

one (1) year after the filing of such lien against the said *tort feasor* and/or insurer. In the event that such *tort feasor* and/or insurer shall have made payment or settlement on account of such injury, the fact of such payment shall only for the purpose of such suit be *prima facie* evidence of the negligence of the *tort feasor* and of the liability of the payer to compensate for such negligence.

Passed the House March 3, 1937.

Passed the Senate March 3, 1937.

Approved by the Governor March 13, 1937.

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## CHAPTER 70.

[H. B. 531.]

### QUALIFICATION AND REGULATION OF CORPORATIONS.

AN ACT requiring and providing for the qualification of foreign corporations to do business in this state; providing and requiring payment of filing and license fees for both domestic and foreign corporations; providing additional fees for late payment; prescribing the duties of certain officials in aid of collection thereof; providing they shall be preferred claims and constitute a lien on corporate assets; providing for the reinstatement of stricken and dissolved corporations; and validating the corporate acts of such corporations occurring before reinstatement; repealing certain acts and all other inconsistent acts and declaring an emergency.

*Be it enacted by the Legislature of the State of Washington:*

SECTION 1. All corporations hereafter organized under the laws of this state, except the corporations for which existing law provides a different fee schedule, shall pay for the filing of its articles of incorporation a fee of twenty-five dollars (\$25.00) for the first fifty thousand dollars (\$50,000.00), or less, of its authorized capital stock, and one-twentieth (1/20) of one per cent (1%) additional on all amounts in excess of fifty thousand dollars (\$50,-

Domestic corporations, fee for filing articles.

000.00) and not exceeding one million dollars (\$1,000,000.00), and one-fiftieth (1/50) of one per cent (1%) additional on all amounts in excess of one million dollars (\$1,000,000.00), and not exceeding four million dollars (\$4,000,000.00), and one one-hundredth (1/100) of one per cent (1%) additional on all amounts in excess of four million dollars (\$4,000,000.00); but in no case shall the amount exceed twenty-five hundred dollars (\$2500.00).

Every corporation heretofore or hereafter organized under the laws of this state, except the corporations for which existing law provides a different fee schedule, desiring to file in the office of the secretary of state, articles amendatory or supplemental articles increasing its capital stock, or certificates of increase of capital stock, shall pay to the secretary of state the fees hereinabove in this section provided, in proportion to such increased capital stock upon the actual amount of such increase, and every such corporation desiring to file other amendatory or supplemental articles shall pay to the secretary of state a fee of ten dollars (\$10.00).

Amendatory  
or supple-  
mental  
articles.

SEC. 2. Each and every foreign corporation doing an intrastate business or hereafter seeking to do an intrastate business in the State of Washington shall qualify so to do in the manner prescribed in this act and shall pay for the privilege of so doing the filing and license fees prescribed in this act. Each and every foreign corporation doing an intrastate business or hereafter seeking to do an intrastate business in the State of Washington shall pay as a fee for the filing of the papers required in sections three and sixteen of this act, the same fees as are prescribed in section 1 hereof for the filing of articles of incorporation of a domestic corporation, such fees to be computed upon the portion of capital stock of such corporation represented or to be represented in the State of Washington, to be ascertained by

Foreign  
corporations.

comparing the value in money of its entire property and capital with the value in money of its property and capital in, or to be brought into, and used in this state. Any corporation that shall employ an increased amount of its capital stock within the state shall pay fees at the same rate upon such increase, and whenever such increase is made such corporation shall file with the secretary of state, a statement showing the amount of such increase.

Statement  
required,  
contents.

SEC. 3. Before any foreign corporation shall be authorized to do intrastate business in the State of Washington it shall file with the secretary of state upon a blank form to be furnished for that purpose under the oath of its president, secretary, treasurer, superintendent or managing agent in this state, a statement showing the following facts:

(a) The number of shares of capital stock of the company and the par value of each share, and if such shares have no par value, then the value of the assets represented by non-par shares;

(b) The portion of the capital stock of the company which is represented and/or to be represented, employed and/or to be employed in its business transacted or to be transacted in the State of Washington;

(c) The value of the property in or to be brought into, and the amount of capital to be used by the company in the State of Washington and the value of the property and capital owned and/or used by the company outside of the State of Washington;

(d) Such other facts as the secretary of state may require.

From the facts thus reported, and such other additional information as the secretary of state may require, the secretary of state shall determine the amount of capital or the proportionate amount of the capital stock of the company represented by its property and business in the State of Washington

and upon which the fees prescribed herein are payable.

SEC. 4. Every corporation organized under the laws of this state, except the corporations for which existing law provides a different fee schedule, shall make and file an affidavit as to the amount of its authorized capital stock, and shall pay, on or before the first day of July of each and every year, to the secretary of state, and it shall be the duty of the secretary of state to collect, for the use of the state, an annual license fee of fifteen dollars (\$15.00) for the first fifty thousand dollars (\$50,000.00) or less of its authorized capital stock; and one-fortieth ( $1/40$ ) of one per cent (1%) additional on all amounts in excess of fifty thousand dollars (\$50,000.00), and not exceeding one million dollars (\$1,000,000.00); and one one-hundredth ( $1/100$ ) of one per cent (1%) additional on all amounts in excess of one million dollars (\$1,000,000.00), and not exceeding four million dollars (\$4,000,000.00); and one two-hundredth ( $1/200$ ) of one per cent (1%) additional on all amounts in excess of four million dollars (\$4,000,000.00); but in no case shall an annual license fee exceed the sum of twelve hundred fifty dollars (\$1,250.00).

Domestic corporations, annual license fee schedule.

SEC. 5. All foreign corporations doing intrastate business, or hereafter seeking to do intrastate business in this state shall pay for the privilege of doing such intrastate business in this state the same fees as are prescribed for domestic corporations for annual license fees in the preceding section, such fees to be computed upon the proportion of the capital stock represented or to be represented by its property and business in this state to be ascertained by comparing the entire volume of business with the volume of intrastate business in this state and any such corporation that shall employ an increased amount of its capital stock within this state shall pay

Foreign corporations, annual license fees.

license fees upon such increase in the same proportion as provided in the preceding section for payment of license fees by domestic corporations and such corporations shall file with the secretary of state a statement showing the amount of such increase and shall forthwith pay to the secretary of state the increased license fee brought about by such increased use of capital represented by its property and business in this state, such fees to be paid on or before the first day of July of each and every year.

Court  
appeals.

SEC. 6. That in the event any such foreign corporation shall feel aggrieved at the decision of the secretary of state relative to the fee for the filing of its articles of incorporation, or by the action of the secretary of state in fixing its annual license fee, it may, within thirty days file its notice of appeal from such order in the superior court of Thurston county, Washington, together with a statement of the grounds of its appeal and the reductions or changes in such fees sought, and the court shall proceed summarily to hear and determine the questions raised by such appeal and make and enter such order therein as to the court may seem meet and proper: *And provided further*, That either party may have the right of appeal from such judgment and decision to the supreme court of the State of Washington, the practice and procedure in appeals in civil cases to govern such appeals.

Non-par  
capital  
stock.

SEC. 7. In the case of any corporation whose stock is wholly or partly without par value, there shall be filed with the articles of incorporation the affidavit of one of the incorporators, or other representative of the corporation, stating that, to the best of his knowledge and belief, the value of the assets received and to be received by such corporation in return for the issuance of its non-par value stock does not exceed a certain sum therein named, and the sum so named in such affidavit shall be assumed

*prima facie* as the amount of capitalization represented by such non-par value stock for the purpose of fixing the filing fees and annual license fees to be paid by such corporation under the laws of this state: *Provided*, That at any time within two years after the filing of such articles of incorporation, the secretary of state may investigate and make a finding as to the value of such assets, and if the value of the assets received in consideration of the issuance of such non-par value stock is found by him to exceed the amount stated in such affidavit, such corporation shall pay to the secretary of state the additional filing and license fees payable under the laws of this state, based on the excess of the true valuation, as so found, over the value stated in such affidavit, together with interest on such additional sum at the rate of eight (8) per cent per annum from the date when the same became due, such payment to be made within sixty (60) days after notice mailed by the secretary of state addressed to such corporation at its last known address: *And provided further*, That such finding of the secretary of state shall be subject to review on such evidence as the parties may submit to the court, if an action for such review be begun by such corporation in the superior court of Thurston county within said sixty (60) days. If such action be begun, such corporation shall be allowed sixty (60) days, after judgment of the court finally adjudging the matter, in which to pay any additional fees that may be payable.

The sum named in any such affidavit may be increased or reduced by the filing of an amended affidavit and the payment of a filing fee for such increase or reduction as is required for an increase or reduction of authorized capital stock in sections 1 and 4 of this act.

SEC. 8. Building and loan and savings and loan associations paying special fees provided for in the

Building  
and loan  
associations  
exempted.

act under which the same are incorporated shall not be required to pay the filing and license fees provided for herein and shall be exempted from the provisions of this act.

Public service companies allowed deductions.

SEC. 9. The annual fee required to be paid to the department of public service by any public service company shall be deducted from the annual license fee provided herein and the excess only shall be collected.

It shall be the duty of the director of public service to furnish to the secretary of state on or before June 1 of each year a list of all public service companies with the amount of annual license fees paid the department of public service for the current year.

Additional fee as penalty.

SEC. 10. In the event any corporation, foreign or domestic, shall fail to pay its annual license fee on or before the first day of July of any year there shall become due and owing the State of Washington an additional license fee equivalent to one per cent (1%) per month or fraction thereof computed upon each annual license fee from the date when it should have been paid to the date when it is paid: *Provided*, That the minimum additional license fee due under the provisions of this section shall be two dollars and fifty cents (\$2.50): *Provided, further*, That the license fees and penalties now due and owing to the State of Washington may be fixed by and paid under the law in effect immediately prior to the passage of this act if paid on or before July 1, 1937.

License fees and penalties now due.

Fees are liens upon assets of corporations.

SEC. 11. All fees of every nature either provided for in this chapter and owing by any corporation to the State of Washington by any existing law are hereby declared to be debts due and owing to the State of Washington and are hereby declared to be liens upon any and all assets of any corporation owing the same.

In the event of the winding up or dissolution of any corporation any sums owing by such corporation to the State of Washington under existing laws or by virtue of this act shall have preference over all other claims against the corporation.

Preferred claim.

It shall be the duty of the attorney general of the State of Washington on being notified by the secretary of state that any corporation has failed to pay the fees provided for in this chapter, to institute an action in the proper court for the recovery thereof in which action it shall be the duty of the attorney general to ask for the appointment of a general receiver for the purpose of conducting the affairs of the corporation under proper order of the court.

Actions.

Receiver.

A certificate of the secretary of state, that the corporation has not paid the fees provided in this chapter, shall be *prima facie* evidence of insolvency of such corporation and shall constitute grounds for the appointment of a receiver. The fact of the insolvency of any corporation may be shown by the state or by any private person or corporation.

Insolvency.

If, in any action brought to collect the fees provided for in this chapter, it shall be necessary to take a judgment therefor, the court may add to the amount due the state a reasonable sum as attorneys fees.

SEC. 12. No corporation shall be permitted to commence or maintain any suit, action, or proceeding in any court of this state, without alleging and proving that it has paid or contracted to pay as hereinafter provided, all fees due the State of Washington under existing law or this chapter.

Actions. payment of fee condition precedent.

SEC. 13. In the event that any corporation, which has failed to pay fees provided for by existing laws for a period of three consecutive years, shall fail to pay said fees in full on or before July 1, 1937, it shall be the duty of the secretary of state to enter upon his records a notation that such corporation is

Dissolution for delinquency after three years.



dissolved and said corporation shall thereupon be dissolved and the secretary of state shall thereupon be free to grant the name of the corporation so dissolved to any other corporation thereafter organized.

Striking  
delinquent  
corporations.

SEC. 14. In the event that any corporation shall allow license fees due the state under existing laws or by virtue of this chapter, to become delinquent for a period of three consecutive years and the secretary of state shall be unable to collect said fees in full, it shall be his duty to enter upon his records a notation that such corporation is dissolved and said corporation shall thereupon be dissolved and the secretary of state shall thereupon be free to grant the name of the corporation so dissolved to any other corporation thereafter organized: *Provided, however,* That any corporation which may have been heretofore stricken or dissolved or which may hereafter be dissolved by the secretary of state for nonpayment of fees under existing laws or this chapter is hereby given the privilege of becoming reinstated and having its corporate license restored by applying to the secretary of state for such reinstatement at any time within ten (10) years after such corporation may have been or may be stricken or dissolved, and paying to the secretary of state for the use of the state, all license fees and penalties due to the state under existing laws and this chapter and the additional sum of ten dollars (\$10.00) for each and every year that its name has been stricken from, or noted as dissolved upon the records, or paying to the secretary of state for the use of the state the license fees and penalties due to the state under existing laws or this chapter and the penalty above provided for the most distant year then due and unpaid and also for the year last due and unpaid and enter into a contract with the secretary of state, according to a form to be approved by him, for the payment of all other unpaid license fees and penal-

Reinstatement.

ties then due from it, in ten (10) semi-annual installment payments, to begin upon the due date of the next annual license fee. The current annual license fee shall not be received unless the installment payments due have been paid: *Provided, further*, That the privilege of becoming reinstated shall not be granted to any corporation where the name of such corporation has been given to a new corporation organized after its dissolution.

Upon reinstatement as herein provided it shall be the duty of the secretary of state to enter upon his records a notation that such corporation is reinstated, and it shall thereupon be reinstated as of the date on which its name was stricken from or noted as dissolved upon the records of the office of the secretary of state, and such corporation shall have the right to sue and shall enjoy the same rights and powers as if its name had never been stricken from the records or it had never been dissolved and all things done by it in the exercise of its corporate powers before such reinstatement shall become valid acts of the corporation.

Rights  
restored.

SEC. 15. In the event of dissolution of any corporation for the nonpayment of fees either by court action or otherwise the trustees of such corporation shall hold the title to property of the corporation for the benefit of its creditors and stockholders to be disposed of under appropriate court proceedings. Any unpaid balance of fees due the State of Washington shall remain and be a prior and preferred claim against said assets and be paid to the secretary of state before any payment to creditors and stockholders.

Title to  
property of  
dissolved  
corporation.

SEC. 16. Any corporation incorporated under the laws of any state of [or] territory in the United States, or of any foreign country, state, or colony, for any of the purposes for which domestic corporations are authorized to be formed under the laws of this

Corporate  
powers  
enumerated.

state, shall have full power and is hereby authorized to sue and to be sued in any court having competent jurisdiction, to acquire, purchase, hold, mortgage, sell, convey, or otherwise dispose of, in the corporate name, all real estate or personal property necessary or convenient to carry into effect the objects and purposes of its corporation, and also any interest in real estate, by mortgage or otherwise due to or loans made by such foreign corporations within the boundaries of this state, either prior to or after the passage of this act, and generally do and perform every act and transact every kind of business within this state in the same manner and to the same extent as corporations incorporated and organized under the laws of this state are authorized to do under the laws of this state: *Provided*, That such corporation shall first qualify so to do by doing all of the things required in this act: *Provided, further*, That this chapter shall not be so construed as to allow such foreign corporation to transact business within the state on more favorable conditions than are prescribed by law for a similar corporation organized under the laws of this state: *And provided further*, That no corporation, the majority of the capital stock of which is owned by aliens other than those who in good faith have declared their intention to become citizens of the United States, shall acquire the ownership of any lands in this state other than lands containing valuable deposits of minerals, metals, iron, coal or fireclay, and the necessary land for mills and machinery to be used in the development thereof, and the manufacture of the products therefrom, except where acquired under mortgage, or in good faith in the ordinary course of justice in the collection of debts.

Foreign corporations, instruments to be filed and recorded.

SEC. 17. Every foreign corporation, before it shall be authorized or permitted to transact any business in this state, or to continue business herein if already

established, shall cause to be filed and recorded in the office of the secretary of state certified copy of its charter, articles of incorporation, memorandum of association, or certificate of incorporation, and a certified copy of each and all of the amendments or supplements to such charter, articles of incorporation, memorandum of association or certificate of incorporation, and a certified copy of each and all of its certificates of increase or decrease of its capital stock, each of said instruments to be certified to by the officer who is the custodian of the same according to the laws of the state or territory, country or colony, where such corporation is incorporated, or who is authorized to issue certificates of incorporation according to the laws of such state, territory, or foreign country or colony. The instruments herein required to be filed and recorded shall be attested by such certifying officer under his hand and seal of office, which attestation shall be *prima facie* proof of the facts therein stated, and of the genuineness of the certificate. If such officer has no official seal, his certificate shall state that fact over his signature, and thereupon the secretary of state, or of the territory, in case of corporations within the United States, and the consul general, consul, vice consul, deputy consul, consular agent, or commercial agent of the United States, at or nearest to the place where such certificate is made, in the case of corporations not within the United States, shall certify under his hand and seal of office to the genuineness of the signature of the officer making the certificate, and to the fact that at the time of making such certificate the person making the same held the office described in the certificate.

SEC. 18. Such corporations shall also constitute Agent. and appoint an agent who shall reside at the place in the state where the principal business of the corporation is to be carried on, to be designated as here-

inafter required. Such appointment shall be in writing, signed by the president or chief officer of such corporation, and shall be attested by its corporate seal, and shall contain the name of the agent; his place of residence and the place where the principal business of such corporation is to be carried on, and shall authorize such agent to accept service of process in any action or suit pertaining to the property, business or transactions of such corporation within this state in which such corporation may be a party. The signature of such president or chief officer, attested by the corporate seal to such written appointment, shall be sufficient proof of the appointment of such agent. Such appointment, when duly executed, shall be filed for record in the office of the secretary of state by such corporation and shall be there recorded; and such corporation shall have and keep continually some resident agent, empowered as aforesaid during all the time such corporation shall conduct or carry on any business within this state, and service of any process, pleading, notice or other paper shall be taken and held as due service on such corporation. Such corporation may change its agent or its principal place of business, from time to time, by filing and recording with the secretary of state a new appointment, stating the change of such agent or the change in the principal place of business; and in the event such foreign corporation shall withdraw from this state and cease to transact business therein it shall continue to keep and maintain such agent within this state upon whom service of process, pleadings and papers may be made, until the statute of limitations shall have run against anyone bringing an action against said corporation, which accrued prior to its withdrawal from this state. In case said corporation shall revoke the authority of its designated agent after its withdrawal from the state and prior to the time when the statutes of limitations

Appointment  
filed and  
recorded.

Process  
served upon  
Secretary  
of State.

would have run against causes of action accruing against it, then in that event service of process, pleadings and papers in such actions may be made upon the secretary of state of the State of Washington, and the same shall be held as due and sufficient service upon such corporation.

SEC. 19. Any foreign corporation doing business in this state without having qualified so to do shall be subject to a penalty of five hundred dollars (\$500.00) to be recovered in a civil action to be instituted by the attorney general in the name of the State of Washington, upon his being furnished with evidence sufficient to justify such action.

Penalty for failure to qualify.

SEC. 20. No corporation which has heretofore complied with the laws of the state or territory of Washington hitherto existing, regarding foreign corporations, and has kept a duly appointed agent within the boundaries of the state as heretofore required, shall be required to file for record, or cause to be recorded, the certified copies required by this act, or to execute or file for record, or cause to be recorded, a new appointment of agent as herein required.

Prior compliance.

SEC. 21. It shall be the duty of each and every county assessor in this state to ascertain each and every year, at the time of the tax assessment of his county, the name of every foreign corporation doing business by agent or otherwise within his county, the nature of such business, and the name of the agent of each of such corporation, if any there are, together with such agent's place of address, and shall, within ten days from and after the compilation of such assessment, make out and deliver to the county auditor of his county a full and complete list of the names of such corporations doing business in his county, together with the nature of the business so carried on by each of such corporations, and the

Assessor to ascertain names of corporations, etc.

name of the resident agent of each of such corporations, if any there be, and the place of residence of each of such agents.

County auditor to transmit list to Secretary of State.

SEC. 22. It shall be the duty of each and every county auditor in this state to make out and transmit to the secretary of state, within thirty days next preceding the receipt by him from such county assessor of the lists provided in the last preceding section, a full, true, and concise statement of the names of such corporations, their place of business, the nature of business conducted by such corporations, together with the names of each and every agent of each of such corporations, if any there be, and the places of residence of such agents.

Recording fees.

SEC. 23. The fees for recording, under the provisions of this chapter, shall be the same as are allowed by law to the secretary of state for certified copies of papers on file in his office.

Agent guilty of gross misdemeanor, when.

SEC. 24. Any agent of any foreign corporation, conducting or carrying on business within the limits of this state, for and in the name of such corporation, contrary to any of the provisions of this chapter, shall be deemed guilty of a gross misdemeanor, and upon conviction thereof shall be punished by a fine not less than one hundred dollars (\$100.00) and not more than five hundred dollars (\$500.00), or by imprisonment in the county jail for a term not exceeding three months, or by both such fine and imprisonment.

Assessor guilty of gross misdemeanor.

SEC. 25. Any county assessor failing to make out and deliver to the county auditor of his county a list, within the time and in the manner provided in section 21 of this act, and any county auditor failing to make out and transmit to the secretary of state a statement, within the time and in the manner provided in section 22 of this act, shall be deemed guilty of a gross misdemeanor, and upon conviction thereof

shall be punished by a fine not exceeding three hundred dollars (\$300.00) and not less than one hundred dollars (\$100.00).

SEC. 26. Every foreign corporation filing in the office of the secretary of state a certificate of the appointment of an agent residing in this state, or a certificate of the revocation of such appointment of the resident agent, shall pay to the secretary of state a fee of ten dollars (\$10.00).

Fee for filing certification of appointment of agent.

SEC. 27. The fee for furnishing a certified copy of articles of incorporation, or articles amendatory or supplemental, or certificates of increase or decrease of capital stock, or certificate of appointment of resident agent, or certificate of revocation of appointment of resident agent, shall be five dollars (\$5.00).

Fee, certified copy of articles.

SEC. 28. There shall be no charge for recording any of the documents mentioned in this act or for making or certifying to copies of same other than the fees in this act prescribed, unless the document to be recorded or the copy to be certified shall exceed twenty folios, in which case there shall be a further charge of fifteen cents (15c) per folio for all such excess.

Additional charges.

SEC. 29. The fee for furnishing and certifying to a printed compilation of the corporation laws of this state shall be five dollars (\$5.00).

Fee for certifying to corporations laws.

SEC. 30. This act shall not apply to domestic corporations organized for religious, social, charitable or educational purposes, or to foreign corporations organized for like purposes, when not engaged in this state in the loaning of money or the conducting of any other business pursuits for profit, or to insurance companies, corporations and associations.

Exemptions

SEC. 31. All fees provided for in this act are due in advance and shall be paid to the secretary of state before the services desired are performed.

Fees due in advance.



Disposition  
of fees.

SEC. 32. Any monies received by the secretary of state under the provisions of this act shall be by him paid into the state treasury as provided by law.

Partial  
invalidity.

SEC. 33. If any section or provision of this act shall be adjudged to be invalid or unconstitutional, such adjudication shall not affect the validity of the act as a whole, or any section, provision or part thereof not adjudged invalid or unconstitutional.

Statutes  
repealed.

SEC. 34. Chapter LVIII, Laws of 1899, (section 3855, R. R. S.), chapter 140, Laws of 1907, sections 3838, 3839, 3840, 3842, 3848, 3849, 3850 and 3851, R. R. S.), chapter 19, Laws of 1909, Extraordinary Session, (sections 3843, 3844, 3845, 3846 and 3847, R. R. S.), chapter 144, Laws of 1923, (sections 3836, 3837, 3838, 3841, 3843 and 3844, R. R. S.), chapter 147, Laws of 1925, Extraordinary Session, (section 3853, R. R. S.), chapter 227, Laws of 1929, (sections 3836-1, 3836-2, 3836-3, 3836-4, 3836-5, 3836-6, 3836-7, 3836-8 and 3836-10, R. R. S.), as amended and all acts or parts of acts inconsistent with the provisions of this act are hereby repealed.

Effective  
immediately.

SEC. 35. This act is necessary for the immediate support of the state government and its existing public institutions and shall take effect immediately.

Passed the House March 4, 1937.

Passed the Senate March 3, 1937.

Approved by the Governor March 13, 1937.