

## CHAPTER 160.

[ H. B. 224. ]

CORPORATE DIVIDENDS AND SHARE RIGHTS—  
PRINCIPAL OR INCOME.

AN ACT relating to corporate shares, corporate dividends and share rights and providing when corporate dividends or share rights shall constitute principal or income.

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

SECTION 1. This act shall govern the ascertainment of income and principal with respect to corporate dividends and share rights between tenants and remaindermen in all cases where principal has been established with or without the interposition of a trust; except that in the establishment of the principal, whether by trust or otherwise, provision may be made touching all matters covered by this act, and the person establishing the principal may himself direct the manner of ascertainment of income and principal or grant discretion to the trustee or other person to do so, and such provision and direction, where not otherwise contrary to law, shall control, notwithstanding this act. This act shall hereafter apply to all estates of tenants or remaindermen heretofore effective or hereafter becoming legally effective.

Act to govern ascertainment of principal and income.

Exception.

Applicability.

SEC. 2. (1) All dividends on shares of a corporation forming a part of the principal which are payable in the shares of the corporation shall be deemed principal. Subject to the provisions of this section, all dividends payable otherwise than in the shares of the corporation itself, including ordinary and extraordinary dividends and dividends payable in shares or other securities or obligations of corporations other than the declaring corporation, shall be deemed income. Where the trustee shall have the option of receiving a dividend either in cash or in the shares of the declaring corporation, it shall be

Principal and income specified.

considered as a cash dividend and deemed income, irrespective of the choice made by the trustee.

(2) All rights to subscribe to the shares or other securities or obligations of a corporation accruing on account of the ownership of shares or other securities in such corporation, and the proceeds of any sale of such rights, shall be deemed principal. All rights to subscribe to the shares or other securities or obligations of a corporation accruing on account of the ownership of shares or other securities in another corporation, and the proceeds of any sale of such rights, shall be deemed income.

(3) Where the assets of a corporation are liquidated, amounts paid upon corporate shares as cash dividends declared before such liquidation occurred or as arrears of preferred or guaranteed dividends shall be deemed income; all other amounts paid upon corporate shares on disbursement of the corporate assets to the stockholders shall be deemed principal. All disbursements of corporate assets to the stockholders, whenever made, which are designated by the corporation as a return of capital or division of corporate property shall be deemed principal.

Merger,  
consolidation  
or reorgan-  
ization.

(4) Where a corporation succeeds another by merger, consolidation or reorganization or otherwise acquires its assets, and the corporate shares of the succeeding corporation are issued to the shareholders of the original corporation in like proportion to, or in substitution for, their shares of the original corporation, the two corporations shall be considered a single corporation in applying the provisions of this section. But two corporations shall not be considered a single corporation under this section merely because one owns corporate shares of or otherwise controls or directs the other.

Controlling  
date.

(5) In applying this section the date when a dividend accrues to the person who is entitled to it shall be held to be the date specified by the cor-

poration as the one on which the stockholders entitled thereto are determined, or in default thereof the date of declaration of the dividend.

Passed the House February 18, 1947.

Passed the Senate March 7, 1947.

Approved by the Governor March 17, 1947.

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## CHAPTER 161.

[ H. B. 226. ]

### RELATING TO DIVORCE.

AN ACT relating to divorce and alimony; prescribing duties and powers of the court; amending section 2006, Code of 1881, as last amended by section 1, chapter 112, Laws of 1933 (sec. 988, Rem. Rev. Stat.; sec. 23-15, PPC).

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

SECTION 1. Section 2006, Code of 1881, as last amended by section 1, chapter 112, Laws of 1933 (sec. 988, Rem. Rev. Stat.; sec. 23-15, PPC) is amended to read as follows:

Section 2006. Pending the action for the divorce, the Court, or Judge thereof, may make, and by attachment enforce, such orders for the disposition of the persons, property and children of the parties as may be deemed right and proper, and such orders relative to the expenses of such action as will insure to the wife an efficient preparation of her case, and a fair and impartial trial thereof; at the conclusion of the trial the court must make and file findings of fact and conclusions of law. The Court may deny a divorce to either party, and may enter a decree of separate maintenance in favor of the party entitled thereto, and make all necessary orders required for support, attorney's fees, costs, and for the care, custody, support, and education of minor children; and may set aside property for the benefit of the wife and children, if any, and impose

Court may make intermediate orders.

Findings mandatory.

Separate maintenance.

Other orders.