

residents of all geographic areas, but its initial priorities should be applied to heavily populated areas underserved by public institutions.* The board has already completed its assessment of upper division and graduate level courses and programs needed in heavily populated areas. It can now begin assessing the needs of place-bound students in those areas that are less populated, including Clallam and Jefferson counties.

Section 5 of this bill requires that the Superintendent of Public Instruction: (1) contract with the University of Washington's Early Entrance Program or Transition School; and, (2) allocate state and federal funds generated by the student directly to the University of Washington. Similar language achieving the same result is included in section 9 of Engrossed Substitute House Bill No. 1444, which I have signed into law. To avoid confusion, I have vetoed section 5 of this bill.

With the exception of sections 1 and 5, Substitute Senate Bill No. 5293 is approved.*

CHAPTER 307

[Substitute Senate Bill No. 5018]

INCORPORATION OF NONPROFIT COOPERATIVES

AN ACT Relating to cooperative associations; amending RCW 18.11.070, 23.86.010, 23.86.030, 23.86.050, 23.86.070, 23.86.080, 23.86.090, 23.86.100, 23.86.160, 23.86.195, 23.86.210, 23.86.220, 23.86.230, 15.35.240, 20.01.030, 24.06.360, 43.07.120, 43.07.130, 43.07.190, and 23A.32.050; reenacting and amending RCW 21.20.320; adding new sections to chapter 23.86 RCW; creating a new section; and repealing RCW 23.86.040, 23.86.060, 23.86.110, 23.86.120, 23.86.130, 23.86.140, 23.86.150, 23.86.180, 24.32.010, 24.32.020, 24.32.030, 24.32.040, 24.32.050, 24.32.060, 24.32.070, 24.32.080, 24.32.090, 24.32.100, 24.32.110, 24.32.150, 24.32.160, 24.32.200, 24.32.210, 24.32.240, 24.32.250, 24.32.260, 24.32.270, 24.32.280, 24.32.290, 24.32.300, 24.32.310, 24.32.320, 24.32.330, 24.32.340, 24.32.350, 24.32.355, 24.32.360, 24.32.400, 24.32.410, 24.32.900, and 21.20.321.

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

NEW SECTION. Sec. 1. The legislature finds that since 1921 there have existed in the laws of this state two separate incorporation statutes expressly designed for corporations intending to operate as nonprofit cooperatives. The existence of two cooperative incorporation statutes has been the source of confusion, disparity of treatment, and legal and administrative ambiguities, and the rationale for having two cooperative incorporation statutes is no longer valid. These cooperative incorporation statutes have not been updated with the regularity of this state's business incorporation statutes and, as a result, are deficient in certain respects.

NEW SECTION. Sec. 2. A new section is added to chapter 23.86 RCW to read as follows:

The provisions of this chapter relating to domestic cooperative associations shall apply to:

- (1) All cooperative associations organized under this chapter; and
- (2) All agricultural cooperative associations organized under chapter 24.32 RCW. All such agricultural cooperatives are deemed to have been incorporated under this chapter.

NEW SECTION. Sec. 3. A new section is added to chapter 23.86 RCW to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Association" means any corporation subject to this chapter.

(2) "Member" or "members" includes a member or members of an association subject to this chapter without capital stock and a shareholder or shareholders of voting common stock in an association subject to this chapter with capital stock.

(3) "Articles of incorporation" means the original or restated articles of incorporation, articles of consolidation, or articles of association and all amendments including articles of merger. Corporations incorporated under this chapter with articles of association shall not be required to amend the title or references to the term "articles of association."

(4) "Director," "directors," or "board of directors" includes "trustee," "trustees," or "board of trustees" respectively. Corporations incorporated under this chapter with references in their articles of association or bylaws to "trustee," "trustees," or "board of trustees" shall not be required to amend the references.

Sec. 4. Section 1, chapter 19, Laws of 1913 and RCW 23.86.010 are each amended to read as follows:

Any number of persons(~~(, not less than five,))~~) may associate themselves together as a cooperative association, society, company or exchange, with or without capital stock, for the transaction of any lawful business on the cooperative plan. For the purposes of this chapter the words "association," "company," "exchange," "society" or "union" shall be construed the same.

Sec. 5. Section 17, chapter 19, Laws of 1913 as amended by section 706, chapter 212, Laws of 1987 and RCW 23.86.030 are each amended to read as follows:

(1) The name of any association subject to this chapter may contain the word "corporation," "incorporated," or "limited" or an abbreviation of any such word.

(2) No corporation or association organized or doing business (~~(for profit)~~) in this state shall be entitled to use the term "cooperative" as a part of its corporate or other business name or title, unless it (~~(has complied with)~~): (a) Is subject to the provisions of this chapter, chapter 23.78, or 31.12 RCW; ((and)) (b) is subject to the provisions of chapter 24.06 RCW and operating on a cooperative basis; (c) is, on the effective date of this act, an organization lawfully using the term "cooperative" as part of its corporate or other business name or title; or (d) is a nonprofit corporation or association the voting members of which are corporations or associations operating on a cooperative basis. Any corporation or association violating the provisions of this section may be enjoined from doing business under such name at the instance of any (~~(stockholder))~~ member or any association (~~(legally organized hereunder))~~ subject to this chapter.

~~((2))~~ (3) A member of the board of ~~((trustees))~~ directors or an officer of any association ~~((legally organized under))~~ subject to this chapter shall have the same immunity from liability as is granted in RCW 4.24.264.

NEW SECTION. Sec. 6. A new section is added to chapter 23.86 RCW to read as follows:

Each association subject to this chapter shall have the following powers:

(1) To have perpetual succession by its corporate name unless a limited period of duration is stated in the articles of incorporation.

(2) To sue and be sued, complain, and defend in its corporate name.

(3) To have and use a corporate seal.

(4) To purchase, take, receive, lease, or otherwise acquire, own, hold, improve, use, and deal in and with real or personal property or any interest therein, wherever situated.

(5) To sell, convey, mortgage, pledge, lease, exchange, transfer, or otherwise dispose of all or any part of its property and assets.

(6) To purchase, take, receive, subscribe for, or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise dispose of, use, and deal in and with shares or other interest in, or obligations of, other domestic or foreign corporations, associations, partnerships or individuals, or direct or indirect obligations of the United States or any other government, state, territory, governmental district or municipality, or any instrumentality thereof.

(7) To make contracts and incur liabilities, borrow money at rates of interest the association may determine, issue notes, bonds, certificates of indebtedness, and other obligations, receive funds from members and pay interest thereon, issue capital stock and certificates representing equity interests in assets, allocate earnings and losses at the times and in the manner the articles of incorporation or bylaws or other contract specify, create book credits, capital funds, and reserves, and secure obligations by mortgage or pledge of any of its property, franchises, and income.

(8) To lend money for corporate purposes, invest and reinvest funds, and take and hold real and personal property as security for the payment of funds loaned or invested.

(9) To conduct business, carry on operations, have offices, and exercise the powers granted by this chapter, within or without this state.

(10) To elect or appoint officers and agents of the corporation, define their duties, and fix their compensation.

(11) To make and alter bylaws, not inconsistent with its articles of incorporation or with the laws of this state, for the administration and regulation of the affairs of the association.

(12) To make donations for the public welfare or for charitable, scientific, or educational purposes, and in time of war to make donations in aid of war activities.

(13) To pay pensions and establish pension plans, pension trusts, profit-sharing plans, stock bonus plans, stock option plans, and other incentive plans for any or all of its directors, officers, and employees.

(14) To be a partner, member, associate, or manager of any partnership, joint venture, trust, or other enterprise.

(15) To cease corporate activities and surrender its corporate franchise.

(16) To have and exercise all powers necessary or convenient to effect its purposes.

Sec. 7. Section 2, chapter 19, Laws of 1913 as last amended by section 704, chapter 212, Laws of 1987 and RCW 23.86.050 are each amended to read as follows:

Every association formed under this chapter after the effective date of this section shall prepare articles of ((association)) incorporation in writing, which shall set forth:

(1) The name of the association.

(2) The purpose for which it was formed which may include the transaction of any lawful business for which associations may be incorporated under this chapter. It shall not be necessary to set forth in the articles of incorporation any of the corporate powers enumerated in this chapter.

(3) Its principal place of business.

(4) The term for which it is to exist which may be perpetual or for a stated number of years.

(5) ~~((The amount of capital stock, the number of shares and the par value of each share:~~

(6)) If organized without capital stock, whether the property rights and interest of each member shall be equal or unequal; and if unequal, the articles shall set forth the general rules by which the property rights and interests of all members shall be determined and fixed. The association may admit new members who shall be entitled to share in the property of the association with old members in accordance with the general rules.

(6) If the association is to have capital stock:

(a) The aggregate number of shares which the association shall have authority to issue; if shares are to consist of one class only, the par value of each share, or a statement that all shares are without par value; or, if shares are to be divided into classes, the number of shares of each class, and a statement of the par value of the shares of each class or that shares are to be without par value;

(b) If the shares are to be divided into classes, the designation of each class and a statement of the preferences, limitations, and relative rights in respect to the shares of each class;

(c) If the association is to issue the shares of any preferred or special class in series, the designation of each series and a statement of the variations in the relative rights and preferences between series fixed in the articles of incorporation, and a statement of any authority vested in the board

of directors to establish series and fix and determine the variations in the relative rights and preferences between series; and

(d) Any provision limiting or denying to members the preemptive right to acquire additional shares of the association.

(7) Provisions for distribution of assets on dissolution or final liquidation.

(8) Whether a dissenting member shall be limited to a return of less than the fair value of the member's equity interest in the association. A dissenting member may not be limited to a return of less than the consideration paid to or retained by the association for the equity interest unless the fair value is less than the consideration paid to or retained by the association.

(9) The address of its initial registered office, including street and number, and the name of its initial registered agent at the address.

(10) The number of directors constituting the initial board of directors and the names and addresses of the persons who are to serve as the initial directors.

(11) The name and address of each incorporator.

(12) Any provision, not inconsistent with law, which the incorporators elect to set forth in the articles of incorporation for the regulation of the internal affairs of the association, including provisions regarding:

(a) Eliminating or limiting the personal liability of a director to the association or its members for monetary damages for conduct as a director: PROVIDED, That such provision shall not eliminate or limit the liability of a director for acts or omissions that involve intentional misconduct by a director or a knowing violation of law by a director, or for any transaction from which the director will personally receive a benefit in money, property, or services to which the director is not legally entitled. No such provision may eliminate or limit the liability of a director for any act or omission occurring before the date when such provision becomes effective; and

(b) Any provision which under this ((title)) chapter is required or permitted to be set forth in the bylaws.

Associations organized under this chapter before the effective date of this act or under chapter 24.32 RCW shall not be required to amend their articles of association or articles of incorporation to conform to this section unless the association is otherwise amending the articles of association or articles of incorporation.

The information specified in subsections (9) through (11) of this section may be deleted when filing amendments.

NEW SECTION. Sec. 8. A new section is added to chapter 23.86 RCW to read as follows:

(1) Duplicate originals of the articles of incorporation signed by the incorporators shall be delivered to the secretary of state. If the secretary of

state finds that the articles of incorporation conform to law, the secretary of state shall, when all required fees have been paid:

(a) Endorse each original with the word "filed" and the effective date of the filing.

(b) File one original in his or her office.

(c) Issue a certificate of incorporation with one original attached.

(2) The certificate of incorporation, with an original of the articles of incorporation affixed by the secretary of state, shall be returned to the incorporators or their representatives and shall be retained by the association.

(3) Upon the filing of the articles of incorporation, the corporate existence shall begin, and the certificate of incorporation shall, except as against the state in a proceeding to cancel or revoke the certificate of incorporation, be conclusive evidence that all conditions precedent required to be performed by the incorporators have been complied with and that the corporation has been incorporated under this chapter.

Sec. 9. Section 4, chapter 19, Laws of 1913 as last amended by section 173, chapter 35, Laws of 1982 and RCW 23.86.070 are each amended to read as follows:

For filing articles of incorporation of an association organized under this chapter or filing application for a certificate of authority by a foreign corporation, there shall be paid to the secretary of state the sum of twenty-five dollars and for filing of an amendment (~~(thereof)~~) the sum of twenty dollars. Fees for filing other documents with the secretary of state and issuing certificates shall be as prescribed in RCW 23A.40.020. Associations (~~(organized under)~~) subject to this chapter shall not be subject to any corporation license fees excepting the fees hereinabove enumerated.

Sec. 10. Section 5, chapter 19, Laws of 1913 and RCW 23.86.080 are each amended to read as follows:

~~((Every such))~~ (1) Associations shall be managed by a board of not less than three (~~((trustees))~~) directors (which may be referred to as "trustees"). The (~~((trustees))~~) directors shall be elected by and from the (~~((stockholders))~~) members of the association at such time, in such manner, and for such term of office as the bylaws may prescribe, and shall hold office during the term for which they were elected and until their successors are elected and qualified (~~(; but a majority of the stockholders shall have the power at any regular or special meeting, legally called for that purpose to remove any trustee or officer for cause, and fill the vacancy. The officers of every such association shall be a president, one or more vice presidents, a secretary and a treasurer who shall be elected annually by the trustees. Each of said officers must be a member of the association. All elections shall be by ballot))~~).

(2) Except as provided in section 12 of this act, any vacancy occurring in the board of directors, and any directorship to be filled by reason of an increase in the number of directors, may be filled by the board of directors unless the articles of incorporation or the bylaws provide that a vacancy or

directorship so created shall be filled in some other manner. A director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of the predecessor in office.

NEW SECTION. Sec. 11. A new section is added to chapter 23.86 RCW to read as follows:

The directors shall elect a president and one or more vice-presidents, who need not be directors. If the president and vice-presidents are not members of the board of directors, the directors shall elect from their number a chairman of the board of directors and one or more vice-chairmen. They shall also elect a secretary and treasurer, who need not be directors, and they may combine the two offices and designate the combined office as secretary-treasurer. The treasurer may be a bank or any depository, and as such shall not be considered an officer but a function of the board of directors. In such case, the secretary shall perform the usual accounting duties of the treasurer, except that the funds shall be deposited only as authorized by the board of directors.

NEW SECTION. Sec. 12. A new section is added to chapter 23.86 RCW to read as follows:

Any member may bring charges against an officer or director by filing charges in writing with the secretary of the association, together with a petition signed by ten percent of the members requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular or special meeting of the association and, by a vote of a majority of the members voting, the association may remove the officer or director and fill the vacancy. The director or officer against whom such charges have been brought shall be informed in writing of the charges prior to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present witnesses. The person or persons bringing the charges shall have the same opportunity. If the bylaws provide for election of directors by districts, the petition for removal of a director must be signed by the number of members residing in the district from which the officer or director was elected as the articles of incorporation or bylaws specify and, in the absence of such specification, the petition must be signed by ten percent of the members residing in the district. The board of directors must call a special meeting of the members residing in that district to consider the removal of the director. By a vote of the majority of the members of the district voting, the association may remove the officer or director and fill the vacancy.

NEW SECTION. Sec. 13. A new section is added to chapter 23.86 RCW to read as follows:

Effective January 1, 1990, every association subject to this chapter shall have and maintain a registered office and a registered agent in this state in accordance with the requirements set forth in RCW 24.06.050.

NEW SECTION. Sec. 14. A new section is added to chapter 23.86 RCW to read as follows:

The provisions of RCW 24.06.055 and 24.06.060 shall apply to every association subject to this chapter.

NEW SECTION. Sec. 15. A new section is added to chapter 23.86 RCW to read as follows:

Effective January 1, 1990, every association subject to this chapter shall comply with the requirements set forth in RCW 24.06.440.

NEW SECTION. Sec. 16. A new section is added to chapter 23.86 RCW to read as follows:

The provisions of RCW 24.06.445 shall apply to every association subject to this chapter.

NEW SECTION. Sec. 17. A new section is added to chapter 23.86 RCW to read as follows:

The provisions of RCW 23A.28.125 shall apply to every association subject to this chapter formed on or after the effective date of this act.

NEW SECTION. Sec. 18. A new section is added to chapter 23.86 RCW to read as follows:

The provisions of RCW 23A.28.127 shall apply to every association subject to this chapter. An association may apply for reinstatement within three years after the effective date of dissolution.

NEW SECTION. Sec. 19. A new section is added to chapter 23.86 RCW to read as follows:

(1) Except for debts lawfully contracted between a member and the association, no member shall be liable for the debts of the association to an amount exceeding the sum remaining unpaid on his or her membership fee or subscription to capital stock.

(2) Membership may be terminated under provisions, rules, or regulations prescribed in the articles of incorporation or bylaws. In the absence thereof, the board of directors may prescribe such provisions, rules, and regulations.

NEW SECTION. Sec. 20. A new section is added to chapter 23.86 RCW to read as follows:

The provisions of RCW 24.06.100 and 24.06.105 shall apply to every association subject to this chapter.

NEW SECTION. Sec. 21. A new section is added to chapter 23.86 RCW to read as follows:

(1) The right of a member to vote may be limited, enlarged, or denied to the extent specified in the articles of incorporation or bylaws. Unless so limited, enlarged, or denied, each member shall be entitled to one vote on

each matter submitted to a vote of members. The bylaws may allow subscribers to vote as members if one-fifth of the subscription for the membership fee or capital stock has been paid.

(2) A member may vote in person or, unless the articles of incorporation or the bylaws otherwise provide, may vote by mail or by proxy executed in writing by the member or by a duly authorized attorney-in-fact. No proxy shall be valid for more than eleven months from the date of its execution unless otherwise specified in the proxy. Votes by mail or by proxy shall be made by mail ballot or proxy form prepared and distributed by the association in accordance with procedures set forth in the articles of incorporation or bylaws. Persons voting by mail shall be deemed present for all purposes of quorum, count of votes, and percentage voting of total voting power.

(3) If the articles of incorporation or bylaws provide for more or less than one vote per member on any matter, every reference in this chapter to a majority or other proportion of members shall refer to such a majority or other proportion of votes entitled to be cast by members.

NEW SECTION. Sec. 22. A new section is added to chapter 23.86 RCW to read as follows:

Except as otherwise provided in this chapter, the articles of incorporation or the bylaws may provide the number or percentage of votes that members are entitled to cast in person, by mail, or by proxy that shall constitute a quorum at meetings of members. In the absence of any provision in the articles of incorporation or bylaws, twenty-five percent of the total membership of the association shall constitute a quorum.

Sec. 23. Section 6, chapter 19, Laws of 1913 as last amended by section 174, chapter 35, Laws of 1982 and RCW 23.86.090 are each amended to read as follows:

The articles of ((association)) incorporation may be amended by a majority vote of the members voting thereon, at any regular meeting or at any special meeting called for that purpose, after notice of the proposed amendment has been given to all members entitled to vote thereon, in the manner provided by the bylaws: PROVIDED, That if the total vote upon the proposed amendment shall be less than twenty-five percent of the total membership of the association, the amendment shall not be approved. At the meeting, members may vote upon the proposed amendment in person, or by written proxy, or by mailed ballot. The power to amend shall include the power to extend the period of its duration for a further definite time or perpetually, and also include the power to increase or diminish the amount of capital stock and the number of shares: PROVIDED, The amount of the capital stock shall not be diminished below the amount of the paid-up capital stock at the time such amendment is adopted. ((Within thirty days)) After the adoption of an amendment to its articles of ((association)) incorporation, the association shall cause a copy of such amendment adopted to

be recorded in the office of the secretary of state as provided in RCW 24.06.195.

Sec. 24. Section 19, chapter 19, Laws of 1913 and RCW 23.86.100 are each amended to read as follows:

Any association (~~((formed under))~~) subject to this chapter may pass by-laws to govern itself in the carrying out of the provisions of this chapter which are not inconsistent with the provisions of this chapter.

Sec. 25. Section 13, chapter 19, Laws of 1913 as last amended by section 1, chapter 37, Laws of 1947 and RCW 23.86.160 are each amended to read as follows:

The (~~((trustees))~~) directors may apportion the net earnings by paying dividends upon the paid-up capital stock at a rate not exceeding eight percent per annum. They may set aside reasonable reserves out of such net earnings for any association purpose. The (~~((trustees))~~) directors may, however, distribute all or any portion of the net earnings to (~~((stockholders))~~) members in proportion to the business of each with the association (~~((PROVIDED, That))~~) and they may include ((nonstockholders)) nonmembers at a rate not exceeding that paid to (~~((stockholders. PROVIDED FURTHER, That))~~) members. The (~~((trustees))~~) directors may distribute, on a patronage basis, such net earnings at different rates on different classes, kinds, or varieties of products handled. All dividends declared or other distributions made under this section may, in the discretion of the (~~((trustees))~~) directors, be in the form of capital stock (~~((or other))~~),₂ capital or equity certificates,₂ book credits, or capital funds of the association. All unclaimed dividends or distributions authorized under this chapter or funds payable on redeemed stock (~~((or))~~),₂ equity certificates, book credits, or capital funds shall revert to the association at the discretion of the (~~((trustees))~~) directors at any time after one year from the end of the fiscal year during which such distributions or redemptions have been declared.

Sec. 26. Section 38, chapter 297, Laws of 1981 and RCW 23.86.195 are each amended to read as follows:

Any cooperative association organized under any other statute may be reorganized under the provisions of this chapter by adopting and filing amendments to its articles of (~~((association))~~) incorporation in accordance with the provisions of this chapter for amending articles of (~~((association))~~) incorporation. The articles of (~~((association))~~) incorporation as amended must conform to the requirements of this chapter, and shall state that the cooperative association accepts the benefits and will be bound by the provisions of this chapter.

Sec. 27. Section 2, chapter 221, Laws of 1971 ex. sess. as last amended by section 175, chapter 35, Laws of 1982 and RCW 23.86.210 are each amended to read as follows:

(1) A cooperative association may be converted to a domestic ordinary business corporation pursuant to the following procedures:

(a) The board of ~~((trustees))~~ directors of the association shall, by affirmative vote of not less than two-thirds of all such ~~((trustees))~~ directors, adopt a plan for such conversion setting forth:

(i) The reasons why such conversion is desirable and in the interests of the members of the association;

(ii) The proposed contents of articles of conversion with respect to items (ii) through (ix) of subparagraph (c) below; and

(iii) Such other information and matters as the board of ~~((trustees))~~ directors may deem to be pertinent to the proposed plan.

(b) After adoption by the board of ~~((trustees))~~ directors, the plan for conversion shall be submitted for approval or rejection to the members of the association at any regular meetings or at any special meetings called for that purpose, after notice of the proposed conversion has been given to all members entitled to vote thereon, in the manner provided by the bylaws. The notice of the meeting shall be accompanied by a full copy of the proposed plan for conversion or by a summary of its provisions. At the meeting members may vote upon the proposed conversion in person, or by written proxy, or by mailed ballot. The affirmative vote of two-thirds of the members voting thereon shall be required for approval of the plan of conversion ~~((: PROVIDED, That))~~. If the total vote upon the proposed conversion shall be less than twenty-five percent of the total membership of the association, the conversion shall not be approved.

(c) Upon approval by the members of the association, the articles of conversion shall be executed in duplicate by the association by one of its officers and shall set forth:

(i) The dates and vote by which the plan for conversion was adopted by the board of ~~((trustees))~~ directors and members respectively;

(ii) The corporate name of the converted organization. The name shall comply with requirements for names of business corporations formed under Title 23A RCW, and shall not contain the term "cooperative";

(iii) The purpose or purposes for which the converted corporation is to exist;

(iv) The duration of the converted corporation, which may be perpetual or for a stated term of years;

(v) The capitalization of the converted corporation and the class or classes of shares of stock into which divided, together with the par value, if any, of such shares, in accordance with statutory requirements applicable to ordinary business corporations, and the basis upon which outstanding shares of the association are converted into shares of the converted corporation;

(vi) Any provision limiting or denying to shareholders the preemptive right to acquire additional shares of the converted corporation;

(vii) The address of the converted corporation's initial registered office and its initial registered agent at such address;

(viii) The names and addresses of the persons who are to serve as directors of the converted corporation until the first annual meeting of shareholders of the converted corporation or until their successors are elected and qualify;

(ix) Any additional provisions, not inconsistent with law, provided for by the plan for conversion for the regulation of the internal affairs of the converted corporation, including any provision restricting the transfer of shares or which under Title 23A RCW is required or permitted to be set forth in bylaws.

(d) The executed duplicate originals of the articles of conversion shall be delivered to the secretary of state. If the secretary of state finds that the articles of conversion conform to law, the secretary of state shall, when all the fees have been paid as in this section prescribed:

(i) Endorse on each of such originals the word "Filed", and the effective date of such filing;

(ii) File one of such originals; and

(iii) Issue a certificate of conversion to which one of such originals shall be affixed.

(e) The certificate of conversion, together with the original of the articles of conversion affixed thereto by the secretary of state, shall be returned to the converted corporation or its representative. The original affixed to the certificate of conversion shall be retained by the converted corporation.

~~((f))~~ (f) Upon filing the articles of conversion the converted corporation shall pay, and the secretary of state shall collect, the same filing and license fees as for filing articles of incorporation of a newly formed business corporation similarly capitalized.

(2) Upon filing by the secretary of state of the articles of conversion, the conversion of the cooperative association to an ordinary business corporation shall become effective; the articles of conversion shall thereafter constitute and be treated in like manner as articles of incorporation; and the converted corporation shall be subject to all laws applicable to corporations formed under Title 23A RCW, and shall not thereafter be subject to laws applying only to cooperative associations. The converted corporation shall constitute and be deemed to constitute a continuation of the corporate substance of the cooperative association and the conversion shall in no way derogate from the rights of creditors of the former association.

~~((3) A member of the cooperative association who dissents from the plan for conversion shall have the same right of dissent and payment and in accordance with the same applicable procedures, as are provided for dissenting shareholders with respect to merger of ordinary business corporations under chapter 23A.24 RCW.)~~

Sec. 28. Section 3, chapter 221, Laws of 1971 ex. sess. as last amended by section 176, chapter 35, Laws of 1982 and RCW 23.86.220 are each amended to read as follows:

(1) A cooperative association may merge with one or more domestic cooperative associations, or with one or more domestic ordinary business corporations, in accordance with the procedures and subject to the conditions set forth or referred to in this section.

(2) If the merger is into another domestic cooperative association, the board of ~~((trustees))~~ directors of each of the associations shall approve by vote of not less than two-thirds of all the ~~((trustees))~~ directors, a plan of merger setting forth:

(a) The names of the associations proposing to merge;

(b) The name of the association which is to be the surviving association in the merger;

(c) The terms and conditions of the proposed merger;

(d) The manner and basis of converting the shares of each merging association into shares or other securities or obligations of the surviving association;

(e) A statement of any changes in the articles of ~~((association))~~ incorporation of the surviving association to be effected by such merger; and

(f) Such other provisions with respect to the proposed merger as are deemed necessary or desirable.

(3) Following approval by the boards of ~~((trustees))~~ directors, the plan of merger shall be submitted to a vote of the members of each of the associations at any regular meeting or at any special meetings called for that purpose, after notice of the proposed merger has been given to all members entitled to vote thereon, in the manner provided in the bylaws. The notice of the meeting shall be in writing stating the purpose or purposes of the meeting and include or be accompanied by a copy or summary of the plan of merger. At the meeting members may vote upon the proposed merger in person, or by written proxy, or by mailed ballot. The affirmative vote of two-thirds of the members voting thereon, by each association, shall be required for approval of the plan of merger~~((~~PROVIDED, That~~))~~. If the total vote of either association upon the proposed merger shall be less than twenty-five percent of the total membership of such association, the merger shall not be approved.

(4) Upon approval by the members of the associations proposing to merge, articles of merger shall be executed in duplicate by each association by an officer of each association, and shall set forth:

(a) The plan of merger;

(b) As to each association, the number of members and, if there is capital stock, the number of shares outstanding; and

(c) As to each association, the number of members who voted for and against such plan, respectively.

(5) Duplicate originals of the articles of merger shall be delivered to the secretary of state. If the secretary of state finds that such articles conform to law, the secretary of state shall, when all fees have been paid as in this section prescribed:

(a) Endorse on each of such originals the word "Filed", and the effective date of such filing;

(b) File one of such originals; and

(c) Issue a certificate of merger to which one of such originals shall be affixed.

(6) The certificate of merger, together with the duplicate original of the articles of merger affixed thereto by the secretary of state shall be returned to the surviving association or its representative.

(7) For filing articles of merger hereunder the secretary of state shall charge and collect the same fees as apply to filing of articles of merger of ordinary business corporations.

(8) If the plan of merger is for merger of the cooperative association into a domestic ordinary business corporation, the association shall follow the same procedures as hereinabove provided for merger of domestic cooperative associations and the ordinary business corporation shall follow the applicable procedures set forth in chapter 23A.20 RCW.

(9) At any time prior to filing of the articles of merger, the merger may be abandoned pursuant to provisions therefor, if any, set forth in the plan of merger.

~~((10) A member of a cooperative association, or shareholder of the ordinary business corporation, who dissents from the plan of merger shall have the same right of dissent and payment and in accordance with the same applicable procedures, as are provided for dissenting shareholders with respect to merger of ordinary business corporations under chapter 23A.24 RCW.))~~

Sec. 29. Section 4, chapter 221, Laws of 1971 ex. sess. and RCW 23.86.230 are each amended to read as follows:

(1) Upon issuance of the certificate of merger by the secretary of state, the merger of the cooperative association into another cooperative association or ordinary business corporation, as the case may be, shall be effected.

(2) When merger has been effected:

(a) The several parties to the plan of merger shall be a single cooperative association or corporation, as the case may be, which shall be that cooperative association or corporation designated in the plan of merger as the survivor.

(b) The separate existence of all parties to the plan of merger, except that of the surviving cooperative association or corporation, shall cease.

(c) If the surviving entity is a cooperative association, it shall have all the rights, privileges, immunities and powers and shall be subject to all the duties and liabilities of a cooperative association organized under chapter

23.86 RCW. If the surviving entity is an ordinary business corporation, it shall have all the rights, privileges, immunities and powers and shall be subject to all the duties and liabilities of a corporation organized or existing under Title 23A RCW.

(d) Such surviving cooperative association or corporation, as the case may be, shall thereupon and thereafter possess all the rights, privileges, immunities, and franchises, both public and private of each of the merging organizations, to the extent that such rights, privileges, immunities, and franchises are not inconsistent with the corporate nature of the surviving organization; and all property, real, personal and mixed, and all debts due on whatever account, including subscriptions to shares, and all other choses in action, and all and every other interest of or belonging to or due to each of the organizations so merged shall be taken and deemed to be transferred to and vested in such surviving cooperative association or corporation, as the case may be, without further act or deed; and the title to any real estate, or any interest therein, vested in any such merged cooperative association shall not revert or be in any way impaired by reason of such merger.

(3) The surviving cooperative association or corporation, as the case may be, shall, after the merger is effected, be responsible and liable for all the liabilities and obligations of each of the organizations so merged; and any claim existing or action or proceeding pending by or against any of such organizations may be prosecuted as if the merger had not taken place and the surviving cooperative association or corporation may be substituted in its place. Neither the right of creditors nor any liens upon the property of any cooperative association or corporation party to the merger shall be impaired by the merger.

(4) The articles of ((~~association~~)) incorporation of the surviving cooperative association or ((~~the articles of incorporation~~)) of the surviving ordinary business corporation, as the case may be, shall be deemed to be amended to the extent, if any, that changes in such articles are stated in the plan of merger.

NEW SECTION. Sec. 30. A new section is added to chapter 23.86 RCW to read as follows:

A member of an association shall have the right to dissent from any of the following association actions:

(1) Any plan of merger or consolidation to which the association is a party;

(2) Any plan of conversion of the association to an ordinary business corporation; or

(3) Any sale or exchange of all or substantially all of the property and assets of the association not made in the usual and regular course of its business, including a sale in dissolution, but not including a sale pursuant to an order of a court having jurisdiction in the premises or a sale for cash on terms requiring that all or substantially all of the net proceeds of the sale be

distributed to the members in accordance with their respective interests within one year from the date of sale.

NEW SECTION. Sec. 31. A new section is added to chapter 23.86 RCW to read as follows:

(1) Except as provided otherwise under subsection (2) of this section, the rights and procedures set forth in RCW 23A.24.040 shall apply to a member who elects to exercise the right of dissent.

(2) The articles of incorporation of an association subject to this chapter may provide that a dissenting member shall be limited to a return of less than the fair value of the member's equity interest in the association, but a dissenting member may not be limited to a return of less than the consideration paid to or retained by the association for the equity interest unless the fair value is less than the consideration paid to or retained by the association.

NEW SECTION. Sec. 32. A new section is added to chapter 23.86 RCW to read as follows:

The provisions of Title 23A RCW shall apply to the associations subject to this chapter, except where such provisions are in conflict with or inconsistent with the express provisions of this chapter. The terms "shareholder" or "shareholders" as used in Title 23A RCW, or in chapter 24.06 RCW as incorporated by reference herein, shall be deemed to refer to "member" or "members" as defined in this chapter. When the terms "share" or "shares" are used with reference to voting rights in Title 23A RCW, or in chapter 24.06 RCW as incorporated by reference herein, such terms shall be deemed to refer to the vote or votes entitled to be cast by a member or members.

NEW SECTION. Sec. 33. A new section is added to chapter 23.86 RCW to read as follows:

The provisions of RCW 24.06.340 through 24.06.435 shall apply to every foreign corporation which desires to conduct affairs in this state under the authority of this chapter.

Sec. 34. Section 32, chapter 282, Laws of 1959 as last amended by section 9, chapter 421, Laws of 1987 and by section 13, chapter 457, Laws of 1987 and RCW 21.20.320 are each reenacted and amended to read as follows:

The following transactions are exempt from RCW 21.20.040 through 21.20.300 except as expressly provided:

(1) Any isolated transaction, or sales not involving a public offering, whether effected through a broker-dealer or not; or any transaction effected in accordance with any rule by the director establishing a nonpublic offering exemption pursuant to this subsection where registration is not necessary or appropriate in the public interest or for the protection of investors.

(2) Any nonissuer distribution of an outstanding security by a registered broker-dealer if (a) a recognized securities manual contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date within eighteen months, and a profit and loss statement for either the fiscal year preceding that date or the most recent year of operations, or (b) the security has a fixed maturity or a fixed interest or dividend provision and there has been no default during the current fiscal year or within the three preceding fiscal years, or during the existence of the issuer and any predecessors if less than three years, in the payment of principal, interest, or dividends on the security.

(3) Any nonissuer transaction effected by or through a registered broker-dealer pursuant to an unsolicited order or offer to buy; but the director may by rule require that the customer acknowledge upon a specified form that the sale was unsolicited, and that a signed copy of each such form be preserved by the broker-dealer for a specified period.

(4) Any transaction between the issuer or other person on whose behalf the offering is made and an underwriter, or among underwriters.

(5) Any transaction in a bond or other evidence of indebtedness secured by a real or chattel mortgage or deed of trust, or by an agreement for the sale of real estate or chattels, if the entire mortgage, deed of trust, or agreement, together with all the bonds or other evidences of indebtedness secured thereby, is offered and sold as a unit. A bond or other evidence of indebtedness is not offered and sold as a unit if the transaction involves:

(a) A partial interest in one or more bonds or other evidences of indebtedness secured by a real or chattel mortgage or deed of trust, or by an agreement for the sale of real estate or chattels; or

(b) One of multiple bonds or other evidences of indebtedness secured by one or more real or chattel mortgages or deeds of trust, or agreements for the sale of real estate or chattels, sold to more than one purchaser as part of a single plan of financing; or

(c) A security including an investment contract other than the bond or other evidence of indebtedness.

(6) Any transaction by an executor, administrator, sheriff, marshal, receiver, trustee in bankruptcy, guardian, or conservator.

(7) Any transaction executed by a bona fide pledgee without any purpose of evading this chapter.

(8) Any offer or sale to a bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

(9) Any transaction pursuant to an offering not exceeding five hundred thousand dollars effected in accordance with any rule by the director if the

director finds that registration is not necessary in the public interest and for the protection of investors.

(10) Any offer or sale of a preorganization certificate or subscription if (a) no commission or other remuneration is paid or given directly or indirectly for soliciting any prospective subscriber, (b) the number of subscribers does not exceed ten, and (c) no payment is made by any subscriber.

(11) Any transaction pursuant to an offer to existing security holders of the issuer, including persons who at the time of the transaction are holders of convertible securities, nontransferable warrants, or transferable warrants exercisable within not more than ninety days of their issuance, if (a) no commission or other remuneration (other than a standby commission) is paid or given directly or indirectly for soliciting any security holder in this state, or (b) the issuer first files a notice specifying the terms of the offer and the director does not by order disallow the exemption within the next five full business days.

(12) Any offer (but not a sale) of a security for which registration statements have been filed under both this chapter and the Securities Act of 1933 if no stop order or refusal order is in effect and no public proceeding or examination looking toward such an order is pending under either act.

(13) The issuance of any stock dividend, whether the corporation distributing the dividend is the issuer of the stock or not, if nothing of value is given by stockholders for the distribution other than the surrender of a right to a cash dividend where the stockholder can elect to take a dividend in cash or stock.

(14) Any transaction incident to a right of conversion or a statutory or judicially approved reclassification, recapitalization, reorganization, quasi reorganization, stock split, reverse stock split, merger, consolidation, or sale of assets.

(15) The offer or sale by a registered broker-dealer, or a person exempted from the registration requirements pursuant to RCW 21.20.040, acting either as principal or agent, of securities previously sold and distributed to the public: PROVIDED, That:

(a) Such securities are sold at prices reasonably related to the current market price thereof at the time of sale, and, if such broker-dealer is acting as agent, the commission collected by such broker-dealer on account of the sale thereof is not in excess of usual and customary commissions collected with respect to securities and transactions having comparable characteristics;

(b) Such securities do not constitute the whole or a part of an unsold allotment to or subscription or participation by such broker-dealer as an underwriter of such securities or as a participant in the distribution of such securities by the issuer, by an underwriter or by a person or group of persons in substantial control of the issuer or of the outstanding securities of the class being distributed; and

(c) The security has been lawfully sold and distributed in this state or any other state of the United States under this or any act regulating the sale of such securities.

(16) Any transaction by a mutual or cooperative association meeting the requirements of (a) and (b) of this subsection:

(a) The transaction:

(i) Does not involve advertising or public solicitation; or

(ii) Involves advertising or public solicitation, and:

(A) The association first files a notice of claim of exemption on a form prescribed by the director specifying the terms of the offer and the director does not by order deny the exemption within the next ten full business days;

or

(B) The association is an employee cooperative and identifies itself as an employee cooperative in advertising or public solicitation.

(b) The transaction involves an instrument or interest, that:

(i)(A) Qualifies its holder to be a member or patron of the association;

(B) Represents a contribution of capital to the association by a person who is or intends to become a member or patron of the association;

(C) Represents a patronage dividend or other patronage allocation; or

(D) Represents the terms or conditions by which a member or patron purchases, sells, or markets products, commodities, or services from, to, or through the association; and

(ii) Is nontransferable except in the case of death, operation of law, bona fide transfer for security purposes only to the association, a bank, or other financial institution, intrafamily transfer, or transfer to an existing member or person who will become a member and, in the case of an instrument, so states conspicuously on its face.

(17) Any transaction effected in accordance with any rule adopted by the director establishing a limited offering exemption which furthers objectives of compatibility with federal exemptions and uniformity among the states, provided that in adopting any such rule the director may require that no commission or other remuneration be paid or given to any person, directly or indirectly, for effecting sales unless the person is registered under this chapter as a broker-dealer or salesperson.

NEW SECTION. Sec. 35. A new section is added to chapter 23.86 RCW to read as follows:

(1) The secretary of state shall notify all associations subject to this chapter thirty days prior to the effective date of this act that in the event they fail to appoint a registered agent as provided in section 13 of this act, they shall thereupon cease to be recorded as an active corporation.

(2) If the notification provided under subsection (1) of this section from the secretary of state to any association was or has been returned unclaimed or undeliverable, the secretary of state shall proceed to remove the name of such association from the records of active corporations.

(3) Associations removed from the records of active corporations under subsection (2) of this section may be reinstated at any time within ten years of the action by the secretary of state. The association shall be reinstated to active status by filing a request for reinstatement, by appointment of a registered agent and designation of a registered office as required by this chapter, and by filing an annual report for the reinstatement year. No fees may be charged for reinstatements under this section. If, during the period of inactive status, another person or corporation has reserved or adopted a corporate name which is identical to or deceptively similar to the association's name, the association seeking reinstatement shall be required to adopt another name consistent with the requirements of this chapter and to amend its articles of incorporation accordingly.

(4) If no action is taken to reinstate to active status as provided in subsection (3) of this section, the association shall be administratively dissolved.

Sec. 36. Section 24, chapter 230, Laws of 1971 ex. sess. as amended by section 1, chapter 164, Laws of 1987 and RCW 15.35.240 are each amended to read as follows:

The director may deny, suspend, or revoke a license upon due notice and an opportunity for a hearing as provided in chapter ~~((34.04 RCW; concerning contested cases, as enacted or hereafter amended))~~ 34.05 RCW concerning adjudicative proceedings, or rules adopted thereunder by the director, when he is satisfied by a preponderance of the evidence of the existence of any of the following facts:

(1) A milk dealer has failed to account and make payments without reasonable cause, for milk purchased from a producer subject to the provisions of this chapter or rules adopted hereunder;

(2) A milk dealer has committed any act injurious to the public health or welfare or to trade and commerce in milk;

(3) A milk dealer has continued in a course of dealing of such nature as to satisfy the director of his inability or unwillingness to properly conduct the business of handling or selling milk, or to satisfy the director of his intent to deceive or defraud producers subject to the provisions of this chapter or rules adopted hereunder;

(4) A milk dealer has rejected without reasonable cause any milk purchased or has rejected without reasonable cause or reasonable advance notice milk delivered in ordinary continuance of a previous course of dealing, except where the contract has been lawfully terminated;

(5) Where the milk dealer is insolvent or has made a general assignment for the benefit of creditors or has been adjudged bankrupt or where a money judgment has been secured against him upon which an execution has been returned wholly or partially satisfied;

(6) Where the milk dealer has been a party to a combination to fix prices, contrary to law; a cooperative association organized under chapter

~~((24.32))~~ 23.86 RCW and making collective sales and marketing milk pursuant to the provisions of such chapter, directly or through a marketing agent, shall not be deemed or construed to be a conspiracy or combination in restraint of trade or an illegal monopoly;

(7) Where there has been a failure either to keep records or to furnish statements or information required by the director;

(8) Where it is shown that any material statement upon which the license was issued is or was false or misleading or deceitful in any particular;

(9) Where the applicant is a partnership or a corporation and any individual holding any position or interest or power of control therein has previously been responsible in whole or in part for any act for which a license may be denied, suspended, or revoked, pursuant to the provisions of this chapter or rules adopted hereunder;

(10) Where the milk dealer has violated any provisions of this chapter or rules adopted hereunder;

(11) Where the milk dealer has ceased to operate the milk business for which the license was issued.

Sec. 37. Section 3, chapter 139, Laws of 1959 as last amended by section 10, chapter 254, Laws of 1988 and RCW 20.01.030 are each amended to read as follows:

This chapter does not apply to:

(1) Any cooperative marketing associations or federations incorporated under, or whose articles of incorporation and bylaws are equivalent to, the requirements of chapter 23.86 RCW (~~or chapter 24.32 RCW~~), except as to that portion of the activities of the association or federation that involve the handling or dealing in the agricultural products of nonmembers of the organization: PROVIDED, That the associations or federations may purchase up to fifteen percent of their gross from nonmembers for the purpose of filling orders: PROVIDED FURTHER, That if the cooperative or association acts as a processor as defined in RCW 20.01.500(2) and markets the processed agricultural crops on behalf of the grower or its own behalf, the association or federation is subject to the provisions of RCW 20.01.500 through 20.01.560 and the license provision of this chapter excluding bonding provisions: PROVIDED FURTHER, That none of the foregoing exemptions in this subsection apply to any such cooperative or federation dealing in or handling grain in any manner, and not licensed under the provisions of chapter 22.09 RCW;

(2) Any person who sells exclusively his or her own agricultural products as the producer thereof;

(3) Any public livestock market operating under a bond required by law or a bond required by the United States to secure the performance of the public livestock market's obligation. However, any such market operating as a livestock dealer or order buyer, or both, is subject to all provisions

of this chapter except for the payment of the license fee required in RCW 20.01.040;

(4) Any retail merchant having a bona fide fixed or permanent place of business in this state, but only for the retail merchant's retail business conducted at such fixed or established place of business;

(5) Any person buying farm products for his or her own use or consumption;

(6) Any warehouseman or grain dealer licensed under the state grain warehouse act, chapter 22.09 RCW, with respect to his or her handling of any agricultural product as defined under that chapter;

(7) Any nurseryman who is required to be licensed under the horticultural laws of the state with respect to his or her operations as such licensee;

(8) Any person licensed under the now existing dairy laws of the state with respect to his or her operations as such licensee;

(9) Any producer who purchases less than fifteen percent of his or her volume to complete orders;

(10) Any person, association, or corporation regulated under chapter 67.16 RCW and the rules adopted thereunder while performing acts regulated by that chapter and the rules adopted thereunder;

(11) Any boom loader who loads exclusively his or her own hay or straw as the producer thereof.

Sec. 38. Section 72, chapter 120, Laws of 1969 ex. sess. as amended by section 2, chapter 45, Laws of 1982 and RCW 24.06.360 are each amended to read as follows:

A foreign corporation, in order to procure a certificate of authority to conduct affairs in this state, shall make application therefor to the secretary of state, which application shall set forth:

(1) The name of the corporation and the state or country under the laws of which it is incorporated.

(2) The date of incorporation and the period of duration of the corporation.

(3) The address of the principal office of the corporation in the state or country under the laws of which it is incorporated.

(4) The address of the proposed registered office of the corporation in this state, and the name of its proposed registered agent in this state at such address.

(5) For the purpose or purposes of the corporation which it proposes to pursue in conducting its affairs in this state.

(6) The names and respective addresses of the directors and officers of the corporation.

(7) Such additional information as may be necessary or appropriate in order to enable the secretary of state to determine whether such corporation is entitled to a certificate of authority to conduct affairs in this state.

~~((8) For any foreign agricultural cooperative association, evidence that the association has complied with the provisions of RCW 24.32.210:))~~

Sec. 39. Section 43.07.120, chapter 8, Laws of 1965 as last amended by section 187, chapter 35, Laws of 1982 and RCW 43.07.120 are each amended to read as follows:

(1) The secretary of state shall collect the fees herein prescribed for the secretary of state's official services:

(a) For a copy of any law, resolution, record, or other document or paper on file in the secretary's office for which no other fee is provided, fifty cents per page for the first ten pages and twenty-five cents per page for each additional page;

(b) For any certificate under seal, five dollars;

(c) For filing and recording trademark, fifty dollars;

(d) For each deed or patent of land issued by the governor, if for one hundred and sixty acres of land, or less, one dollar, and for each additional one hundred and sixty acres, or fraction thereof, one dollar;

(e) For recording miscellaneous records, papers, or other documents, five dollars for filing each case.

(2) The secretary of state may adopt rules under chapter ~~((34.04))~~ 34.05 RCW establishing reasonable fees for the following services rendered under Title 23A RCW, chapter 18.100, 23.86, 23.90, 24.03, 24.06, 24.12, 24.20, 24.24, 24.28, ~~((24.32;))~~ 24.36, or 25.10 RCW:

(a) Any service rendered in-person at the secretary of state's office;

(b) Any expedited service;

(c) The electronic transmittal of documents;

(d) The providing of information by microfiche or other reduced-format compilation;

(e) The handling of checks or drafts for which sufficient funds are not on deposit;

(f) The resubmission of documents previously submitted to the secretary of state where the documents have been returned to the submitter to make such documents conform to the requirements of the applicable statute;

(g) The handling of telephone requests for information; and

(h) Special search charges.

(3) To facilitate the collection of fees, the secretary of state may establish accounts for deposits by persons who may frequently be assessed such fees to pay the fees as they are assessed. The secretary of state may make whatever arrangements with those persons as may be necessary to carry out this section.

(4) No member of the legislature, state officer, justice of the supreme court, judge of the court of appeals, or judge of the superior court shall be charged for any search relative to matters pertaining to the duties of his or her office; nor may such official be charged for a certified copy of any law or

resolution passed by the legislature relative to his or her official duties, if such law has not been published as a state law.

Sec. 40. Section 1, chapter 122, Laws of 1971 ex. sess. as last amended by section 188, chapter 35, Laws of 1982 and RCW 43.07.130 are each amended to read as follows:

There is created within the state treasury a revolving fund, to be known as the "secretary of state's revolving fund," which shall be used by the office of the secretary of state to defray the costs of printing, reprinting, or distributing printed matter authorized by law to be issued by the office of the secretary of state, and any other cost of carrying out the functions of the secretary of state under Title 23A RCW, or chapters 18.100, 23.86, 23.90, 24.03, 24.06, 24.12, 24.20, 24.24, 24.28, (~~(24.32,)~~) 24.36, or 25.10 RCW.

The secretary of state is hereby authorized to charge a fee for such publications in an amount which will compensate for the costs of printing, reprinting, and distributing such printed matter. Fees recovered by the secretary of state under RCW 43.07.120(2), 23A.36.050, 23A.40.030, 24.03.410, 24.06.455, or 46.64.040, and such other moneys as are expressly designated for deposit in the secretary of state's revolving fund shall be placed in the secretary of state's revolving fund.

Sec. 41. Section 193, chapter 35, Laws of 1982 and RCW 43.07.190 are each amended to read as follows:

Where the secretary of state determines that a summary face sheet or cover sheet would expedite review of any documents made under Title 23A RCW, or chapter 18.100, 23.86, 23.90, 24.03, 24.06, 24.12, 24.20, 24.24, (~~(24.32,)~~) 24.36, or 25.10 RCW, the secretary of state may require the use of a summary face sheet or cover sheet that accurately reflects the contents of the attached document. The secretary of state may, by rule adopted under chapter (~~(34.04)~~) 34.05 RCW, specify the required contents of any summary face sheet and the type of document or documents in which the summary face sheet will be required, in addition to any other filing requirements which may be applicable.

Sec. 42. Section 6, chapter 2, Laws of 1983 as last amended by section 17, chapter 117, Laws of 1986 and RCW 23A.32.050 are each amended to read as follows:

A foreign corporation, in order to procure a certificate of authority to transact business in this state, shall make application therefor to the secretary of state, which application shall set forth:

(1) The name of the corporation and the state or country under the laws of which it is incorporated.

(2) If the name of the corporation does not contain the word "corporation", "company", "incorporated", or "limited", or does not contain an abbreviation of one of such words, then the name of the corporation with the word or abbreviation which it elects to add thereto for use in this state.

(3) The date of incorporation and the period of duration of the corporation.

(4) The address of the principal office of the corporation.

(5) The purpose or purposes of the corporation which it proposes to pursue in the transaction of business in this state.

(6) The names and respective addresses of the directors and officers of the corporation.

(7) A statement of the aggregate number of shares which the corporation has authority to issue, itemized by classes and series, if any within a class.

(8) A statement that a registered agent has been appointed and the name and address of such agent, and that a registered office exists and the address of such registered office is identical to that of the registered agent.

(9) The date of the beginning of its current annual accounting period.

(10) Such additional information as may be necessary or appropriate in order to enable the secretary of state to determine whether such corporation is entitled to a certificate of authority to transact business in this state and to determine and assess the fees payable as in this title prescribed.

~~((11) For any foreign agricultural cooperative association, evidence that the association has complied with the provisions of RCW 24.32.210:))~~

Such application shall be made in the form prescribed by the secretary of state and shall be executed in duplicate by the corporation by one of its officers.

Such application shall be accompanied by a certificate of good standing which has been issued no more than sixty days before the date of filing of the application for a certificate of authority to do business in this state and has been certified to by the proper officer of the state or country under the laws of which it is incorporated.

Sec. 43. Section 6, chapter 205, Laws of 1982, as last amended by section 19, chapter 240, Laws of 1988 and RCW 18.11.070 are each amended to read as follows:

(1) It is unlawful for any person to act as an auctioneer or for an auction company to engage in any business in this state without a license.

(2) This chapter does not apply to:

(a) An auction of goods conducted by an individual who personally owns those goods and who did not acquire those goods for resale;

(b) An auction conducted by or under the direction of a public authority;

(c) An auction held under judicial order in the settlement of a decedent's estate;

(d) An auction which is required by law to be at auction;

(e) An auction conducted by or on behalf of a political organization or a charitable corporation or association if the person conducting the sale receives no compensation;

(f) An auction of livestock or agricultural products which is conducted under chapter 16.65 or 20.01 RCW. Auctions not regulated under chapter 16.65 or 20.01 RCW shall be fully subject to the provisions of this chapter; ((or))

(g) An auction held under chapter 19.150 RCW; or

(h) An auction of fur pelts conducted by any cooperative association organized under chapter 23.86 RCW or its wholly owned subsidiary. In order to qualify for this exemption, the fur pelts must be from members of the association. However, the association, without loss of the exemption, may auction pelts that it purchased from nonmembers for the purpose of completing lots or orders, so long as the purchased pelts do not exceed fifteen percent of the total pelts auctioned.

NEW SECTION. Sec. 44. The following acts or parts of acts are each repealed:

(1) Section 18, chapter 19, Laws of 1913, section 3, chapter 99, Laws of 1925 ex. sess. and RCW 23.86.040;

(2) Section 3, chapter 19, Laws of 1913, section 2, chapter 302, Laws of 1981, section 172, chapter 35, Laws of 1982 and RCW 23.86.060;

(3) Section 1, chapter 258, Laws of 1953, section 4, chapter 12, Laws of 1959 and RCW 23.86.110;

(4) Section 9, chapter 19, Laws of 1913, section 33, chapter 297, Laws of 1981 and RCW 23.86.120;

(5) Section 10, chapter 19, Laws of 1913 and RCW 23.86.130;

(6) Section 5, chapter 12, Laws of 1959 and RCW 23.86.140;

(7) Section 12, chapter 19, Laws of 1913 and RCW 23.86.150;

(8) Section 15, chapter 19, Laws of 1913 and RCW 23.86.180;

(9) Section 1, chapter 115, Laws of 1921, section 1, chapter 195, Laws of 1941 and RCW 24.32.010;

(10) Section 2, chapter 115, Laws of 1921, section 707, chapter 212, Laws of 1987 and RCW 24.32.020;

(11) Section 3, chapter 115, Laws of 1921 and RCW 24.32.030;

(12) Section 4, chapter 115, Laws of 1921 and RCW 24.32.040;

(13) Section 5, chapter 115, Laws of 1921, section 1, chapter 16, Laws of 1931, section 1, chapter 132, Laws of 1959 and RCW 24.32.050;

(14) Section 6, chapter 115, Laws of 1921, section 1, chapter 102, Laws of 1925 ex. sess., section 2, chapter 195, Laws of 1941, section 1, chapter 99, Laws of 1943 and RCW 24.32.060;

(15) Section 7, chapter 115, Laws of 1921, section 2, chapter 16, Laws of 1931, section 2, chapter 132, Laws of 1959, section 705, chapter 212, Laws of 1987 and RCW 24.32.070;

(16) Section 8, chapter 115, Laws of 1921, section 3, chapter 16, Laws of 1931, section 3, chapter 132, Laws of 1959 and RCW 24.32.080;

(17) Section 9, chapter 115, Laws of 1921, section 4, chapter 16, Laws of 1931 and RCW 24.32.090;

- (18) Section 10, chapter 115, Laws of 1921 and RCW 24.32.100;
- (19) Section 11, chapter 115, Laws of 1921, section 1, chapter 69, Laws of 1929, section 5, chapter 16, Laws of 1931, section 1, chapter 64, Laws of 1969 and RCW 24.32.110;
- (20) Section 12, chapter 115, Laws of 1921, section 2, chapter 64, Laws of 1969 and RCW 24.32.150;
- (21) Section 13, chapter 115, Laws of 1921, section 6, chapter 16, Laws of 1931, section 2, chapter 99, Laws of 1943 and RCW 24.32.160;
- (22) Section 14, chapter 115, Laws of 1921 and RCW 24.32.200;
- (23) Section 15, chapter 115, Laws of 1921, section 1, chapter 138, Laws of 1927, section 7, chapter 16, Laws of 1931, section 4, chapter 132, Laws of 1959, section 1, chapter 45, Laws of 1982 and RCW 24.32.210;
- (24) Section 16, chapter 115, Laws of 1921 and RCW 24.32.240;
- (25) Section 17, chapter 115, Laws of 1921, section 1, chapter 285, Laws of 1927, section 3, chapter 195, Laws of 1941 and RCW 24.32.250;
- (26) Section 18, chapter 115, Laws of 1921 and RCW 24.32.260;
- (27) Section 19, chapter 115, Laws of 1921 and RCW 24.32.270;
- (28) Section 20, chapter 115, Laws of 1921, section 4, chapter 195, Laws of 1941 and RCW 24.32.280;
- (29) Section 21, chapter 115, Laws of 1921, section 8, chapter 16, Laws of 1931, section 5, chapter 132, Laws of 1959 and RCW 24.32.290;
- (30) Section 22, chapter 115, Laws of 1921, section 1, chapter 86, Laws of 1979, section 37, chapter 297, Laws of 1981 and RCW 24.32.300;
- (31) Section 23, chapter 115, Laws of 1921, section 6, chapter 132, Laws of 1959 and RCW 24.32.310;
- (32) Section 23–a, chapter 115, Laws of 1921 and RCW 24.32.320;
- (33) Section 24, chapter 115, Laws of 1921 and RCW 24.32.330;
- (34) Section 25, chapter 115, Laws of 1921 and RCW 24.32.340;
- (35) Section 26, chapter 115, Laws of 1921 and RCW 24.32.350;
- (36) Section 27, chapter 115, Laws of 1921 and RCW 24.32.355;
- (37) Section 28, chapter 115, Laws of 1921, section 68, chapter 81, Laws of 1971, section 25, chapter 202, Laws of 1988 and RCW 24.32.360;
- (38) Section 29, chapter 115, Laws of 1921 and RCW 24.32.400;
- (39) Section 30, chapter 115, Laws of 1921 and RCW 24.32.410;
- (40) Section 31, chapter 115, Laws of 1921 and RCW 24.32.900; and
- (41) Section 14, chapter 457, Laws of 1987 and RCW 21.20.321.

Passed the Senate April 17, 1989.

Passed the House April 11, 1989.

Approved by Governor May 11, 1989.

Filed in Office of Secretary of State May 11, 1989.