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**SENATE BILL 5489**

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**State of Washington**

**67th Legislature**

**2022 Regular Session**

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

Prefiled 12/06/21.

1 AN ACT Relating to business entities; and amending RCW  
2 23B.01.400, 23B.06.230, 23B.06.400, 23B.07.020, 23B.07.070,  
3 23B.07.200, 23B.11.010, 23B.11.030, 23B.11.050, 23B.11.060,  
4 23B.11.090, 23B.11.100, 23B.13.020, 23B.13.200, 23B.13.210,  
5 23B.13.220, 23B.13.230, 25.10.011, 25.10.101, 25.10.491, 25.10.496,  
6 25.10.546, 25.10.771, 25.10.791, 25.15.006, 25.15.046, 25.15.116,  
7 25.15.121, 25.15.131, and 25.15.441.

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

9 **PART I**

10 **BUSINESS CORPORATIONS**

11 **Sec. 101.** RCW 23B.01.400 and 2021 c 84 s 1 are each amended to  
12 read as follows:

13 Unless the context clearly requires otherwise, the definitions in  
14 this section apply throughout this title.

15 (1) "Articles of incorporation" include amended and restated  
16 articles of incorporation and articles of merger.

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

19 (3) "Conspicuous" means so prepared that a reasonable person  
20 against whom the writing is to operate should have noticed it. For

1 example, text in italics, boldface, contrasting color, capitals, or  
2 underlined is conspicuous.

3 (4) "Controlling interest" means ownership of an entity's  
4 outstanding shares or interests in such number as to entitle the  
5 holder at the time to elect a majority of the entity's directors or  
6 other governors without regard to voting power which may thereafter  
7 exist upon a default, failure, or other contingency.

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

13 (6) "Corporation" or "domestic corporation" means a corporation  
14 for profit, including a social purpose corporation, which is not a  
15 foreign corporation, incorporated under or subject to the provisions  
16 of this title.

17 (7) "Deliver" or "delivery" means any method of delivery used in  
18 conventional commercial practice, including delivery by hand, mail,  
19 commercial delivery, and, if authorized in accordance with RCW  
20 23B.01.410, by electronic transmission.

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

29 (9) "Document" means:

30 (a) Any tangible medium on which information is inscribed, and  
31 includes handwritten, typed, printed, or similar instruments or  
32 copies of such instruments; and

33 (b) An electronic record.

34 (10) "Electronic" means relating to technology having electrical,  
35 digital, magnetic, wireless, optical, electromagnetic, or similar  
36 capabilities.

37 (11) "Electronic mail" means an electronic transmission directed  
38 to a unique electronic mail address, which electronic mail will be  
39 deemed to include any files attached thereto and any information  
40 hyperlinked to a website if the electronic mail includes the contact

1 information of an officer or agent of the corporation who is  
2 available to assist with accessing such files and information.

3 (12) "Electronic mail address" means a destination, commonly  
4 expressed as a string of characters, consisting of a unique user name  
5 or mailbox, commonly referred to as the "local part" of the address,  
6 and a reference to an internet domain, commonly referred to as the  
7 "domain part" of the address, whether or not displayed, to which  
8 electronic mail can be sent or delivered.

9 (13) "Electronic record" means information that is stored in an  
10 electronic or other nontangible medium and: (a) Is retrievable in  
11 paper form by the recipient through an automated process used in  
12 conventional commercial practice; or (b) if not retrievable in paper  
13 form by the recipient through an automated process used in  
14 conventional commercial practice, is otherwise authorized in  
15 accordance with RCW 23B.01.410(10).

16 (14) "Electronic transmission" or "electronically transmitted"  
17 means internet transmission, telephonic transmission, electronic mail  
18 transmission, transmission of a telegram, cablegram, or datagram, the  
19 use of, or participation in, one or more electronic networks or  
20 databases including one or more distributed electronic networks or  
21 databases, or any other form or process of communication, not  
22 directly involving the physical transfer of paper or another tangible  
23 medium, which:

24 (a) Is suitable for the retention, retrieval, and reproduction of  
25 information by the recipient; and

26 (b) Is retrievable in paper form by the recipient through an  
27 automated process used in conventional commercial practice, or, if  
28 not retrievable in paper form by the recipient through an automated  
29 process used in conventional commercial practice, is otherwise  
30 authorized in accordance with RCW 23B.01.410(10).

31 (15) "Employee" includes an officer but not a director. A  
32 director may accept duties that make the director also an employee.

33 (16) "Entity" includes a corporation and foreign corporation,  
34 not-for-profit corporation, business trust, estate, trust,  
35 partnership, limited liability company, association, joint venture,  
36 two or more persons having a joint or common economic interest, the  
37 state, United States, and a foreign governmental subdivision, agency,  
38 or instrumentality, or any other legal or commercial entity.

39 (17) "Execute," "executes," or "executed" means, with present  
40 intent to authenticate or adopt a document:

1 (a) To sign or adopt a tangible symbol to the document, and  
2 includes any manual, facsimile, or conformed signature;

3 (b) To attach or logically associate with an electronic  
4 transmission an electronic sound, symbol, or process, and includes an  
5 electronic signature; or

6 (c) With respect to a document to be filed with the secretary of  
7 state, in compliance with the standards for filing with the office of  
8 the secretary of state as prescribed by the secretary of state.

9 (18) "Foreign corporation" means a corporation for profit  
10 incorporated under a law other than the law of this state.

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

14 (20) "General social purpose" means the general social purpose  
15 for which a social purpose corporation is organized as set forth in  
16 the articles of incorporation of the corporation in accordance with  
17 RCW 23B.25.040(1)(c).

18 (21) "Governmental subdivision" includes authority, county,  
19 district, and municipality.

20 (22) "Governor" has the meaning given that term in RCW 23.95.105.

21 (23) "Includes" denotes a partial definition.

22 (24) "Individual" includes the estate of an incompetent or  
23 deceased individual.

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

28 (26) "Means" denotes an exhaustive definition.

29 (27) "Notice" has the meaning provided in RCW 23B.01.410.

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

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

37 (30) "Proceeding" includes civil suit and criminal,  
38 administrative, and investigatory action.

39 (31) "Public company" means a corporation that has a class of  
40 shares registered with the federal securities and exchange commission

1 pursuant to section 12 or 15 of the securities exchange act of 1934,  
2 or section 8 of the investment company act of 1940, or any successor  
3 statute.

4 (32) "Qualified director" means (a) with respect to a director's  
5 conflicting interest transaction as defined in RCW 23B.08.700, any  
6 director who does not have either (i) a conflicting interest  
7 respecting the transaction, or (ii) a familial, financial,  
8 professional, or employment relationship with a second director who  
9 does have a conflicting interest respecting the transaction, which  
10 relationship would, in the circumstances, reasonably be expected to  
11 exert an influence on the first director's judgment when voting on  
12 the transaction; (b) with respect to RCW 23B.08.735, a qualified  
13 director under (a) of this subsection if the business opportunity  
14 were a director's conflicting interest transaction; and (c) with  
15 respect to RCW 23B.02.020(2)(g), a director who is not a director (i)  
16 to whom the limitation or elimination of the duty of an officer to  
17 offer potential business opportunities to the corporation would  
18 apply, or (ii) who has a familial, financial, professional, or  
19 employment relationship with another officer to whom the limitation  
20 or elimination would apply, which relationship would, in the  
21 circumstances, reasonably be expected to exert an influence on the  
22 director's judgment when voting on the limitation or elimination.

23 (33) "Record date" means the date (~~established under chapter~~  
24 ~~23B.07 RCW on which a corporation determines~~) fixed for determining  
25 the identity of (~~its~~) a corporation's shareholders and their  
26 shareholdings for purposes of this title. The determinations shall be  
27 made as of the close of business on the record date unless another  
28 time for doing so is specified when the record date is fixed.

29 (34) "Registered office" means the address of the corporation's  
30 registered agent.

31 (35) "Secretary" means the corporate officer to whom the board of  
32 directors has delegated responsibility under RCW 23B.08.400(3) for  
33 custody of the minutes of the meetings of the board of directors and  
34 of the shareholders and for authenticating records of the  
35 corporation.

36 (36) "Shareholder" means the person in whose name shares are  
37 registered in the records of a corporation or the beneficial owner of  
38 shares to the extent of the rights granted by a nominee certificate  
39 on file with a corporation.

1 (37) "Shares" means the units into which the proprietary  
2 interests in a corporation are divided.

3 (38) "Social purpose" includes any general social purpose and any  
4 specific social purpose.

5 (39) "Social purpose corporation" means a corporation that has  
6 elected to be governed as a social purpose corporation under chapter  
7 23B.25 RCW.

8 (40) "Specific social purpose" means the specific social purpose  
9 or purposes for which a social purpose corporation is organized as  
10 set forth in the articles of incorporation of the corporation in  
11 accordance with RCW 23B.25.040(2)(a).

12 (41) "State," when referring to a part of the United States,  
13 includes a state and commonwealth, and their agencies and  
14 governmental subdivisions, and a territory and insular possession,  
15 and their agencies and governmental subdivisions, of the United  
16 States.

17 (42) "Subscriber" means a person who subscribes for shares in a  
18 corporation, whether before or after incorporation.

19 (43) "Subsidiary" means an entity in which the corporation has,  
20 directly or indirectly, a controlling interest.

21 (44) "United States" includes a district, authority, bureau,  
22 commission, department, and any other agency of the United States.

23 (45) "Voting group" means all shares of one or more classes or  
24 series that under the articles of incorporation or this title are  
25 entitled to vote and be counted together collectively on a matter at  
26 a meeting of shareholders. All shares entitled by the articles of  
27 incorporation or this title to vote generally on the matter are for  
28 that purpose a single voting group.

29 (46) "Writing" or "written" means any information in the form of  
30 a document.

31 **Sec. 102.** RCW 23B.06.230 and 1989 c 165 s 51 are each amended to  
32 read as follows:

33 (1) Unless the articles of incorporation provide otherwise,  
34 shares may be issued pro rata and without consideration to the  
35 corporation's shareholders or to the shareholders of one or more  
36 classes or series. An issuance of shares under this subsection is a  
37 share dividend.

38 (2) Shares of one class or series may not be issued as a share  
39 dividend in respect to shares of another class or series unless (a)

1 the articles of incorporation so authorize, (b) a majority of the  
2 votes entitled to be cast by the class or series to be issued approve  
3 the issue, or (c) there are no outstanding shares of the class or  
4 series to be issued.

5 (3) The board of directors may fix the record date for  
6 determining shareholders entitled to a share dividend, which date may  
7 not precede the date on which the resolution fixing the record date  
8 is approved by the board of directors. If the board of directors does  
9 not fix the record date for determining shareholders entitled to a  
10 share dividend, the record date is the date the board of directors  
11 authorizes the share dividend.

12 **Sec. 103.** RCW 23B.06.400 and 2009 c 189 s 12 are each amended to  
13 read as follows:

14 (1) A board of directors may approve and the corporation may make  
15 distributions to its shareholders subject to restriction by the  
16 articles of incorporation and the limitation in subsection ~~((2))~~  
17 (3) of this section.

18 (2) The board of directors may fix the record date for  
19 determining shareholders entitled to a distribution, which date may  
20 not precede the date on which the resolution fixing the record date  
21 is approved by the board of directors. If the board of directors does  
22 not fix a record date for determining shareholders entitled to a  
23 distribution, other than one involving a purchase, redemption, or  
24 other acquisition of the corporation's shares, the record date is the  
25 date the board of directors authorizes the distribution.

26 (3) No distribution may be made if, after giving it effect:

27 (a) The corporation would not be able to pay its liabilities as  
28 they become due in the usual course of business; or

29 (b) The corporation's total assets would be less than the sum of  
30 its total liabilities plus, unless the articles of incorporation  
31 permit otherwise, the amount that would be needed, if the corporation  
32 were to be dissolved at the time of the distribution, to satisfy the  
33 preferential rights upon dissolution of shareholders whose  
34 preferential rights are superior to those receiving the distribution.

35 ~~((3))~~ (4) For purposes of determinations under subsection  
36 ~~((2))~~ (3) of this section:

37 (a) The board of directors may base a determination that a  
38 distribution is not prohibited under subsection ~~((2))~~ (3) of this  
39 section either on financial statements prepared on the basis of

1 accounting practices and principles that are reasonable in the  
2 circumstances or on a fair valuation or other method that is  
3 reasonable in the circumstances; and

4 (b) Indebtedness of a corporation, including indebtedness issued  
5 as a distribution, is not considered a liability if its terms provide  
6 that payment of principal and interest are made only if and to the  
7 extent that payment of a distribution to shareholders could then be  
8 made under this section.

9 ~~((4))~~ (5) The effect of a distribution under subsection ~~((2))~~  
10 (3) of this section is measured:

11 (a) In the case of a distribution of indebtedness, the terms of  
12 which provide that payment of principal and interest are made only if  
13 and to the extent that payment of a distribution to shareholders  
14 could then be made under this section, each payment of principal or  
15 interest is treated as a distribution, the effect of which is  
16 measured on the date the payment is actually made; or

17 (b) In the case of any other distribution:

18 (i) If the distribution is by purchase, redemption, or other  
19 acquisition of the corporation's shares, the effect of the  
20 distribution is measured as of the earlier of the date any money or  
21 other property is transferred or debt incurred by the corporation, or  
22 the date the shareholder ceases to be a shareholder with respect to  
23 the acquired shares;

24 (ii) If the distribution is of indebtedness other than that  
25 described in ~~((subsection—(4)))~~ (a) and (b)(i) of this subsection,  
26 the effect of the distribution is measured as of the date the  
27 indebtedness is distributed; and

28 (iii) In all other cases, the effect of the distribution is  
29 measured as of the date the distribution is approved if payment  
30 occurs within one hundred twenty days after the date of approval, or  
31 the date the payment is made if it occurs more than one hundred  
32 twenty days after the date of approval.

33 ~~((5))~~ (6) A corporation's indebtedness to a shareholder  
34 incurred by reason of a distribution made in accordance with this  
35 section is at parity with the corporation's indebtedness to its  
36 general, unsecured creditors except to the extent provided otherwise  
37 by agreement.

38 ~~((6))~~ (7) In circumstances to which this section and related  
39 sections of this title are applicable, such provisions supersede the



1 applicability of any other statutes of this state with respect to the  
2 legality of distributions.

3 ~~((7))~~ (8) A transfer of the assets of a dissolved corporation  
4 to a trust or other successor entity of the type described in RCW  
5 23B.14.030(4) constitutes a distribution subject to subsection  
6 ~~((2))~~ (3) of this section only when and to the extent that the  
7 trust or successor entity distributes assets to shareholders.

8 **Sec. 104.** RCW 23B.07.020 and 2020 c 57 s 48 are each amended to  
9 read as follows:

- 10 (1) A corporation shall hold a special meeting of shareholders:  
11 (a) On call of its board of directors or the person or persons  
12 authorized to do so by the articles of incorporation or bylaws; or  
13 (b) Except as set forth in subsections (2) and (3) of this  
14 section, if shareholders holding at least ten percent of all the  
15 votes entitled to be cast on any issue proposed to be considered at  
16 the proposed special meeting execute, date, and deliver to the  
17 corporation one or more written demands for the meeting describing  
18 the purpose or purposes for which it is to be held.
- 19 (2) The right of shareholders of a public company to call a  
20 special meeting may be limited or denied to the extent provided in  
21 the articles of incorporation.
- 22 (3) If the corporation is other than a public company, the  
23 articles of incorporation or bylaws may require the demand specified  
24 in subsection (1)(b) of this section be made by a greater percentage,  
25 not in excess of twenty-five percent, of all the votes entitled to be  
26 cast on any issue proposed to be considered at the proposed special  
27 meeting.
- 28 (4) If not otherwise fixed under RCW 23B.07.030 or 23B.07.070,  
29 the record date for determining shareholders entitled to demand a  
30 special meeting is the first date on which an executed shareholder  
31 demand is delivered to the corporation. No written demand for a  
32 special meeting will be effective unless, within 60 days after the  
33 earliest date on which a demand delivered to the corporation as  
34 required by this section was executed, written demands executed by  
35 shareholders holding at least the percentage of votes specified in  
36 subsection (1)(b) of this section or, if applicable, fixed in  
37 accordance with subsection (2) or (3) of this section, have been  
38 delivered to the corporation.
- 39 (5) Subject to subsection (6) of this section:

1 (a) Special shareholders' meetings may be held in or out of this  
2 state at the place stated in or fixed in accordance with the bylaws;  
3 and

4 (b) If no place is stated or fixed in accordance with the bylaws,  
5 special meetings shall be held at the corporation's principal office.

6 (6) Unless the articles of incorporation or bylaws provide  
7 otherwise, if the board of directors or another person is authorized  
8 in the bylaws to determine the place of special meetings, the board  
9 of directors or such other person may, in the sole discretion of the  
10 board of directors or such other person, determine that a special  
11 meeting will not involve a physical assembly of shareholders at a  
12 particular geographic location, but instead will be held solely by  
13 means of remote communication, in accordance with RCW 23B.07.080.

14 (7) Only business within the purpose or purposes described in the  
15 meeting notice required by RCW 23B.07.050(3) may be conducted at a  
16 special shareholders' meeting.

17 **Sec. 105.** RCW 23B.07.070 and 2009 c 189 s 16 are each amended to  
18 read as follows:

19 (1) The bylaws may fix or provide the manner of fixing the record  
20 date for one or more voting groups in order to determine the  
21 shareholders entitled to notice of a shareholders' meeting, to demand  
22 a special meeting, to vote, or to approve any other corporate action.  
23 If the bylaws do not fix or provide for fixing a record date, the  
24 board of directors of the corporation may fix ~~((a future date as))~~  
25 the record date, which date may not precede the date on which the  
26 resolution fixing the record date is approved.

27 (2) If not otherwise fixed under subsection (1) of this section  
28 or RCW 23B.07.030, the record date for determining shareholders  
29 entitled to notice of and to vote at an annual or special  
30 shareholders' meeting is the day before the first notice is delivered  
31 to shareholders.

32 ~~((If the board of directors does not fix the record date for~~  
33 ~~determining shareholders entitled to a share dividend, it is the date~~  
34 ~~the board of directors authorizes the share dividend.~~

35 ~~(4) If the board of directors does not fix the record date for~~  
36 ~~determining shareholders entitled to a distribution, other than one~~  
37 ~~involving a purchase, redemption, or other acquisition of the~~  
38 ~~corporation's shares, it is the date the board of directors~~  
39 ~~authorizes the distribution.~~

1       ~~(5))~~) A record date fixed under this section may not be more than  
2 seventy days before the meeting of shareholders or more than ten days  
3 prior to the date on which the first shareholder consent is executed  
4 under RCW 23B.07.040(1)(b).

5       ~~((6))~~) (4) A determination of shareholders entitled to notice of  
6 or to vote at a shareholders' meeting is effective for any  
7 adjournment of the meeting unless the board of directors fixes a new  
8 record date, which it must do if the meeting is adjourned to a date  
9 more than one hundred twenty days after the date fixed for the  
10 original meeting.

11       ~~((7))~~) (5) If a court orders a meeting adjourned to a date more  
12 than one hundred twenty days after the date fixed for the original  
13 meeting, it may provide that the original record date continues in  
14 effect or it may fix a new record date.

15       **Sec. 106.** RCW 23B.07.200 and 2020 c 57 s 52 are each amended to  
16 read as follows:

17       (1) After fixing a record date for a meeting, a corporation shall  
18 prepare an alphabetical list of the names of all its shareholders on  
19 the record date who are entitled to notice of a shareholders'  
20 meeting. The list must be arranged by voting group, and within each  
21 voting group by class or series of shares, and show the address of  
22 and number of shares held by each shareholder. Nothing contained in  
23 this section requires the corporation to include on such list the  
24 electronic mail address or other electronic contact information of a  
25 shareholder.

26       (2) The shareholders' list must be available for inspection by  
27 any shareholder, beginning ten days prior to the meeting and  
28 continuing through the meeting~~((7))~~) either: (a) On a reasonably  
29 accessible electronic network, on condition that the information  
30 necessary to gain access to the list is provided in or accompanies  
31 the notice of the meeting; or (b) at the corporation's principal  
32 office or at a place identified in the meeting notice in the city  
33 where the meeting will be held. If the corporation elects to make the  
34 list available on an electronic network, the corporation may take  
35 reasonable steps to ensure that such information is available only to  
36 shareholders or their agents or attorneys. A shareholder, the  
37 shareholder's agent, or the shareholder's attorney is entitled to  
38 inspect the list, during regular business hours and at the

1 shareholder's expense, during the period it is available for  
2 inspection.

3 (3) The corporation (~~shall~~) must make the shareholders' list  
4 available at the meeting, and any shareholder, the shareholder's  
5 agent, or the shareholder's attorney is entitled to inspect the list  
6 at any time during the meeting or any adjournment. If the meeting is  
7 held solely by means of remote communication in accordance with RCW  
8 23B.07.010(4) or 23B.07.020(6), then the list must be available for  
9 inspection by any shareholder, the shareholder's agent, or the  
10 shareholder's attorney during the whole time of the meeting on a  
11 reasonably accessible electronic network, and the information  
12 required to access the list must be provided with the notice of the  
13 meeting.

14 (4) If the corporation refuses to allow a shareholder, the  
15 shareholder's agent, or the shareholder's attorney to inspect the  
16 shareholders' list before or at the meeting, the superior court of  
17 the county where a corporation's principal office, or, if none in  
18 this state, its registered office, is located, on application of the  
19 shareholder, may summarily order the inspection at the corporation's  
20 expense and may postpone the meeting for which the list was prepared  
21 until the inspection is complete.

22 (5) A shareholder's right to copy the shareholders' list, and a  
23 shareholder's right to otherwise inspect and copy the record of  
24 shareholders, is governed by RCW 23B.16.020(3).

25 (6) Refusal or failure to prepare or make available the  
26 shareholders' list does not affect the validity of corporate action  
27 approved at the meeting.

28 **Sec. 107.** RCW 23B.11.010 and 2020 c 194 s 11 are each amended to  
29 read as follows:

30 (1) One or more corporations may merge into another corporation  
31 if the board of directors of each corporation adopts and its  
32 shareholders, if required by RCW 23B.11.030, approve a plan of  
33 merger.

34 (2) The plan of merger must include:

35 (a) The name of each corporation planning to merge and the name  
36 of the surviving corporation into which each other corporation plans  
37 to merge;

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

1 (c) The manner and basis of converting the shares of each  
2 corporation into shares, obligations, or other securities of the  
3 surviving or any other corporation or into cash or other property in  
4 whole or part, or of canceling some or all of such shares.

5 (3) The plan of merger may include:

6 (a) Amendments to the articles of incorporation of the surviving  
7 corporation, or a restatement that includes one or more amendments to  
8 the surviving corporation's articles of incorporation; and

9 (b) Other provisions relating to the merger.

10 (4) The terms of a plan of merger may be made dependent on facts  
11 objectively ascertainable outside the plan in accordance with RCW  
12 23B.01.200(3).

13 **Sec. 108.** RCW 23B.11.030 and 2011 c 328 s 6 are each amended to  
14 read as follows:

15 (1) After adopting a plan of merger or share exchange, the board  
16 of directors of each corporation party to the merger, and the board  
17 of directors of the corporation whose shares will be acquired in the  
18 share exchange, shall submit the plan of merger, except as provided  
19 in subsection (7) of this section, or share exchange for approval by  
20 its shareholders.

21 (2) For a plan of merger or share exchange to be approved:

22 (a) The board of directors must recommend the plan of merger or  
23 share exchange to the shareholders unless (i) the board of directors  
24 determines that because of conflict of interest or other special  
25 circumstances it should make no recommendation or (ii) RCW 23B.08.245  
26 applies, and in either case the board of directors communicates the  
27 basis for so proceeding to the shareholders; and

28 (b) The shareholders entitled to vote must approve the plan,  
29 except as provided in subsection (7) of this section.

30 (3) The board of directors may condition its submission of the  
31 proposed plan of merger or share exchange on any basis, including the  
32 affirmative vote of holders of a specified percentage of shares held  
33 by any group of shareholders not otherwise entitled under this title  
34 or the articles of incorporation to vote as a separate voting group  
35 on the proposed plan of merger or share exchange.

36 (4) The corporation shall notify each shareholder, whether or not  
37 entitled to vote, of the proposed shareholders' meeting in accordance  
38 with RCW 23B.07.050. The notice must also state that the purpose, or  
39 one of the purposes, of the meeting is to consider the plan of merger

1 or share exchange and must contain or be accompanied by a copy (~~or~~  
2 ~~summary~~) of the plan or a summary of the material terms and  
3 conditions of the proposed merger or share exchange and the  
4 consideration to be received by shareholders.

5 (5) In addition to any other voting conditions imposed by the  
6 board of directors under subsection (3) of this section, the plan of  
7 merger must be approved by two-thirds of the voting group comprising  
8 all the votes entitled to be cast on the plan, and of each other  
9 voting group entitled under RCW 23B.11.035 or the articles of  
10 incorporation to vote separately on the plan, unless shareholder  
11 approval is not required under subsection (7) of this section. The  
12 articles of incorporation may require a greater or lesser vote than  
13 that provided in this subsection, or a greater or lesser vote by  
14 separate voting groups, so long as the required vote is not less than  
15 a majority of all the votes entitled to be cast on the plan of merger  
16 and of each other voting group entitled to vote separately on the  
17 plan. Separate voting by additional voting groups is required on a  
18 plan of merger under the circumstances described in RCW 23B.11.035.

19 (6) In addition to any other voting conditions imposed by the  
20 board of directors under subsection (3) of this section, the plan of  
21 share exchange must be approved by two-thirds of the voting group  
22 comprising all the votes entitled to be cast on the plan, and of each  
23 other voting group entitled under RCW 23B.11.035 or the articles of  
24 incorporation to vote separately on the plan. The articles of  
25 incorporation may require a greater or lesser vote than that provided  
26 in this subsection, or a greater or lesser vote by separate voting  
27 groups, so long as the required vote is not less than a majority of  
28 all the votes entitled to be cast on the plan of share exchange and  
29 of each other voting group entitled to vote separately on the plan.  
30 Separate voting by additional voting groups is required on a plan of  
31 share exchange under the circumstances described in RCW 23B.11.035.

32 (7) Approval by the shareholders of the surviving corporation on  
33 a plan of merger is not required if:

34 (a) The articles of incorporation of the surviving corporation  
35 will not differ, except for amendments enumerated in RCW 23B.10.020,  
36 from its articles of incorporation before the merger;

37 (b) Each shareholder of the surviving corporation whose shares  
38 were outstanding immediately before the effective date of the merger  
39 will hold the same number of shares, with identical designations,

1 preferences, limitations, and relative rights, immediately after the  
2 merger;

3 (c) The number of voting shares outstanding immediately after the  
4 merger, plus the number of voting shares issuable as a result of the  
5 merger, either by the conversion of securities issued pursuant to the  
6 merger or the exercise of rights and warrants issued pursuant to the  
7 merger, will not exceed the total number of voting shares of the  
8 surviving corporation authorized by its articles of incorporation  
9 immediately before the merger; and

10 (d) The number of participating shares outstanding immediately  
11 after the merger, plus the number of participating shares issuable as  
12 a result of the merger, either by the conversion of securities issued  
13 pursuant to the merger or the exercise of rights and warrants issued  
14 pursuant to the merger, will not exceed the total number of  
15 participating shares authorized by its articles of incorporation  
16 immediately before the merger.

17 (8) As used in subsection (7) of this section:

18 (a) "Participating shares" means shares that entitle their  
19 holders to participate without limitation in distributions.

20 (b) "Voting shares" means shares that entitle their holders to  
21 vote unconditionally in elections of directors.

22 (9) Unless the articles of incorporation provide otherwise,  
23 approval by the shareholders of a public company is not required for  
24 a plan of merger if:

25 (a) The plan of merger expressly: (i) Permits or requires the  
26 merger to be effected under this subsection; and (ii) provides that,  
27 if the merger is to be effected under this subsection, the merger  
28 will be effected as soon as practicable following the satisfaction of  
29 the requirements of (f) of this subsection;

30 (b) Another party to the merger or a parent of another party to  
31 the merger makes an offer to purchase, on the terms stated in the  
32 plan of merger, any and all of the outstanding shares of the  
33 corporation that, absent this subsection, would be entitled to vote  
34 on the plan of merger, except that the offer may exclude shares of  
35 the corporation that are owned at the commencement of the offer by  
36 the corporation, the offeror, or any parent of the offeror, or by any  
37 wholly owned subsidiary of any of the foregoing;

38 (c) The offer discloses that the plan of merger states that the  
39 merger will be effected as soon as practicable following the  
40 satisfaction of the requirements of (f) of this subsection and that

1 the shares of the corporation that are not tendered in response to  
2 the offer will be treated as provided in (h) of this subsection;

3 (d) The offer remains open for at least 10 days;

4 (e) The offeror purchases all shares properly tendered in  
5 response to the offer and not properly withdrawn;

6 (f) The: (i) Shares purchased by the offeror in accordance with  
7 the offer; (ii) shares otherwise owned by the offeror or by any  
8 parent of the offeror or any wholly owned subsidiary of any of the  
9 foregoing; and (iii) shares subject to an agreement that they are to  
10 be transferred, contributed, or delivered to the offeror, any parent  
11 of the offeror, or any wholly owned subsidiary of any of the  
12 foregoing in exchange for shares or other interests in that offeror,  
13 parent, or subsidiary, are collectively entitled to cast at least the  
14 minimum number of votes on the merger that, absent this subsection,  
15 would be required by this chapter for the approval of the merger by  
16 the shareholders entitled to vote on the merger at a meeting at which  
17 all shares entitled to vote on the approval were present and voted;

18 (g) The offeror or a wholly owned subsidiary of the offeror  
19 merges with or into the corporation; and

20 (h) Each outstanding share of each class or series of shares of  
21 the corporation that the offeror is offering to purchase in  
22 accordance with the offer, and which is not purchased in accordance  
23 with the offer, is to be converted in the merger into, or into the  
24 right to receive, the same amount and kind of securities, eligible  
25 interests, obligations, rights, cash, or other property to be paid or  
26 exchanged in accordance with the offer for each share of that class  
27 or series of shares that is tendered in response to the offer, except  
28 that shares of the corporation that are owned by the corporation or  
29 that are described in (f)(ii) or (iii) of this subsection need not be  
30 converted into or exchanged for the consideration described in this  
31 subsection (9)(h).

32 (10) As used in subsection (9) of this section:

33 (a) "Offer" means the offer referred to in subsection (9)(b) of  
34 this section.

35 (b) "Offeror" means the person making the offer.

36 (c) "Parent" of an entity means a person that owns, directly or  
37 indirectly, through one or more wholly owned subsidiaries, all of the  
38 outstanding shares of or other interests in that entity.



1 (d) Shares tendered in response to the offer will be deemed to  
2 have been "purchased" in accordance with the offer at the earlier  
3 time as of which:

4 (i) The offeror has irrevocably accepted those shares for  
5 payment; and

6 (ii) Either: (A) In the case of shares represented by  
7 certificates, the offeror, or the offeror's designated depository or  
8 other agent, has physically received the certificates representing  
9 those shares; or (B) in the case of shares without certificates,  
10 those shares have been transferred into the account of the offeror or  
11 its designated depository or other agent, or an agent's message  
12 relating to those shares has been received by the offeror or its  
13 designated depository or other agent.

14 (e) "Wholly owned subsidiary" of a person means an entity of or  
15 in which that person owns, directly or indirectly, through one or  
16 more wholly owned subsidiaries, all of the outstanding shares or  
17 other interests.

18 (11) After a merger or share exchange is approved, and at any  
19 time before articles of merger or share exchange are filed, the  
20 planned merger or share exchange may be abandoned, subject to any  
21 contractual rights, without further shareholder approval, in  
22 accordance with the procedure set forth in the plan of merger or  
23 share exchange or, if none is set forth, in the manner determined by  
24 the board of directors.

25 **Sec. 109.** RCW 23B.11.050 and 1989 c 165 s 135 are each amended  
26 to read as follows:

27 (1) After a plan of merger (~~or share exchange~~) is approved by  
28 the shareholders, or adopted by the board of directors if shareholder  
29 approval is not required, the surviving (~~or acquiring corporation~~)  
30 entity shall deliver to the secretary of state for filing articles of  
31 merger (~~or share exchange setting forth~~) stating:

32 (~~(1)~~) (a) The (~~plan of merger or share exchange~~) name and  
33 jurisdiction of organization of each party to the merger;

34 (b) The name and jurisdiction of organization of the surviving  
35 entity;

36 (c) If the surviving entity of the merger is a domestic  
37 corporation and its articles of incorporation are amended or amended  
38 and restated, the amendments to the surviving entity's articles of

1 incorporation or the amended and restated articles of incorporation  
2 of the surviving entity;

3 ~~((2))~~ (d) If shareholder approval of any domestic corporation  
4 party to the merger was not required, a statement to that effect;  
5 ~~((or~~

6 ~~(3))~~ (e) If approval of the shareholders of one or more domestic  
7 corporations party to the merger ((or share exchange)) was required,  
8 a statement that the merger ((or share exchange)) was duly approved  
9 by the shareholders of such domestic corporation pursuant to RCW  
10 23B.11.030; and

11 (f) If approval of the shareholders of one or more other entities  
12 party to the merger was required, a statement that the merger was  
13 duly approved by the interest holders of such other entity in  
14 accordance with the organic law of such other entity.

15 (2) After a plan of share exchange has been approved by the  
16 shareholders of the corporation whose shares will be acquired in the  
17 share exchange, the acquiring corporation shall deliver to the  
18 secretary of state for filing articles of share exchange, executed by  
19 the acquiring corporation and the corporation whose shares will be  
20 acquired in the share exchange, stating:

21 (a) The name of the corporation whose shares will be acquired in  
22 the share exchange;

23 (b) The name of the acquiring corporation; and

24 (c) A statement that the plan of share exchange was duly approved  
25 by the shareholders of the corporation whose shares will be acquired  
26 in the share exchange pursuant to RCW 23B.11.030.

27 (3) The definitions in RCW 23B.09.005 apply to this section  
28 unless the context clearly requires otherwise.

29 **Sec. 110.** RCW 23B.11.060 and 1989 c 165 s 136 are each amended  
30 to read as follows:

31 (1) When a merger takes effect:

32 (a) Every other corporation party to the merger merges into the  
33 surviving corporation and the separate existence of every corporation  
34 except the surviving corporation ceases;

35 (b) The title to all real estate and other property owned by each  
36 corporation party to the merger is vested in the surviving  
37 corporation without reversion or impairment;

38 (c) The surviving corporation has all liabilities of each  
39 corporation party to the merger;

1 (d) A proceeding pending against any corporation party to the  
2 merger may be continued as if the merger did not occur or the  
3 surviving corporation may be substituted in the proceeding for the  
4 corporation whose existence ceased;

5 (e) The articles of incorporation of the surviving corporation  
6 are amended, or amended and restated, to the extent provided in the  
7 (~~plan~~) articles of merger; and

8 (f) The former holders of the shares of every corporation party  
9 to the merger are entitled only to the rights provided in the  
10 articles of merger or to their rights under chapter 23B.13 RCW.

11 (2) When a share exchange takes effect, the shares of each  
12 acquired corporation are exchanged as provided in the plan, and the  
13 former holders of the shares are entitled only to the exchange rights  
14 provided in the articles of share exchange or to their rights under  
15 chapter 23B.13 RCW.

16 **Sec. 111.** RCW 23B.11.090 and 2015 c 188 s 111 are each amended  
17 to read as follows:

18 After a plan of merger for one or more corporations and one or  
19 more limited partnerships, one or more partnerships, or one or more  
20 limited liability companies is approved by the shareholders of each  
21 corporation (or adopted by the board of directors of any corporation  
22 for which shareholder approval is not required), is approved by the  
23 partners for each limited partnership as required by RCW 25.10.781,  
24 is approved by the partners of each partnership as required by RCW  
25 25.05.380, or is approved by the members of each limited liability  
26 company as required by RCW 25.15.421, the surviving entity must:

27 (1) If the surviving entity is a corporation, file with the  
28 secretary of state articles of merger setting forth:

29 (a) The (~~plan of merger~~) name and jurisdiction of organization  
30 of each party to the merger;

31 (b) The name of the surviving corporation;

32 (c) If the surviving corporation's articles of incorporation are  
33 amended or amended and restated, the amendments to the surviving  
34 corporation's articles of incorporation or the amended and restated  
35 articles of incorporation of the surviving corporation;

36 (~~(b)~~) (d) A statement that the merger was duly approved by the  
37 shareholders of each corporation that is a party to the merger  
38 pursuant to RCW 23B.11.030 (or a statement that shareholder approval  
39 was not required for a merging corporation); and

1       ~~((e))~~ (e) A statement that the merger was duly approved ~~((by~~  
2 ~~the partners of each limited partnership pursuant to RCW 25.10.781))~~  
3 as required by the organic law of each other party that is a party to  
4 the merger.

5       (2) If the surviving entity is a limited partnership, comply with  
6 the requirements in RCW 25.10.786.

7       (3) If the surviving entity is a partnership, comply with the  
8 requirements in RCW 25.05.380.

9       (4) If the surviving entity is a limited liability company,  
10 comply with the requirements in RCW 25.15.426.

11       (5) The definitions in RCW 23B.09.005 apply to this section  
12 unless the context clearly requires otherwise.

13       **Sec. 112.** RCW 23B.11.100 and 1998 c 103 s 1312 are each amended  
14 to read as follows:

15       (1) When a merger of one or more corporations~~((~~r~~))~~ or one or more  
16 ~~((limited partnerships, one or more partnerships, or one or more~~  
17 ~~limited liability companies))~~ other entities takes effect, and a  
18 corporation is the surviving entity:

19       ~~((1))~~ (a) Every other corporation~~((~~r~~))~~ and every ~~((limited~~  
20 ~~partnership, every partnership, and every limited liability company))~~  
21 other entity party to the merger merges into the surviving  
22 corporation and the separate existence of every corporation except  
23 the surviving corporation, and every ~~((limited partnership,~~  
24 ~~partnership, and limited liability company))~~ other entity, ceases;

25       ~~((2))~~ (b) The title to all real estate and other property owned  
26 by each ~~((corporation, limited partnership, partnership, and limited~~  
27 ~~liability company))~~ entity party to the merger is vested in the  
28 surviving corporation without reversion or impairment;

29       ~~((3))~~ (c) The surviving corporation has all the liabilities of  
30 each ~~((corporation, limited partnership, partnership, and limited~~  
31 ~~liability company))~~ entity party to the merger;

32       ~~((4))~~ (d) A proceeding pending against any ~~((corporation,~~  
33 ~~limited partnership, partnership, or limited liability company))~~  
34 entity party to the merger may be continued as if the merger did not  
35 occur or the surviving corporation may be substituted in the  
36 proceeding for the ~~((corporation, limited partnership, partnership,~~  
37 ~~or limited liability company))~~ entity whose existence ceased;

1       ~~((5))~~ (e) The articles of incorporation of the surviving  
2 corporation are amended, or amended and restated, to the extent  
3 provided in the ~~((plan))~~ articles of merger;

4       ~~((6))~~ (f) The former holders of the shares of every corporation  
5 party to the merger are entitled only to the rights provided in the  
6 plan of merger or to their rights under chapter 23B.13 RCW; and

7       ~~((7))~~ (g) The former interest holders of ~~((partnership~~  
8 ~~interests of))~~ every ~~((limited partnership or partnership party to~~  
9 ~~the merger and the former holders of member interests of every~~  
10 ~~limited liability company))~~ other entity party to the merger are  
11 entitled only to the rights provided in the plan of merger or to  
12 their rights under ~~((chapter 25.10 RCW))~~ the organic law of that  
13 other entity.

14       (2) The definitions in RCW 23B.09.005 apply to this section  
15 unless the context clearly requires otherwise.

16       **Sec. 113.** RCW 23B.13.020 and 2017 c 28 s 14 are each amended to  
17 read as follows:

18       (1) A shareholder is entitled to dissent from, and obtain payment  
19 of the fair value of the shareholder's shares in the event of, any of  
20 the following corporate actions:

21       (a) A plan of merger, which has become effective, to which the  
22 corporation is a party (i) if shareholder approval was required for  
23 the merger by RCW 23B.11.030, 23B.11.080, or the articles of  
24 incorporation, or would have been required but for the provisions of  
25 RCW 23B.11.030(9), and the shareholder was, or but for the provisions  
26 of RCW 23B.11.030(9) would have been, entitled to vote on the merger,  
27 or (ii) if the corporation was a subsidiary and the plan of merger  
28 provided for the merger of the subsidiary with its parent under RCW  
29 23B.11.040;

30       (b) A plan of share exchange, which has become effective, to  
31 which the corporation is a party as the corporation whose shares have  
32 been acquired, if the shareholder was entitled to vote on the plan;

33       (c) A sale, lease, exchange, or other disposition, which has  
34 become effective, of all, or substantially all, of the property and  
35 assets of the corporation other than in the usual and regular course  
36 of business, if the shareholder was entitled to vote on the sale,  
37 lease, exchange, or other disposition, including a disposition in  
38 dissolution, but not including a disposition pursuant to court order  
39 or a disposition for cash pursuant to a plan by which all or

1 substantially all of the net proceeds of the disposition will be  
2 distributed to the shareholders within one year after the date of the  
3 disposition;

4 (d) An amendment of the articles of incorporation, whether or not  
5 the shareholder was entitled to vote on the amendment, if the  
6 amendment effects a redemption or cancellation of all of the  
7 shareholder's shares in exchange for cash or other consideration  
8 other than shares of the corporation;

9 (e) Any action described in RCW 23B.25.120;

10 (f) Any corporate action approved pursuant to a shareholder vote  
11 to the extent the articles of incorporation, bylaws, or a resolution  
12 of the board of directors provides that voting or nonvoting  
13 shareholders are entitled to dissent and obtain payment for their  
14 shares; or

15 (g) A plan of entity conversion in the case of a conversion of a  
16 domestic corporation to a foreign corporation, which has become  
17 effective, to which the domestic corporation is a party as the  
18 converting entity, if: (i) The shareholder was entitled to vote on  
19 the plan; and (ii) the shareholder does not receive shares in the  
20 surviving entity that have terms as favorable to the shareholder in  
21 all material respects and that represent at least the same percentage  
22 interest of the total voting rights of the outstanding shares of the  
23 surviving entity as the shares held by the shareholder before the  
24 conversion.

25 (2) A shareholder entitled to dissent and obtain payment for the  
26 shareholder's shares under this chapter may not challenge the  
27 corporate action creating the shareholder's entitlement unless the  
28 action fails to comply with the procedural requirements imposed by  
29 this title, RCW 25.10.831 through 25.10.886, the articles of  
30 incorporation, or the bylaws, or is fraudulent with respect to the  
31 shareholder or the corporation.

32 (3) The right of a dissenting shareholder to obtain payment of  
33 the fair value of the shareholder's shares shall terminate upon the  
34 occurrence of any one of the following events:

35 (a) The proposed corporate action is abandoned or rescinded;

36 (b) A court having jurisdiction permanently enjoins or sets aside  
37 the corporate action; or

38 (c) The shareholder's demand for payment is withdrawn with the  
39 written consent of the corporation.

1       **Sec. 114.** RCW 23B.13.200 and 2009 c 189 s 42 are each amended to  
2 read as follows:

3       (1) If proposed corporate action creating dissenters' rights  
4 under RCW 23B.13.020 is submitted for approval by a vote at a  
5 shareholders' meeting, the meeting notice must state that  
6 shareholders are or may be entitled to assert dissenters' rights  
7 under this chapter and be accompanied by a copy of this chapter.

8       (2) If proposed corporate action creating dissenters' rights  
9 under RCW 23B.13.020 would be submitted for approval by a vote at a  
10 shareholders' meeting but for the provisions of RCW 23B.11.030(9),  
11 the offer made pursuant to RCW 23B.11.030(9) must state that  
12 shareholders are or may be entitled to assert dissenters' rights  
13 under this chapter and be accompanied by a copy of this chapter.

14       (3) If corporate action creating dissenters' rights under RCW  
15 23B.13.020 is submitted for approval without a vote of shareholders  
16 in accordance with RCW 23B.07.040, the shareholder consent described  
17 in RCW 23B.07.040(1)(b) and the notice described in RCW  
18 23B.07.040(3)(a) must include a statement that shareholders are or  
19 may be entitled to assert dissenters' rights under this chapter and  
20 be accompanied by a copy of this chapter.

21       **Sec. 115.** RCW 23B.13.210 and 2020 c 57 s 69 are each amended to  
22 read as follows:

23       (1) If proposed corporate action creating dissenters' rights  
24 under RCW 23B.13.020 is submitted to a vote at a shareholders'  
25 meeting, a shareholder who wishes to assert dissenters' rights must  
26 (a) deliver to the corporation before the vote is taken written  
27 notice of the shareholder's intent to demand payment for the  
28 shareholder's shares if the proposed corporate action is effected,  
29 and (b) not vote such shares in favor of the proposed corporate  
30 action.

31       (2) If proposed corporate action creating dissenters' rights  
32 under RCW 23B.13.020 does not require shareholder approval pursuant  
33 to RCW 23B.11.030(9), a shareholder who wishes to assert dissenters'  
34 rights with respect to any class or series of shares:

35       (a) Shall deliver to the corporation before the shares are  
36 purchased pursuant to the offer under RCW 23B.11.030(9) written  
37 notice of the shareholder's intent to demand payment for the  
38 shareholder's shares if the proposed corporate action is effected;  
39 and

1 (b) Shall not tender, or cause to be tendered, any shares of such  
2 class or series in response to such offer.

3 (3) If proposed corporate action creating dissenters' rights  
4 under RCW 23B.13.020 is submitted for approval without a vote of  
5 shareholders in accordance with RCW 23B.07.040, a shareholder who  
6 wishes to assert dissenters' rights must not execute the consent or  
7 otherwise vote such shares in favor of the proposed corporate action.

8 ~~((3))~~ (4) A shareholder who does not satisfy the requirements  
9 of subsection (1) ~~((1))~~, (2), or (3) of this section is not entitled  
10 to payment for the shareholder's shares under this chapter.

11 **Sec. 116.** RCW 23B.13.220 and 2013 c 97 s 2 are each amended to  
12 read as follows:

13 (1) If proposed corporate action creating dissenters' rights  
14 under RCW 23B.13.020 is approved at a shareholders' meeting, the  
15 corporation shall within ten days after the effective date of the  
16 corporate action deliver to all shareholders who satisfied the  
17 requirements of RCW 23B.13.210(1) a notice in compliance with  
18 subsection ~~((5))~~ (6) of this section.

19 (2) If proposed corporate action creating dissenters' rights  
20 under RCW 23B.13.020 is approved without a vote of shareholders in  
21 accordance with RCW 23B.11.030(9), the corporation shall within 10  
22 days after the effective date of the corporate action deliver to all  
23 shareholders who satisfied the requirements of RCW 23B.13.210(2) a  
24 notice in compliance with subsection (6) of this section.

25 (3) If proposed corporate action creating dissenters' rights  
26 under RCW 23B.13.020 is approved without a vote of shareholders in  
27 accordance with RCW 23B.07.040, the notice delivered pursuant to RCW  
28 23B.07.040(3)(b) to shareholders who satisfied the requirements of  
29 RCW 23B.13.210~~((2))~~ (3) shall comply with subsection ~~((5))~~ (6) of  
30 this section.

31 ~~((3))~~ (4) In the case of proposed corporate action creating  
32 dissenters' rights under RCW 23B.13.020(1)(a)(ii), the corporation  
33 shall within ten days after the effective date of the corporate  
34 action deliver to all shareholders of the subsidiary other than the  
35 parent a notice in compliance with subsection ~~((5))~~ (6) of this  
36 section.

37 ~~((4))~~ (5) In the case of proposed corporate action creating  
38 dissenters' rights under RCW 23B.13.020(1)(d) that, pursuant to RCW  
39 23B.10.020(4)(b), is not required to be approved by the shareholders



1 of the corporation, the corporation shall within ten days after the  
2 effective date of the corporate action deliver to all shareholders  
3 entitled to dissent under RCW 23B.13.020(1)(d) a notice in compliance  
4 with subsection ~~((5))~~ (6) of this section.

5 ~~((5))~~ (6) Any notice under subsection (1), (2), (3), ~~((4))~~  
6 (4), or (5) of this section must:

7 (a) State where the payment demand must be sent and where and  
8 when certificates for certificated shares must be deposited;

9 (b) Inform holders of uncertificated shares to what extent  
10 transfer of the shares will be restricted after the payment demand is  
11 received;

12 (c) Supply a form for demanding payment that includes the date of  
13 the first announcement to news media or to shareholders of the terms  
14 of the proposed corporate action and requires that the person  
15 asserting dissenters' rights certify whether or not the person  
16 acquired beneficial ownership of the shares before that date;

17 (d) Set a date by which the corporation must receive the payment  
18 demand, which date may not be fewer than thirty nor more than sixty  
19 days after the date the notice in subsection (1), (2), (3), ~~((4))~~  
20 (4), or (5) of this section is delivered; and

21 (e) Be accompanied by a copy of this chapter.

22 **Sec. 117.** RCW 23B.13.230 and 2013 c 97 s 3 are each amended to  
23 read as follows:

24 (1) A shareholder sent a notice described in RCW 23B.13.220 must  
25 demand payment, certify whether the shareholder acquired beneficial  
26 ownership of the shares before the date required to be set forth in  
27 the notice pursuant to RCW 23B.13.220~~((5))~~ (6)(c), and deposit the  
28 shareholder's certificates, all in accordance with the terms of the  
29 notice.

30 (2) The shareholder who demands payment and deposits the  
31 shareholder's share certificates under subsection (1) of this section  
32 retains all other rights of a shareholder until the proposed  
33 corporate action is effected.

34 (3) A shareholder who does not demand payment or deposit the  
35 shareholder's share certificates where required, each by the date set  
36 in the notice, is not entitled to payment for the shareholder's  
37 shares under this chapter.

**PART II**  
**LIMITED PARTNERSHIPS**

**Sec. 201.** RCW 25.10.011 and 2020 c 57 s 81 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Certificate of limited partnership" means the certificate required by RCW 25.10.201, including the certificate as amended or restated.

(2) "Contribution," except in the term "right of contribution," means any benefit provided by a person to a limited partnership in order to become a partner or in the person's capacity as a partner.

(3) "Debtor in bankruptcy" means a person that is the subject of:

(a) An order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application; or

(b) A comparable order under federal, state, or foreign law governing insolvency.

(4) "Designated office" means the principal office indicated in the limited partnership's most recent annual report, or, if the principal office is not located within this state, the office of the limited partnership's registered agent.

(5) "Distribution" means a transfer of money or other property from a limited partnership to a partner in the partner's capacity as a partner or to a transferee on account of a transferable interest owned by the transferee.

(6) "Foreign limited liability limited partnership" means a foreign limited partnership whose general partners have limited liability for the obligations of the foreign limited partnership under a provision similar to RCW 25.10.401(3).

(7) "Foreign limited partnership" means a partnership formed under the laws of a jurisdiction other than this state and required by those laws to have one or more general partners and one or more limited partners. "Foreign limited partnership" includes a foreign limited liability limited partnership.

(8) "General partner" means:

(a) With respect to a limited partnership, a person that:

(i) Becomes a general partner under RCW 25.10.371; or

1 (ii) Was a general partner in a limited partnership when the  
2 limited partnership became subject to this chapter under RCW  
3 25.10.911 (1) or (2); and

4 (b) With respect to a foreign limited partnership, a person that  
5 has rights, powers, and obligations similar to those of a general  
6 partner in a limited partnership.

7 (9) "Limited liability limited partnership," except in the term  
8 "foreign limited liability limited partnership," means a limited  
9 partnership whose certificate of limited partnership states that the  
10 limited partnership is a limited liability limited partnership.

11 (10) "Limited partner" means:

12 (a) With respect to a limited partnership, a person that:

13 (i) Becomes a limited partner under RCW 25.10.301; or

14 (ii) Was a limited partner in a limited partnership when the  
15 limited partnership became subject to this chapter under RCW  
16 25.10.911 (1) or (2); and

17 (b) With respect to a foreign limited partnership, a person that  
18 has rights, powers, and obligations similar to those of a limited  
19 partner in a limited partnership.

20 (11) "Limited partnership," except in the terms "foreign limited  
21 partnership" and "foreign limited liability limited partnership,"  
22 means an entity, having one or more general partners and one or more  
23 limited partners, that is formed under this chapter by two or more  
24 persons or becomes subject to this chapter under article 11 of this  
25 chapter or RCW 25.10.911 (1) or (2). "Limited partnership" includes a  
26 limited liability limited partnership.

27 (12) "Partner" means a limited partner or general partner.

28 (13) "Partnership agreement" means the partners' agreement,  
29 whether oral, implied, in a record, or in any combination, concerning  
30 the limited partnership. "Partnership agreement" includes the  
31 agreement as amended or restated.

32 (14) "Person" means an individual, corporation, business trust,  
33 estate, trust, partnership, limited liability company, association,  
34 joint venture, government; governmental subdivision, agency, or  
35 instrumentality; (~~(public corporation,~~) or any other legal or  
36 commercial entity.

37 (15) "Person dissociated as a general partner" means a person  
38 dissociated as a general partner of a limited partnership.

39 (16) "Principal office" means the office where the principal  
40 executive office of a limited partnership or foreign limited

1 partnership is located, whether or not the office is located in this  
2 state.

3 (17) "Record" means information that is inscribed on a tangible  
4 medium or that is stored in an electronic or other medium and is  
5 retrievable in perceivable form.

6 (18) "Required information" means the information that a limited  
7 partnership is required to maintain under RCW 25.10.091.

8 (19) "Sign" means, with present intent to authenticate or adopt a  
9 record:

10 (a) To execute or adopt a tangible symbol;

11 (b) To attach to or logically associate with the record an  
12 electronic symbol, sound, or process; or

13 (c) With respect to a record to be filed with the secretary of  
14 state, to comply with the standard for filing with the office of the  
15 secretary of state as prescribed by the secretary of state.

16 (20) "State" means a state of the United States, the District of  
17 Columbia, Puerto Rico, the United States Virgin Islands, or any  
18 territory or insular possession subject to the jurisdiction of the  
19 United States.

20 (21) "Tangible medium" means a writing, copy of a writing,  
21 facsimile, or a physical reproduction, each on paper or on other  
22 tangible material.

23 (22) "Transfer" includes an assignment, conveyance, deed, bill of  
24 sale, lease, mortgage, security interest, encumbrance, gift, and  
25 transfer by operation of law.

26 (23) "Transferable interest" means a partner's right to receive  
27 distributions.

28 (24) "Transferee" means a person to which all or part of a  
29 transferable interest has been transferred, whether or not the  
30 transferor is a partner.

31 **Sec. 202.** RCW 25.10.101 and 2009 c 188 s 112 are each amended to  
32 read as follows:

33 A partner may lend money to and transact other business with the  
34 limited partnership and, subject to other applicable law, has the  
35 same rights and obligations with respect to the loan or other  
36 transaction as a person that is not a partner.

37 **Sec. 203.** RCW 25.10.491 and 2009 c 188 s 507 are each amended to  
38 read as follows:

1       When a partner or transferee becomes entitled to receive a  
2 distribution, the partner or transferee has the status of, and is  
3 entitled to all remedies available to, a creditor of the limited  
4 partnership with respect to the distribution. However, the limited  
5 partnership's obligation to make a distribution is subject to offset  
6 for any amount (~~owed~~) due and payable to the limited partnership by  
7 the partner or dissociated partner on whose account the distribution  
8 is made.

9       **Sec. 204.** RCW 25.10.496 and 2009 c 188 s 508 are each amended to  
10 read as follows:

11       (1) A limited partnership may not make a distribution in  
12 violation of the partnership agreement.

13       (2) A limited partnership may not make a distribution (~~if~~  
14 ~~after~~) to the extent that at the time of the distribution, after  
15 giving effect to the distribution:

16       (a) The limited partnership would not be able to pay its debts as  
17 they become due in the ordinary course of the limited partnership's  
18 activities; or

19       (b) The limited partnership's total assets would be less than the  
20 sum of its total liabilities other than liabilities to partners on  
21 account of their partnership interests and liabilities for which  
22 recourse of creditors is limited to specified property of the limited  
23 partnership, except that the fair value of property that is subject  
24 to a liability for which the recourse of creditors is limited shall  
25 be included in the assets of the limited partnership only to the  
26 extent that the fair value of that property exceeds that liability.

27       (3) A limited partnership may base a determination that a  
28 distribution is not prohibited under subsection (2) of this section  
29 on financial statements prepared on the basis of accounting practices  
30 and principles that are reasonable in the circumstances or on a fair  
31 valuation or other method that is reasonable in the circumstances.

32       (4) Except as otherwise provided in subsection (7) of this  
33 section, the effect of a distribution under subsection (2) of this  
34 section is measured:

35       (a) In the case of distribution by purchase, redemption, or other  
36 acquisition of a transferable interest in the limited partnership, as  
37 of the date money or other property is transferred or debt incurred  
38 by the limited partnership; and

39       (b) In all other cases, as of the date:

1 (i) The distribution is authorized, if the payment occurs within  
2 one hundred twenty days after that date; or

3 (ii) The payment is made, if payment occurs more than one hundred  
4 twenty days after the distribution is authorized.

5 (5) A limited partnership's indebtedness to a partner incurred by  
6 reason of a distribution made in accordance with this section is at  
7 parity with the limited partnership's indebtedness to its general,  
8 unsecured creditors.

9 (6) A limited partnership's indebtedness, including indebtedness  
10 issued in connection with or as part of a distribution, is not  
11 considered a liability for purposes of subsection (2) of this section  
12 if the terms of the indebtedness provide that payment of principal  
13 and interest are made only to the extent that a distribution could  
14 then be made to partners under this section.

15 (7) (~~If indebtedness is issued as~~) The effect of a distribution  
16 of indebtedness under subsection (2) of this section is measured:

17 (a) In the case of a distribution of indebtedness described in  
18 subsection (6) of this section, each payment of principal or interest  
19 (~~on the indebtedness~~) is treated as a distribution, the effect of  
20 which is measured on the date the payment is actually made; and

21 (b) In the case of a distribution of any other indebtedness, the  
22 effect of the distribution is measured as of the date the  
23 indebtedness is distributed.

24 **Sec. 205.** RCW 25.10.546 and 2009 c 188 s 701 are each amended to  
25 read as follows:

26 The only interest of a partner that is transferable is the  
27 partner's transferable interest. A transferable interest is personal  
28 property. A partner has no interest in specific partnership property.

29 **Sec. 206.** RCW 25.10.771 and 2015 c 176 s 6127 are each amended  
30 to read as follows:

31 (1) An organization that has been converted pursuant to this  
32 article is for all purposes the same entity that existed before the  
33 conversion.

34 (2) When a conversion takes effect:

35 (a) (~~All~~) The title to all real estate and other property owned  
36 by the converting organization remains vested in the converted  
37 organization without reversion or impairment;

1 (b) All debts, liabilities, and other obligations of the  
2 converting organization continue as obligations of the converted  
3 organization;

4 (c) An action or proceeding pending by or against the converting  
5 organization may be continued as if the conversion had not occurred;

6 (d) Except as prohibited by other law, all of the rights,  
7 privileges, immunities, powers, and purposes of the converting  
8 organization remain vested in the converted organization;

9 (e) Except as otherwise provided in the plan of conversion, the  
10 terms and conditions of the plan of conversion take effect; and

11 (f) Except as otherwise agreed, the conversion does not dissolve  
12 a converting limited partnership for the purposes of article 8 of  
13 this chapter.

14 (3) A converted organization that is a foreign organization  
15 consents to the jurisdiction of the courts of this state to enforce  
16 any obligation owed by the converting limited partnership, if before  
17 the conversion the converting limited partnership was subject to suit  
18 in this state on the obligation. A converted organization that is a  
19 foreign organization and not registered to transact business in this  
20 state may be served with process pursuant to RCW 23.95.450 for  
21 purposes of enforcing an obligation under this subsection.

22 **Sec. 207.** RCW 25.10.791 and 2015 c 176 s 6129 are each amended  
23 to read as follows:

24 (1) When a merger becomes effective:

25 (a) The surviving organization continues;

26 (b) Each constituent organization that merges into the surviving  
27 organization ceases to exist as a separate entity;

28 (c) ~~((All))~~ The title to all real estate and other property owned  
29 by each constituent organization that ceases to exist vests in the  
30 surviving organization without reversion or impairment;

31 (d) All debts, liabilities, and other obligations of each  
32 constituent organization that ceases to exist continue as obligations  
33 of the surviving organization;

34 (e) An action or proceeding pending by or against any constituent  
35 organization that ceases to exist may be continued as if the merger  
36 had not occurred;

37 (f) Except as prohibited by other law, all of the rights,  
38 privileges, immunities, powers, and purposes of each constituent  
39 organization that ceases to exist vest in the surviving organization;

1 (g) Except as otherwise provided in the plan of merger, the terms  
2 and conditions of the plan of merger take effect;

3 (h) Except as otherwise agreed, if a constituent limited  
4 partnership ceases to exist, the merger does not dissolve the limited  
5 partnership for the purposes of article 8 of this chapter; and

6 (i) Any amendments provided for in the articles of merger for the  
7 organizational document that created the surviving organization  
8 become effective.

9 (2) A surviving organization that is a foreign organization  
10 consents to the jurisdiction of the courts of this state to enforce  
11 any obligation owed by a constituent organization, if before the  
12 merger the constituent organization was subject to suit in this state  
13 on the obligation. A surviving organization that is a foreign  
14 organization and not registered to transact business in this state  
15 may be served with process pursuant to RCW 23.95.450 for the purposes  
16 of enforcing an obligation under this subsection.

17 **PART III**

18 **LIMITED LIABILITY COMPANIES**

19 **Sec. 301.** RCW 25.15.006 and 2020 c 57 s 82 are each amended to  
20 read as follows:

21 The definitions in this section apply throughout this chapter  
22 unless the context clearly requires otherwise.

23 (1) "Agreed value" means the value of the contributions made by a  
24 member to the limited liability company. Such value shall equal the  
25 amount agreed upon in a limited liability company agreement or, if no  
26 value is agreed upon, the value shall be determined based on the  
27 records of the limited liability company.

28 (2) "Certificate of formation" means the certificate of formation  
29 required by RCW 25.15.071 and such certificate as amended or  
30 restated.

31 (3) "Distribution" means a transfer of money or other property  
32 from a limited liability company to a member in the member's capacity  
33 as a member or to a transferee on account of a transferable interest  
34 owned by the transferee.

35 (4) "Execute," "executes," or "executed" means with present  
36 intent to authenticate or adopt a record:

37 (a) To sign or adopt a tangible symbol; or



1 (b) To attach to or logically associate with the record an  
2 electronic symbol, sound, or process.

3 (5) "Foreign limited liability company" means an unincorporated  
4 entity formed under the law of a jurisdiction other than this state  
5 and denominated by that law as a limited liability company.

6 (6) "Foreign professional limited liability company" means a  
7 foreign limited liability company formed for the purpose of rendering  
8 professional services.

9 (7) "Limited liability company" or "domestic limited liability  
10 company" means a limited liability company having one or more members  
11 or transferees that is formed under this chapter.

12 (~~(7)~~) (8) "Limited liability company agreement" means the  
13 agreement, including the agreement as amended or restated, whether  
14 oral, implied, in a record, or in any combination, of the member or  
15 members of a limited liability company concerning the affairs of the  
16 limited liability company and the conduct of its business.

17 (~~(8)~~) (9) "Manager" means a person, or a board, committee, or  
18 other group of persons, named as a manager of a limited liability  
19 company in, or designated as a manager of a limited liability company  
20 pursuant to, a limited liability company agreement.

21 (~~(9)~~) (10) "Manager-managed" means, with respect to a limited  
22 liability company, that the limited liability company agreement vests  
23 management of the limited liability company in one or more managers.

24 (~~(10)~~) (11) "Member" means a person who has been admitted to a  
25 limited liability company as a member as provided in RCW 25.15.116  
26 and who has not been dissociated from the limited liability company.

27 (~~(11)~~) (12) "Member-managed" means, with respect to a limited  
28 liability company, that the limited liability company is not manager-  
29 managed.

30 (~~(12)~~) (13) "Person" means an individual, corporation, business  
31 trust, estate, trust, partnership, limited partnership, limited  
32 liability company, association, joint venture, government,  
33 governmental subdivision, agency, or instrumentality or any other  
34 legal or commercial entity.

35 (~~(13)~~) (14) "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 limited liability company  
38 are located.

1       (~~(14)~~) (15) "Professional limited liability company" means a  
2 limited liability company that is formed in accordance with RCW  
3 25.15.046 for the purpose of rendering professional service.

4       (~~(15)~~) (16) "Professional service" means the same as defined  
5 under RCW 18.100.030.

6       (~~(16)~~) (17) "Record" means information that is inscribed on a  
7 tangible medium or that is stored in an electronic or other medium  
8 and is retrievable in perceivable form.

9       (~~(17)~~) (18) "State" means a state of the United States, the  
10 District of Columbia, Puerto Rico, the United States Virgin Islands,  
11 or any territory or insular possession subject to the jurisdiction of  
12 the United States.

13       (~~(18)~~) (19) "Tangible medium" means a writing, copy of a  
14 writing, facsimile, or a physical reproduction, each on paper or on  
15 other tangible material.

16       (~~(19)~~) (20) "Transfer" includes an assignment, conveyance,  
17 deed, bill of sale, lease, gift, and transfer by operation of law,  
18 except as otherwise provided in RCW 25.15.251(6).

19       (~~(20)~~) (21) "Transferable interest" means a member's or  
20 transferee's right to receive distributions of the limited liability  
21 company's assets.

22       (~~(21)~~) (22) "Transferee" means a person to which all or part of  
23 a transferable interest has been transferred, whether or not the  
24 transferor is a member.

25       (23) "Withdraw" or "withdrawal" means, with respect to a member  
26 of a limited liability company or a holder of a transferable interest  
27 in a limited liability company, that the member or holder of the  
28 transferable interest provides written notice to the limited  
29 liability company of its intent to surrender all of its transferable  
30 interest and rights as a member to the limited liability company. A  
31 withdrawal is effective as of the later of the date the limited  
32 liability company receives the written notice of withdrawal or the  
33 date specified in such notice.

34       **Sec. 302.** RCW 25.15.046 and 2015 c 176 s 7105 are each amended  
35 to read as follows:

36       (1) A person or group of persons duly licensed or otherwise  
37 legally authorized to render the same professional services within  
38 this state may form and become a member or members of a professional

1 limited liability company under the provisions of this chapter for  
2 the purposes of rendering professional service.

3 (2) A professional limited liability company is subject to all  
4 the provisions of chapter 18.100 RCW that apply to a professional  
5 corporation. A professional limited liability company's managers,  
6 members, agents, and employees are subject to all the provisions of  
7 chapter 18.100 RCW that apply to the directors, officers,  
8 shareholders, agents, or employees of a professional corporation,  
9 except as provided otherwise in this section and RCW 25.15.048.

10 (3) If the limited liability company's members are required to be  
11 licensed to practice such profession, and the limited liability  
12 company fails to maintain for itself and for its members practicing  
13 in this state a policy of professional liability insurance, bond, or  
14 other evidence of financial responsibility of a kind designated by  
15 rule by the state insurance commissioner and in the amount of at  
16 least one million dollars or a greater amount as the state insurance  
17 commissioner may establish by rule for a licensed profession or for  
18 any specialty within a profession, taking into account the nature and  
19 size of the business, then the limited liability company's members  
20 are personally liable to the extent that, had the insurance, bond, or  
21 other evidence of responsibility been maintained, it would have  
22 covered the liability in question.

23 (4) For purposes of applying chapter 18.100 RCW to a professional  
24 limited liability company, the terms "director" or "officer" means  
25 manager, "shareholder" means member, "corporation" means professional  
26 limited liability company, "articles of incorporation" means  
27 certificate of formation, "shares" or "capital stock" means a limited  
28 liability company interest, "incorporator" means the person who  
29 executes the certificate of formation, and "bylaws" means the limited  
30 liability company agreement.

31 (5) The name of a professional limited liability company must  
32 comply with RCW 23.95.305.

33 (6) Subject to Article VII of this chapter, the following may be  
34 a member of a professional limited liability company and may be the  
35 transferee of the interest of an ineligible person or deceased member  
36 of the professional limited liability company:

37 (a) A professional corporation, if its shareholders, directors,  
38 and its officers, other than the secretary and the treasurer, are  
39 licensed or otherwise legally authorized to render the same specific

1 professional services as the professional limited liability company;  
2 ((and))

3 (b) Another professional limited liability company, if the  
4 managers and members of both professional limited liability companies  
5 are licensed or otherwise legally authorized to render the same  
6 specific professional services; and

7 (c) A foreign professional limited liability company, if the  
8 managers and members of the foreign professional limited liability  
9 company are duly licensed or otherwise legally authorized to render  
10 the same specific professional services in any jurisdiction other  
11 than this state as the managers and members of the professional  
12 limited liability company.

13 (7) Formation of a limited liability company under this section  
14 does not restrict the application of the uniform disciplinary act  
15 under chapter 18.130 RCW, or any applicable health care professional  
16 statutes under Title 18 RCW, including but not limited to  
17 restrictions on persons practicing a health profession without being  
18 appropriately credentialed and persons practicing beyond the scope of  
19 their credential.

20 **Sec. 303.** RCW 25.15.116 and 2015 c 188 s 25 are each amended to  
21 read as follows:

22 (1) In connection with the admission of the initial member or  
23 members of a limited liability company, a person acquiring a limited  
24 liability company interest is admitted as a member of the limited  
25 liability company upon the later to occur of:

- 26 (a) The formation of the limited liability company; or
- 27 (b) The time provided in the limited liability company agreement  
28 or, if the limited liability company agreement does not so provide or  
29 does not exist, when the person's admission is reflected in the  
30 records of the limited liability company.

31 (2) After the admission of the initial member or members of a  
32 limited liability company, a person acquiring a limited liability  
33 company interest is admitted as a member of the limited liability  
34 company:

- 35 (a) In the case of a person acquiring a limited liability company  
36 interest directly from the limited liability company, at the time  
37 provided in the limited liability company agreement or, if the  
38 limited liability company agreement does not so provide or does not  
39 exist, upon the consent of all members and when the person's

1 admission is reflected in the records of the limited liability  
2 company;

3 (b) In the case of a transferee of a limited liability company  
4 interest, upon compliance with any procedure for admission provided  
5 in the limited liability company agreement or, if the limited  
6 liability company agreement does not so provide or does not exist,  
7 upon the consent of all members and when the person's admission is  
8 reflected in the records of the limited liability company agreement;  
9 ((~~or~~))

10 (c) In the case of a person being admitted as a member of a  
11 surviving or resulting limited liability company pursuant to a merger  
12 or conversion approved in accordance with this chapter, as provided  
13 in the limited liability company agreement of the surviving or  
14 resulting limited liability company or in the agreement of merger or  
15 plan of merger or conversion, and in the event of any inconsistency,  
16 the terms of the agreement of merger or plan of merger or conversion  
17 control; and in the case of a person being admitted as a member of a  
18 limited liability company pursuant to a merger or conversion in which  
19 such limited liability company is not the surviving or resulting  
20 limited liability company in the merger or conversion, as provided in  
21 the limited liability company agreement of such limited liability  
22 company; or

23 (d) In the case of a transferee acquiring all of the transferor's  
24 limited liability company interest from a transferor that is the only  
25 member of the limited liability company, upon the effectiveness of  
26 the transfer.

27 (3) A person may be admitted as a member of a limited liability  
28 company without acquiring a transferable interest and without making  
29 or being obligated to make a contribution to the limited liability  
30 company.

31 **Sec. 304.** RCW 25.15.121 and 2015 c 188 s 26 are each amended to  
32 read as follows:

33 (1) Except as otherwise provided by this chapter, the affirmative  
34 vote, approval, or consent of a majority of the members is necessary  
35 for actions requiring member approval.

36 (2) The affirmative vote, approval, or consent of all members is  
37 required to:

38 (a) Amend the certificate of formation, except as provided in RCW  
39 25.15.076(2);

1 (b) Amend the limited liability company agreement;

2 (c) Authorize a manager, member, or other person to do any act on  
3 behalf of the limited liability company that contravenes the limited  
4 liability company agreement, including any provision that expressly  
5 limits the purpose, business, or affairs of the limited liability  
6 company or the conduct thereof;

7 (d) Admit as a member of the limited liability company a person  
8 acquiring a limited liability company interest directly from the  
9 limited liability company as provided in RCW 25.15.116(2) (a);

10 (e) Admit as a member of the limited liability company a  
11 transferee of a limited liability company interest as provided in RCW  
12 25.15.116(2) (b);

13 (f) Authorize a member's removal as a member of the limited  
14 liability company as provided in RCW 25.15.131(1) (e);

15 (g) Waive a member's dissociation as a member of the limited  
16 liability company as provided in RCW 25.15.131(1) (f), (g), or (h);

17 (h) ~~((Authorize the withdrawal of a member from the limited  
18 liability company as provided in RCW 25.15.131(2));~~

19 ~~(i))~~ Compromise any member's obligation to make a contribution  
20 or return cash or other property paid or distributed to the member in  
21 violation of this chapter as provided in RCW 25.15.196(2);

22 ~~((j))~~ (i) Amend the certificate of formation and extend the  
23 date of dissolution, if a dissolution date is specified in the  
24 certificate of formation, as provided in RCW 25.15.265(1);

25 ~~((k))~~ (j) Dissolve the limited liability company as provided in  
26 RCW 25.15.265(3);

27 (k) Approve a plan of conversion as provided in RCW 25.15.441(1);

28 (l) Sell, lease, exchange, or otherwise dispose of all, or  
29 substantially all, of the limited liability company's property, other  
30 than in the ordinary course of the limited liability company's  
31 activities or activities of the kind carried on by the limited  
32 liability company; or

33 (m) Undertake any other act outside the ordinary course of the  
34 limited liability company's activities.

35 (3) A limited liability company agreement may provide for classes  
36 or groups of members having such relative rights, powers, and duties  
37 as the limited liability company agreement may provide, and may make  
38 provision for the future creation in the manner provided in the  
39 limited liability company agreement of additional classes or groups  
40 of members having such relative rights, powers, and duties as may

1 from time to time be established, including rights, powers, and  
2 duties senior to existing classes and groups of members. A limited  
3 liability company agreement may provide for the taking of an action,  
4 including the amendment of the limited liability company agreement,  
5 without the vote or approval of any member or class or group of  
6 members, including an action to create under the provisions of the  
7 limited liability company agreement a class or group of limited  
8 liability company interests that was not previously outstanding. A  
9 limited liability company agreement may provide that any member or  
10 class or group of members do not have voting rights.

11 (4) A limited liability company agreement may grant to all or  
12 certain identified members or a specified class or group of the  
13 members the right to vote separately or with all or any class or  
14 group of the members or managers, on any matter. If the limited  
15 liability company agreement so provides, voting by members may be on  
16 a per capita, profit share, class, group, or any other basis.

17 (5) A limited liability company agreement may set forth  
18 provisions relating to notice of the time, place, or purpose of any  
19 meeting at which any matter is to be voted on by any members, waiver  
20 of any such notice, action by consent without a meeting, the  
21 establishment of a record date, quorum requirements, voting in person  
22 or by proxy, or any other matter with respect to the exercise of any  
23 such right to vote.

24 **Sec. 305.** RCW 25.15.131 and 2020 c 312 s 727 are each amended to  
25 read as follows:

26 (1) A person is dissociated as a member of a limited liability  
27 company upon the occurrence of one or more of the following events:

28 (a) The member dies or withdraws (~~((by voluntary act))~~) from the  
29 limited liability company as provided in subsection (2) of this  
30 section;

31 (b) The transfer of all of the member's transferable interest in  
32 the limited liability company;

33 (c) The member is removed as a member in accordance with the  
34 limited liability company agreement;

35 (d) The occurrence of an event upon which the member ceases to be  
36 a member under the limited liability company agreement;

37 (e) The person is a corporation, limited liability company,  
38 general partnership, or limited partnership, and the person is

1 removed as a member by the unanimous consent of the other members,  
2 which may be done under this subsection (1)(e) only if:

3 (i) The person has filed articles of dissolution, a certificate  
4 of dissolution or the equivalent, or the person has been  
5 administratively or judicially dissolved, or its right to conduct  
6 business has been suspended or revoked by the jurisdiction of its  
7 incorporation, or the person has otherwise been dissolved; and

8 (ii) The dissolution has not been revoked or the person or its  
9 right to conduct business has not been reinstated within ninety days  
10 after the limited liability company notifies the person that it will  
11 be removed as a member for any reason identified in (e)(i) of this  
12 subsection;

13 (f) Unless all other members otherwise agree at the time, the  
14 member (i) makes a general assignment for the benefit of creditors;

15 (ii) files a voluntary petition in bankruptcy; (iii) becomes the  
16 subject of an order for relief in bankruptcy proceedings; (iv) files  
17 a petition or answer seeking for the member any reorganization,  
18 arrangement, composition, readjustment, liquidation, dissolution, or  
19 similar relief under any statute, law, or regulation; (v) files an  
20 answer or other pleading admitting or failing to contest the material  
21 allegations of a petition filed against the member in any proceeding  
22 of the nature described in (f)(i) through (iv) of this subsection; or  
23 (vi) seeks, consents to, or acquiesces in the appointment of a  
24 trustee, receiver, or liquidator of the member or of all or any  
25 substantial part of the member's properties;

26 (g) Unless all other members otherwise agree at the time, if  
27 within one hundred twenty days after the commencement of any  
28 proceeding against the member seeking reorganization, arrangement,  
29 composition, readjustment, liquidation, dissolution, or similar  
30 relief under any statute, law, or regulation, the proceeding has not  
31 been dismissed, or if within ninety days after the appointment  
32 without his or her consent or acquiescence of a trustee, receiver, or  
33 liquidator of the member or of all or any substantial part of the  
34 member's properties, the appointment is not vacated or stayed, or  
35 within ninety days after the expiration of any stay, the appointment  
36 is not vacated; or

37 (h) Unless all other members otherwise agree at the time, in the  
38 case of a member who is an individual, the entry of an order by a  
39 court of competent jurisdiction adjudicating the member as being  
40 subject to a conservatorship under RCW 11.130.360.



1 (2) A member may withdraw from a limited liability company at  
2 (~~the time or upon the happening of events specified in and in~~  
3 ~~accordance with the limited liability company agreement. If the~~  
4 ~~limited liability company agreement does not specify the time or the~~  
5 ~~events upon the happening of which a member may withdraw, a member~~  
6 ~~may not withdraw from the limited liability company without the~~  
7 ~~written consent of all other members)) any time. The withdrawn member  
8 or transferee shall have no right to payment from the limited  
9 liability company as a consequence of its withdrawal.~~

10 (3) When a person is dissociated as a member of a limited  
11 liability company:

12 (a) The person's right to participate as a member in the  
13 management and conduct of the limited liability company's activities  
14 terminates;

15 (b) If the limited liability company is member-managed, the  
16 person's fiduciary duties as a member end with regard to matters  
17 arising and events occurring after the person's dissociation; and

18 (c) Subject to subsection (5) of this section, any transferable  
19 interest owned by the person immediately before dissociation in the  
20 person's capacity as a member is owned by the person solely as a  
21 transferee.

22 (4) A person's dissociation as a member of a limited liability  
23 company does not of itself discharge the person from any debt,  
24 obligation, or other liability to the limited liability company or  
25 the other members which the person incurred while a member.

26 (5) If a member dies, the deceased member's personal  
27 representative or other legal representative may exercise the rights  
28 of a transferee provided in RCW 25.15.251 and, for the purposes of  
29 settling the estate, the rights of a current member under RCW  
30 25.15.136.

31 **Sec. 306.** RCW 25.15.441 and 2015 c 188 s 85 are each amended to  
32 read as follows:

33 (1) Subject to RCW 25.15.456, a plan of conversion must be  
34 (~~consented to~~) approved either by all the members of a converting  
35 limited liability company or as provided in a written limited  
36 liability company agreement.

37 (2) Subject to RCW 25.15.456 and any contractual rights, after a  
38 conversion is approved, and at any time before a filing is made under

1 RCW 25.15.446, a converting limited liability company may amend the  
2 plan or abandon the planned conversion:

3 (a) As provided in the plan; and

4 (b) Except as prohibited by the plan, by the same approval as was  
5 required to approve the plan.

--- **END** ---