

ministration bond redemption fund, as aforesaid, and received from the project for which the bonds were issued. Such rentals shall be pledged by the state for such purpose.

NEW SECTION. Sec. 3. This act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the Senate February 26, 1969  
Passed the House March 10, 1969  
Approved by the Governor March 25, 1969  
Filed in office of Secretary of State March 25, 1969

CHAPTER 122  
[Engrossed Senate Bill No. 109]  
PROFESSIONAL SERVICE CORPORATIONS

AN ACT Relating to professional service corporations as herein defined; authorizing the incorporation and organization thereof; providing special provisions, conditions and regulations; and prescribing certain powers, duties, liabilities and restrictions.

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

NEW SECTION. Section 1. It is the legislative intent to provide for the incorporation of an individual or group of individuals to render the same professional service to the public for which such individuals are required by law to be licensed or to obtain other legal authorization.

NEW SECTION. Sec. 2. This act may be cited as "the professional service corporation act."

NEW SECTION. Sec. 3. As used in this act the following words shall have the meaning indicated:

(1) The term "professional service" shall mean any type of personal service to the public which requires as a condition precedent to the rendering of such service the obtaining of a license or other legal authorization and which prior to the passage of this act and by reason of law could not be performed by a corporation, including, but not by way of limitation, certified public accountants,

chiropractors, dentists, osteopaths, physicians, pediatricists, chiropradists, architects, veterinarians and attorneys at law.

(2) The term "professional corporation" means a corporation which is organized under this act for the purpose of rendering professional service and which has as its shareholder or shareholders only individuals who themselves are duly licensed or otherwise legally authorized within this state to render the same professional service as the corporation.

NEW SECTION. Sec. 4. This act shall not apply to any individuals or groups of individuals within this state who prior to the passage of this act were permitted to organize a corporation and perform personal services to the public by means of a corporation, and this act shall not apply to any corporation organized by such individual or group of individuals prior to the passage of this act: PROVIDED, That any such individual or group of individuals or any such corporation may bring themselves and such corporation within the provisions of this act by amending the articles of incorporation in such a manner so as to be consistent with all the provisions of this act and by affirmatively stating in the amended articles of incorporation that the shareholders have elected to bring the corporation within the provisions of this act.

NEW SECTION. Sec. 5. An individual or group of individuals duly licensed or otherwise legally authorized to render the same professional services within this state may organize and become a shareholder or shareholders of a professional corporation for pecuniary profit under the provisions of Title 23A RCW for the purpose of rendering professional service: PROVIDED, That one or more of such legally authorized individuals shall be the incorporators of such professional corporation: PROVIDED FURTHER, That notwithstanding any other provision of this act, registered architects and registered engineers may own stock in and render their individual professional services through one professional service corporation.

NEW SECTION. Sec. 6. No corporation organized and incorpora-

ted under this act may render professional services except through its directors, officers, employees or agents all of whom must be duly licensed or otherwise legally authorized to render such professional services within this state: PROVIDED, That said term "employees" shall not be interpreted to mean clerks, secretaries, bookkeepers, technicians and other assistants who are not usually and ordinarily considered by custom and practice to be rendering professional services to the public for which a license or other legal authorization is required.

NEW SECTION. Sec. 7. Nothing contained in this act shall be interpreted to abolish, repeal, modify, restrict or limit the law now in effect in this state applicable to the professional relationship and liabilities between the person furnishing the professional services and the person receiving such professional service and the standards for professional conduct. Any director, officer, shareholder, agent or employee of a corporation organized under this act shall remain personally and fully liable and accountable for any negligent or wrongful acts or misconduct committed by him or by any person under his direct supervision and control, while rendering professional services on behalf of the corporation to the person for whom such professional services were being rendered. The corporation shall be liable for any negligent or wrongful acts of misconduct committed by any of its directors, officers, shareholders, agents or employees while they are engaged on behalf of the corporation, in the rendering of professional services.

NEW SECTION. Sec. 8. No professional service corporation organized under this act shall engage in any business other than the rendering of the professional services for which it was incorporated: PROVIDED, That nothing in this act or in any other provisions of existing law applicable to corporations shall be interpreted to prohibit such corporation from investing its funds in real estate, personal property, mortgages, stocks, bonds, insurance, or any other type of investments.

NEW SECTION. Sec. 9. No professional service corporation organized under the provisions of this act may issue any of its capital stock to anyone other than an individual who is duly licensed or otherwise legally authorized to render the same specific professional services as those for which the corporation was incorporated. No shareholder of a corporation organized under this act shall enter into a voting trust agreement or any other type agreement vesting another person with the authority to exercise the voting power of any or all of his stock.

NEW SECTION. Sec. 10. If any director, officer, shareholder, agent or employee of a corporation organized under this act who has been rendering professional service to the public becomes legally disqualified to render such professional services within this state, he shall sever all employment with, and financial interests in, such corporation forthwith. A corporation's failure to require compliance with this provision shall constitute a ground for the forfeiture of its articles of incorporation and its dissolution. When a corporation's failure to comply with this provision is brought to the attention of the office of the secretary of state, the secretary of state forthwith shall certify that fact to the attorney general for appropriate action to dissolve the corporation.

NEW SECTION. Sec. 11. No shareholder of a corporation organized as a professional service corporation may sell or transfer his shares in such corporation except to another individual who is eligible to be a shareholder of such corporation. The articles of incorporation of a professional service corporation shall require that each shareholder in the corporation provide for a redemption or cancellation of all shares which are transferred to any person or entity ineligible to be a shareholder, whether such transfer be voluntary, involuntary or by operation of law.

NEW SECTION. Sec. 12. Corporations organized pursuant to this act shall render professional service and exercise its authorized powers under a name permitted by law and the professional ethics

of the profession in which the corporation is so engaged. In the event that the words "company", "corporation" or "incorporated" or any other word, abbreviation, affix or prefix indicating that it is a corporation shall be used, it shall be accompanied with the abbreviation "P.S." With the filing of its first annual report and any filings thereafter, professional service corporation shall list its then shareholders; PROVIDED, That notwithstanding the foregoing provisions of this section, the corporate name of a corporation organized to render dental services shall contain the full names or surnames of all shareholders and no other word than "chartered" or the words "professional services" or the abbreviation "P.S."

NEW SECTION. Sec. 13. The provisions of Title 23A RCW shall be applicable to a corporation organized pursuant to this act except to the extent that any of the provisions of this act are interpreted to be in conflict with the provisions thereof, and in such event the provisions and sections of this act shall take precedence with respect to a corporation organized pursuant to the provisions of this act. A professional corporation organized under this act shall consolidate or merge only with another domestic professional corporation organized under this act to render the same specific professional service and a merger or consolidation with any foreign corporation is prohibited.

NEW SECTION. Sec. 14. Nothing in this act shall authorize a director, officer, shareholder, agent or employee of a corporation organized under this act, or a corporation itself organized under this act, to do or perform any act which would be illegal, unethical or unauthorized conduct under the provisions of the following acts: (1) Medical Disciplinary Act, chapter 18.72 RCW; (2) Anti-Rebating Act, chapter 19.68 RCW; (3) State Bar Act, chapter 2.48 RCW; (4) Professional Accounting Act, chapter 18.04 RCW; (5) Professional Architects Act, chapter 18.08 RCW; (6) Professional Auctioneers Act, chapter 18.11 RCW; (7) Barbers, chapter 18.15 RCW; (8) Beauty Culturists Act, chapter 18.18 RCW; (9) Boarding Homes Act, chapter 18.20

RCW; (10) Chiropody, chapter 18.22 RCW; (11) Chiropractic Act, chapter 18.25 RCW; (12) Registration of Contractors, chapter 18.27 RCW; (13) Debt Adjusting Act, chapter 18.28 RCW; (14) Dental Hygienist Act, chapter 18.29 RCW; (15) Dentistry, chapter 18.32 RCW; (16) Dispensing Opticians, chapter 18.34 RCW; (17) Drugless Healing, chapter 18.36 RCW; (18) Embalmers and Funeral Directors, chapter 18.39 RCW; (19) Engineers and Land Surveyors, chapter 18.43 RCW; (20) Escrow Agents Registration Act, chapter 18.44 RCW; (21) Furniture and Bedding Industry, chapter 18.45 RCW; (22) Maternity Homes, chapter 18.46 RCW; (23) Midwifery, chapter 18.50 RCW; (24) Nursing Homes, chapter 18.51 RCW; (25) Optometry, chapter 18.53 RCW; (26) Osteopathy, chapter 18.57 RCW; (27) Patent Medicine Peddlers, chapter 18.60 RCW; (28) Pharmacists, chapter 18.64 RCW; (29) Pharmacy Owners and Wholesale Druggists, chapter 18.67 RCW; (30) Physical Therapy, chapter 18.74 RCW; (31) Practical Nurses, chapter 18.78 RCW; (32) Prophylactic Vendors, chapter 18.81 RCW; (33) Proprietary Schools, chapter 18.82 RCW; (34) Psychologists, chapter 18.83 RCW; (35) Real Estate Brokers and Salesmen, chapter 18.85 RCW; (36) Registered Professional Nurses, chapter 18.88 RCW; (37) Sanitarians, chapter 18.90 RCW; (38) Veterinarians, chapter 18.92 RCW.

Passed the Senate March 6, 1969

Passed the House March 11, 1969

Approved by the Governor March 25, 1969

Filed in office of Secretary of State March 25, 1969

CHAPTER 123

[Engrossed Senate Bill No. 138]

POLICE BENEFITS--

FIRST CLASS CITIES

AN ACT Relating to police benefits in first class cities; amending section 4, chapter 39, Laws of 1909, as last amended by section 1, chapter 191, Laws of 1961, and RCW 41.20.050; amending section 5, chapter 39, Laws of 1909, as last amended by section 2, chapter 191, Laws of 1961, and RCW 41.20.060; amending section 4, chapter 69, Laws of 1955 and RCW 41.20.150; and adding a new section to chapter 41.20 RCW.

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