

# SENATE BILL REPORT

## HB 1048

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As Reported By Senate Committee On:  
Law & Justice, March 30, 1995

**Title:** An act relating to the uniform unincorporated nonprofit association act.

**Brief Description:** Adopting the uniform unincorporated nonprofit association act.

**Sponsors:** Representatives Sheahan and Appelwick.

**Brief History:**

**Committee Activity:** Law & Justice: 3/20/95, 3/30/95 [DP].

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### SENATE COMMITTEE ON LAW & JUSTICE

**Majority Report:** Do pass.

Signed by Senators Smith, Chair; C. Anderson, Vice Chair; Haugen, Johnson, Long, McCaslin, Quigley, Roach and Schow.

**Staff:** Cynthia Runger (786-7717)

**Background:** Many churches, sororities, fraternities, social clubs, neighborhood associations, and charitable organizations operate as unincorporated associations governed by their own rules and procedures. The laws governing the status of nonprofit associations and the rights and liabilities of members is sparse. There is ambiguity as to whether or not these associations are legal entities capable of suing, being sued, or engaging in property transactions. Further, ambiguities exist as to the rights and liabilities of members relating to contract and tort claims against the association.

**Summary of Bill:** A nonprofit association is defined as an unincorporated organization consisting of members joined by mutual consent for a common, nonprofit purpose. A nonprofit association may engage in property transactions and may be a legatee, devisee, or beneficiary of a trust or covenant.

A nonprofit association is a legal entity separate from its members for purposes of determining rights, liabilities, and duties in contract and tort. Members and persons authorized to participate in the management of the nonprofit association are not liable for either a breach of contract or for a tortious act or omission for which the nonprofit association is liable merely because of their affiliation with the association.

A member, or a person considered to be a member, may assert a claim against the nonprofit association and may be sued by the nonprofit association. A nonprofit association may institute, defend, intervene or participate in judicial, administrative, or alternative dispute resolution proceedings. A nonprofit association may assert a claim on behalf of any member who has standing if the interests in the claim are germane to the association's purposes, and the relief requested does not require the member's participation.

If a nonprofit association is inactive for three years, personal property of the association may be transferred to a person specified in an association document, or if no person is specified, to a nonprofit association or nonprofit corporation pursuing similar purposes, or to a government, governmental subdivision, agency, or instrumentality.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** Nonprofit associations, such as neighborhood associations, charitable organizations, and recreational groups are valuable community groups, but uncertainty as to the legal status of these associations and the liabilities of members may inhibit participation. This bill provides needed certainty regarding the legal status of nonprofit unincorporated associations and the rights and liabilities of members.

**Testimony Against:** None.

**Testified:** Jorgen Bader, Seattle Community Council Federation (pro); Rep. Sheahan (pro); Douglas Tooley, citizen (pro).