

SENATE BILL REPORT

SHB 2321

As Reported By Senate Committee On:
Judiciary, February 25, 2000

Title: An act relating to the transmission of proxy appointments by electronic or other nonwritten means as applied to the Washington business corporation act.

Brief Description: Authorizing the transmission of electronic proxy appointments.

Sponsors: House Committee on Judiciary (originally sponsored by Representatives Esser, Lantz, Constantine, Hurst, Ruderman and D. Sommers).

Brief History:

Committee Activity: Judiciary: 2/18/2000, 2/25/2000 [DP].

SENATE COMMITTEE ON JUDICIARY

Majority Report: Do pass.

Signed by Senators Heavey, Chair; Kline, Vice Chair; Goings, Haugen, Johnson, Long, McCaslin, Thibaudeau and Zarelli.

Staff: Karen Lundahl (786-7421)

Background: Under the Washington Business Corporations Act, shareholders of a corporation are entitled to vote, either in person or by proxy, on corporate matters at annual and special meetings. Proxy is the practice of authorizing another person to vote or otherwise act on a shareholders's behalf at a meeting. Proxy appointment must be done in writing.

Summary of Bill: Proxy appointments by electronic transmission are authorized. A proxy appointment made by electronic transmission must include or be submitted with information showing that the shareholder authorized the electronic transmission. Electronic transmission includes telegram, cablegram, recorded telephone call or voice mail or any process of electronic communication not involving the physical transfer of paper.

The corporation must determine whether the electronically transmitted proxy appointment is valid and retain copies of the electronic transmission for at least 60 days after any election.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Many other states have already authorized electronic proxy appointments. Voting by electronic transmission is not specifically authorized; proxy appointment in large

corporations is virtually the same as voting. The bar association wanted to make the law flexible so it would work for both very small and very large corporations.

Testimony Against: None.

Testified: PRO: Rep. Esser, prime sponsor; Kent Carlson, WSBA.