
HOUSE BILL 2239

State of Washington

62nd Legislature

2012 Regular Session

By Representatives Pedersen, Goodman, Rodne, and Hudgins; by request of Washington State Bar Association

Read first time 01/10/12. Referred to Committee on Judiciary.

1 AN ACT Relating to social purpose corporations; amending RCW
2 23B.01.400 and 23B.04.010; and adding a new chapter to Title 23B RCW.

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

4 NEW SECTION. **Sec. 1.** (1) Any corporation may elect to be governed
5 as a social purpose corporation by one of the following means:

6 (a) One or more persons may act as incorporator or incorporators of
7 a social purpose corporation by delivering articles of incorporation
8 that conform to the requirements of this chapter to the secretary of
9 state for filing; or

10 (b) Any corporation which is not a social purpose corporation may
11 elect to become a social purpose corporation by complying with section
12 14 of this act.

13 (2) Any social purpose corporation may elect to cease to be
14 governed as a social purpose corporation by complying with section 15
15 of this act.

16 NEW SECTION. **Sec. 2.** (1) Except as otherwise expressly stated in
17 this chapter, the provisions of this title and all powers, rights, and
18 obligations thereunder shall apply to social purpose corporations

1 organized under this chapter, and references in this title to the term
2 "corporation" shall be read to include social purpose corporations
3 organized under this chapter.

4 (2) Subject to any limitations contained in the articles of
5 incorporation, a social purpose corporation may engage in any lawful
6 business under RCW 23B.03.010.

7 NEW SECTION. **Sec. 3.** Every corporation governed by this chapter
8 must be organized to carry out its business purpose under RCW
9 23B.03.010 in a manner intended to promote positive short-term or
10 long-term effects of, or minimize adverse short-term or long-term
11 effects of, the corporation's activities upon any or all of (1) the
12 corporation's employees, suppliers, or customers; (2) the local, state,
13 national, or world community; or (3) the environment.

14 NEW SECTION. **Sec. 4.** In addition to the general social purpose
15 set forth in section 3 of this act, every corporation governed by this
16 chapter may have one or more specific social purposes for which the
17 corporation is organized.

18 NEW SECTION. **Sec. 5.** (1) In addition to the matters required to
19 be set forth in the articles of incorporation pursuant to RCW
20 23B.02.020 (1) and (2), the articles of incorporation of a social
21 purpose corporation must set forth:

22 (a) A corporate name for the social purpose corporation that
23 contains the words "social purpose corporation" or "SPC" as an
24 abbreviation of those words;

25 (b) A statement that the corporation is organized as a social
26 purpose corporation governed by this chapter;

27 (c) A statement setting forth the general social purpose or
28 purposes for which the corporation is organized pursuant to section 3
29 of this act; and

30 (d) If the corporation has designated one or more specific social
31 purpose or purposes pursuant to section 4 of this act, a statement
32 setting forth such specific social purpose or purposes.

33 (2) In addition to the matters that must be set forth in the
34 articles of incorporation in accordance with subsection (1) of this
35 section and the provisions that may be set forth in the articles of

1 incorporation pursuant to RCW 23B.02.020 (5) and (6), the articles of
2 incorporation of a social purpose corporation may contain the following
3 provisions:

4 (a) A provision requiring the corporation's directors or officers
5 to consider the impacts of any corporate action or proposed corporate
6 action upon one or more of the social purposes of the corporation;

7 (b) A provision requiring the corporation to furnish to the
8 shareholders an assessment of the overall performance of the
9 corporation with respect to its social purpose or purposes, prepared in
10 accordance with a third-party standard;

11 (c) A provision requiring, for any or all corporate actions, the
12 vote of a larger proportion or of all of the shares of any class or
13 series, or the vote or quorum for taking action of a larger proportion
14 or of all of the directors, than is otherwise required by this title or
15 this chapter;

16 (d) A provision requiring the approval of the shareholders for any
17 corporate action, even though not otherwise required by this title; and

18 (e) A provision limiting the duration of the corporation's
19 existence to a specified date.

20 NEW SECTION. **Sec. 6.** (1) A director of a social purpose
21 corporation shall discharge the duties of a director, including duties
22 as a member of any committee of the board upon which the director may
23 serve, in good faith, with the care an ordinarily prudent person in a
24 like position would exercise under similar circumstances, and in a
25 manner the director reasonably believes to be in the best interests of
26 the corporation in accordance with RCW 23B.08.300.

27 (2) Unless the articles of incorporation provide otherwise, in
28 discharging his or her duties as a director, the director of a social
29 purpose corporation may consider and give weight to one or more of the
30 social purposes of the corporation as the director deems relevant.

31 (3) Any action taken as a director of a social purpose corporation,
32 or any failure to take any action, that the director reasonably
33 believes is intended to promote one or more of the social purposes of
34 the corporation shall be deemed to be in the best interests of the
35 corporation.

36 (4) A director of a social purpose corporation is not liable for

1 any action taken as a director, or any failure to take any action, if
2 the director performed the duties of the director's office in
3 compliance with this section.

4 (5) Nothing in this chapter creates any liability or grants any
5 right in or for any person or any cause of action by or for any person,
6 and a director shall not be responsible to any party other than the
7 corporation and its shareholders.

8 (6) Nothing in this chapter alters the general standards for any
9 director of a corporation that is not a social purpose corporation.

10 NEW SECTION. **Sec. 7.** (1) An officer of a social purpose
11 corporation with discretionary authority shall discharge the officer's
12 duties under that authority in good faith, with the care an ordinarily
13 prudent person in a like position would exercise under similar
14 circumstances, and in a manner the officer reasonably believes to be in
15 the best interests of the corporation in accordance with RCW
16 23B.08.420.

17 (2) Unless the articles of incorporation provide otherwise, in
18 discharging his or her duties as an officer, the officer of a social
19 purpose corporation may consider and give weight to one or more of the
20 social purposes of the corporation as the officer deems relevant.

21 (3) Any action taken as an officer of a social purpose corporation,
22 or any failure to take any action, that the officer reasonably believes
23 is intended to promote one or more of the social purposes of the
24 corporation shall be deemed to be in the best interests of the
25 corporation.

26 (4) An officer of a social purpose corporation is not liable for
27 any action taken as an officer, or any failure to take any action, if
28 the officer performed the duties of the officer's office in compliance
29 with this section.

30 (5) Nothing in this chapter creates any liability or grants any
31 right in or for any person or any cause of action by or for any person,
32 and an officer shall not be responsible to any party other than the
33 corporation and its shareholders.

34 (6) Nothing in this chapter alters the general standards for any
35 officer of a corporation that is not a social purpose corporation.

1 NEW SECTION. **Sec. 8.** (1) Shares issued by a social purpose
2 corporation may but need not be represented by certificates.

3 (2) If shares are represented by certificates, in addition to the
4 information required on certificates by RCW 23B.06.250 (2) and (3),
5 each share certificate must state on its face the following language in
6 a conspicuous manner:

7 "This entity is a social purpose corporation organized under
8 Title 23B RCW of the Washington business corporation act. The
9 articles of incorporation of this corporation state one or more
10 social purposes of this corporation. The corporation will
11 furnish the shareholder this information without charge on
12 request in writing."

13 (3) If shares are not represented by certificates, within a
14 reasonable time after the issue or transfer of such shares, the
15 corporation shall send the shareholder a record containing the
16 information required pursuant to RCW 23B.06.260(2) and the language
17 required on certificates by subsection (2) of this section.

18 NEW SECTION. **Sec. 9.** (1) No proceeding may be instituted or
19 maintained in the right of any social purpose corporation under this
20 title by any party other than a shareholder of the social purpose
21 corporation.

22 (2) A person may not commence a proceeding in the right of a social
23 purpose corporation unless the person was a shareholder of the
24 corporation when the transaction complained of occurred or unless the
25 person became a shareholder through transfer by operation of law from
26 one who was a shareholder at that time.

27 (3) Any proceeding instituted or maintained in the right of
28 a social purpose corporation must comply with the procedure set forth
29 in RCW 23B.07.400.

30 NEW SECTION. **Sec. 10.** If a proposed amendment to a social purpose
31 corporation's articles of incorporation would materially change one or
32 more of the social purposes of the corporation, in addition to approval
33 in accordance with RCW 23B.10.030, the amendment to be adopted must be
34 approved by two-thirds of the voting group comprising all the votes
35 entitled to be cast on the proposed amendment, and by two-thirds of the
36 holders of the outstanding shares of each class or series, voting as

1 separate voting groups, and of each other voting group entitled under
2 the articles of incorporation to vote separately on the proposed
3 amendment. The articles of incorporation may require a greater vote
4 than that provided for in this section.

5 NEW SECTION. **Sec. 11.** (1) In addition to approval in accordance
6 with RCW 23B.11.030, a plan of merger or share exchange pursuant to
7 which a social purpose corporation would not be the surviving
8 corporation must be approved by two-thirds of the voting group
9 comprising all the votes of the corporation entitled to be cast on the
10 plan, and by two-thirds of the holders of the outstanding shares of
11 each class or series, voting as separate voting groups, and of each
12 other voting group entitled under the articles of incorporation to vote
13 separately on the proposed plan. The articles of incorporation may
14 require a greater vote than that provided for in this subsection.

15 (2) The additional approval described in subsection (1) of this
16 section is not required if the surviving corporation of the plan of
17 merger or share exchange is a social purpose corporation governed by
18 this chapter and includes a specific social purpose or purposes that do
19 not materially differ from the disappearing corporation's specific
20 social purpose or purposes, if any.

21 NEW SECTION. **Sec. 12.** (1) In addition to approval in accordance
22 with RCW 23B.12.020, a proposed transaction in which the social purpose
23 corporation is to sell, lease, exchange, or otherwise dispose of all,
24 or substantially all, of its property, otherwise than in the usual and
25 regular course of business, must be approved by two-thirds of the
26 voting group comprising all the votes entitled to be cast on the
27 transaction, and by two-thirds of the holders of the outstanding shares
28 of each class or series, voting as separate voting groups, and of each
29 other voting group entitled under the articles of incorporation to vote
30 separately on the proposed transaction. The articles of incorporation
31 may require a greater vote than that provided for in this section.

32 (2) The additional approval described in subsection (1) of this
33 section is not required if the acquirer of such property is a social
34 purpose corporation governed by this chapter and includes a specific
35 social purpose or purposes that do not materially differ from the
36 disposing corporation's specific social purpose or purposes, if any.

1 NEW SECTION. **Sec. 13.** In addition to the corporate actions set
2 forth in RCW 23B.13.020(1), a shareholder is entitled to dissent from,
3 and obtain payment of the fair value of the shareholder's shares in the
4 event of, any of the following corporate actions:

5 (1) An election by a corporation to become a social purpose
6 corporation, which has become effective, to which the corporation is a
7 party if shareholder approval was required for the election by section
8 14 of this act or the articles of incorporation;

9 (2) An election to cease to be a social purpose corporation, which
10 has become effective, to which the corporation is a party if
11 shareholder approval was required for the election by section 15 of
12 this act or the articles of incorporation, and the shareholder was
13 entitled to vote on the election; and

14 (3) An amendment of the social purpose corporation's articles of
15 incorporation that would materially change one or more of the social
16 purposes of the corporation.

17 NEW SECTION. **Sec. 14.** (1) Any corporation that is not a social
18 purpose corporation may elect to become a social purpose corporation
19 if, pursuant to the proposed election, each of the following conditions
20 are met:

21 (a) Each share of the same class or series of the electing
22 corporation shall, unless all shareholders of the class or series
23 consent, be treated equally with respect to any cash, rights,
24 securities, or other property to be received by, or any obligations or
25 restrictions to be imposed on, the holder of that share;

26 (b) The board of directors of the electing corporation must
27 recommend the election to the shareholders, unless the board of
28 directors determines that because of conflict of interest or other
29 special circumstances it should make no recommendation and communicates
30 the basis for its determination to the shareholders with the proposed
31 election; and

32 (c) In addition to any other voting conditions imposed by the board
33 of directors under subsection (2) of this section, the election must be
34 approved by an affirmative vote of at least two-thirds of the voting
35 group comprising all the votes of the electing corporation's
36 shareholders entitled to be cast on the corporate action, and by
37 two-thirds of the holders of the outstanding shares of each class or

1 series, voting as separate voting groups, and each other voting group
2 entitled under the articles of incorporation to vote separately on the
3 corporate action.

4 (2) The board of directors of a corporation electing to become a
5 social purpose corporation may condition its submission of the proposed
6 election on any basis, including the affirmative vote of holders of a
7 specified percentage of shares held by any group of shareholders not
8 otherwise entitled to vote as a separate group on the proposed
9 election.

10 (3) To elect to become a social purpose corporation, an electing
11 corporation must amend its articles of incorporation to include the
12 matters required to be set forth in the articles of incorporation
13 pursuant to section 5(1) of this act.

14 (4) After an election to become a social purpose corporation is
15 approved, and at any time prior to filing the articles of amendment to
16 amend the electing corporation's articles of incorporation in
17 compliance with subsection (3) of this section, the planned election
18 may be abandoned by the electing corporation, subject to any
19 contractual rights, without further shareholder approval, in the manner
20 determined by the board of directors.

21 (5) The election to become a social purpose corporation shall be
22 effective upon the later of the filing of the articles of amendment
23 with the secretary of state or the effective date or time set forth in
24 the articles of amendment.

25 (6) Upon the effective time of the election to become a social
26 purpose corporation, the electing corporation shall thereafter be a
27 social purpose corporation and shall be subject to all of the
28 provisions of this chapter and the existence of the social purpose
29 corporation shall be deemed to have commenced on the date the electing
30 corporation was incorporated.

31 (7) The election to become a social purpose corporation shall not
32 be deemed to affect any obligations or liabilities of the electing
33 corporation incurred prior to its election to become a social purpose
34 corporation or the personal liability of any person incurred prior to
35 such election.

36 NEW SECTION. **Sec. 15.** (1) Any social purpose corporation may

1 elect to cease to be a social purpose corporation if, pursuant to the
2 proposed election, each of the following conditions are met:

3 (a) Each share of the same class or series of the electing social
4 purpose corporation shall, unless all shareholders of the class or
5 series consent, be treated equally with respect to any cash, rights,
6 securities, or other property to be received by, or any obligations or
7 restrictions to be imposed on, the holder of that share;

8 (b) The board of directors of the electing social purpose
9 corporation must recommend the election to the shareholders, unless the
10 board of directors determines that because of conflict of interest or
11 other special circumstances it should make no recommendation and
12 communicates the basis for its determination to the shareholders with
13 the proposed election; and

14 (c) In addition to any other voting conditions imposed by the board
15 of directors under subsection (2) of this section, the election must be
16 approved by an affirmative vote of at least two-thirds of the voting
17 group comprising all the votes of the electing social purpose
18 corporation's shareholders entitled to be cast on the corporate action,
19 and by two-thirds of the holders of the outstanding shares of each
20 class or series, voting as separate voting groups, and each other
21 voting group entitled under the articles of incorporation to vote
22 separately on the corporate action.

23 (2) The board of directors of a social purpose corporation electing
24 to cease to be a social purpose corporation may condition its
25 submission of the proposed election on any basis, including the
26 affirmative vote of holders of a specified percentage of shares held by
27 any group of shareholders not otherwise entitled to vote as a separate
28 group on the proposed election.

29 (3) To elect to cease to be a social purpose corporation, an
30 electing social purpose corporation must amend its articles of
31 incorporation to remove the matters required to be set forth in the
32 articles of incorporation pursuant to section 5(1) (a) and (b) of this
33 act.

34 (4) After an election to cease to be a social purpose corporation
35 is approved, and at any time prior to the filing of the articles of
36 amendment to amend the electing social purpose corporation's articles
37 of incorporation in compliance with subsection (3) of this section, the
38 planned election may be abandoned by the electing social purpose

1 corporation, subject to any contractual rights, without further
2 shareholder approval, in the manner determined by the board of
3 directors.

4 (5) The election to cease to be a social purpose corporation shall
5 be effective upon the later of the filing of the articles of amendment
6 with the secretary of state or the effective date or time set forth in
7 the articles of amendment.

8 (6) Upon the effective time of the election to cease to be a social
9 purpose corporation, the electing social purpose corporation shall
10 thereafter be a corporation which is not a social purpose corporation
11 and shall be subject to all of the provisions of this title applicable
12 to corporations generally and the existence of the corporation shall be
13 deemed to have commenced on the date the electing social purpose
14 corporation was incorporated.

15 (7) The election to cease to be a social purpose corporation shall
16 not be deemed to affect any obligations or liabilities of the electing
17 social purpose corporation incurred prior to its election to cease to
18 be a social purpose corporation or the personal liability of any person
19 incurred prior to such election.

20 NEW SECTION. **Sec. 16.** (1) The board of directors of a social
21 purpose corporation shall cause a social purpose report to be furnished
22 to the shareholders by making such report publicly accessible, free of
23 charge, at the corporation's principal internet web site address, not
24 later than four months after the close of the corporation's fiscal
25 year, and such report shall remain available on that web site through
26 the end of the corporation's fiscal year.

27 (2) The social purpose report shall include a narrative discussion
28 concerning the social purpose or purposes of the corporation, including
29 the corporation's efforts intended to promote its social purpose or
30 purposes. The narrative discussion may include the following
31 information:

32 (a) Identification and discussion of the short-term and long-term
33 objectives of the corporation relating to its social purpose or
34 purposes;

35 (b) Identification and discussion of the material actions taken by
36 the corporation during the fiscal year to achieve its social purpose or
37 purposes;

1 (c) Identification of material actions that the corporation expects
2 to take in the future with respect to achievement of its social purpose
3 or purposes; and

4 (d) A description of the financial, operating, or other measures
5 used by the corporation during the fiscal year for evaluating its
6 performance in achieving its social purpose or purposes.

7 (3) The requirements of subsection (1) of this section shall be
8 satisfied if a social purpose corporation with an outstanding class of
9 securities registered under section 12 of the securities exchange act
10 of 1934 both complies with section 240.14a-16 of Title 17 of the code
11 of federal regulations, as amended from time to time, with respect to
12 the obligation of a corporation to furnish an annual report to
13 shareholders pursuant to section 240.14a-3(b) of Title 17 of the code
14 of federal regulations, and includes the information required by
15 subsection (2) of this section in the annual report.

16 (4) The failure to furnish to shareholders a social purpose report
17 required by subsection (1) of this section does not affect the validity
18 of any corporate action.

19 (5) The superior court of the county in which the social purpose
20 corporation's registered office is located may, after notice to the
21 corporation, summarily order a social purpose report to be furnished to
22 shareholders on application of any shareholder of a social purpose
23 corporation if a social purpose report was not furnished to
24 shareholders for at least two consecutive fiscal years.

25 **Sec. 17.** RCW 23B.01.400 and 2009 c 189 s 1 are each amended to
26 read as follows:

27 Unless the context clearly requires otherwise, the definitions in
28 this section apply throughout this title.

29 (1) "Articles of incorporation" include amended and restated
30 articles of incorporation and articles of merger.

31 (2) "Authorized shares" means the shares of all classes a domestic
32 or foreign corporation is authorized to issue.

33 (3) "Conspicuous" means so prepared that a reasonable person
34 against whom the record is to operate should have noticed it. For
35 example, printing in italics or boldface or contrasting color, or
36 typing in capitals or underlined, is conspicuous.

1 (4) "Corporate action" means any resolution, act, policy, contract,
2 transaction, plan, adoption or amendment of articles of incorporation
3 or bylaws, or other matter approved by or submitted for approval to a
4 corporation's incorporators, board of directors or a committee thereof,
5 or shareholders.

6 (5) "Corporation" or "domestic corporation" means a corporation for
7 profit, including a social purpose corporation, which is not a foreign
8 corporation, incorporated under or subject to the provisions of this
9 title.

10 (6) "Deliver" includes (a) mailing, (b) for purposes of delivering
11 a demand, consent, notice, or waiver to the corporation or one of its
12 officers, directors, or shareholders, transmission by facsimile
13 equipment, and (c) for purposes of delivering a demand, consent,
14 notice, or waiver to the corporation or one of its officers, directors,
15 or shareholders under RCW 23B.01.410 or chapter 23B.07, 23B.08, 23B.11,
16 23B.13, 23B.14, or 23B.16 RCW delivery by electronic transmission.

17 (7) "Distribution" means a direct or indirect transfer of money or
18 other property, except its own shares, or incurrence of indebtedness by
19 a corporation to or for the benefit of its shareholders in respect to
20 any of its shares. A distribution may be in the form of a declaration
21 or payment of a dividend; a distribution in partial or complete
22 liquidation, or upon voluntary or involuntary dissolution; a purchase,
23 redemption, or other acquisition of shares; a distribution of
24 indebtedness; or otherwise.

25 (8) "Effective date of notice" has the meaning provided in RCW
26 23B.01.410.

27 (9) "Electronic transmission" means an electronic communication (a)
28 not directly involving the physical transfer of a record in a tangible
29 medium and (b) that may be retained, retrieved, and reviewed by the
30 sender and the recipient thereof, and that may be directly reproduced
31 in a tangible medium by such a sender and recipient.

32 (10) "Electronically transmitted" means the initiation of an
33 electronic transmission.

34 (11) "Employee" includes an officer but not a director. A director
35 may accept duties that make the director also an employee.

36 (12) "Entity" includes a corporation and foreign corporation, not-
37 for-profit corporation, business trust, estate, trust, partnership,
38 limited liability company, association, joint venture, two or more

1 persons having a joint or common economic interest, the state, United
2 States, and a foreign governmental subdivision, agency, or
3 instrumentality, or any other legal or commercial entity.

4 (13) "Execute," "executes," or "executed" means (a) signed with
5 respect to a written record or (b) electronically transmitted along
6 with sufficient information to determine the sender's identity with
7 respect to an electronic transmission, or (c) with respect to a record
8 to be filed with the secretary of state, in compliance with the
9 standards for filing with the office of the secretary of state as
10 prescribed by the secretary of state.

11 (14) "Foreign corporation" means a corporation for profit
12 incorporated under a law other than the law of this state.

13 (15) "Foreign limited partnership" means a partnership formed under
14 laws other than of this state and having as partners one or more
15 general partners and one or more limited partners.

16 (16) "General social purpose" means the general social purpose for
17 which a social purpose corporation is organized as set forth in the
18 articles of incorporation of the corporation in accordance with section
19 5(1)(c) of this act.

20 (17) "Governmental subdivision" includes authority, county,
21 district, and municipality.

22 ~~((+17+))~~ (18) "Includes" denotes a partial definition.

23 ~~((+18+))~~ (19) "Individual" includes the estate of an incompetent or
24 deceased individual.

25 ~~((+19+))~~ (20) "Limited partnership" or "domestic limited
26 partnership" means a partnership formed by two or more persons under
27 the laws of this state and having one or more general partners and one
28 or more limited partners.

29 ~~((+20+))~~ (21) "Means" denotes an exhaustive definition.

30 ~~((+21+))~~ (22) "Notice" has the meaning provided in RCW 23B.01.410.

31 ~~((+22+))~~ (23) "Person" means an individual, corporation, business
32 trust, estate, trust, partnership, limited liability company,
33 association, joint venture, government, governmental subdivision,
34 agency, or instrumentality, or any other legal or commercial entity.

35 ~~((+23+))~~ (24) "Principal office" means the office, in or out of
36 this state, so designated in the annual report where the principal
37 executive offices of a domestic or foreign corporation are located.

1 ~~((+24+))~~ (25) "Proceeding" includes civil suit and criminal,
2 administrative, and investigatory action.

3 ~~((+25+))~~ (26) "Public company" means a corporation that has a class
4 of shares registered with the federal securities and exchange
5 commission pursuant to section 12 or 15 of the securities exchange act
6 of 1934, or section 8 of the investment company act of 1940, or any
7 successor statute.

8 ~~((+26+))~~ (27) "Record" means information inscribed on a tangible
9 medium or contained in an electronic transmission.

10 ~~((+27+))~~ (28) "Record date" means the date established under
11 chapter 23B.07 RCW on which a corporation determines the identity of
12 its shareholders and their shareholdings for purposes of this title.
13 The determinations shall be made as of the close of business on the
14 record date unless another time for doing so is specified when the
15 record date is fixed.

16 ~~((+28+))~~ (29) "Secretary" means the corporate officer to whom the
17 board of directors has delegated responsibility under RCW 23B.08.400(3)
18 for custody of the minutes of the meetings of the board of directors
19 and of the shareholders and for authenticating records of the
20 corporation.

21 ~~((+29+))~~ (30) "Shares" means the units into which the proprietary
22 interests in a corporation are divided.

23 ~~((+30+))~~ (31) "Shareholder" means the person in whose name shares
24 are registered in the records of a corporation or the beneficial owner
25 of shares to the extent of the rights granted by a nominee certificate
26 on file with a corporation.

27 ~~((+31+))~~ (32) "Social purpose" includes any general social purpose
28 and any specific social purpose.

29 (33) "Social purpose corporation" means a corporation that has
30 elected to be governed as a social purpose corporation under chapter
31 23B.--- RCW (the new chapter created in section 19 of this act).

32 (34) "Specific social purpose" means the specific social purpose or
33 purposes for which a social purpose corporation is organized as set
34 forth in the articles of incorporation of the corporation in accordance
35 with section 5(2)(a) of this act.

36 (35) "State," when referring to a part of the United States,
37 includes a state and commonwealth, and their agencies and governmental

1 subdivisions, and a territory and insular possession, and their
2 agencies and governmental subdivisions, of the United States.

3 ~~((+32+))~~ (36) "Subscriber" means a person who subscribes for shares
4 in a corporation, whether before or after incorporation.

5 ~~((+33+))~~ (37) "Tangible medium" means a writing, copy of a writing,
6 or facsimile, or a physical reproduction, each on paper or on other
7 tangible material.

8 ~~((+34+))~~ (38) "United States" includes a district, authority,
9 bureau, commission, department, and any other agency of the United
10 States.

11 ~~((+35+))~~ (39) "Voting group" means all shares of one or more
12 classes or series that under the articles of incorporation or this
13 title are entitled to vote and be counted together collectively on a
14 matter at a meeting of shareholders. All shares entitled by the
15 articles of incorporation or this title to vote generally on the matter
16 are for that purpose a single voting group.

17 ~~((+36+))~~ (40) "Writing" does not include an electronic
18 transmission.

19 ~~((+37+))~~ (41) "Written" means embodied in a tangible medium.

20 **Sec. 18.** RCW 23B.04.010 and 1998 c 102 s 1 are each amended to
21 read as follows:

- 22 (1) A corporate name:
 - 23 (a) Must contain the word "corporation," "incorporated," "company,"
 - 24 or "limited," or the abbreviation "corp.," "inc.," "co.," or "ltd.";
 - 25 (b) Must not contain language stating or implying that the
 - 26 corporation is organized for a purpose other than those permitted by
 - 27 RCW 23B.03.010 and its articles of incorporation;
 - 28 (c) Must not contain any of the following words or phrases:
 - 29 "Bank," "banking," "banker," "trust," "cooperative," or any
 - 30 combination of the words "industrial" and "loan," or any combination of
 - 31 any two or more of the words "building," "savings," "loan," "home,"
 - 32 "association," and "society," or any other words or phrases prohibited
 - 33 by any statute of this state; and
 - 34 (d) Except as authorized by subsections (2) and (3) of this
 - 35 section, must be distinguishable upon the records of the secretary of
 - 36 state from:

1 (i) The corporate name of a corporation incorporated or authorized
2 to transact business in this state;

3 (ii) A corporate name reserved or registered under chapter 23B.04
4 RCW;

5 (iii) The fictitious name adopted under RCW 23B.15.060 by a foreign
6 corporation authorized to transact business in this state because its
7 real name is unavailable;

8 (iv) The corporate name or reserved name of a not-for-profit
9 corporation incorporated or authorized to conduct affairs in this state
10 under chapter 24.03 RCW;

11 (v) The name or reserved name of a mutual corporation or
12 miscellaneous corporation incorporated or authorized to do business
13 under chapter 24.06 RCW;

14 (vi) The name or reserved name of a foreign or domestic limited
15 partnership formed or registered under chapter 25.10 RCW;

16 (vii) The name or reserved name of a limited liability company
17 organized or registered under chapter 25.15 RCW; (~~and~~))

18 (viii) The name or reserved name of a limited liability partnership
19 registered under chapter 25.04 RCW; and

20 (ix) The name or reserved name of a social purpose corporation
21 registered under chapter 23B.--- RCW (the new chapter created in
22 section 19 of this act).

23 (2) A corporation may apply to the secretary of state for
24 authorization to use a name that is not distinguishable upon the
25 records from one or more of the names described in subsection (1) of
26 this section. The secretary of state shall authorize use of the name
27 applied for if:

28 (a) The other corporation, company, holder, limited liability
29 partnership, or limited partnership consents to the use in writing and
30 files with the secretary of state documents necessary to change its
31 name or the name reserved or registered to a name that is
32 distinguishable upon the records of the secretary of state from the
33 name of the applying corporation; or

34 (b) The applicant delivers to the secretary of state a certified
35 copy of the final judgment of a court of competent jurisdiction
36 establishing the applicant's right to use the name applied for in this
37 state.

1 (3) A corporation may use the name, including the fictitious name,
2 of another domestic or foreign corporation, limited liability company,
3 limited partnership, or limited liability partnership, that is used in
4 this state if the other entity is formed or authorized to transact
5 business in this state, and the proposed user corporation:

6 (a) Has merged with the other corporation, limited liability
7 company, or limited partnership; or

8 (b) Has been formed by reorganization of the other corporation.

9 (4) This title does not control the use of assumed business names
10 or "trade names."

11 (5) A name shall not be considered distinguishable upon the records
12 of the secretary of state by virtue of:

13 (a) A variation in any of the following designations for the same
14 name: "Corporation," "incorporated," "company," "limited,"
15 "partnership," "limited partnership," "limited liability company,"
16 ((~~or~~)) "limited liability partnership," or "social purpose
17 corporation," or the abbreviations "corp.," "inc.," "co.," "ltd.,"
18 "LP," "L.P.," "LLP," "L.L.P.," "LLC," ((~~or~~)) "L.L.C." "SPC," or
19 "S.P.C.";

20 (b) The addition or deletion of an article or conjunction such as
21 "the" or "and" from the same name;

22 (c) Punctuation, capitalization, or special characters or symbols
23 in the same name; or

24 (d) Use of abbreviation or the plural form of a word in the same
25 name.

26 NEW SECTION. **Sec. 19.** Sections 1 through 16 of this act
27 constitute a new chapter in Title 23B RCW.

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