38 under this chapter; or

1 (ii) Any corporation which has been incorporated under Title 36
2 U.S.C. and whose principal purposes are to furnish volunteer aid to
3 members of the armed forces of the United States and also to carry on
4 a system of national and international relief and to apply the same
5 in mitigating the sufferings caused by pestilence, famine, fire,
6 floods, and other national calamities and to devise and carry on
7 measures for preventing the same.

8 (b) An organization defined under (a) of this subsection must:

9 (i) Have been organized and continuously operating for at least
10 twelve calendar months immediately preceding making application for
11 any license to operate a gambling activity, or the operation of any
12 gambling activity authorized by this chapter for which no license is
13 required; and

14 (ii) Demonstrate to the commission that it has made significant
15 progress toward the accomplishment of the purposes of the
16 organization during the twelve consecutive month period preceding the
17 date of application for a license or license renewal. The fact that
18 contributions to an organization do not qualify for charitable
19 contribution deduction purposes or that the organization is not
20 otherwise exempt from payment of federal income taxes pursuant to the
21 internal revenue code of 1954, as amended, shall constitute prima
22 facie evidence that the organization is not a bona fide charitable or
23 nonprofit organization for the purposes of this section.

24 (c) Any person, association or organization which pays its
25 employees, including members, compensation other than is reasonable
26 therefor under the local prevailing wage scale shall be deemed paying
27 compensation based in part or whole upon receipts relating to
28 gambling activities authorized under this chapter and shall not be a
29 bona fide charitable or nonprofit organization for the purposes of
30 this chapter.

31 (2) For the purposes of RCW 9.46.0315 and 9.46.110, a bona fide
32 nonprofit organization can be licensed by the commission and
33 includes:

34 (a) A credit union organized and operating under state or federal
35 law. All revenue less prizes and expenses received from raffles
36 conducted by credit unions must be devoted to purposes authorized
37 under this section for charitable and nonprofit organizations; and

38 (b) A group of executive branch state employees that:

1 (i) Has requested and received revocable approval from the
2 agency's chief executive official, or such official's designee, to
3 conduct one or more raffles in compliance with this section;

4 (ii) Conducts a raffle solely to raise funds for either the state
5 combined fund drive, created under RCW 41.04.033; an entity approved
6 to receive funds from the state combined fund drive; or a charitable
7 or benevolent entity, including but not limited to a person or family
8 in need, as determined by a majority vote of the approved group of
9 employees. No person or other entity may receive compensation in any
10 form from the group for services rendered in support of this purpose;

11 (iii) Promptly provides such information about the group's
12 receipts, expenditures, and other activities as the agency's chief
13 executive official or designee may periodically require, and
14 otherwise complies with this section and RCW 9.46.0315; and

15 (iv) Limits the participation in the raffle such that raffle
16 tickets are sold only to, and winners are determined only from, the
17 employees of the agency.

18 (3) For the purposes of RCW 9.46.0277, a bona fide nonprofit
19 organization also includes a county, city, or town, provided that all
20 revenue less prizes and expenses from raffles conducted by the
21 county, city, or town must be used for community activities or
22 tourism promotion activities.

23 **Sec. 5203.** RCW 15.105.020 and 2004 c 26 s 3 are each amended to
24 read as follows:

25 (1) The department may cooperate with other agencies, boards,
26 commissions, and associations in the state of Washington to establish
27 a private, nonprofit corporation for the purpose of carrying out the
28 program. The nonprofit corporation must be organized under chapter
29 ~~((24.03 RCW))~~ 24.-- RCW (the new chapter created in section 6101 of
30 this act) and has the powers granted under that chapter. However,
31 this chapter does not prohibit the department or other agencies,
32 boards, commissions, and associations from separately continuing to
33 promote Washington products under their existing authorities.

34 (2) The department may contract with the successor organization
35 to carry out the program. The contract must require the successor
36 organization to aggressively seek to fund its continued operation
37 from nonstate funding sources.

1 (3) The successor organization must report to the department each
2 January 1st on the amounts it has secured from both nonstate and
3 state funding sources, its operations, and its programs.

4 (4) Debts and other liabilities of the successor organization are
5 successor organization debts and liabilities only and may be
6 satisfied only from the resources of the successor organization. The
7 state of Washington is not liable for the debts or liabilities of the
8 successor organization.

9 **Sec. 5204.** RCW 18.100.050 and 2020 c 80 s 21 are each amended to
10 read as follows:

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

19 (2) Notwithstanding any other provision of this chapter,
20 registered architects and registered engineers may own stock in and
21 render their individual professional services through one
22 professional service corporation.

23 (3) Licensed health care professionals, providing services to
24 enrolled participants either directly or through arrangements with a
25 health maintenance organization registered under chapter 48.46 RCW or
26 federally qualified health maintenance organization, may own stock in
27 and render their individual professional services through one
28 professional service corporation.

29 (4) Professionals may organize a nonprofit nonstock corporation
30 under this chapter and chapter (~~(24.03 RCW)~~) 24.-- RCW (the new
31 chapter created in section 6101 of this act) to provide professional
32 services, and the provisions of this chapter relating to stock and
33 referring to Title 23B RCW shall not apply to any such corporation.

34 (5)(a) Notwithstanding any other provision of this chapter,
35 health care professionals who are licensed or certified pursuant to
36 chapters 18.06, 18.225, 18.22, 18.25, 18.29, 18.34, 18.35, 18.36A,
37 18.50, 18.53, 18.55, 18.57, 18.64, 18.71, 18.71A, 18.79, 18.83,
38 18.89, 18.108, and 18.138 RCW may own stock in and render their
39 individual professional services through one professional service

1 corporation and are to be considered, for the purpose of forming a
2 professional service corporation, as rendering the "same specific
3 professional services" or "same professional services" or similar
4 terms.

5 (b) Notwithstanding any other provision of this chapter, health
6 care professionals who are regulated under chapters 18.59 and 18.74
7 RCW may own stock in and render their individual professional
8 services through one professional service corporation formed for the
9 sole purpose of providing professional services within their
10 respective scope of practice.

11 (c) Formation of a professional service corporation under this
12 subsection does not restrict the application of the uniform
13 disciplinary act under chapter 18.130 RCW, or applicable health care
14 professional statutes under Title 18 RCW, including but not limited
15 to restrictions on persons practicing a health profession without
16 being appropriately credentialed and persons practicing beyond the
17 scope of their credential.

18 **Sec. 5205.** RCW 18.100.130 and 1991 c 72 s 5 are each amended to
19 read as follows:

20 (1) For a professional service corporation organized for
21 pecuniary profit under this chapter, the provisions of Title 23B RCW
22 shall be applicable except to the extent that any of the provisions
23 of this chapter are interpreted to be in conflict with the provisions
24 thereof, and in such event the provisions and sections of this
25 chapter shall take precedence with respect to a corporation organized
26 pursuant to the provisions of this chapter.

27 (2) For a professional service corporation organized under this
28 chapter and chapter ((24.03 RCW)) 24.-- RCW (the new chapter created
29 in section 6101 of this act) as a nonprofit ((nonstock)) corporation,
30 the provisions of chapter ((24.03 RCW)) 24.-- RCW (the new chapter
31 created in section 6101 of this act) shall be applicable except to
32 the extent that any of the provisions of this chapter are interpreted
33 to be in conflict with the provisions thereof, and in such event the
34 provisions and sections of this chapter shall take precedence with
35 respect to a corporation organized under the provisions of this
36 chapter.

37 **Sec. 5206.** RCW 18.100.134 and 1991 c 72 s 7 are each amended to
38 read as follows:

1 A professional corporation may amend its articles of
2 incorporation to delete from its stated purposes the rendering of
3 professional services and to conform to the requirements of Title 23B
4 RCW, or to the requirements of chapter (~~(24.03 RCW)~~) 24.-- RCW (the
5 new chapter created in section 6101 of this act) if organized
6 pursuant to RCW 18.100.050 as a nonprofit (~~(nonstock)~~) corporation.
7 Upon the effective date of such amendment, the corporation shall no
8 longer be subject to the provisions of this chapter and shall
9 continue in existence as a corporation under Title 23B RCW or chapter
10 (~~(24.03 RCW)~~) 24.-- RCW (the new chapter created in section 6101 of
11 this act).

12 **Sec. 5207.** RCW 19.142.010 and 1990 c 55 s 1 and 1990 c 33 s 556
13 are each reenacted and amended to read as follows:

14 Unless the context clearly requires otherwise, the definitions in
15 this section apply throughout this chapter:

16 (1) "Business day" means any day except a Sunday or a legal
17 holiday.

18 (2) "Buyer" or "member" means a person who purchases health
19 studio services.

20 (3) "Health studio" includes any person or entity engaged in the
21 sale of instruction, training, assistance or use of facilities which
22 purport to assist patrons to improve their physical condition or
23 appearance through physical exercise, body building, weight loss,
24 figure development, the martial arts, or any other similar activity.
25 For the purposes of this chapter, "health studio" does not include:

26 (a) Public common schools, private schools approved under RCW
27 28A.195.010, and public or private institutions of higher education;

28 (b) persons providing professional services within the scope of a
29 person's license under Title 18 RCW; (c) bona fide nonprofit
30 organizations which have been granted tax-exempt status by the
31 Internal Revenue Service, the functions of which as health studios
32 are only incidental to their overall functions and purposes; (d) a
33 person or entity which offers physical exercise, body building,
34 figure development or similar activities as incidental features of a
35 plan of instruction or assistance relating to diet or control of
36 eating habits; (e) bona fide nonprofit corporations organized under
37 chapter (~~(24.03 RCW)~~) 24.-- RCW (the new chapter created in section
38 6101 of this act) which have members and whose members have
39 meaningful voting rights to elect and remove a board of directors

1 which is responsible for the operation of the health club and
2 corporation; and (f) a preexisting facility primarily offering
3 aerobic classes, where the initiation fee is less than fifty dollars
4 and no memberships are sold which exceed one year in duration. For
5 purposes of this subsection, "preexisting facility" means an existing
6 building used for health studio services covered by the fees
7 collected.

8 (4) "Health studio services" means instruction, services,
9 privileges, or rights offered for sale by a health studio. "Health
10 studio services" do not include: (a) Instruction or assistance
11 relating to diet or control of eating habits not involving
12 substantial on-site physical exercise, body building, figure
13 development, or any other similar activity; or (b) recreational or
14 social programs which either involve no physical exercise or exercise
15 only incidental to the program.

16 (5) "Initiation or membership fee" means a fee paid either in a
17 lump sum or in installments within twelve months of execution of the
18 health studio services contract on a one-time basis when a person
19 first joins a health studio for the privilege of belonging to the
20 health studio.

21 (6) "Special offer or discount" means any offer of health studio
22 services at a reduced price or without charge to a prospective
23 member.

24 (7) "Use fees or dues" means fees paid on a regular periodic
25 basis for use of a health studio. This does not preclude prepayment
26 of use fees at the buyer's option.

27 **Sec. 5208.** RCW 23.95.105 and 2020 c 57 s 29 are each amended to
28 read as follows:

29 The definitions in this section apply throughout this chapter
30 unless the context clearly requires otherwise or as set forth in RCW
31 23.95.400 or 23.95.600.

32 (1) "Annual report" means the report required by RCW 23.95.255.

33 (2) "Business corporation" means a domestic business corporation
34 incorporated under or subject to Title 23B RCW or a foreign business
35 corporation.

36 (3) "Commercial registered agent" means a person listed under RCW
37 23.95.420.

38 (4) "Domestic," with respect to an entity, means governed as to
39 its internal affairs by the law of this state.

1 (5) "Electronic transmission" means an electronic communication:
2 (a) Not directly involving the physical transfer of a record in a
3 tangible medium; and
4 (b) That may be retained, retrieved, and reviewed by the sender
5 and the recipient thereof, and that may be directly reproduced in a
6 tangible medium by such a sender and recipient.

7 (6) "Entity" means:
8 (a) A business corporation;
9 (b) A nonprofit corporation;
10 (c) A limited liability partnership;
11 (d) A limited partnership;
12 (e) A limited liability company;
13 (f) A general cooperative association; or
14 (g) A limited cooperative association.

15 (7) "Entity filing" means a record delivered to the secretary of
16 state for filing pursuant to this chapter.

17 (8) "Execute," "executes," or "executed" means with present
18 intent to authenticate or adopt a record:
19 (a) To sign or adopt a tangible symbol;
20 (b) To attach to or logically associate with the record an
21 electronic symbol, sound, or process; or
22 (c) With respect to a record to be filed with the secretary of
23 state, in compliance with the standards for filing with the office of
24 the secretary of state as prescribed by the secretary of state.

25 (9) "Filed record" means a record filed by the secretary of state
26 pursuant to this chapter.

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

30 (11) "General cooperative association" means a domestic general
31 cooperative association formed under or subject to chapter 23.86 RCW.

32 (12) "Governor" means:
33 (a) A director of a business corporation;
34 (b) A director of a nonprofit corporation;
35 (c) A partner of a limited liability partnership;
36 (d) A general partner of a limited partnership;
37 (e) A manager of a manager-managed limited liability company;
38 (f) A member of a member-managed limited liability company;
39 (g) A director of a general cooperative association;
40 (h) A director of a limited cooperative association; or

1 (i) Any other person under whose authority the powers of an
2 entity are exercised and under whose direction the activities and
3 affairs of the entity are managed pursuant to the organic law and
4 organic rules of the entity.

5 (13) "Interest" means:

6 (a) A share in a business corporation;

7 (b) A membership in a nonprofit corporation;

8 (c) A share in a nonprofit corporation formed under chapter 24.06
9 RCW;

10 (d) A partnership interest in a limited liability partnership;

11 (e) A partnership interest in a limited partnership;

12 (f) A limited liability company interest;

13 (g) A share or membership in a general cooperative association;

14 or

15 (h) A member's interest in a limited cooperative association.

16 (14) "Interest holder" means:

17 (a) A shareholder of a business corporation;

18 (b) A member of a nonprofit corporation;

19 (c) A shareholder of a nonprofit corporation formed under chapter
20 24.06 RCW;

21 (d) A partner of a limited liability partnership;

22 (e) A general partner of a limited partnership;

23 (f) A limited partner of a limited partnership;

24 (g) A member of a limited liability company;

25 (h) A shareholder or member of a general cooperative association;

26 or

27 (i) A member of a limited cooperative association.

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

31 (16) "Jurisdiction of formation" means the jurisdiction whose law
32 includes the organic law of an entity.

33 (17) "Limited cooperative association" means a domestic limited
34 cooperative association formed under or subject to chapter 23.100 RCW
35 or a foreign limited cooperative association.

36 (18) "Limited liability company" means a domestic limited
37 liability company formed under or subject to chapter 25.15 RCW or a
38 foreign limited liability company.

1 (19) "Limited liability limited partnership" means a domestic
2 limited liability limited partnership formed under or subject to
3 chapter 25.10 RCW or a foreign limited liability limited partnership.

4 (20) "Limited liability partnership" means a domestic limited
5 liability partnership registered under or subject to chapter 25.05
6 RCW or a foreign limited liability partnership.

7 (21) "Limited partnership" means a domestic limited partnership
8 formed under or subject to chapter 25.10 RCW or a foreign limited
9 partnership. "Limited partnership" includes a limited liability
10 limited partnership.

11 (22) "Noncommercial registered agent" means a person that is not
12 a commercial registered agent and is:

13 (a) An individual or domestic or foreign entity that serves in
14 this state as the registered agent of an entity;

15 (b) An individual who holds the office or other position in an
16 entity which is designated as the registered agent pursuant to RCW
17 23.95.415(1)(b)(ii); or

18 (c) A government, governmental subdivision, agency, or
19 instrumentality, or a separate legal entity comprised of two or more
20 of these entities, that serves as the registered agent of an entity.

21 (23) "Nonprofit corporation" means a domestic nonprofit
22 corporation incorporated under or subject to chapter ~~((24.03))~~ 24.--
23 (the new chapter created in section 6101 of this act) or 24.06 RCW or
24 a foreign nonprofit corporation.

25 (24) "Nonregistered foreign entity" means a foreign entity that
26 is not registered to do business in this state pursuant to a
27 statement of registration filed by the secretary of state.

28 (25) "Organic law" means the law of an entity's jurisdiction of
29 formation governing the internal affairs of the entity.

30 (26) "Organic rules" means the public organic record and private
31 organic rules of an entity.

32 (27) "Person" means an individual, business corporation,
33 nonprofit corporation, partnership, limited partnership, limited
34 liability company, general cooperative association, limited
35 cooperative association, unincorporated nonprofit association,
36 statutory trust, business trust, common-law business trust, estate,
37 trust, association, joint venture, public corporation, government or
38 governmental subdivision, agency, or instrumentality, or any other
39 legal or commercial entity.

1 (28) "Principal office" means the principal executive office of
2 an entity, whether or not the office is located in this state.

3 (29) "Private organic rules" means the rules, whether or not in a
4 record, that govern the internal affairs of an entity, are binding on
5 all its interest holders, and are not part of its public organic
6 record, if any. "Private organic rules" includes:

7 (a) The bylaws of a business corporation and any agreement among
8 shareholders pursuant to RCW 23B.07.320;

9 (b) The bylaws of a nonprofit corporation;

10 (c) The partnership agreement of a limited liability partnership;

11 (d) The partnership agreement of a limited partnership;

12 (e) The limited liability company agreement;

13 (f) The bylaws of a general cooperative association; and

14 (g) The bylaws of a limited cooperative association.

15 (30) "Proceeding" means civil suit and criminal, administrative,
16 and investigatory action.

17 (31) "Property" means all property, whether real, personal, or
18 mixed or tangible or intangible, or any right or interest therein.

19 (32) "Public organic record" means the record the filing of which
20 by the secretary of state is required to form an entity and any
21 amendment to or restatement of that record. The term includes:

22 (a) The articles of incorporation of a business corporation;

23 (b) The articles of incorporation of a nonprofit corporation;

24 (c) The certificate of limited partnership of a limited
25 partnership;

26 (d) The certificate of formation of a limited liability company;

27 (e) The articles of incorporation of a general cooperative
28 association;

29 (f) The articles of organization of a limited cooperative
30 association; and

31 (g) The document under the laws of another jurisdiction that is
32 equivalent to a document listed in this subsection.

33 (33) "Receipt," as used in this chapter, means actual receipt.
34 "Receive" has a corresponding meaning.

35 (34) "Record" means information that is inscribed on a tangible
36 medium or that is stored in an electronic or other medium and is
37 retrievable in perceivable form.

38 (35) "Registered agent" means an agent of an entity which is
39 authorized to receive service of any process, notice, or demand
40 required or permitted by law to be served on the entity. The term

1 includes a commercial registered agent and a noncommercial registered
2 agent.

3 (36) "Registered foreign entity" means a foreign entity that is
4 registered to do business in this state pursuant to a certificate of
5 registration filed by the secretary of state.

6 (37) "State" means a state of the United States, the District of
7 Columbia, Puerto Rico, the United States Virgin Islands, or any
8 territory or insular possession subject to the jurisdiction of the
9 United States.

10 (38) "Tangible medium" means a writing, copy of a writing,
11 facsimile, or a physical reproduction, each on paper or on other
12 tangible material.

13 (39) "Transfer" includes:

14 (a) An assignment;

15 (b) A conveyance;

16 (c) A sale;

17 (d) A lease;

18 (e) An encumbrance, including a mortgage or security interest;

19 (f) A change of record owner of interest;

20 (g) A gift; and

21 (h) A transfer by operation of law.

22 (40) "Type of entity" means a generic form of entity:

23 (a) Recognized at common law; or

24 (b) Formed under an organic law, whether or not some entities
25 formed under that law are subject to provisions of that law that
26 create different categories of the form of entity.

27 **Sec. 5209.** RCW 24.50.010 and 2011 c 310 s 1 are each amended to
28 read as follows:

29 (1) Washington manufacturing services is organized as a private,
30 nonprofit corporation in accordance with chapter ((24.03-RCW)) 24.--
31 RCW (the new chapter created in section 6101 of this act) and this
32 section. The mission of the corporation is to operate a modernization
33 extension system, coordinate a network of public and private
34 modernization resources, and stimulate the competitiveness of small
35 and midsize manufacturers in Washington.

36 (2) The corporation must be governed by a board of directors. A
37 majority of the board of directors shall be representatives of small
38 and medium-sized manufacturing firms and industry associations,
39 networks, or consortia. The board must also include at least one

1 member representing labor unions or labor councils and, as ex officio
2 members, the director of the department of commerce, the executive
3 director of the state board for community and technical colleges, and
4 the director of the workforce training and education coordinating
5 board, or their respective designees.

6 (3) The corporation may be known as impact Washington and may:

7 (a) Charge fees for services, make and execute contracts with any
8 individual, corporation, association, public agency, or any other
9 entity, and employ all other legal instruments necessary or
10 convenient for the performance of its duties and the exercise of its
11 powers and functions under this chapter; and

12 (b) Receive funds from federal, state, or local governments,
13 private businesses, foundations, or any other source for purposes
14 consistent with this chapter.

15 (4) The corporation must:

16 (a) Develop policies, plans, and programs to assist in the
17 modernization of businesses in targeted sectors of Washington's
18 economy and coordinate the delivery of modernization services;

19 (b) Provide information about the advantages of modernization and
20 the modernization services available in the state to federal, state,
21 and local economic development officials, state colleges and
22 universities, and private providers;

23 (c) Collaborate with the Washington quality initiative in the
24 development of manufacturing quality standards and quality
25 certification programs;

26 (d) Collaborate with industry sector and cluster associations to
27 inform import-impacted manufacturers about federal trade adjustment
28 assistance funding;

29 (e) Serve as an information clearinghouse and provide access for
30 users to the federal manufacturing extension partnership national
31 research and information system; and

32 (f) Provide, either directly or through contracts, assistance to
33 industry or cluster associations, networks, or consortia, that would
34 be of value to their member firms in:

35 (i) Adopting advanced business management practices such as
36 strategic planning and total quality management;

37 (ii) Developing mechanisms for interfirm collaboration and
38 cooperation;

1 (iii) Appraising, purchasing, installing, and effectively using
2 equipment, technologies, and processes that improve the quality of
3 goods and services and the productivity of the firm;

4 (iv) Improving human resource systems and workforce training in a
5 manner that moves firms toward flexible, high-performance work
6 organizations;

7 (v) Developing new products;

8 (vi) Conducting market research, analysis, and development of new
9 sales channels and export markets;

10 (vii) Improving processes to enhance environmental, health, and
11 safety compliance; and

12 (viii) Improving credit, capital management, and business finance
13 skills.

14 (5) Between thirty-five and sixty-five percent of the funds
15 received by the corporation from the state must be used by the
16 corporation for carrying out the duties under subsection (4)(f) of
17 this section, consistent with the intent of RCW 24.50.005(2).

18 **Sec. 5210.** RCW 28A.710.010 and 2016 c 241 s 101 are each amended
19 to read as follows:

20 The definitions in this section apply throughout this chapter
21 unless the context clearly requires otherwise.

22 (1) "Applicant" means a nonprofit corporation that has submitted
23 an application to an authorizer. The nonprofit corporation must be
24 either a public benefit nonprofit corporation as defined in (~~RCW~~
25 ~~24.03.490~~) section 1701 of this act, or a nonprofit corporation (~~as~~
26 ~~defined in RCW 24.03.005~~) organized under chapter 24.-- RCW (the new
27 chapter created in section 6101 of this act) that has applied for tax
28 exempt status under section 501(c)(3) of the internal revenue code of
29 1986 (26 U.S.C. Sec. 501(c)(3)). The nonprofit corporation may not be
30 a sectarian or religious organization and must meet all of the
31 requirements for a public benefit nonprofit corporation before
32 receiving any funding under RCW 28A.710.220.

33 (2) "At-risk student" means a student who has an academic or
34 economic disadvantage that requires assistance or special services to
35 succeed in educational programs. The term includes, but is not
36 limited to, students who do not meet minimum standards of academic
37 proficiency, students who are at risk of dropping out of high school,
38 students in chronically low-performing schools, students with higher
39 than average disciplinary sanctions, students with lower

1 participation rates in advanced or gifted programs, students who are
2 limited in English proficiency, students who are members of
3 economically disadvantaged families, and students who are identified
4 as having special educational needs.

5 (3) "Authorizer" means the commission established in RCW
6 28A.710.070 or a school district approved under RCW 28A.710.090 to
7 review, approve, or reject charter school applications; enter into,
8 renew, or revoke charter contracts with applicants; and oversee the
9 charter schools the entity has authorized.

10 (4) "Charter contract" means a fixed term, renewable contract
11 between a charter school and an authorizer that outlines the roles,
12 powers, responsibilities, and performance expectations for each party
13 to the contract.

14 (5) "Charter school" or "charter public school" means a public
15 school that is established in accordance with this chapter, governed
16 by a charter school board, and operated according to the terms of a
17 charter contract executed under this chapter.

18 (6) "Charter school board" means the board of directors appointed
19 or selected under the terms of a charter application to manage and
20 operate the charter school.

21 (7) "Commission" means the Washington state charter school
22 commission established in RCW 28A.710.070.

23 (8) "Parent" means a parent, guardian, or other person or entity
24 having legal custody of a child.

25 (9) "Student" means a child eligible to attend a public school in
26 the state.

27 **Sec. 5211.** RCW 35.67.020 and 2003 c 394 s 1 are each amended to
28 read as follows:

29 (1) Every city and town may construct, condemn and purchase,
30 acquire, add to, maintain, conduct, and operate systems of sewerage
31 and systems and plants for refuse collection and disposal together
32 with additions, extensions, and betterments thereto, within and
33 without its limits. Every city and town has full jurisdiction and
34 authority to manage, regulate, and control them and, except as
35 provided in subsection (3) of this section, to fix, alter, regulate,
36 and control the rates and charges for their use.

37 (2) Subject to subsection (3) of this section, the rates charged
38 under this section must be uniform for the same class of customers or
39 service and facilities furnished. In classifying customers served or

1 service and facilities furnished by such system of sewerage, the city
2 or town legislative body may in its discretion consider any or all of
3 the following factors:

4 (a) The difference in cost of service and facilities to the
5 various customers;

6 (b) The location of the various customers within and without the
7 city or town;

8 (c) The difference in cost of maintenance, operation, repair, and
9 replacement of the various parts of the system;

10 (d) The different character of the service and facilities
11 furnished various customers;

12 (e) The quantity and quality of the sewage delivered and the time
13 of its delivery;

14 (f) The achievement of water conservation goals and the
15 discouragement of wasteful water use practices;

16 (g) Capital contributions made to the system, including but not
17 limited to, assessments;

18 (h) The ~~((nonprofit))~~ public benefit nonprofit corporation
19 status, as defined in ~~((RCW 24.03.490))~~ section 1701 of this act, of
20 the land user; and

21 (i) Any other matters which present a reasonable difference as a
22 ground for distinction.

23 (3) The rate a city or town may charge under this section for
24 storm or surface water sewer systems or the portion of the rate
25 allocable to the storm or surface water sewer system of combined
26 sanitary sewage and storm or surface water sewer systems shall be
27 reduced by a minimum of ten percent for any new or remodeled
28 commercial building that utilizes a permissive rainwater harvesting
29 system. Rainwater harvesting systems shall be properly sized to
30 utilize the available roof surface of the building. The jurisdiction
31 shall consider rate reductions in excess of ten percent dependent
32 upon the amount of rainwater harvested.

33 (4) Rates or charges for on-site inspection and maintenance
34 services may not be imposed under this chapter on the development,
35 construction, or reconstruction of property.

36 (5) A city or town may provide assistance to aid low-income
37 persons in connection with services provided under this chapter.

38 (6) Under this chapter, after July 1, 1998, any requirements for
39 pumping the septic tank of an on-site sewage system should be based,
40 among other things, on actual measurement of accumulation of sludge

1 and scum by a trained inspector, trained owner's agent, or trained
2 owner. Training must occur in a program approved by the state board
3 of health or by a local health officer.

4 (7) Before adopting on-site inspection and maintenance utility
5 services, or incorporating residences into an on-site inspection and
6 maintenance or sewer utility under this chapter, notification must be
7 provided, prior to the applicable public hearing, to all residences
8 within the proposed service area that have on-site systems permitted
9 by the local health officer. The notice must clearly state that the
10 residence is within the proposed service area and must provide
11 information on estimated rates or charges that may be imposed for the
12 service.

13 (8) A city or town shall not provide on-site sewage system
14 inspection, pumping services, or other maintenance or repair services
15 under this section using city or town employees unless the on-site
16 system is connected by a publicly owned collection system to the city
17 or town's sewerage system, and the on-site system represents the
18 first step in the sewage disposal process. Nothing in this section
19 shall affect the authority of state or local health officers to carry
20 out their responsibilities under any other applicable law.

21 **Sec. 5212.** RCW 35.67.190 and 1995 c 124 s 4 are each amended to
22 read as follows:

23 (1) The legislative body of such city or town may provide by
24 ordinance for revenues by fixing rates and charges for the furnishing
25 of service to those served by its system of sewerage or system for
26 refuse collection and disposal, which rates and charges shall be
27 uniform for the same class of customer or service. In classifying
28 customers served or service furnished by such system of sewerage, the
29 city or town legislative body may in its discretion consider any or
30 all of the following factors: ~~((+1))~~ (a) The difference in cost of
31 service to the various customers; ~~((+2))~~ (b) the location of the
32 various customers within and without the city or town; ~~((+3))~~ (c)
33 the difference in cost of maintenance, operation, repair, and
34 replacement of the various parts of the system; ~~((+4))~~ (d) the
35 different character of the service furnished various customers;
36 ~~((+5))~~ (e) the quantity and quality of the sewage delivered and the
37 time of its delivery; ~~((+6))~~ (f) capital contributions made to the
38 system, including but not limited to, assessments; ~~((+7))~~ (g) the
39 ~~((nonprofit))~~ public benefit nonprofit corporation status, as defined

1 in (~~RCW 24.03.490~~) section 1701 of this act, of the land user; and
2 (~~(8)~~) (h) any other matters which present a reasonable difference
3 as a ground for distinction.

4 (2) If special indebtedness bonds or warrants are issued against
5 the revenues, the legislative body shall by ordinance fix charges at
6 rates which will be sufficient to take care of the costs of
7 maintenance and operation, bond and warrant principal and interest,
8 sinking fund requirements, and all other expenses necessary for
9 efficient and proper operation of the system.

10 (3) All property owners within the area served by such sewerage
11 system shall be compelled to connect their private drains and sewers
12 with such city or town system, under such penalty as the legislative
13 body of such city or town may by ordinance direct. Such penalty may
14 in the discretion of such legislative body be an amount equal to the
15 charge that would be made for sewer service if the property was
16 connected to such system. All penalties collected shall be considered
17 revenue of the system.

18 **Sec. 5213.** RCW 35.92.020 and 2020 c 20 s 1014 are each amended
19 to read as follows:

20 (1) A city or town may construct, condemn and purchase, purchase,
21 acquire, add to, alter, maintain, and operate systems, plants, sites,
22 or other facilities of sewerage as defined in RCW 35.67.010, or solid
23 waste handling as defined by RCW 70A.205.015. A city or town shall
24 have full authority to manage, regulate, operate, control, and,
25 except as provided in subsection (3) of this section, to fix the
26 price of service and facilities of those systems, plants, sites, or
27 other facilities within and without the limits of the city or town.

28 (2) Subject to subsection (3) of this section, the rates charged
29 shall be uniform for the same class of customers or service and
30 facilities. In classifying customers served or service and facilities
31 furnished by a system or systems of sewerage, the legislative
32 authority of the city or town may in its discretion consider any or
33 all of the following factors:

34 (a) The difference in cost of service and facilities to
35 customers;

36 (b) The location of customers within and without the city or
37 town;

38 (c) The difference in cost of maintenance, operation, repair, and
39 replacement of the parts of the system;

1 (d) The different character of the service and facilities
2 furnished to customers;

3 (e) The quantity and quality of the sewage delivered and the time
4 of its delivery;

5 (f) Capital contributions made to the systems, plants, sites, or
6 other facilities, including but not limited to, assessments;

7 (g) The (~~nonprofit~~) public benefit nonprofit corporation
8 status, as defined in (~~RCW 24.03.490~~) section 1701 of this act, of
9 the land user; and

10 (h) Any other factors that present a reasonable difference as a
11 ground for distinction.

12 (3) The rate a city or town may charge under this section for
13 storm or surface water sewer systems or the portion of the rate
14 allocable to the storm or surface water sewer system of combined
15 sanitary sewage and storm or surface water sewer systems shall be
16 reduced by a minimum of ten percent for any new or remodeled
17 commercial building that utilizes a permissive rainwater harvesting
18 system. Rainwater harvesting systems shall be properly sized to
19 utilize the available roof surface of the building. The jurisdiction
20 shall consider rate reductions in excess of ten percent dependent
21 upon the amount of rainwater harvested.

22 (4) Rates or charges for on-site inspection and maintenance
23 services may not be imposed under this chapter on the development,
24 construction, or reconstruction of property.

25 (5) A city or town may provide assistance to aid low-income
26 persons in connection with services provided under this chapter.

27 (6) Under this chapter, after July 1, 1998, any requirements for
28 pumping the septic tank of an on-site sewage system should be based,
29 among other things, on actual measurement of accumulation of sludge
30 and scum by a trained inspector, trained owner's agent, or trained
31 owner. Training must occur in a program approved by the state board
32 of health or by a local health officer.

33 (7) Before adopting on-site inspection and maintenance utility
34 services, or incorporating residences into an on-site inspection and
35 maintenance or sewer utility under this chapter, notification must be
36 provided, prior to the applicable public hearing, to all residences
37 within the proposed service area that have on-site systems permitted
38 by the local health officer. The notice must clearly state that the
39 residence is within the proposed service area and must provide

1 information on estimated rates or charges that may be imposed for the
2 service.

3 (8) A city or town shall not provide on-site sewage system
4 inspection, pumping services, or other maintenance or repair services
5 under this section using city or town employees unless the on-site
6 system is connected by a publicly owned collection system to the city
7 or town's sewerage system, and the on-site system represents the
8 first step in the sewage disposal process. Nothing in this section
9 shall affect the authority of state or local health officers to carry
10 out their responsibilities under any other applicable law.

11 **Sec. 5214.** RCW 36.89.080 and 2003 c 394 s 3 are each amended to
12 read as follows:

13 (1) Subject to subsections (2) and (3) of this section, any
14 county legislative authority may provide by resolution for revenues
15 by fixing rates and charges for the furnishing of service to those
16 served or receiving benefits or to be served or to receive benefits
17 from any stormwater control facility or contributing to an increase
18 of surface water runoff. In fixing rates and charges, the county
19 legislative authority may in its discretion consider:

20 (a) Services furnished or to be furnished;

21 (b) Benefits received or to be received;

22 (c) The character and use of land or its water runoff
23 characteristics;

24 (d) The ((~~nonprofit~~)) public benefit nonprofit corporation
25 status, as defined in ((~~RCW 24.03.490~~)) section 1701 of this act, of
26 the land user;

27 (e) Income level of persons served or provided benefits under
28 this chapter, including senior citizens and ((~~disabled persons~~))
29 individuals with disabilities; or

30 (f) Any other matters which present a reasonable difference as a
31 ground for distinction.

32 (2) The rate a county may charge under this section for
33 stormwater control facilities shall be reduced by a minimum of ten
34 percent for any new or remodeled commercial building that utilizes a
35 permissive rainwater harvesting system. Rainwater harvesting systems
36 shall be properly sized to utilize the available roof surface of the
37 building. The jurisdiction shall consider rate reductions in excess
38 of ten percent dependent upon the amount of rainwater harvested.

1 (3) Rates and charges authorized under this section may not be
2 imposed on lands taxed as forestland under chapter 84.33 RCW or as
3 timberland under chapter 84.34 RCW.

4 (4) The service charges and rates collected shall be deposited in
5 a special fund or funds in the county treasury to be used only for
6 the purpose of paying all or any part of the cost and expense of
7 maintaining and operating stormwater control facilities, all or any
8 part of the cost and expense of planning, designing, establishing,
9 acquiring, developing, constructing and improving any of such
10 facilities, or to pay or secure the payment of all or any portion of
11 any issue of general obligation or revenue bonds issued for such
12 purpose.

13 **Sec. 5215.** RCW 36.94.140 and 2005 c 324 s 2 are each amended to
14 read as follows:

15 (1) Every county, in the operation of a system of sewerage and/or
16 water, shall have full jurisdiction and authority to manage,
17 regulate, and control it. Except as provided in subsection (3) of
18 this section, every county shall have full jurisdiction and authority
19 to fix, alter, regulate, and control the rates and charges for the
20 service and facilities to those to whom such service and facilities
21 are available, and to levy charges for connection to the system.

22 (2) The rates for availability of service and facilities, and
23 connection charges so charged must be uniform for the same class of
24 customers or service and facility. In classifying customers served,
25 service furnished or made available by such system of sewerage and/or
26 water, or the connection charges, the county legislative authority
27 may consider any or all of the following factors:

28 (a) The difference in cost of service to the various customers
29 within or without the area;

30 (b) The difference in cost of maintenance, operation, repair and
31 replacement of the various parts of the systems;

32 (c) The different character of the service and facilities
33 furnished various customers;

34 (d) The quantity and quality of the sewage and/or water delivered
35 and the time of its delivery;

36 (e) Capital contributions made to the system or systems,
37 including, but not limited to, assessments;

1 (f) The cost of acquiring the system or portions of the system in
2 making system improvements necessary for the public health and
3 safety;

4 (g) The (~~nonprofit~~) public benefit nonprofit corporation
5 status, as defined in (~~RCW 24.03.490~~) section 1701 of this act, of
6 the land user; and

7 (h) Any other matters which present a reasonable difference as a
8 ground for distinction.

9 (3) The rate a county may charge under this section for storm or
10 surface water sewer systems or the portion of the rate allocable to
11 the storm or surface water sewer system of combined sanitary sewage
12 and storm or surface water sewer systems shall be reduced by a
13 minimum of ten percent for any new or remodeled commercial building
14 that utilizes a permissive rainwater harvesting system. Rainwater
15 harvesting systems shall be properly sized to utilize the available
16 roof surface of the building. The jurisdiction shall consider rate
17 reductions in excess of ten percent dependent upon the amount of
18 rainwater harvested.

19 (4) A county may provide assistance to aid low-income persons in
20 connection with services provided under this chapter.

21 (5) The service charges and rates shall produce revenues
22 sufficient to take care of the costs of maintenance and operation,
23 revenue bond and warrant interest and principal amortization
24 requirements, and all other charges necessary for the efficient and
25 proper operation of the system.

26 (6) A connection charge under this section for service to a
27 manufactured housing community, as defined in RCW 59.20.030, applies
28 to an individual lot within that community only if the system of
29 water or sewerage provides and maintains the connection.

30 **Sec. 5216.** RCW 39.34.030 and 2019 c 91 s 1 are each amended to
31 read as follows:

32 (1) Any power or powers, privileges or authority exercised or
33 capable of exercise by a public agency of this state may be exercised
34 and enjoyed jointly with any other public agency of this state having
35 the power or powers, privilege or authority, and jointly with any
36 public agency of any other state or of the United States to the
37 extent that laws of such other state or of the United States permit
38 such joint exercise or enjoyment. Any agency of the state government
39 when acting jointly with any public agency may exercise and enjoy all

1 of the powers, privileges and authority conferred by this chapter
2 upon a public agency.

3 (2) Any two or more public agencies may enter into agreements
4 with one another for joint or cooperative action pursuant to the
5 provisions of this chapter, except that any such joint or cooperative
6 action by public agencies which are educational service districts
7 and/or school districts shall comply with the provisions of RCW
8 28A.320.080. Appropriate action by ordinance, resolution or otherwise
9 pursuant to law of the governing bodies of the participating public
10 agencies shall be necessary before any such agreement may enter into
11 force.

12 (3) Any such agreement shall specify the following:

13 (a) Its duration;

14 (b) The precise organization, composition and nature of any
15 separate legal or administrative entity created thereby together with
16 the powers delegated thereto, provided such entity may be legally
17 created. Such entity may include a nonprofit corporation organized
18 pursuant to chapter ~~((24.03))~~ 24.-- (the new chapter created in
19 section 6101 of this act) or 24.06 RCW whose membership is limited
20 solely to the participating public agencies or a partnership
21 organized pursuant to chapter 25.04 or 25.05 RCW whose partners are
22 limited solely to participating public agencies, or a limited
23 liability company organized under chapter 25.15 RCW whose membership
24 is limited solely to participating public agencies, and the funds of
25 any such corporation, partnership, or limited liability company shall
26 be subject to audit in the manner provided by law for the auditing of
27 public funds;

28 (c) Its purpose or purposes;

29 (d) The manner of financing the joint or cooperative undertaking
30 and of establishing and maintaining a budget therefor;

31 (e) The permissible method or methods to be employed in
32 accomplishing the partial or complete termination of the agreement
33 and for disposing of property upon such partial or complete
34 termination; and

35 (f) Any other necessary and proper matters.

36 (4) In the event that the agreement does not establish a separate
37 legal entity to conduct the joint or cooperative undertaking, the
38 agreement shall contain, in addition to provisions specified in
39 subsection (3)(a), (c), (d), (e), and (f) of this section, the
40 following:

1 (a) Provision for an administrator or a joint board responsible
2 for administering the joint or cooperative undertaking. In the case
3 of a joint board, public agencies that are party to the agreement
4 shall be represented; and

5 (b) The manner of acquiring, holding and disposing of real and
6 personal property used in the joint or cooperative undertaking. Any
7 joint board is authorized to establish a special fund with a state,
8 county, city, or district treasurer servicing an involved public
9 agency designated "Operating fund of joint board."

10 (5) No agreement made pursuant to this chapter relieves any
11 public agency of any obligation or responsibility imposed upon it by
12 law except that:

13 (a) To the extent of actual and timely performance thereof by a
14 joint board or other legal or administrative entity created by an
15 agreement made pursuant to this chapter, the performance may be
16 offered in satisfaction of the obligation or responsibility; and

17 (b) With respect to one or more public agencies purchasing or
18 otherwise contracting through a bid, proposal, or contract awarded by
19 another public agency or by a group of public agencies, any
20 obligation with respect to competitive bids or proposals that applies
21 to the public agencies involved is satisfied if the public agency or
22 group of public agencies that awarded the bid, proposal, or contract
23 complied with its own statutory requirements and either (i) posted
24 the bid or solicitation notice on a web site established and
25 maintained by a public agency, purchasing cooperative, or similar
26 service provider, for purposes of posting public notice of bid or
27 proposal solicitations, or (ii) provided an access link on the
28 state's web portal to the notice.

29 (6) (a) Any two or more public agencies may enter into a contract
30 providing for the joint utilization of architectural or engineering
31 services if:

32 (i) The agency contracting with the architectural or engineering
33 firm complies with the requirements for contracting for such services
34 under chapter 39.80 RCW; and

35 (ii) The services to be provided to the other agency or agencies
36 are related to, and within the general scope of, the services the
37 architectural or engineering firm was selected to perform.

38 (b) Any agreement providing for the joint utilization of
39 architectural or engineering services under this subsection must be
40 executed for a scope of work specifically detailed in the agreement

1 and must be entered into prior to commencement of procurement of such
2 services under chapter 39.80 RCW.

3 (7) Financing of joint projects by agreement shall be as provided
4 by law.

5 **Sec. 5217.** RCW 39.34.055 and 2011 1st sp.s. c 43 s 246 are each
6 amended to read as follows:

7 The department of enterprise services may enter into an agreement
8 with a public benefit nonprofit corporation to allow the public
9 benefit nonprofit corporation to participate in state contracts for
10 purchases administered by the department. Such agreement must comply
11 with the requirements of RCW 39.34.030 through 39.34.050. For the
12 purposes of this section "public benefit nonprofit corporation" means
13 a public benefit nonprofit corporation as defined in ((RCW
14 ~~24.03.005~~) section 1701 of this act that is receiving local, state,
15 or federal funds either directly or through a public agency other
16 than an Indian tribe or a political subdivision of another state.

17 **Sec. 5218.** RCW 41.04.382 and 1993 c 194 s 4 are each amended to
18 read as follows:

19 In order to qualify for services under RCW 41.04.380, state
20 employee child care organizations shall be organized as nonprofit
21 under chapter ((~~24.03~~ RCW)) 24.-- RCW (the new chapter created in
22 section 6101 of this act).

23 **Sec. 5219.** RCW 43.06.335 and 2004 c 245 s 1 are each amended to
24 read as follows:

25 (1) The Washington quality award council shall be organized as a
26 private, nonprofit corporation, in accordance with chapter ((~~24.03~~
27 ~~RCW~~) 24.-- RCW (the new chapter created in section 6101 of this act)
28 and this section.

29 (2) The council shall oversee the governor's Washington state
30 quality award program. The purpose of the program is to improve the
31 overall competitiveness of the state's economy by stimulating
32 Washington state industries, business, and organizations to bring
33 about measurable success through setting standards of organizational
34 excellence, encouraging organizational self-assessment, identifying
35 successful organizations as role models, and providing a valuable
36 mechanism for promoting and strengthening a commitment to continuous
37 quality improvement in all sectors of the state's economy. The

1 governor shall annually present the award to organizations that
2 improve the quality of their products and services and are noteworthy
3 examples of high-performing work organizations, as determined by the
4 council in consultation with the governor or appointed
5 representative.

6 (3) The governor shall appoint a representative to serve on the
7 board of directors of the council.

8 (4) The council shall establish a board of examiners, a
9 recognition committee, and such other committees or subgroups as it
10 deems appropriate to carry out its responsibilities.

11 (5) The council may conduct such public information, research,
12 education, and assistance programs as it deems appropriate to further
13 quality improvement in organizations operating in the state of
14 Washington.

15 (6) The council shall:

16 (a) Approve and announce award recipients;

17 (b) Approve guidelines to examine applicant organizations;

18 (c) Approve appointment of board of examiners; and

19 (d) Arrange appropriate annual awards and recognition for
20 recipients.

21 **Sec. 5220.** RCW 43.07.120 and 2019 c 132 s 3 are each amended to
22 read as follows:

23 (1) The secretary of state must establish by rule and collect the
24 fees in this subsection:

25 (a) For a copy of any law, resolution, record, or other document
26 or paper on file in the secretary's office;

27 (b) For any certificate under seal;

28 (c) For filing and recording trademark;

29 (d) For each deed or patent of land issued by the governor;

30 (e) For recording miscellaneous records, papers, or other
31 documents.

32 (2) The secretary of state may adopt rules under chapter 34.05
33 RCW establishing reasonable fees for the following services rendered
34 under chapter 23.95 RCW, Title 23B RCW, chapter 18.100, 19.09, 19.77,
35 23.86, 23.90, (~~24.03~~) 24.-- (the new chapter created in section
36 6101 of this act), 24.06, 24.12, 24.20, 24.24, 24.28, 24.36, 25.04,
37 25.15, 25.10, 25.05, or 26.60 RCW:

38 (a) Any service rendered in-person at the secretary of state's
39 office;

1 (b) Any expedited service;

2 (c) The electronic or facsimile transmittal of information from
3 corporation records or copies of documents;

4 (d) The providing of information by micrographic or other
5 reduced-format compilation;

6 (e) The handling of checks, drafts, or credit or debit cards upon
7 adoption of rules authorizing their use for which sufficient funds
8 are not on deposit; and

9 (f) Special search charges.

10 (3) To facilitate the collection of fees, the secretary of state
11 may establish accounts for deposits by persons who may frequently be
12 assessed such fees to pay the fees as they are assessed. The
13 secretary of state may make whatever arrangements with those persons
14 as may be necessary to carry out this section.

15 (4) The secretary of state may adopt rules for the use of credit
16 or debit cards for payment of fees.

17 (5) No member of the legislature, state officer, justice of the
18 supreme court, judge of the court of appeals, or judge of the
19 superior court may be charged for any search relative to matters
20 pertaining to the duties of his or her office; nor may such official
21 be charged for a certified copy of any law or resolution passed by
22 the legislature relative to his or her official duties, if such law
23 has not been published as a state law.

24 **Sec. 5221.** RCW 43.07.190 and 2016 c 202 s 62 are each amended to
25 read as follows:

26 Where the secretary of state determines that a summary face sheet
27 or cover sheet would expedite review of any documents made under
28 Title 23B RCW, or chapter 18.100, 23.86, 23.90, (~~24.03~~) 24.-- (the
29 new chapter created in section 6101 of this act), 24.06, 24.12,
30 24.20, 24.24, 24.36, 25.10, or 25.15 RCW, the secretary of state may
31 require the use of a summary face sheet or cover sheet that
32 accurately reflects the contents of the attached document. The
33 secretary of state may, by rule adopted under chapter 34.05 RCW,
34 specify the required contents of any summary face sheet and the type
35 of document or documents in which the summary face sheet will be
36 required, in addition to any other filing requirements which may be
37 applicable.

1 **Sec. 5222.** RCW 43.15.030 and 2020 c 114 s 18 are each amended to
2 read as follows:

3 (1) The Washington state leadership board is organized as a
4 private, nonprofit, nonpartisan corporation in accordance with
5 chapter ((24.03 RCW)) 24.-- RCW (the new chapter created in section
6 6101 of this act) and this section.

7 (2) The purpose of the Washington state leadership board is to:

8 (a) Provide the state a means of extending formal recognition for
9 an individual's outstanding services to the state;

10 (b) Bring together those individuals to serve the state as
11 ambassadors of trade, tourism, and international goodwill; and

12 (c) Expand educational, sports, leadership, and/or employment
13 opportunities for youth, veterans, and people with disabilities in
14 Washington state.

15 (3) The Washington state leadership board may conduct activities
16 in support of their mission.

17 (4) The Washington state leadership board is governed by a board
18 of directors. The board of directors is composed of the governor, the
19 lieutenant governor, and the secretary of state, who serve as ex
20 officio, nonvoting members, and other officers and members as the
21 Washington state leadership board designates. In addition, four
22 legislators may be appointed to the board of directors as ex officio
23 members in the following manner: One legislator from each of the two
24 largest caucuses of the senate, appointed by the president of the
25 senate, and one legislator from each of the two largest caucuses of
26 the house of representatives, appointed by the speaker of the house
27 of representatives.

28 (5) The board of directors shall adopt bylaws and establish
29 governance and transparency policies.

30 (6) The lieutenant governor's office may provide technical and
31 financial assistance for the Washington state leadership board, where
32 the work of the board aligns with the mission of the office.
33 Assistance from the lieutenant governor's office may include, but is
34 not limited to:

35 (a) Collaboration with the Washington state leadership board on
36 the Washington world fellows program, a college readiness and study
37 abroad fellowship administered by the office of the lieutenant
38 governor;

39 (b) Beginning January 1, 2019, collaboration with the Washington
40 state leadership board to administer the sports mentoring program as

1 established under RCW 43.15.100, a mentoring program to encourage
2 underserved youth to join sports or otherwise participate in the area
3 of sports. If approved by the board, boundless Washington, an outdoor
4 leadership program for young people with disabilities, shall satisfy
5 the terms of the sports mentoring program; and

6 (c) The compilation of a yearly financial report, which shall be
7 made available to the legislature no later than January 15th of each
8 year, detailing all revenues and expenditures associated with the
9 Washington world fellows program and the sports mentoring program.
10 Any expenditures made by the Washington state leadership board in
11 support of the Washington world fellows program and the sports
12 mentoring program shall be made available to the office of the
13 lieutenant governor for the purpose of inclusion in the annual
14 financial report.

15 (7) The legislature may make appropriations in support of the
16 Washington state leadership board subject to the availability of
17 funds.

18 (8) The office of the lieutenant governor must post on its web
19 site detailed information on all funds received by the Washington
20 state leadership board and all expenditures by the Washington state
21 leadership board.

22 **Sec. 5223.** RCW 43.105.020 and 2017 c 92 s 2 are each amended to
23 read as follows:

24 The definitions in this section apply throughout this chapter
25 unless the context clearly requires otherwise.

26 (1) "Agency" means the consolidated technology services agency.

27 (2) "Board" means the technology services board.

28 (3) "Customer agencies" means all entities that purchase or use
29 information technology resources, telecommunications, or services
30 from the consolidated technology services agency.

31 (4) "Director" means the state chief information officer, who is
32 the director of the consolidated technology services agency.

33 (5) "Enterprise architecture" means an ongoing activity for
34 translating business vision and strategy into effective enterprise
35 change. It is a continuous activity. Enterprise architecture creates,
36 communicates, and improves the key principles and models that
37 describe the enterprise's future state and enable its evolution.

38 (6) "Equipment" means the machines, devices, and transmission
39 facilities used in information processing, including but not limited

1 to computers, terminals, telephones, wireless communications system
2 facilities, cables, and any physical facility necessary for the
3 operation of such equipment.

4 (7) "Information" includes, but is not limited to, data, text,
5 voice, and video.

6 (8) "Information security" means the protection of communication
7 and information resources from unauthorized access, use, disclosure,
8 disruption, modification, or destruction in order to:

9 (a) Prevent improper information modification or destruction;

10 (b) Preserve authorized restrictions on information access and
11 disclosure;

12 (c) Ensure timely and reliable access to and use of information;
13 and

14 (d) Maintain the confidentiality, integrity, and availability of
15 information.

16 (9) "Information technology" includes, but is not limited to, all
17 electronic technology systems and services, automated information
18 handling, system design and analysis, conversion of data, computer
19 programming, information storage and retrieval, telecommunications,
20 requisite system controls, simulation, electronic commerce, radio
21 technologies, and all related interactions between people and
22 machines.

23 (10) "Information technology portfolio" or "portfolio" means a
24 strategic management process documenting relationships between agency
25 missions and information technology and telecommunications
26 investments.

27 (11) "K-20 network" means the network established in RCW
28 43.41.391.

29 (12) "Local governments" includes all municipal and quasi-
30 municipal corporations and political subdivisions, and all agencies
31 of such corporations and subdivisions authorized to contract
32 separately.

33 (13) "Office" means the office of the state chief information
34 officer within the consolidated technology services agency.

35 (14) "Oversight" means a process of comprehensive risk analysis
36 and management designed to ensure optimum use of information
37 technology resources and telecommunications.

38 (15) "Proprietary software" means that software offered for sale
39 or license.

1 (16) "Public agency" means any agency of this state or another
2 state; any political subdivision or unit of local government of this
3 state or another state including, but not limited to, municipal
4 corporations, quasi-municipal corporations, special purpose
5 districts, and local service districts; any public benefit nonprofit
6 corporation; any agency of the United States; and any Indian tribe
7 recognized as such by the federal government.

8 (17) "Public benefit nonprofit corporation" means a public
9 benefit nonprofit corporation as defined in (~~RCW 24.03.005~~) section
10 1701 of this act that is receiving local, state, or federal funds
11 either directly or through a public agency other than an Indian tribe
12 or political subdivision of another state.

13 (18) "Public record" has the definitions in RCW 42.56.010 and
14 chapter 40.14 RCW and includes legislative records and court records
15 that are available for public inspection.

16 (19) "Public safety" refers to any entity or services that ensure
17 the welfare and protection of the public.

18 (20) "Security incident" means an accidental or deliberative
19 event that results in or constitutes an imminent threat of the
20 unauthorized access, loss, disclosure, modification, disruption, or
21 destruction of communication and information resources.

22 (21) "State agency" means every state office, department,
23 division, bureau, board, commission, or other state agency, including
24 offices headed by a statewide elected official.

25 (22) "Telecommunications" includes, but is not limited to,
26 wireless or wired systems for transport of voice, video, and data
27 communications, network systems, requisite facilities, equipment,
28 system controls, simulation, electronic commerce, and all related
29 interactions between people and machines.

30 (23) "Utility-based infrastructure services" includes personal
31 computer and portable device support, servers and server
32 administration, security administration, network administration,
33 telephony, email, and other information technology services commonly
34 used by state agencies.

35 **Sec. 5224.** RCW 43.210.020 and 1998 c 109 s 1 are each amended to
36 read as follows:

37 A nonprofit corporation, to be known as the small business export
38 finance assistance center, and branches subject to its authority, may
39 be formed under chapter (~~24.03—RCW~~) 24.-- RCW (the new chapter

1 created in section 6101 of this act) for the following public
2 purposes:

3 (1) To assist small and medium-sized businesses in both urban and
4 rural areas in the financing of export transactions.

5 (2) To provide, singly or in conjunction with other
6 organizations, information and assistance to these businesses about
7 export opportunities and financing alternatives.

8 **Sec. 5225.** RCW 43.210.040 and 2010 c 166 s 1 are each amended to
9 read as follows:

10 (1) The small business export finance assistance center formed
11 under RCW 43.210.020 and 43.210.030 has the powers granted under
12 chapter (~~(24.03 RCW)~~) 24.-- RCW (the new chapter created in section
13 6101 of this act). In exercising such powers, the center may:

14 (a) Solicit and accept grants, contributions, and any other
15 financial assistance from the federal government, federal agencies,
16 and any other sources to carry out its purposes;

17 (b) Make loans or provide loan guarantees on loans made by
18 financial institutions to Washington businesses with annual sales of
19 two hundred million dollars or less for the purpose of financing
20 exports of goods or services by those businesses to buyers in foreign
21 countries and for the purpose of financing business growth to
22 accommodate increased export sales. Loans or loan guarantees made
23 under the authority of this section may only be considered upon a
24 financial institution's assurance that such loan or loan guarantee is
25 otherwise not available;

26 (c) Provide assistance to businesses with annual sales of two
27 hundred million dollars or less in obtaining loans and guarantees of
28 loans made by financial institutions for the purpose of financing
29 export of goods or services from the state of Washington;

30 (d) Provide export finance and risk mitigation counseling to
31 Washington exporters with annual sales of two hundred million dollars
32 or less, provided that such counseling is not practicably available
33 from a Washington for-profit business. For such counseling, the
34 center may charge reasonable fees as it determines are necessary;

35 (e) Provide assistance in obtaining export credit insurance or
36 alternate forms of foreign risk mitigation to facilitate the export
37 of goods and services from the state of Washington;

38 (f) Be available as a teaching resource to both public and
39 private sponsors of workshops and programs relating to the financing

1 and risk mitigation aspects of exporting products and services from
2 the state of Washington;

3 (g) Develop a comprehensive inventory of export-financing
4 resources, both public and private, including information on resource
5 applicability to specific countries and payment terms;

6 (h) Contract with the federal government and its agencies to
7 become a program administrator for federally provided loan guarantee
8 and export credit insurance programs; and

9 (i) Take whatever action may be necessary to accomplish the
10 purposes set forth in this chapter.

11 (2) The center may not use any Washington state funds or funds
12 which come from the public treasury of the state of Washington to
13 make loans or to make any payment under a loan guarantee agreement.
14 Under no circumstances may the center use any funds received under
15 RCW 43.210.050 to make or assist in making any loan or to pay or
16 assist in paying any amount under a loan guarantee agreement. Debts
17 of the center shall be center debts only and may be satisfied only
18 from the resources of the center. The state of Washington shall not
19 in any way be liable for such debts.

20 (3) The small business export finance assistance center shall
21 make every effort to seek nonstate funds for its continued operation.

22 (4) The small business export finance assistance center may
23 receive such gifts, grants, and endowments from public or private
24 sources as may be made from time to time, in trust or otherwise, for
25 the use and benefit of the purposes of the small business export
26 finance assistance center and expend the same or any income therefrom
27 according to the terms of the gifts, grants, or endowments.

28 **Sec. 5226.** RCW 43.330.135 and 2009 c 565 s 8 are each amended to
29 read as follows:

30 (1) The department of commerce shall distribute such funds as are
31 appropriated for the statewide technical support, development, and
32 enhancement of court-appointed special advocate programs.

33 (2) In order to receive money under subsection (1) of this
34 section, an organization providing statewide technical support,
35 development, and enhancement of court-appointed special advocate
36 programs must meet all of the following requirements:

37 (a) The organization must provide statewide support, development,
38 and enhancement of court-appointed special advocate programs that

1 offer guardian ad litem services as provided in RCW 26.12.175,
2 26.44.053, and 13.34.100;

3 (b) All guardians ad litem working under court-appointed special
4 advocate programs supported, developed, or enhanced by the
5 organization must be volunteers and may not receive payment for
6 services rendered pursuant to the program. The organization may
7 include paid positions that are exclusively administrative in nature,
8 in keeping with the scope and purpose of this section; and

9 (c) The organization providing statewide technical support,
10 development, and enhancement of court-appointed special advocate
11 programs must be a public benefit nonprofit corporation as defined in
12 (~~RCW 24.03.490~~) section 1701 of this act.

13 (3) If more than one organization is eligible to receive money
14 under this section, the department shall develop criteria for
15 allocation of appropriated money among the eligible organizations.

16 **Sec. 5227.** RCW 46.19.020 and 2017 c 151 s 1 are each amended to
17 read as follows:

18 (1) The following organizations may apply for special parking
19 privileges:

- 20 (a) Public transportation authorities;
- 21 (b) Nursing homes licensed under chapter 18.51 RCW;
- 22 (c) Assisted living facilities licensed under chapter 18.20 RCW;
- 23 (d) Senior citizen centers;
- 24 (e) Accessible van rental companies registered with the
25 department;

26 (f) Private nonprofit corporations (~~as defined in RCW~~
27 ~~24.03.005~~) organized under chapter 24.-- RCW (the new chapter
28 created in section 6101 of this act);

29 (g) Cabulance companies that regularly transport persons with
30 disabilities who have been determined eligible for special parking
31 privileges under this section and who are registered with the
32 department under chapter 46.72 RCW; and

33 (h) Companies that dispatch taxicab vehicles under chapter 81.72
34 RCW or vehicles for hire under chapter 46.72 RCW, for such vehicles
35 that are equipped with wheelchair accessible lifts or ramps for the
36 transport of persons with disabilities and that are regularly
37 dispatched and used in the transport of such persons. However,
38 qualifying vehicles under this subsection (1)(h) may utilize special
39 parking privileges only while in service. For the purposes of this

1 subsection (1)(h), "in service" means while in the process of picking
2 up, transporting, or discharging a passenger.

3 (2) An organization that qualifies for special parking privileges
4 may receive, upon application, special license plates or parking
5 placards, or both, for persons with disabilities as defined by the
6 department.

7 (3) An organization that qualifies for special parking privileges
8 under subsection (1) of this section and receives parking placards or
9 special license plates under subsection (2) of this section is
10 responsible for ensuring that the parking placards and special
11 license plates are not used improperly and is responsible for all
12 fines and penalties for improper use.

13 (4) The department shall adopt rules to determine organization
14 eligibility.

15 **Sec. 5228.** RCW 48.30.135 and 2015 c 272 s 4 are each amended to
16 read as follows:

17 (1) An insurance producer may sponsor events for, or make
18 contributions to a bona fide charitable or nonprofit organization, if
19 the sponsorship or contribution is not conditioned upon the
20 organization applying for or obtaining insurance through the
21 insurance producer.

22 (2) For purposes of this section, a bona fide charitable or
23 nonprofit organization is:

24 (a) Any nonprofit corporation duly existing under the provisions
25 of chapter (~~(24.03—RCW)~~) 24.-- RCW (the new chapter created in
26 section 6101 of this act) for charitable, benevolent, eleemosynary,
27 educational, civic, patriotic, political, social, fraternal,
28 cultural, athletic, scientific, agricultural, or horticultural
29 purposes;

30 (b) Any professional, commercial, industrial, or trade
31 association;

32 (c) Any organization duly existing under the provisions of
33 chapter 24.12, 24.20, or 24.28 RCW;

34 (d) Any agricultural fair authorized under the provisions of
35 chapter 15.76 or 36.37 RCW; or

36 (e) Any nonprofit organization, whether incorporated or
37 otherwise, when determined by the commissioner to be organized and
38 operated for one or more of the purposes described in (a) through (d)
39 of this subsection.

1 (3) RCW 48.30.140 and 48.30.150 do not apply to sponsorships or
2 charitable contributions that are provided or given in compliance
3 with subsection (1) of this section.

4 **Sec. 5229.** RCW 48.62.021 and 2015 c 109 s 2 are each reenacted
5 and amended to read as follows:

6 Unless the context clearly requires otherwise, the definitions in
7 this section apply throughout this chapter.

8 (1) "Health and welfare benefits" means a plan or program
9 established by a local government entity or entities for the purpose
10 of providing its employees and their dependents, and in the case of
11 school districts, its district employees, students, directors, or any
12 of their dependents, with health care, accident, disability, death,
13 and salary protection benefits.

14 (2) "Local government entity" or "entity" means every unit of
15 local government, both general purpose and special purpose, and
16 includes, but is not limited to, counties, cities, towns, port
17 districts, public utility districts, water-sewer districts, school
18 districts, fire protection districts, irrigation districts,
19 metropolitan municipal corporations, conservation districts, and
20 other political subdivisions, governmental subdivisions, municipal
21 corporations, quasi-municipal corporations, nonprofit corporations
22 comprised of only units of local government, or a group comprised of
23 local governments joined by an interlocal agreement authorized by
24 chapter 39.34 RCW.

25 (3) "Nonprofit corporation" or "corporation" has the same meaning
26 as defined in ((~~RCW 24.03.005(3)~~)) section 1102 of this act or a
27 similar statute with similar intent within the entity's state of
28 domicile.

29 (4) "Property and liability risks" includes the risk of property
30 damage or loss sustained by a local government entity and the risk of
31 claims arising from the tortious or negligent conduct or any error or
32 omission of the local government entity, its officers, employees,
33 agents, or volunteers as a result of which a claim may be made
34 against the local government entity.

35 (5) "Risk assumption" means a decision to absorb the entity's
36 financial exposure to a risk of loss without the creation of a formal
37 program of advance funding of anticipated losses.

38 (6) "Self-insurance" means a formal program of advance funding
39 and management of entity financial exposure to a risk of loss that is

1 not transferred through the purchase of an insurance policy or
2 contract.

3 (7) "State risk manager" means the risk manager of the office of
4 risk management within the department of enterprise services.

5 **Sec. 5230.** RCW 48.180.010 and 2015 c 109 s 6 are each amended to
6 read as follows:

7 The definitions in this section apply throughout this chapter
8 unless the context clearly requires otherwise.

9 (1) "Nonprofit corporation" or "corporation" has the same meaning
10 as defined in (~~RCW 24.03.005~~) section 1102 of this act.

11 (2) "Property and liability risks" includes the risk of property
12 damage or loss sustained by a nonprofit corporation and the risk of
13 claims arising from the tortious or negligent conduct or any error or
14 omission of the entity, its officers, employees, agents, or
15 volunteers as a result of a claim that may be made against the
16 entity.

17 (3) "Self-insurance" means a formal program of advance funding
18 and management of entity financial exposure to a risk of loss that is
19 not transferred through the purchase of an insurance policy or
20 contract.

21 (4) "State risk manager" means the risk manager of the office of
22 risk management within the department of enterprise services.

23 **Sec. 5231.** RCW 64.34.300 and 1992 c 220 s 14 are each amended to
24 read as follows:

25 A unit owners' association shall be organized no later than the
26 date the first unit in the condominium is conveyed. The membership of
27 the association at all times shall consist exclusively of all the
28 unit owners. Following termination of the condominium, the membership
29 of the association shall consist of all of the unit owners at the
30 time of termination entitled to distributions of proceeds under RCW
31 64.34.268 or their heirs, successors, or assigns. The association
32 shall be organized as a profit or nonprofit corporation. In case of
33 any conflict between Title 23B RCW, the business corporation act,
34 chapter (~~24.03 RCW~~) 24.-- RCW (the new chapter created in section
35 6101 of this act), the nonprofit corporation act, or chapter 24.06
36 RCW, the nonprofit miscellaneous and mutual corporations act, and
37 this chapter, this chapter shall control.

1 **Sec. 5232.** RCW 64.38.025 and 2019 c 238 s 222 are each amended
2 to read as follows:

3 (1) Except as provided in the association's governing documents
4 or this chapter, the board of directors shall act in all instances on
5 behalf of the association. In the performance of their duties, the
6 officers and members of the board of directors shall exercise the
7 degree of care and loyalty required of an officer or director of a
8 corporation organized under chapter (~~(24.03-RCW)~~) 24.-- RCW (the new
9 chapter created in section 6101 of this act).

10 (2) The board of directors shall not act on behalf of the
11 association to amend the articles of incorporation, to take any
12 action that requires the vote or approval of the owners, to terminate
13 the association, to elect members of the board of directors, or to
14 determine the qualifications, powers, and duties, or terms of office
15 of members of the board of directors; but the board of directors may
16 fill vacancies in its membership of the unexpired portion of any
17 term.

18 (3) Except as provided in RCW 64.90.080, 64.90.405(1) (b) and
19 (c), and 64.90.525, within thirty days after adoption by the board of
20 directors of any proposed regular or special budget of the
21 association, the board shall set a date for a meeting of the owners
22 to consider ratification of the budget not less than fourteen nor
23 more than sixty days after mailing of the summary. Unless at that
24 meeting the owners of a majority of the votes in the association are
25 allocated or any larger percentage specified in the governing
26 documents reject the budget, in person or by proxy, the budget is
27 ratified, whether or not a quorum is present. In the event the
28 proposed budget is rejected or the required notice is not given, the
29 periodic budget last ratified by the owners shall be continued until
30 such time as the owners ratify a subsequent budget proposed by the
31 board of directors.

32 (4) As part of the summary of the budget provided to all owners,
33 the board of directors shall disclose to the owners:

34 (a) The current amount of regular assessments budgeted for
35 contribution to the reserve account, the recommended contribution
36 rate from the reserve study, and the funding plan upon which the
37 recommended contribution rate is based;

38 (b) If additional regular or special assessments are scheduled to
39 be imposed, the date the assessments are due, the amount of the

1 assessments per each owner per month or year, and the purpose of the
2 assessments;

3 (c) Based upon the most recent reserve study and other
4 information, whether currently projected reserve account balances
5 will be sufficient at the end of each year to meet the association's
6 obligation for major maintenance, repair, or replacement of reserve
7 components during the next thirty years;

8 (d) If reserve account balances are not projected to be
9 sufficient, what additional assessments may be necessary to ensure
10 that sufficient reserve account funds will be available each year
11 during the next thirty years, the approximate dates assessments may
12 be due, and the amount of the assessments per owner per month or
13 year;

14 (e) The estimated amount recommended in the reserve account at
15 the end of the current fiscal year based on the most recent reserve
16 study, the projected reserve account cash balance at the end of the
17 current fiscal year, and the percent funded at the date of the latest
18 reserve study;

19 (f) The estimated amount recommended in the reserve account based
20 upon the most recent reserve study at the end of each of the next
21 five budget years, the projected reserve account cash balance in each
22 of those years, and the projected percent funded for each of those
23 years; and

24 (g) If the funding plan approved by the association is
25 implemented, the projected reserve account cash balance in each of
26 the next five budget years and the percent funded for each of those
27 years.

28 (5) The owners by a majority vote of the voting power in the
29 association present, in person or by proxy, and entitled to vote at
30 any meeting of the owners at which a quorum is present, may remove
31 any member of the board of directors with or without cause.

32 **Sec. 5233.** RCW 64.90.400 and 2018 c 277 s 301 are each amended
33 to read as follows:

34 (1) A unit owners association must be organized no later than the
35 date the first unit in the common interest community is conveyed to a
36 purchaser.

37 (2) The membership of the association at all times consists
38 exclusively of all unit owners or, following termination of the
39 common interest community, of all former unit owners entitled to

1 distributions of proceeds under RCW 64.90.290 or their heirs,
2 successors, or assigns.

3 (3) The association must have a board and be organized as a for-
4 profit or nonprofit corporation or limited liability company.

5 (4) In case of any conflict between Title 23B RCW or chapter
6 23.86, (~~(24.03)~~) 24.-- (the new chapter created in section 6101 of
7 this act), 24.06, or 25.15 RCW and this chapter, this chapter
8 controls.

9 **Sec. 5234.** RCW 66.24.495 and 1997 c 321 s 33 are each amended to
10 read as follows:

11 (1) There shall be a license to be designated as a nonprofit arts
12 organization license. This shall be a special license to be issued to
13 any nonprofit arts organization which sponsors and presents
14 productions or performances of an artistic or cultural nature in a
15 specific theater or other appropriate designated indoor premises
16 approved by the board. The license shall permit the licensee to sell
17 liquor to patrons of productions or performances for consumption on
18 the premises at these events. The fee for the license shall be two
19 hundred fifty dollars per annum.

20 (2) For the purposes of this section, the term "nonprofit arts
21 organization" means an organization which is organized and operated
22 for the purpose of providing artistic or cultural exhibitions,
23 presentations, or performances or cultural or art education programs,
24 as defined in subsection (3) of this section, for viewing or
25 attendance by the general public. The organization must be a not-for-
26 profit corporation under chapter (~~(24.03—RCW)~~) 24.-- RCW (the new
27 chapter created in section 6101 of this act) and managed by a
28 governing board of not less than eight individuals none of whom is a
29 paid employee of the organization or by a corporation sole under
30 chapter 24.12 RCW. In addition, the corporation must satisfy the
31 following conditions:

32 (a) No part of its income may be paid directly or indirectly to
33 its members, stockholders, officers, directors, or trustees except in
34 the form of services rendered by the corporation in accordance with
35 its purposes and bylaws;

36 (b) Salary or compensation paid to its officers and executives
37 must be only for actual services rendered, and at levels comparable
38 to the salary or compensation of like positions within the state;

1 (c) Assets of the corporation must be irrevocably dedicated to
2 the activities for which the license is granted and, on the
3 liquidation, dissolution, or abandonment by the corporation, may not
4 inure directly or indirectly to the benefit of any member or
5 individual except a nonprofit organization, association, or
6 corporation;

7 (d) The corporation must be duly licensed or certified when
8 licensing or certification is required by law or regulation;

9 (e) The proceeds derived from sales of liquor, except for
10 reasonable operating costs, must be used in furtherance of the
11 purposes of the organization;

12 (f) Services must be available regardless of race, color,
13 national origin, or ancestry; and

14 (g) The liquor (~~control~~) and cannabis board shall have access
15 to its books in order to determine whether the corporation is
16 entitled to a license.

17 (3) The term "artistic or cultural exhibitions, presentations, or
18 performances or cultural or art education programs" includes and is
19 limited to:

20 (a) An exhibition or presentation of works of art or objects of
21 cultural or historical significance, such as those commonly displayed
22 in art or history museums;

23 (b) A musical or dramatic performance or series of performances;
24 or

25 (c) An educational seminar or program, or series of such
26 programs, offered by the organization to the general public on an
27 artistic, cultural, or historical subject.

28 **Sec. 5235.** RCW 66.24.680 and 2014 c 78 s 1 are each amended to
29 read as follows:

30 (1) There shall be a license to be designated as a senior center
31 license. This shall be a license issued to a nonprofit organization
32 whose primary service is providing recreational and social activities
33 for seniors on the licensed premises. This license shall permit the
34 licensee to sell spirits by the individual glass, including mixed
35 drinks and cocktails mixed on the premises only, beer and wine, at
36 retail for consumption on the premises.

37 (2) To qualify for this license, the applicant entity must:

38 (a) Be a nonprofit organization under chapter (~~24.03 RCW~~) 24.--
39 RCW (the new chapter created in section 6101 of this act);

1 (b) Be open at times and durations established by the board; and

2 (c) Provide limited food service as defined by the board.

3 (3) All alcohol servers must have a valid mandatory alcohol
4 server training permit.

5 (4) The board shall adopt rules to implement this section.

6 (5) The annual fee for this license shall be seven hundred twenty
7 dollars.

8 **Sec. 5236.** RCW 68.20.020 and 1983 c 3 s 167 are each amended to
9 read as follows:

10 Any private corporation authorized by its articles so to do, may
11 establish, maintain, manage, improve, or operate a cemetery, and
12 conduct any or all of the businesses of a cemetery, either for or
13 without profit to its members or stockholders. A nonprofit cemetery
14 corporation may be organized in the manner provided in chapter
15 (~~(24.03 RCW)~~) 24.-- RCW (the new chapter created in section 6101 of
16 this act). A profit corporation may be organized in the manner
17 provided in the general corporation laws of the state of Washington.

18 **Sec. 5237.** RCW 70.45.070 and 1997 c 332 s 7 are each amended to
19 read as follows:

20 The department shall only approve an application if the parties
21 to the acquisition have taken the proper steps to safeguard the value
22 of charitable assets and ensure that any proceeds from the
23 acquisition are used for appropriate charitable health purposes. To
24 this end, the department may not approve an application unless, at a
25 minimum, it determines that:

26 (1) The acquisition is permitted under chapter (~~(24.03 RCW)~~)
27 24.-- RCW (the new chapter created in section 6101 of this act), the
28 Washington nonprofit corporation act, and other laws governing
29 nonprofit entities, trusts, or charities;

30 (2) The nonprofit corporation that owns the hospital being
31 acquired has exercised due diligence in authorizing the acquisition,
32 selecting the acquiring person, and negotiating the terms and
33 conditions of the acquisition;

34 (3) The procedures used by the nonprofit corporation's board of
35 trustees and officers in making its decision fulfilled their
36 fiduciary duties, that the board and officers were sufficiently
37 informed about the proposed acquisition and possible alternatives,
38 and that they used appropriate expert assistance;

1 (4) No conflict of interest exists related to the acquisition,
2 including, but not limited to, conflicts of interest related to board
3 members of, executives of, and experts retained by the nonprofit
4 corporation, acquiring person, or other parties to the acquisition;

5 (5) The nonprofit corporation will receive fair market value for
6 its assets. The attorney general or the department may employ, at the
7 expense of the acquiring person, reasonably necessary expert
8 assistance in making this determination. This expense must be in
9 addition to the fees charged under RCW 70.45.030;

10 (6) Charitable funds will not be placed at unreasonable risk, if
11 the acquisition is financed in part by the nonprofit corporation;

12 (7) Any management contract under the acquisition will be for
13 fair market value;

14 (8) The proceeds from the acquisition will be controlled as
15 charitable funds independently of the acquiring person or parties to
16 the acquisition, and will be used for charitable health purposes
17 consistent with the nonprofit corporation's original purpose,
18 including providing health care to the disadvantaged, the uninsured,
19 and the underinsured and providing benefits to promote improved
20 health in the affected community;

21 (9) Any charitable entity established to hold the proceeds of the
22 acquisition will be broadly based in and representative of the
23 community where the hospital to be acquired is located, taking into
24 consideration the structure and governance of such entity; and

25 (10) A right of first refusal to repurchase the assets by a
26 successor nonprofit corporation or foundation has been retained if
27 the hospital is subsequently sold to, acquired by, or merged with
28 another entity.

29 **Sec. 5238.** RCW 70.290.030 and 2013 c 144 s 48 are each amended
30 to read as follows:

31 (1) The association is comprised of all health carriers issuing
32 or renewing health benefit plans in Washington state and all third-
33 party administrators conducting business on behalf of residents of
34 Washington state or Washington health care providers and facilities.
35 Third-party administrators are subject to registration under RCW
36 70.290.075.

37 (2) The association is a nonprofit corporation under chapter
38 (~~24.03 RCW~~) 24.-- RCW (the new chapter created in section 6101 of
39 this act) and has the powers granted under that chapter.

1 (3) The board of directors includes the following voting members:

2 (a) Four members, selected from health carriers or third-party
3 administrators, excluding health maintenance organizations, that have
4 the most fully insured and self-funded covered lives in Washington
5 state. The count of total covered lives includes enrollment in all
6 companies included in their holding company system. Each health
7 carrier or third-party administrator is entitled to no more than a
8 single position on the board to represent all entities under common
9 ownership or control.

10 (b) One member selected from the health maintenance organization
11 having the most fully insured and self-insured covered lives in
12 Washington state. The count of total lives includes enrollment in all
13 companies included in its holding company system. Each health
14 maintenance organization is entitled to no more than a single
15 position on the board to represent all entities under common
16 ownership or control.

17 (c) One member, representing health carriers not otherwise
18 represented on the board under (a) or (b) of this subsection, who is
19 elected from among the health carrier members not designated under
20 (a) or (b) of this subsection.

21 (d) One member, representing Taft Hartley plans, appointed by the
22 secretary from a list of nominees submitted by the Northwest
23 administrators association.

24 (e) One member representing Washington state employers offering
25 self-funded health coverage, appointed by the secretary from a list
26 of nominees submitted by the Puget Sound health alliance.

27 (f) Two physician members appointed by the secretary, including
28 at least one board certified pediatrician.

29 (g) The secretary, or a designee of the secretary with expertise
30 in childhood immunization purchasing and distribution.

31 (4) The directors' terms and appointments must be specified in
32 the plan of operation adopted by the association.

33 (5) The board of directors of the association must:

34 (a) Prepare and adopt articles of association and bylaws;

35 (b) Prepare and adopt a plan of operation. The plan of operation
36 must include a dispute mechanism through which a carrier or third-
37 party administrator can challenge an assessment determination by the
38 board under RCW 70.290.040. The board must include a means to bring
39 unresolved disputes to an impartial decision maker as a component of
40 the dispute mechanism;

- 1 (c) Submit the plan of operation to the secretary for approval;
- 2 (d) Conduct all activities in accordance with the approved plan
3 of operation;
- 4 (e) Enter into contracts as necessary or proper to collect and
5 disburse the assessment;
- 6 (f) Enter into contracts as necessary or proper to administer the
7 plan of operation;
- 8 (g) Sue or be sued, including taking any legal action necessary
9 or proper for the recovery of any assessment for, on behalf of, or
10 against members of the association or other participating person;
- 11 (h) Appoint, from among its directors, committees as necessary to
12 provide technical assistance in the operation of the association,
13 including the hiring of independent consultants as necessary;
- 14 (i) Obtain such liability and other insurance coverage for the
15 benefit of the association, its directors, officers, employees, and
16 agents as may in the judgment of the board of directors be helpful or
17 necessary for the operation of the association;
- 18 (j) On an annual basis, beginning no later than November 1, 2010,
19 and by November 1st of each year thereafter, establish the estimated
20 amount of the assessment;
- 21 (k) Notify, in writing, each health carrier and third-party
22 administrator of the health carrier's or third-party administrator's
23 estimated total assessment by November 15th of each year;
- 24 (l) Submit a periodic report to the secretary listing those
25 health carriers or third-party administrators that failed to remit
26 their assessments and audit health carrier and third-party
27 administrator books and records for accuracy of assessment payment
28 submission;
- 29 (m) Allow each health carrier or third-party administrator no
30 more than ninety days after the notification required by (k) of this
31 subsection to remit any amounts in arrears or submit a payment plan,
32 subject to approval by the association and initial payment under an
33 approved payment plan;
- 34 (n) Deposit annual assessments collected by the association, less
35 the association's administrative costs, with the state treasurer to
36 the credit of the universal vaccine purchase account established in
37 RCW 43.70.720;
- 38 (o) Borrow and repay such working capital, reserve, or other
39 funds as, in the judgment of the board of directors, may be helpful
40 or necessary for the operation of the association; and

1 (p) Perform any other functions as may be necessary or proper to
2 carry out the plan of operation and to affect any or all of the
3 purposes for which the association is organized.

4 (6) The secretary must convene the initial meeting of the
5 association board of directors.

6 **Sec. 5239.** RCW 74.15.020 and 2020 c 331 s 10 and 2020 c 265 s 1
7 are each reenacted and amended to read as follows:

8 The definitions in this section apply throughout this chapter and
9 RCW 74.13.031 unless the context clearly requires otherwise.

10 (1) "Agency" means any person, firm, partnership, association,
11 corporation, or facility which receives children, expectant mothers,
12 or persons with developmental disabilities for control, care, or
13 maintenance outside their own homes, or which places, arranges the
14 placement of, or assists in the placement of children, expectant
15 mothers, or persons with developmental disabilities for foster care
16 or placement of children for adoption, and shall include the
17 following irrespective of whether there is compensation to the agency
18 or to the children, expectant mothers, or persons with developmental
19 disabilities for services rendered:

20 (a) "Child-placing agency" means an agency which places a child
21 or children for temporary care, continued care, or for adoption;

22 (b) "Community facility" means a group care facility operated for
23 the care of juveniles committed to the department under RCW
24 13.40.185. A county detention facility that houses juveniles
25 committed to the department under RCW 13.40.185 pursuant to a
26 contract with the department is not a community facility;

27 (c) "Crisis residential center" means an agency which is a
28 temporary protective residential facility operated to perform the
29 duties specified in chapter 13.32A RCW, in the manner provided in RCW
30 43.185C.295 through 43.185C.310;

31 (d) "Emergency respite center" is an agency that may be commonly
32 known as a crisis nursery, that provides emergency and crisis care
33 for up to seventy-two hours to children who have been admitted by
34 their parents or guardians to prevent abuse or neglect. Emergency
35 respite centers may operate for up to twenty-four hours a day, and
36 for up to seven days a week. Emergency respite centers may provide
37 care for children ages birth through seventeen, and for persons
38 eighteen through twenty with developmental disabilities who are
39 admitted with a sibling or siblings through age seventeen. Emergency

1 respite centers may not substitute for crisis residential centers or
2 HOPE centers, or any other services defined under this section, and
3 may not substitute for services which are required under chapter
4 13.32A or 13.34 RCW;

5 (e) "Foster family home" means an agency which regularly provides
6 care on a twenty-four hour basis to one or more children, expectant
7 mothers, or persons with developmental disabilities in the family
8 abode of the person or persons under whose direct care and
9 supervision the child, expectant mother, or person with a
10 developmental disability is placed;

11 (f) "Group-care facility" means an agency, other than a foster
12 family home, which is maintained and operated for the care of a group
13 of children on a twenty-four hour basis. "Group care facility"
14 includes but is not limited to:

15 (i) Qualified residential treatment programs as defined in RCW
16 13.34.030;

17 (ii) Facilities specializing in providing prenatal, postpartum,
18 or parenting supports for youth; and

19 (iii) Facilities providing high-quality residential care and
20 supportive services to children who are, or who are at risk of
21 becoming, victims of sex trafficking;

22 (g) "HOPE center" means an agency licensed by the secretary to
23 provide temporary residential placement and other services to street
24 youth. A street youth may remain in a HOPE center for thirty days
25 while services are arranged and permanent placement is coordinated.
26 No street youth may stay longer than thirty days unless approved by
27 the department and any additional days approved by the department
28 must be based on the unavailability of a long-term placement option.
29 A street youth whose parent wants him or her returned to home may
30 remain in a HOPE center until his or her parent arranges return of
31 the youth, not longer. All other street youth must have court
32 approval under chapter 13.34 or 13.32A RCW to remain in a HOPE center
33 up to thirty days;

34 (h) "Maternity service" means an agency which provides or
35 arranges for care or services to expectant mothers, before or during
36 confinement, or which provides care as needed to mothers and their
37 infants after confinement;

38 (i) "Resource and assessment center" means an agency that
39 provides short-term emergency and crisis care for a period up to
40 seventy-two hours, excluding Saturdays, Sundays, and holidays to

1 children who have been removed from their parent's or guardian's care
2 by child protective services or law enforcement;

3 (j) "Responsible living skills program" means an agency licensed
4 by the secretary that provides residential and transitional living
5 services to persons ages sixteen to eighteen who are dependent under
6 chapter 13.34 RCW and who have been unable to live in his or her
7 legally authorized residence and, as a result, the minor lived
8 outdoors or in another unsafe location not intended for occupancy by
9 the minor. Dependent minors ages fourteen and fifteen may be eligible
10 if no other placement alternative is available and the department
11 approves the placement;

12 (k) "Service provider" means the entity that operates a community
13 facility.

14 (2) "Agency" shall not include the following:

15 (a) Persons related to the child, expectant mother, or person
16 with developmental disability in the following ways:

17 (i) Any blood relative, including those of half-blood, and
18 including first cousins, second cousins, nephews or nieces, and
19 persons of preceding generations as denoted by prefixes of grand,
20 great, or great-great;

21 (ii) Stepfather, stepmother, stepbrother, and stepsister;

22 (iii) A person who legally adopts a child or the child's parent
23 as well as the natural and other legally adopted children of such
24 persons, and other relatives of the adoptive parents in accordance
25 with state law;

26 (iv) Spouses of any persons named in (a)(i), (ii), or (iii) of
27 this subsection (2), even after the marriage is terminated;

28 (v) Relatives, as named in (a)(i), (ii), (iii), or (iv) of this
29 subsection (2), of any half sibling of the child; or

30 (vi) Extended family members, as defined by the law or custom of
31 the Indian child's tribe or, in the absence of such law or custom, a
32 person who has reached the age of eighteen and who is the Indian
33 child's grandparent, aunt or uncle, brother or sister, brother-in-law
34 or sister-in-law, niece or nephew, first or second cousin, or
35 stepparent who provides care in the family abode on a twenty-four-
36 hour basis to an Indian child as defined in 25 U.S.C. Sec. 1903(4);

37 (b) Persons who are legal guardians of the child, expectant
38 mother, or persons with developmental disabilities;

39 (c) Persons who care for a neighbor's or friend's child or
40 children, with or without compensation, where the parent and person

1 providing care on a twenty-four-hour basis have agreed to the
2 placement in writing and the state is not providing any payment for
3 the care;

4 (d) A person, partnership, corporation, or other entity that
5 provides placement or similar services to exchange students or
6 international student exchange visitors or persons who have the care
7 of an exchange student in their home;

8 (e) A person, partnership, corporation, or other entity that
9 provides placement or similar services to international children who
10 have entered the country by obtaining visas that meet the criteria
11 for medical care as established by the United States citizenship and
12 immigration services, or persons who have the care of such an
13 international child in their home;

14 (f) Schools, including boarding schools, which are engaged
15 primarily in education, operate on a definite school year schedule,
16 follow a stated academic curriculum, accept only school-age children
17 and do not accept custody of children;

18 (g) Hospitals licensed pursuant to chapter 70.41 RCW when
19 performing functions defined in chapter 70.41 RCW, nursing homes
20 licensed under chapter 18.51 RCW and assisted living facilities
21 licensed under chapter 18.20 RCW;

22 (h) Licensed physicians or lawyers;

23 (i) Facilities approved and certified under chapter 71A.22 RCW;

24 (j) Any agency having been in operation in this state ten years
25 prior to June 8, 1967, and not seeking or accepting moneys or
26 assistance from any state or federal agency, and is supported in part
27 by an endowment or trust fund;

28 (k) Persons who have a child in their home for purposes of
29 adoption, if the child was placed in such home by a licensed child-
30 placing agency, an authorized public or tribal agency or court or if
31 a replacement report has been filed under chapter 26.33 RCW and the
32 placement has been approved by the court;

33 (l) An agency operated by any unit of local, state, or federal
34 government or an agency licensed by an Indian tribe pursuant to RCW
35 74.15.190;

36 (m) A maximum or medium security program for juvenile offenders
37 operated by or under contract with the department;

38 (n) An agency located on a federal military reservation, except
39 where the military authorities request that such agency be subject to
40 the licensing requirements of this chapter;

1 (o)(i) A host home program, and host home, operated by a tax
2 exempt organization for youth not in the care of or receiving
3 services from the department, if that program: (A) Recruits and
4 screens potential homes in the program, including performing
5 background checks on individuals over the age of eighteen residing in
6 the home through the Washington state patrol or equivalent law
7 enforcement agency and performing physical inspections of the home;
8 (B) screens and provides case management services to youth in the
9 program; (C) obtains a notarized permission slip or limited power of
10 attorney from the parent or legal guardian of the youth authorizing
11 the youth to participate in the program and the authorization is
12 updated every six months when a youth remains in a host home longer
13 than six months; (D) obtains insurance for the program through an
14 insurance provider authorized under Title 48 RCW; (E) provides
15 mandatory reporter and confidentiality training; and (F) registers
16 with the secretary of state (~~as provided in RCW 24.03.550~~) under
17 section 5104 of this act.

18 (ii) For purposes of this section, a "host home" is a private
19 home that volunteers to host youth in need of temporary placement
20 that is associated with a host home program.

21 (iii) For purposes of this section, a "host home program" is a
22 program that provides support to individual host homes and meets the
23 requirements of (o)(i) of this subsection.

24 (iv) Any host home program that receives local, state, or
25 government funding shall report the following information to the
26 office of homeless youth prevention and protection programs annually
27 by December 1st of each year: The number of children the program
28 served, why the child was placed with a host home, and where the
29 child went after leaving the host home, including but not limited to
30 returning to the parents, running away, reaching the age of majority,
31 or becoming a dependent of the state;

32 (p) Receiving centers as defined in RCW 7.68.380.

33 (3) "Department" means the department of children, youth, and
34 families.

35 (4) "Juvenile" means a person under the age of twenty-one who has
36 been sentenced to a term of confinement under the supervision of the
37 department under RCW 13.40.185.

38 (5) "Performance-based contracts" or "contracting" means the
39 structuring of all aspects of the procurement of services around the
40 purpose of the work to be performed and the desired results with the

1 contract requirements set forth in clear, specific, and objective
2 terms with measurable outcomes. Contracts may also include provisions
3 that link the performance of the contractor to the level and timing
4 of the reimbursement.

5 (6) "Probationary license" means a license issued as a
6 disciplinary measure to an agency that has previously been issued a
7 full license but is out of compliance with licensing standards.

8 (7) "Requirement" means any rule, regulation, or standard of care
9 to be maintained by an agency.

10 (8) "Secretary" means the secretary of the department.

11 (9) "Street youth" means a person under the age of eighteen who
12 lives outdoors or in another unsafe location not intended for
13 occupancy by the minor and who is not residing with his or her parent
14 or at his or her legally authorized residence.

15 (10) "Transitional living services" means at a minimum, to the
16 extent funds are available, the following:

17 (a) Educational services, including basic literacy and
18 computational skills training, either in local alternative or public
19 high schools or in a high school equivalency program that leads to
20 obtaining a high school equivalency degree;

21 (b) Assistance and counseling related to obtaining vocational
22 training or higher education, job readiness, job search assistance,
23 and placement programs;

24 (c) Counseling and instruction in life skills such as money
25 management, home management, consumer skills, parenting, health care,
26 access to community resources, and transportation and housing
27 options;

28 (d) Individual and group counseling; and

29 (e) Establishing networks with federal agencies and state and
30 local organizations such as the United States department of labor,
31 employment and training administration programs including the
32 workforce innovation and opportunity act which administers private
33 industry councils and the job corps; vocational rehabilitation; and
34 volunteer programs.

35 **Sec. 5240.** RCW 79A.30.030 and 2013 c 31 s 2 are each amended to
36 read as follows:

37 (1) A nonprofit corporation may be formed under the nonprofit
38 corporation provisions of chapter (~~(24.03 RCW)~~ 24.-- RCW (the new
39 chapter created in section 6101 of this act) to carry out the

1 purposes of this chapter. Except as provided in RCW 79A.30.040, the
2 corporation shall have all the powers and be subject to the same
3 restrictions as are permitted or prescribed to nonprofit corporations
4 and shall exercise those powers only for carrying out the purposes of
5 this chapter and those purposes necessarily implied therefrom. The
6 nonprofit corporation shall be known as the Washington state horse
7 park authority. The articles of incorporation shall provide that it
8 is the responsibility of the authority to develop, promote, operate,
9 manage, and maintain the Washington state horse park. The articles of
10 incorporation shall provide for appointment of directors and other
11 conduct of business consistent with the requirements of this chapter.

12 (2) (a) The articles of incorporation shall provide for an
13 eleven-member board of directors for the authority, all appointed by
14 the commission. Board members shall serve three-year terms, except
15 that two of the original appointees shall serve one-year terms, and
16 two of the original appointees shall serve two-year terms. Of the
17 board members appointed pursuant to chapter 31, Laws of 2013, one
18 shall serve an initial one-year term, one shall serve an initial two-
19 year term, and two shall serve an initial term of three years. A
20 board member may serve consecutive terms.

21 (b) The articles of incorporation shall provide that the
22 commission appoint board members as follows:

23 (i) One board member shall represent the interests of the
24 commission;

25 (ii) One board member shall represent the interests of the county
26 in which the park is located. In making this appointment, the
27 commission shall solicit recommendations from the county legislative
28 authority; and

29 (iii) Nine board members shall represent the geographic and
30 sports discipline diversity of equestrian interests in the state, and
31 at least three of these members shall have business experience
32 relevant to the organization of horse shows or operation of a horse
33 show facility. In making these appointments, the commission shall
34 solicit recommendations from a variety of active horse-related
35 organizations in the state.

36 (3) The articles of incorporation shall include a policy that
37 provides for the preferential use of a specific area of the horse
38 park facilities at nominal cost for horse groups associated with
39 youth groups and individuals with disabilities.

1 (4) The commission shall make appointments to fill board
2 vacancies for positions authorized under subsection (2) of this
3 section, upon additional solicitation of recommendations from the
4 board of directors.

5 (5) The board of directors shall perform their duties in the best
6 interests of the authority, consistent with the standards applicable
7 to directors of nonprofit corporations under ((RCW 24.03.127))
8 section 2402 of this act.

9 **Sec. 5241.** RCW 79A.30.040 and 1995 c 200 s 5 are each amended to
10 read as follows:

11 To meet its responsibility for developing, promoting, operating,
12 managing, and maintaining the state horse park, the authority is
13 empowered to do the following:

14 (1) Exercise the general powers authorized for any nonprofit
15 corporation as specified in ((RCW 24.03.035)) section 1403 of this
16 act. All debts of the authority shall be in the name of the authority
17 and shall not be debts of the state of Washington for which the state
18 or any state agency shall have any obligation to pay; and the
19 authority may not issue bonds. Neither the full faith and credit of
20 the state nor the state's taxing power is pledged for any
21 indebtedness of the authority;

22 (2) Employ and discharge at its discretion employees, agents,
23 advisors, and other personnel;

24 (3) Apply for or solicit, accept, administer, and dispose of
25 grants, gifts, and bequests of money, services, securities, real
26 estate, or other property. However, if the authority accepts a
27 donation designated for a specific purpose, the authority shall use
28 the donation for the designated purpose;

29 (4) Establish, revise, collect, manage, and expend such fees and
30 charges at the state horse park as the authority deems necessary to
31 accomplish its responsibilities;

32 (5) Make such expenditures as are appropriate for paying the
33 administrative costs and expenses of the authority and the state
34 horse park;

35 (6) Authorize use of the state horse park facilities by the
36 general public and by and for compatible nonequestrian events as the
37 authority deems reasonable, so long as the primacy of the center for
38 horse-related purposes is not compromised;

39 (7) Insure its obligations and potential liability;

1 (8) Enter into cooperative agreements with and provide for
2 private nonprofit groups to use the state horse park facilities and
3 property to raise money to contribute gifts, grants, and support to
4 the authority for the purposes of this chapter;

5 (9) Grant concessions or leases at the state horse park upon such
6 terms and conditions as the authority deems appropriate, but in no
7 event shall the term of a concession or lease exceed twenty-five
8 years. Concessions and leases shall be consistent with the purposes
9 of this chapter and may be renegotiated at least every five years;
10 and

11 (10) Generally undertake any and all lawful acts necessary or
12 appropriate to carry out the purposes for which the authority and the
13 state horse park are created.

14 **Sec. 5242.** RCW 79A.35.130 and 2011 c 56 s 1 are each amended to
15 read as follows:

16 Participants in conservation corps programs offered by a
17 nonprofit organization affiliated with a national service
18 organization established under the authority of the national and
19 community service trust act of 1993, P.L. 103-82, are exempt from
20 provisions related to rates of compensation while performing
21 environmental and trail maintenance work provided:

22 (1) The nonprofit organization must be registered as a nonprofit
23 corporation pursuant to chapter ((24.03—RCW)) 24.-- RCW (the new
24 chapter created in section 6101 of this act);

25 (2) The nonprofit organization's management and administrative
26 headquarters must be located in Washington;

27 (3) Participants in the program spend at least fifteen percent of
28 their time in the program on education and training activities; and

29 (4) Participants in the program receive a stipend or living
30 allowance as authorized by federal or state law.

31 Participants are exempt from provisions related to rates of
32 compensation only for environmental and trail maintenance work
33 conducted pursuant to the conservation corps program.

34 **Sec. 5243.** RCW 79A.70.030 and 2014 c 86 s 8 are each amended to
35 read as follows:

36 (1) By September 1, 2000, the commission shall file articles of
37 incorporation in accordance with the Washington nonprofit corporation
38 act, chapter ((24.03—RCW)) 24.-- RCW (the new chapter created in

1 section 6101 of this act), to establish the Washington state parks
2 foundation. The foundation shall not be an agency, instrumentality,
3 or political subdivision of the state and shall not disburse public
4 funds.

5 (2) The foundation shall have a board of directors consisting of
6 up to fifteen members, whose terms, method of appointment, and
7 authority must be in accordance with the Washington nonprofit
8 corporation act, chapter ((24.03-RCW)) 24.-- RCW (the new chapter
9 created in section 6101 of this act).

10 **Sec. 5244.** RCW 82.04.4251 and 2006 c 310 s 1 are each amended to
11 read as follows:

12 This chapter does not apply to amounts received by a nonprofit
13 corporation organized under chapter ((24.03-RCW)) 24.-- RCW (the new
14 chapter created in section 6101 of this act) as payments or
15 contributions from the state or any county, city, town, municipal
16 corporation, quasi-municipal corporation, federally recognized Indian
17 tribe, port district, or public corporation for the promotion of
18 conventions and tourism.

19 **Sec. 5245.** RCW 82.04.4264 and 2012 c 10 s 71 are each amended to
20 read as follows:

21 (1) This chapter does not apply to amounts received by a
22 nonprofit assisted living facility licensed under chapter 18.20 RCW
23 for providing room and domiciliary care to residents of the assisted
24 living facility.

25 (2) As used in this section:

26 (a) "Domiciliary care" has the meaning provided in RCW 18.20.020.

27 (b) "Nonprofit assisted living facility" means an assisted living
28 facility that is operated as a religious or charitable organization,
29 is exempt from federal income tax under 26 U.S.C. Sec. 501(c)(3), is
30 incorporated under chapter ((24.03-RCW)) 24.-- RCW (the new chapter
31 created in section 6101 of this act), is operated as part of a
32 nonprofit hospital, or is operated as part of a public hospital
33 district.

34 **Sec. 5246.** RCW 82.04.431 and 2011 1st sp.s. c 19 s 3 are each
35 amended to read as follows:

36 (1) The term "health or social welfare organization" means an
37 organization, including any community action council, which renders

1 health or social welfare services as defined in subsection (2) of
2 this section, which is a domestic or foreign (~~(not-for-profit)~~)
3 nonprofit corporation under chapter (~~(24.03-RCW)~~) 24.-- RCW (the new
4 chapter created in section 6101 of this act) and which is managed by
5 a governing board of not less than eight individuals none of whom is
6 a paid employee of the organization or which is a corporation sole
7 under chapter 24.12 RCW. Health or social welfare organization does
8 not include a corporation providing professional services as
9 authorized in chapter 18.100 RCW. In addition a corporation in order
10 to be exempt under RCW 82.04.4297 must satisfy the following
11 conditions:

12 (a) No part of its income may be paid directly or indirectly to
13 its members, stockholders, officers, directors, or trustees except in
14 the form of services rendered by the corporation in accordance with
15 its purposes and bylaws;

16 (b) Salary or compensation paid to its officers and executives
17 must be only for actual services rendered, and at levels comparable
18 to the salary or compensation of like positions within the public
19 service of 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 where
27 licensing or certification is required by law or regulation;

28 (e) The amounts received qualifying 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 within the intent of RCW 82.04.4297 and this section.

35 (2) The term "health or social welfare services" includes and is
36 limited to:

37 (a) Mental health, drug, or alcoholism counseling or treatment;

38 (b) Family counseling;

39 (c) Health care services;

1 (d) Therapeutic, diagnostic, rehabilitative, or restorative
2 services for the care of the sick, aged, or physically,
3 developmentally, or emotionally-disabled individuals;

4 (e) Activities which are for the purpose of preventing or
5 ameliorating juvenile delinquency or child abuse, including
6 recreational activities for those purposes;

7 (f) Care of orphans or foster children;

8 (g) Day care of children;

9 (h) Employment development, training, and placement;

10 (i) Legal services to the indigent;

11 (j) Weatherization assistance or minor home repair for low-income
12 homeowners or renters;

13 (k) Assistance to low-income homeowners and renters to offset the
14 cost of home heating energy, through direct benefits to eligible
15 households or to fuel vendors on behalf of eligible households;

16 (l) Community services to low-income individuals, families, and
17 groups, which are designed to have a measurable and potentially major
18 impact on causes of poverty in communities of the state; and

19 (m) Temporary medical housing, as defined in RCW 82.08.997, if
20 the housing is provided only:

21 (i) While the patient is receiving medical treatment at a
22 hospital required to be licensed under RCW 70.41.090 or at an
23 outpatient clinic associated with such hospital, including any period
24 of recuperation or observation immediately following such medical
25 treatment; and

26 (ii) By a person that does not furnish lodging or related
27 services to the general public.

28 **Sec. 5247.** RCW 82.04.4328 and 2020 c 139 s 9 are each amended to
29 read as follows:

30 (1) For the purposes of RCW 82.04.4327, 82.08.031, and 82.12.031,
31 the term "artistic or cultural organization" means an organization
32 that is organized and operated exclusively for the purpose of
33 providing artistic or cultural exhibitions, presentations, or
34 performances or cultural or art education programs, as defined in
35 subsection (2) of this section, for viewing or attendance by the
36 general public. The organization must be a (~~not-for-profit~~)
37 nonprofit corporation under chapter (~~24.03-RCW~~) 24.-- RCW (the new
38 chapter created in section 6101 of this act) and managed by a
39 governing board of not less than eight individuals none of whom is a

1 paid employee of the organization or by a corporation sole under
2 chapter 24.12 RCW. In addition, to qualify for deduction or exemption
3 from taxation under RCW 82.04.4327, 82.08.031, and 82.12.031, the
4 corporation must satisfy the following conditions:

5 (a) No part of its income may be paid directly or indirectly to
6 its members, stockholders, officers, directors, or trustees except in
7 the form of services rendered by the corporation in accordance with
8 its purposes and bylaws;

9 (b) Salary or compensation paid to its officers and executives
10 must be only for actual services rendered, and at levels comparable
11 to the salary or compensation of like positions within the state;

12 (c) Assets of the corporation must be irrevocably dedicated to
13 the activities for which the exemption is granted and, on the
14 liquidation, dissolution, or abandonment by the corporation, may not
15 inure directly or indirectly to the benefit of any member or
16 individual except a nonprofit organization, association, or
17 corporation which also would be entitled to the exemption;

18 (d) The corporation must be duly licensed or certified when
19 licensing or certification is required by law or regulation;

20 (e) The amounts received that qualify for exemption must be used
21 for the activities for which the exemption is granted;

22 (f) Services must be available regardless of race, color,
23 national origin, or ancestry; and

24 (g) The director of revenue must have access to its books in
25 order to determine whether the corporation is exempt from taxes.

26 (2) The term "artistic or cultural exhibitions, presentations, or
27 performances or cultural or art education programs" includes and is
28 limited to:

29 (a) An exhibition or presentation of works of art or objects of
30 cultural or historical significance, such as those commonly displayed
31 in art or history museums;

32 (b) A musical or dramatic performance or series of performances;
33 or

34 (c) An educational seminar or program, or series of such
35 programs, offered by the organization to the general public on an
36 artistic, cultural, or historical subject.

37 **Sec. 5248.** RCW 82.08.0203 and 2008 c 260 s 1 are each amended to
38 read as follows:

1 The tax levied by RCW 82.08.020 does not apply to sales of trail
2 grooming services to the state of Washington or nonprofit
3 corporations organized under chapter (~~(24.03 RCW)~~) 24.-- RCW (the new
4 chapter created in section 6101 of this act). For the purposes of
5 this section, "trail grooming" means the activity of snow compacting,
6 snow redistribution, or snow removal on state-owned or privately
7 owned trails.

8 **Sec. 5249.** RCW 82.08.0293 and 2019 c 8 s 401 are each amended to
9 read as follows:

10 (1) The tax levied by RCW 82.08.020 does not apply to sales of
11 food and food ingredients. "Food and food ingredients" means
12 substances, whether in liquid, concentrated, solid, frozen, dried, or
13 dehydrated form, that are sold for ingestion or chewing by humans and
14 are consumed for their taste or nutritional value. "Food and food
15 ingredients" does not include:

16 (a) "Alcoholic beverages," which means beverages that are
17 suitable for human consumption and contain one-half of one percent or
18 more of alcohol by volume;

19 (b) "Tobacco," which means cigarettes, cigars, chewing or pipe
20 tobacco, or any other item that contains tobacco; and

21 (c) Marijuana, useable marijuana, or marijuana-infused products.

22 (2) The exemption of "food and food ingredients" provided for in
23 subsection (1) of this section does not apply to prepared food, soft
24 drinks, bottled water, or dietary supplements. The definitions in
25 this subsection apply throughout this section unless the context
26 clearly requires otherwise.

27 (a) "Bottled water" means water that is placed in a safety sealed
28 container or package for human consumption. Bottled water is calorie
29 free and does not contain sweeteners or other additives except that
30 it may contain: (i) Antimicrobial agents; (ii) fluoride; (iii)
31 carbonation; (iv) vitamins, minerals, and electrolytes; (v) oxygen;
32 (vi) preservatives; and (vii) only those flavors, extracts, or
33 essences derived from a spice or fruit. "Bottled water" includes
34 water that is delivered to the buyer in a reusable container that is
35 not sold with the water.

36 (b) "Dietary supplement" means any product, other than tobacco,
37 intended to supplement the diet that:

38 (i) Contains one or more of the following dietary ingredients:

39 (A) A vitamin;

1 (B) A mineral;
2 (C) An herb or other botanical;
3 (D) An amino acid;
4 (E) A dietary substance for use by humans to supplement the diet
5 by increasing the total dietary intake; or
6 (F) A concentrate, metabolite, constituent, extract, or
7 combination of any ingredient described in this subsection;
8 (ii) Is intended for ingestion in tablet, capsule, powder,
9 softgel, gelcap, or liquid form, or if not intended for ingestion in
10 such form, is not represented as conventional food and is not
11 represented for use as a sole item of a meal or of the diet; and
12 (iii) Is required to be labeled as a dietary supplement,
13 identifiable by the "supplement facts" box found on the label as
14 required pursuant to 21 C.F.R. Sec. 101.36, as amended or renumbered
15 as of January 1, 2003.
16 (c) (i) "Prepared food" means:
17 (A) Food sold in a heated state or heated by the seller;
18 (B) Food sold with eating utensils provided by the seller,
19 including plates, knives, forks, spoons, glasses, cups, napkins, or
20 straws. A plate does not include a container or packaging used to
21 transport the food; or
22 (C) Two or more food ingredients mixed or combined by the seller
23 for sale as a single item, except:
24 (I) Food that is only cut, repackaged, or pasteurized by the
25 seller; or
26 (II) Raw eggs, fish, meat, poultry, and foods containing these
27 raw animal foods requiring cooking by the consumer as recommended by
28 the federal food and drug administration in chapter 3, part 401.11 of
29 The Food Code, published by the food and drug administration, as
30 amended or renumbered as of January 1, 2003, so as to prevent
31 foodborne illness.
32 (ii) Food is "sold with eating utensils provided by the seller"
33 if:
34 (A) The seller's customary practice for that item is to
35 physically deliver or hand a utensil to the customer with the food or
36 food ingredient as part of the sales transaction. If the food or food
37 ingredient is prepackaged with a utensil, the seller is considered to
38 have physically delivered a utensil to the customer unless the food
39 and utensil are prepackaged together by a food manufacturer

1 classified under sector 311 of the North American industry
2 classification system (NAICS);

3 (B) A plate, glass, cup, or bowl is necessary to receive the food
4 or food ingredient, and the seller makes those utensils available to
5 its customers; or

6 (C)(I) The seller makes utensils available to its customers, and
7 the seller has more than seventy-five percent prepared food sales.
8 For purposes of this subsection (2)(c)(ii)(C), a seller has more than
9 seventy-five percent prepared food sales if the seller's gross retail
10 sales of prepared food under (c)(i)(A), (c)(i)(C), and (c)(ii)(B) of
11 this subsection equal more than seventy-five percent of the seller's
12 gross retail sales of all food and food ingredients, including
13 prepared food, soft drinks, and dietary supplements.

14 (II) However, even if a seller has more than seventy-five percent
15 prepared food sales, four servings or more of food or food
16 ingredients packaged for sale as a single item and sold for a single
17 price are not "sold with utensils provided by the seller" unless the
18 seller's customary practice for the package is to physically hand or
19 otherwise deliver a utensil to the customer as part of the sales
20 transaction. Whenever available, the number of servings included in a
21 package of food or food ingredients must be determined based on the
22 manufacturer's product label. If no label is available, the seller
23 must reasonably determine the number of servings.

24 (III) The seller must determine a single prepared food sales
25 percentage annually for all the seller's establishments in the state
26 based on the prior year of sales. The seller may elect to determine
27 its prepared food sales percentage based either on the prior calendar
28 year or on the prior fiscal year. A seller may not change its elected
29 method for determining its prepared food percentage without the
30 written consent of the department. The seller must determine its
31 annual prepared food sales percentage as soon as possible after
32 accounting records are available, but in no event later than ninety
33 days after the beginning of the seller's calendar or fiscal year. A
34 seller may make a good faith estimate of its first annual prepared
35 food sales percentage if the seller's records for the prior year are
36 not sufficient to allow the seller to calculate the prepared food
37 sales percentage. The seller must adjust its good faith estimate
38 prospectively if its relative sales of prepared foods in the first
39 ninety days of operation materially depart from the seller's
40 estimate.

1 (iii) "Prepared food" does not include the following items, if
2 sold without eating utensils provided by the seller:

3 (A) Food sold by a seller whose proper primary NAICS
4 classification is manufacturing in sector 311, except subsector 3118
5 (bakeries), as provided in the "North American industry
6 classification system—United States, 2002";

7 (B) Food sold in an unheated state by weight or volume as a
8 single item; or

9 (C) Bakery items. The term "bakery items" includes bread, rolls,
10 buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes,
11 tortes, pies, tarts, muffins, bars, cookies, or tortillas.

12 (d) "Soft drinks" means nonalcoholic beverages that contain
13 natural or artificial sweeteners. Soft drinks do not include
14 beverages that contain: Milk or milk products; soy, rice, or similar
15 milk substitutes; or greater than fifty percent of vegetable or fruit
16 juice by volume.

17 (3) Notwithstanding anything in this section to the contrary, the
18 exemption of "food and food ingredients" provided in this section
19 applies to food and food ingredients that are furnished, prepared, or
20 served as meals:

21 (a) Under a state administered nutrition program for the aged as
22 provided for in the older Americans act (P.L. 95-478 Title III) and
23 RCW 74.38.040(6);

24 (b) That are provided to senior citizens, individuals with
25 disabilities, or low-income persons by a (~~(not-for-profit)~~) nonprofit
26 organization organized under chapter (~~(24.03)~~) 24.-- (the new chapter
27 created in section 6101 of this act) or 24.12 RCW; or

28 (c) That are provided to residents, sixty-two years of age or
29 older, of a qualified low-income senior housing facility by the
30 lessor or operator of the facility. The sale of a meal that is billed
31 to both spouses of a marital community or both domestic partners of a
32 domestic partnership meets the age requirement in this subsection
33 (3)(c) if at least one of the spouses or domestic partners is at
34 least sixty-two years of age. For purposes of this subsection,
35 "qualified low-income senior housing facility" means a facility:

36 (i) That meets the definition of a qualified low-income housing
37 project under 26 U.S.C. Sec. 42 of the federal internal revenue code,
38 as existing on August 1, 2009;

39 (ii) That has been partially funded under 42 U.S.C. Sec. 1485;
40 and

1 (iii) For which the lessor or operator has at any time been
2 entitled to claim a federal income tax credit under 26 U.S.C. Sec. 42
3 of the federal internal revenue code.

4 (4) (a) Subsection (1) of this section notwithstanding, the retail
5 sale of food and food ingredients is subject to sales tax under RCW
6 82.08.020 if the food and food ingredients are sold through a vending
7 machine. Except as provided in (b) of this subsection, the selling
8 price of food and food ingredients sold through a vending machine for
9 purposes of RCW 82.08.020 is fifty-seven percent of the gross
10 receipts.

11 (b) For soft drinks, bottled water, and hot prepared food and
12 food ingredients, other than food and food ingredients which are
13 heated after they have been dispensed from the vending machine, the
14 selling price is the total gross receipts of such sales divided by
15 the sum of one plus the sales tax rate expressed as a decimal.

16 (c) For tax collected under this subsection (4), the requirements
17 that the tax be collected from the buyer and that the amount of tax
18 be stated as a separate item are waived.

19 **Sec. 5250.** RCW 82.12.0293 and 2017 3rd sp.s. c 28 s 102 are each
20 amended to read as follows:

21 (1) The provisions of this chapter do not apply in respect to the
22 use of food and food ingredients for human consumption. "Food and
23 food ingredients" has the same meaning as in RCW 82.08.0293.

24 (2) The exemption of "food and food ingredients" provided for in
25 subsection (1) of this section does not apply to prepared food, soft
26 drinks, bottled water, or dietary supplements. "Prepared food," "soft
27 drinks," "bottled water," and "dietary supplements" have the same
28 meanings as in RCW 82.08.0293.

29 (3) Notwithstanding anything in this section to the contrary, the
30 exemption of "food and food ingredients" provided in this section
31 applies to food and food ingredients which are furnished, prepared,
32 or served as meals:

33 (a) Under a state administered nutrition program for the aged as
34 provided for in the older Americans act (P.L. 95-478 Title III) and
35 RCW 74.38.040(6);

36 (b) Which are provided to senior citizens, individuals with
37 disabilities, or low-income persons by a (~~not-for-profit~~) nonprofit
38 organization organized under chapter (~~(24.03)~~) 24.-- (the new chapter
39 created in section 6101 of this act) or 24.12 RCW; or

1 (c) That are provided to residents, sixty-two years of age or
2 older, of a qualified low-income senior housing facility by the
3 lessor or operator of the facility. The sale of a meal that is billed
4 to both spouses of a marital community or both domestic partners of a
5 domestic partnership meets the age requirement in this subsection
6 (3)(c) if at least one of the spouses or domestic partners is at
7 least sixty-two years of age. For purposes of this subsection,
8 "qualified low-income senior housing facility" has the same meaning
9 as in RCW 82.08.0293.

10 **Sec. 5251.** RCW 88.46.065 and 1994 sp.s. c 9 s 853 are each
11 amended to read as follows:

12 A nonprofit corporation established for the sole purpose of
13 providing contingency plan coverage for any vessel in compliance with
14 RCW 88.46.060 is entitled to liability protection as provided in this
15 section. Obligations incurred by the corporation and any other
16 liabilities or claims against the corporation may be enforced only
17 against the assets of the corporation, and no liability for the debts
18 or actions of the corporation exists against a director, officer,
19 member, employee, incident commander, agent, contractor, or
20 subcontractor of the corporation in his or her individual or
21 representative capacity. Except as otherwise provided in this
22 chapter, neither the directors, officers, members, employees,
23 incident (~~commander[s]~~) commanders, or agents of the corporation,
24 nor the business entities by whom they are regularly employed may be
25 held individually responsible for discretionary decisions, errors in
26 judgment, mistakes, or other acts, either of commission or omission,
27 that are directly related to the operation or implementation of
28 contingency plans, other than for acts of gross negligence or willful
29 or wanton misconduct. The corporation may insure and defend and
30 indemnify the directors, officers, members, employees, incident
31 commanders, and agents to the extent permitted by chapters 23B.08 and
32 (~~24.03~~) 24.-- (the new chapter created in section 6101 of this act)
33 RCW. This section does not alter or limit the responsibility or
34 liability of any person for the operation of a motor vehicle.

35 **Sec. 5252.** RCW 89.08.405 and 2015 c 88 s 1 are each amended to
36 read as follows:

37 (1) Any county legislative authority may approve by resolution
38 revenues to a conservation district by fixing rates and charges. The

1 county legislative authority may provide for this system of rates and
2 charges as an alternative to, but not in addition to, a special
3 assessment provided by RCW 89.08.400. In fixing rates and charges,
4 the county legislative authority may in its discretion consider the
5 information proposed to the county legislative authority by a
6 conservation district consistent with this section.

7 (2) A conservation district, in proposing a system of rates and
8 charges, may consider:

9 (a) Services furnished, to be furnished, or available to the
10 landowner;

11 (b) Benefits received, to be received, or available to the
12 property;

13 (c) The character and use of land;

14 (d) The ((~~nonprofit~~)) public benefit nonprofit corporation
15 status, as defined in ((~~RCW 24.03.490~~)) section 1701 of this act, of
16 the land user;

17 (e) The income level of persons served or provided benefits under
18 this chapter, including senior citizens and disabled persons; or

19 (f) Any other matters that present a reasonable difference as a
20 ground for distinction, including the natural resource needs within
21 the district and the capacity of the district to provide either
22 services or improvements, or both.

23 (3) (a) The system of rates and charges may include an annual per
24 acre amount, an annual per parcel amount, or an annual per parcel
25 amount plus an annual per acre amount. If included in the system of
26 rates and charges, the maximum annual per acre rate or charge shall
27 not exceed ten cents per acre. The maximum annual per parcel rate
28 shall not exceed five dollars, except that for counties with a
29 population of over four hundred eighty thousand persons, the maximum
30 annual per parcel rate shall not exceed ten dollars, and for counties
31 with a population of over one million five hundred thousand persons,
32 the maximum annual per parcel rate shall not exceed fifteen dollars.

33 (b) Public land, including lands owned or held by the state,
34 shall be subject to rates and charges to the same extent as privately
35 owned lands. The procedures provided in chapter 79.44 RCW shall be
36 followed if lands owned or held by the state are subject to the rates
37 and charges of a conservation district.

38 (c) Forestlands used solely for the planting, growing, or
39 harvesting of trees may be subject to rates and charges if such lands
40 are served by the activities of the conservation district. However,

1 if the system of rates and charges includes an annual per acre amount
2 or an annual per parcel amount plus an annual per acre amount, the
3 per acre rate or charge on such forestlands shall not exceed
4 one-tenth of the weighted average per acre rate or charge on all
5 other lands within the conservation district that are subject to
6 rates and charges. The calculation of the weighted average per acre
7 shall be a ratio calculated as follows: (i) The numerator shall be
8 the total amount of money estimated to be derived from the per acre
9 special rates and charges on the nonforestlands in the conservation
10 district; and (ii) the denominator shall be the total number of
11 nonforestland acres in the conservation district that are served by
12 the activities of the conservation district and that are subject to
13 the rates or charges of the conservation district. No more than ten
14 thousand acres of such forestlands that is both owned by the same
15 person or entity and is located in the same conservation district may
16 be subject to the rates and charges that are imposed for that
17 conservation district in any year. Per parcel charges shall not be
18 imposed on forestland parcels. However, in lieu of a per parcel
19 charge, a charge of up to three dollars per forestland owner may be
20 imposed on each owner of forestlands whose forestlands are subject to
21 a per acre rate or charge.

22 (4) The consideration, development, adoption, and implementation
23 of a system of rates and charges shall follow the same public notice
24 and hearing process and be subject to the same procedure and
25 authority of RCW 89.08.400(2).

26 (5)(a) Following the adoption of a system of rates and charges,
27 the conservation district board of supervisors shall establish by
28 resolution a process providing for landowner appeals of the
29 individual rates and charges as applicable to a parcel or parcels.

30 (b) Any appeal must be filed by the landowner with the
31 conservation district no later than twenty-one days after the date
32 property taxes are due. The decision of the board of supervisors
33 regarding any appeal shall be final and conclusive.

34 (c) Any appeal of the decision of the board shall be to the
35 superior court of the county in which the district is located, and
36 served and filed within twenty-one days of the date of the board's
37 written decision.

38 (6) A conservation district shall prepare a roll that implements
39 the system of rates and charges approved by the county legislative
40 authority. The rates and charges from the roll shall be spread by the

1 county assessor as a separate item on the tax rolls and shall be
2 collected and accounted for with property taxes by the county
3 treasurer. The amount of the rates and charges shall constitute a
4 lien against the land that shall be subject to the same conditions as
5 a tax lien, and collected by the treasurer in the same manner as
6 delinquent real property taxes, and subject to the same interest and
7 penalty as for delinquent property taxes. The county treasurer shall
8 deduct an amount from the collected rates and charges, as established
9 by the county legislative authority, to cover the costs incurred by
10 the county assessor and county treasurer in spreading and collecting
11 the rates and charges, but not to exceed the actual costs of such
12 work. All remaining funds collected under this section shall be
13 transferred to the conservation district and used by the conservation
14 district in accordance with this section.

15 (7) The rates and charges for a conservation district shall not
16 be spread on the tax rolls and shall not be allocated with property
17 tax collections in the following year if, after the system of rates
18 and charges has been approved by the county legislative authority but
19 before the fifteenth day of December in that year, a petition has
20 been filed with the county legislative authority objecting to the
21 imposition of such rates and charges, which petition has been signed
22 by at least twenty percent of the owners of land that would be
23 subject to the rate or charge to be imposed for a conservation
24 district.

25 **ARTICLE 3**
26 **REPEALER**

27 NEW SECTION. **Sec. 5301.** The following acts or parts of acts are
28 each repealed:

29 (1) RCW 24.03.005 (Definitions) and 2020 c 57 s 80, 2015 c 176 s
30 3101, 2004 c 265 s 1, 2002 c 74 s 4, 1989 c 291 s 3, 1986 c 240 s 1,
31 1982 c 35 s 72, & 1967 c 235 s 2;

32 (2) RCW 24.03.009 (Notice by electronic transmission—Consent
33 required—When effective) and 2004 c 265 s 4;

34 (3) RCW 24.03.010 (Applicability) and 1971 ex.s. c 53 s 1 & 1967
35 c 235 s 3;

36 (4) RCW 24.03.015 (Purposes) and 1986 c 240 s 2, 1983 c 106 s 22,
37 & 1967 c 235 s 4;

1 (5) RCW 24.03.017 (Corporation may elect to have chapter apply to
2 it—Procedure) and 2015 c 176 s 3102, 2004 c 265 s 5, 1982 c 35 s 73,
3 & 1971 ex.s. c 53 s 2;

4 (6) RCW 24.03.020 (Incorporators) and 2004 c 265 s 6, 1986 c 240
5 s 3, 1982 c 35 s 74, & 1967 c 235 s 5;

6 (7) RCW 24.03.025 (Articles of incorporation) and 1987 c 212 s
7 703, 1982 c 35 s 75, & 1967 c 235 s 6;

8 (8) RCW 24.03.027 (Filing false statements—Penalty);

9 (9) RCW 24.03.030 (Limitations) and 1986 c 240 s 4 & 1967 c 235 s
10 7;

11 (10) RCW 24.03.035 (General powers) and 1991 c 72 s 42, 1986 c
12 240 s 5, & 1967 c 235 s 8;

13 (11) RCW 24.03.040 (Defense of ultra vires) and 1967 c 235 s 9;

14 (12) RCW 24.03.043 (Indemnification of agents of any corporation
15 authorized);

16 (13) RCW 24.03.045 (Corporate name) and 2015 c 176 s 3103, 2004 c
17 265 s 7, 1998 c 102 s 3, 1994 c 211 s 1305, 1989 c 291 s 10, 1987 c
18 55 s 39, 1986 c 240 s 6, 1982 c 35 s 76, & 1967 c 235 s 10;

19 (14) RCW 24.03.046 (Reservation of exclusive right to use a
20 corporate name) and 2015 c 176 s 3104, 1993 c 356 s 1, & 1982 c 35 s
21 77;

22 (15) RCW 24.03.047 (Registration of corporate name) and 2015 c
23 176 s 3105, 1994 c 211 s 1306, 1993 c 356 s 2, 1987 c 55 s 40, 1986 c
24 240 s 7, & 1982 c 35 s 78;

25 (16) RCW 24.03.048 (Renewal of registration of corporate name)
26 and 2015 c 176 s 3106, 1986 c 240 s 8, & 1982 c 35 s 79;

27 (17) RCW 24.03.050 (Registered agent) and 2015 c 176 s 3107, 2009
28 c 202 s 1, 2004 c 265 s 8, 1986 c 240 s 9, 1982 c 35 s 80, 1969 ex.s.
29 c 163 s 1, & 1967 c 235 s 11;

30 (18) RCW 24.03.055 (Change of registered agent) and 2015 c 176 s
31 3108, 2004 c 265 s 9, 1993 c 356 s 3, 1986 c 240 s 10, 1982 c 35 s
32 81, & 1967 c 235 s 12;

33 (19) RCW 24.03.060 (Service of process on corporation) and 2015 c
34 176 s 3109, 1986 c 240 s 11, 1982 c 35 s 82, & 1967 c 235 s 13;

35 (20) RCW 24.03.065 (Members—Member committees) and 2004 c 98 s 1,
36 1986 c 240 s 12, & 1967 c 235 s 14;

37 (21) RCW 24.03.070 (Bylaws) and 1991 c 72 s 43, 1986 c 240 s 13,
38 & 1967 c 235 s 15;

1 (22) RCW 24.03.075 (Meetings of members and committees of
2 members) and 2004 c 98 s 2, 1986 c 240 s 14, & 1967 c 235 s 16;
3 (23) RCW 24.03.080 (Notice of members' meetings) and 2004 c 265 s
4 10, 1969 ex.s. c 115 s 1, & 1967 c 235 s 17;
5 (24) RCW 24.03.085 (Voting) and 2004 c 265 s 11, 1969 ex.s. c 115
6 s 2, & 1967 c 235 s 18;
7 (25) RCW 24.03.090 (Quorum) and 1967 c 235 s 19;
8 (26) RCW 24.03.095 (Board of directors) and 1967 c 235 s 20;
9 (27) RCW 24.03.100 (Number and election or appointment of
10 directors) and 1986 c 240 s 15 & 1967 c 235 s 21;
11 (28) RCW 24.03.103 (Removal of directors) and 1986 c 240 s 16;
12 (29) RCW 24.03.1031 (Judicial removal of directors) and 1999 c 32
13 s 1;
14 (30) RCW 24.03.105 (Vacancies) and 2011 c 336 s 655, 1986 c 240 s
15 17, & 1967 c 235 s 22;
16 (31) RCW 24.03.110 (Quorum of directors) and 1986 c 240 s 18 &
17 1967 c 235 s 23;
18 (32) RCW 24.03.113 (Assent presumed—Procedures for dissent or
19 abstention) and 2004 c 265 s 12 & 1986 c 240 s 19;
20 (33) RCW 24.03.115 (Committees) and 2011 c 336 s 656, 1986 c 240
21 s 20, & 1967 c 235 s 24;
22 (34) RCW 24.03.120 (Place and notice of directors' meetings) and
23 2004 c 265 s 13, 1986 c 240 s 21, & 1967 c 235 s 25;
24 (35) RCW 24.03.125 (Officers) and 1986 c 240 s 22 & 1967 c 235 s
25 26;
26 (36) RCW 24.03.127 (Duties of a director) and 1986 c 240 s 23;
27 (37) RCW 24.03.130 (Removal of officers) and 1967 c 235 s 27;
28 (38) RCW 24.03.135 (Required documents in the form of a record—
29 Inspection—Copying) and 2004 c 265 s 14, 1986 c 240 s 24, & 1967 c
30 235 s 28;
31 (39) RCW 24.03.140 (Loans to directors and officers prohibited)
32 and 1967 c 235 s 29;
33 (40) RCW 24.03.145 (Filing of articles of incorporation) and 2015
34 c 176 s 3110, 2002 c 74 s 7, 1982 c 35 s 83, & 1967 c 235 s 30;
35 (41) RCW 24.03.150 (Effect of filing the articles of
36 incorporation) and 1986 c 240 s 25, 1982 c 35 s 84, & 1967 c 235 s
37 31;
38 (42) RCW 24.03.155 (Organization meetings) and 2004 c 265 s 15,
39 1986 c 240 s 26, & 1967 c 235 s 32;

1 (43) RCW 24.03.160 (Right to amend articles of incorporation) and
2 1967 c 235 s 33;

3 (44) RCW 24.03.165 (Procedure to amend articles of incorporation)
4 and 2004 c 265 s 16, 1986 c 240 s 27, & 1967 c 235 s 34;

5 (45) RCW 24.03.170 (Articles of amendment) and 2004 c 265 s 17,
6 1982 c 35 s 85, & 1967 c 235 s 35;

7 (46) RCW 24.03.175 (Filing of articles of amendment) and 2015 c
8 176 s 3111, 2002 c 74 s 8, 1982 c 35 s 86, & 1967 c 235 s 36;

9 (47) RCW 24.03.180 (Effect of filing of articles of amendment)
10 and 2015 c 176 s 3112, 1986 c 240 s 28, 1982 c 35 s 87, & 1967 c 235
11 s 37;

12 (48) RCW 24.03.183 (Restated articles of incorporation) and 2015
13 c 176 s 3113, 2004 c 265 s 18, 2002 c 74 s 9, 1986 c 240 s 29, & 1982
14 c 35 s 88;

15 (49) RCW 24.03.185 (Procedure for merger) and 1986 c 240 s 30 &
16 1967 c 235 s 38;

17 (50) RCW 24.03.190 (Procedure for consolidation) and 1986 c 240 s
18 31 & 1967 c 235 s 39;

19 (51) RCW 24.03.195 (Approval of merger or consolidation) and 2004
20 c 265 s 19, 1986 c 240 s 32, & 1967 c 235 s 40;

21 (52) RCW 24.03.200 (Articles of merger or consolidation) and 2015
22 c 176 s 3114, 2004 c 265 s 20, 2002 c 74 s 10, 1986 c 240 s 33, 1982
23 c 35 s 89, & 1967 c 235 s 41;

24 (53) RCW 24.03.205 (Merger or consolidation—When effective) and
25 2015 c 176 s 3115, 1986 c 240 s 34, 1982 c 35 s 90, & 1967 c 235 s
26 42;

27 (54) RCW 24.03.207 (Merger or consolidation of domestic and
28 foreign corporation) and 2015 c 176 s 3116, 2004 c 265 s 21, 1986 c
29 240 s 35, & 1982 c 35 s 91;

30 (55) RCW 24.03.210 (Effect of merger or consolidation) and 1967 c
31 235 s 43;

32 (56) RCW 24.03.215 (Sale, lease, exchange, or other disposition
33 of assets not in the ordinary course of business) and 2004 c 265 s
34 22, 1986 c 240 s 36, & 1967 c 235 s 44;

35 (57) RCW 24.03.217 (Sale, lease, exchange, or disposition of
36 assets in course of business—Mortgage and pledge of assets) and 1986
37 c 240 s 37;

38 (58) RCW 24.03.220 (Voluntary dissolution) and 2004 c 265 s 23,
39 1986 c 240 s 38, 1982 c 35 s 92, & 1967 c 235 s 45;

40 (59) RCW 24.03.225 (Distribution of assets) and 1967 c 235 s 46;

1 (60) RCW 24.03.230 (Plan of distribution) and 2011 c 336 s 657,
2 2004 c 265 s 24, 1969 ex.s. c 115 s 3, & 1967 c 235 s 47;
3 (61) RCW 24.03.235 (Revocation of voluntary dissolution
4 proceedings) and 2004 c 265 s 25 & 1967 c 235 s 48;
5 (62) RCW 24.03.240 (Articles of dissolution) and 2004 c 265 s 26,
6 1993 c 356 s 4, 1982 c 35 s 93, & 1967 c 235 s 49;
7 (63) RCW 24.03.245 (Filing of articles of dissolution) and 2015 c
8 176 s 3117, 2002 c 74 s 11, 1982 c 35 s 94, & 1967 c 235 s 50;
9 (64) RCW 24.03.250 (Involuntary dissolution) and 1969 ex.s. c 163
10 s 2 & 1967 c 235 s 51;
11 (65) RCW 24.03.255 (Notification to attorney general) and 1982 c
12 35 s 95, 1969 ex.s. c 163 s 3, & 1967 c 235 s 52;
13 (66) RCW 24.03.260 (Venue and process) and 1967 c 235 s 53;
14 (67) RCW 24.03.266 (Dissolution of a nonprofit corporation—
15 Superior courts) and 2010 c 212 s 1;
16 (68) RCW 24.03.271 (Dissolution of a nonprofit corporation—Venue
17 —Proceedings—Court's authority—Distribution of assets) and 2010 c
18 212 s 2;
19 (69) RCW 24.03.276 (Dissolution of a nonprofit corporation—
20 Decree) and 2010 c 212 s 3;
21 (70) RCW 24.03.295 (Filing of decree of dissolution) and 1986 c
22 240 s 40 & 1967 c 235 s 60;
23 (71) RCW 24.03.300 (Survival of remedy after dissolution—
24 Extension of duration of corporation) and 2015 c 176 s 3118, 1986 c
25 240 s 41, 1982 c 35 s 96, & 1967 c 235 s 61;
26 (72) RCW 24.03.302 (Administrative dissolution—Reinstatement—
27 Survival of actions) and 2015 c 176 s 3119, 1994 c 287 s 8, 1993 c
28 356 s 5, 1987 c 117 s 3, 1986 c 240 s 42, 1982 c 35 s 97, 1971 ex.s.
29 c 128 s 1, & 1969 ex.s. c 163 s 9;
30 (73) RCW 24.03.305 (Registration of foreign corporation—Authority
31 to conduct affairs) and 2015 c 176 s 3120, 1993 c 181 s 12, 1986 c
32 240 s 43, & 1967 c 235 s 62;
33 (74) RCW 24.03.310 (Powers of foreign corporation—Effect of
34 registration—Governing law) and 2015 c 176 s 3121 & 1967 c 235 s 63;
35 (75) RCW 24.03.315 (Corporate name of foreign corporation—
36 Fictitious name) and 2015 c 176 s 3122, 1982 c 35 s 98, & 1967 c 235
37 s 64;
38 (76) RCW 24.03.325 (Foreign registration statement) and 2015 c
39 176 s 3123, 2002 c 74 s 12, 1986 c 240 s 45, & 1967 c 235 s 66;

1 (77) RCW 24.03.332 (Certificate of authority as insurance company
2 —Filing of records) and 2004 c 265 s 28 & 1998 c 23 s 12;
3 (78) RCW 24.03.334 (Certificate of authority as insurance company
4 —Registration or reservation of name) and 1998 c 23 s 13;
5 (79) RCW 24.03.335 (Effect of foreign registration statement—
6 Right of state to terminate registration) and 2015 c 176 s 3124, 1982
7 c 35 s 100, & 1967 c 235 s 68;
8 (80) RCW 24.03.340 (Registered agent of foreign corporation) and
9 2015 c 176 s 3125, 2004 c 265 s 29, 1982 c 35 s 101, & 1967 c 235 s
10 69;
11 (81) RCW 24.03.345 (Change of registered agent of foreign
12 corporation) and 2015 c 176 s 3126, 2004 c 265 s 30, 1993 c 356 s 6,
13 1986 c 240 s 47, 1982 c 35 s 102, & 1967 c 235 s 70;
14 (82) RCW 24.03.350 (Service on foreign corporation) and 2015 c
15 176 s 3127, 2011 c 336 s 658, 1986 c 240 s 48, 1982 c 35 s 103, &
16 1967 c 235 s 71;
17 (83) RCW 24.03.360 (Merger of foreign corporation authorized to
18 conduct affairs in this state) and 1986 c 240 s 49 & 1967 c 235 s 73;
19 (84) RCW 24.03.365 (Amended foreign registration statement) and
20 2015 c 176 s 3128, 2004 c 265 s 31, & 1967 c 235 s 74;
21 (85) RCW 24.03.370 (Withdrawal of foreign corporation) and 2015 c
22 176 s 3129, 1993 c 356 s 7, 1982 c 35 s 104, & 1967 c 235 s 75;
23 (86) RCW 24.03.380 (Termination of registration) and 2015 c 176 s
24 3130, 2004 c 265 s 32, 1986 c 240 s 50, 1982 c 35 s 106, & 1967 c 235
25 s 77;
26 (87) RCW 24.03.390 (Conducting affairs without registering) and
27 2015 c 176 s 3131, 1986 c 240 s 52, & 1967 c 235 s 79;
28 (88) RCW 24.03.395 (Annual report of domestic and foreign
29 corporations) and 2015 c 176 s 3132, 1993 c 356 s 10, 1989 c 291 s 2,
30 1987 c 117 s 4, 1986 c 240 s 53, 1982 c 35 s 108, & 1967 c 235 s 80;
31 (89) RCW 24.03.405 (Applicable fees, charges, and penalties) and
32 2015 c 176 s 3133, 2010 1st sp.s. c 29 s 3, 1993 c 269 s 5, 1991 c
33 223 s 1, 1987 c 117 s 5, 1986 c 240 s 55, 1982 c 35 s 110, 1981 c 230
34 s 5, 1969 ex.s. c 163 s 5, & 1967 c 235 s 82;
35 (90) RCW 24.03.417 (Fees for services by secretary of state);
36 (91) RCW 24.03.420 (Penalties imposed upon corporation) and 1969
37 ex.s. c 163 s 7 & 1967 c 235 s 85;
38 (92) RCW 24.03.425 (Penalties imposed upon directors and
39 officers) and 2015 c 176 s 3134, 2004 c 265 s 34, & 1967 c 235 s 86.

1 (93) RCW 24.03.430 (Interrogatories by secretary of state) and
2 2004 c 265 s 35, 1982 c 35 s 112, & 1967 c 235 s 87;
3 (94) RCW 24.03.435 (Confidential nature of information disclosed
4 by interrogatories) and 1982 c 35 s 113 & 1967 c 235 s 88;
5 (95) RCW 24.03.440 (Power and authority of secretary of state)
6 and 1982 c 35 s 114 & 1967 c 235 s 89;
7 (96) RCW 24.03.445 (Duty of secretary of state to file—Review of
8 refusal to file) and 2015 c 176 s 3135, 2004 c 265 s 36, 1986 c 240 s
9 56, 1982 c 35 s 115, & 1967 c 235 s 90;
10 (97) RCW 24.03.455 (Greater voting requirements) and 1967 c 235 s
11 92;
12 (98) RCW 24.03.460 (Waiver of notice) and 2004 c 265 s 38 & 1967
13 c 235 s 93;
14 (99) RCW 24.03.465 (Action by members or directors without a
15 meeting) and 2004 c 265 s 39 & 1967 c 235 s 94;
16 (100) RCW 24.03.470 (Unauthorized assumption of corporate powers)
17 and 1967 c 235 s 95;
18 (101) RCW 24.03.480 (Postsecondary education loans—Interest
19 rates) and 1989 c 166 s 1;
20 (102) RCW 24.03.490 (Public benefit nonprofit corporation
21 designation established) and 1989 c 291 s 4;
22 (103) RCW 24.03.500 (Public benefit nonprofit corporations—
23 Temporary designation) and 1989 c 291 s 5;
24 (104) RCW 24.03.510 (Public benefit nonprofit corporations—
25 Application) and 1989 c 291 s 6;
26 (105) RCW 24.03.520 (Public benefit nonprofit corporations—
27 Renewal) and 1989 c 291 s 7;
28 (106) RCW 24.03.530 (Public benefit nonprofit corporations—Fees)
29 and 1989 c 291 s 8;
30 (107) RCW 24.03.540 (Public benefit nonprofit corporations—
31 Removal of status) and 1989 c 291 s 9;
32 (108) RCW 24.03.550 (Host home programs—Registration) and 2016 c
33 166 s 3;
34 (109) RCW 24.03.900 (Short title) and 1967 c 235 s 1;
35 (110) RCW 24.03.905 (Savings—1967 c 235) and 1967 c 235 s 96;
36 (111) RCW 24.03.915 (Notice to existing corporations) and 1982 c
37 35 s 117, 1969 ex.s. c 163 s 8, & 1967 c 235 s 98;
38 (112) RCW 24.03.920 (Repealer—Exception) and 1967 c 235 s 100;
39 and

1 (113) RCW 24.03.925 (Effective date—1967 c 235) and 1967 c 235 s
2 99.

3 **PART VI**
4 **IMPLEMENTATION**

5 NEW SECTION. **Sec. 6101.** CODIFICATION. Sections 1101 through
6 4203 of this act constitute a new chapter in Title 24 RCW.

7 NEW SECTION. **Sec. 6102.** SEVERABILITY. If any provision of this
8 act or its application to any person or circumstance is held invalid,
9 the remainder of the act or the application of the provision to other
10 persons or circumstances is not affected.

11 NEW SECTION. **Sec. 6103.** EFFECTIVE DATE. Except for section 5204
12 of this act, this act takes effect January 1, 2022.

13 NEW SECTION. **Sec. 6104.** EFFECTIVE DATE. Section 5204 of this
14 act takes effect July 1, 2022.

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