

**Chapter 18.100 RCW**  
**PROFESSIONAL SERVICE CORPORATIONS**

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*Revolving fund of secretary of state, deposit of moneys for costs of carrying out secretary of state's functions under this chapter: RCW 43.07.130.*

**RCW 18.100.010 Legislative intent.** 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. [1969 c 122 s 1.]

**RCW 18.100.020 Short title.** This chapter may be cited as "the professional service corporation act". [1969 c 122 s 2.]

**RCW 18.100.030 Definitions.** As used in this chapter the following words shall have the meaning indicated:

(1) The term "professional service" means 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 chapter 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, podiatric physicians and surgeons, chiroprodists, architects, veterinarians and attorneys-at-law.

(2) The term "professional corporation" means a corporation which is organized under this chapter for the purpose of rendering professional service.

(3) The term "ineligible person" means any individual, corporation, partnership, fiduciary, trust, association, government agency, or other entity which for any reason is or becomes ineligible under this chapter to own shares issued by a professional corporation. The term includes a charitable remainder unitrust or charitable remainder annuity trust that is or becomes an ineligible person for failure to comply with subsection (5)(b) of this section.

(4) The term "eligible person" means an individual, corporation, partnership, fiduciary, qualified trust, association, government agency, or other entity, that is eligible under this chapter to own shares issued by a professional corporation.

(5) The term "qualified trust" means one of the following:

(a) A voting trust established under RCW 23B.07.300, if the beneficial owner of any shares on deposit and the trustee of the voting trust are qualified persons;

(b) A charitable remainder unitrust as defined in section 664(d)(1) of the internal revenue code or a charitable remainder annuity trust as defined in section 664(d)(2) or 664(d)(3) of the internal revenue code if the trust complies with each of the following conditions:

(i) Has one or more beneficiaries currently entitled to income, unitrust, or annuity payments, all of whom are eligible persons or spouses of eligible persons;

(ii) Has a trustee who is an eligible person and has exclusive authority over the share of the professional corporation while the shares are held in the trust, except that a cotrustee who is not an eligible person may be given authority over decisions relating to the sale of shares by the trust;

(iii) Has one or more designated charitable remaindermen, all of which must at all times be domiciled or maintain a local chapter in Washington state; and

(iv) When distributing any assets during the term of the trust to charitable organizations, the distributions are made only to charitable organizations described in section 170(c) of the internal revenue code that are domiciled or maintain a local chapter in Washington state. [1997 c 18 s 1; 1983 c 51 s 2; 1969 c 122 s 3.]

**RCW 18.100.040 Application of chapter to previously organized corporations.** This chapter shall not apply to any individuals or

groups of individuals within this state who prior to the passage of this chapter were permitted to organize a corporation and perform personal services to the public by means of a corporation, and this chapter shall not apply to any corporation organized by such individual or group of individuals prior to the passage of this chapter: PROVIDED, That any such individual or group of individuals or any such corporation may bring themselves and such corporation within the provisions of this chapter by amending the articles of incorporation in such a manner so as to be consistent with all the provisions of this chapter and by affirmatively stating in the amended articles of incorporation that the shareholders have elected to bring the corporation within the provisions of this chapter. [1969 c 122 s 4.]

**RCW 18.100.050 Organization of professional service corporations authorized generally—Architects, engineers, and health care professionals—Nonprofit corporations.**

(1) 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 23B RCW for the purpose of rendering professional service. One or more of the legally authorized individuals shall be the incorporators of the professional corporation.

(2) Notwithstanding any other provision of this chapter, registered architects and registered engineers may own stock in and render their individual professional services through one professional service corporation.

(3) Licensed health care professionals, providing services to enrolled participants either directly or through arrangements with a health maintenance organization registered under chapter 48.46 RCW or federally qualified health maintenance organization, may own stock in and render their individual professional services through one professional service corporation.

(4) Professionals may organize a nonprofit nonstock corporation under this chapter and chapter 24.03A RCW to provide professional services, and the provisions of this chapter relating to stock and referring to Title 23B RCW shall not apply to any such corporation.

(5)(a) Notwithstanding any other provision of this chapter, health care professionals who are licensed or certified pursuant to chapters 18.06, 18.225, 18.22, 18.25, 18.29, 18.34, 18.35, 18.36A, 18.50, 18.53, 18.55, 18.57, 18.59, 18.64, 18.71, 18.71A, 18.74, 18.79, 18.83, 18.89, 18.108, and 18.138 RCW may own stock in and render their individual professional services through one professional service corporation and are to be considered, for the purpose of forming a professional service corporation, as rendering the "same specific professional services" or "same professional services" or similar terms.

(b) Formation of a professional service corporation under this subsection does not restrict the application of the uniform disciplinary act under chapter 18.130 RCW, or applicable health care professional statutes under Title 18 RCW, including but not limited to restrictions on persons practicing a health profession without being appropriately credentialed and persons practicing beyond the scope of their credential. [2023 c 60 s 1; 2021 c 176 s 5204; 2020 c 80 s 21;

2001 c 251 s 29; 1999 c 128 s 1; 1997 c 390 s 3; 1996 c 22 s 1; 1991 c 72 s 3; 1986 c 261 s 1; 1983 c 100 s 1; 1969 c 122 s 5.]

**Effective date—2021 c 176 s 5204:** "Section 5204 of this act takes effect July 1, 2022." [2021 c 176 s 6104.]

**Effective date—2020 c 80 ss 12-59:** See note following RCW 7.68.030.

**Intent—2020 c 80:** See note following RCW 18.71A.010.

**Severability—2001 c 251:** See RCW 18.225.900.

**RCW 18.100.060 Rendering of services by authorized individuals.**

(1) No corporation organized under this chapter may render professional services except through individuals who are duly licensed or otherwise legally authorized to render such professional services within this state. However, nothing in this chapter shall be interpreted to:

(a) Prohibit a person duly licensed or otherwise legally authorized to render professional services in any jurisdiction other than this state from becoming a member of a professional corporation in this state organized for the purpose of rendering the same professional services;

(b) Prohibit a professional corporation from rendering services outside this state through individuals who are not duly licensed or otherwise legally authorized to render professional services within this state; or

(c) Require the licensing of clerks, secretaries, bookkeepers, technicians, and other assistants employed by a professional corporation 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.

(2) Persons engaged in a profession and otherwise meeting the requirements of this chapter may operate under this chapter as a professional corporation so long as each shareholder personally engaged in the practice of the profession in this state is duly licensed or otherwise legally authorized to practice the profession in this state and:

(a) At least one officer and one director of the corporation is duly licensed or otherwise legally authorized to practice the profession in this state; or

(b) Each officer in charge of an office of the corporation in this state is duly licensed or otherwise legally authorized to practice the profession in this state. [1998 c 293 s 1; 1983 c 51 s 3; 1969 c 122 s 6.]

**RCW 18.100.065 Authority of directors, officers to render same services as corporation.** Except as otherwise provided in RCW 18.100.118, all directors of a corporation organized under this chapter and all officers other than the secretary and the treasurer shall be duly licensed or otherwise legally authorized to render the same specific professional services within this or any other state as

those for which the corporation was incorporated. [1998 c 293 s 2; 1983 c 51 s 7.]

**RCW 18.100.070 Professional relationships and liabilities preserved.** Nothing contained in this chapter 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 chapter shall remain personally and fully liable and accountable for any negligent or wrongful acts or misconduct committed by him or her or by any person under his or her 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. [2011 c 336 s 502; 1969 c 122 s 7.]

**RCW 18.100.080 Engaging in other business prohibited—Investments.** No professional service corporation organized under this chapter shall engage in any business other than the rendering of the professional services for which it was incorporated or service as a trustee as authorized by RCW 11.36.021 or as a personal representative as authorized by RCW 11.36.010: PROVIDED, That nothing in this chapter 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. [1984 c 149 s 170; 1969 c 122 s 8.]

**Severability—Effective dates—1984 c 149:** See notes following RCW 11.02.005.

**RCW 18.100.090 Stock issuance.** Except as otherwise provided in RCW 18.100.118, no professional corporation organized under the provisions of this chapter may issue any of its capital stock to anyone other than the trustee of a qualified trust or an individual who is duly licensed or otherwise legally authorized to render the same specific professional services within this or any other state as those for which the corporation was incorporated. [1998 c 293 s 3; 1997 c 18 s 2; 1983 c 51 s 4; 1969 c 122 s 9.]

**RCW 18.100.095 Validity of share voting agreements.** Except for qualified trusts, a proxy, voting trust, or other voting agreement with respect to shares of a professional corporation shall not be valid unless all holders thereof, all trustees and beneficiaries thereof, or all parties thereto, as the case may be, are eligible to be shareholders of the corporation. [1997 c 18 s 3; 1983 c 51 s 12.]

**RCW 18.100.100 Legal qualification of officer, shareholder or employee to render professional service, effect.** Unless a director, officer, shareholder, agent or employee of a corporation organized under this chapter who has been rendering professional service to the public is legally qualified at all times to render such professional services within at least one state in which the corporation conducts business, he or she 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. [1998 c 293 s 4; 1969 c 122 s 10.]

**RCW 18.100.110 Sale or transfer of shares.** No shareholder of a corporation organized as a professional corporation may sell or transfer his or her shares in such corporation except to the trustee of a qualified trust or another individual who is eligible to be a shareholder of such corporation. Any transfer of shares in violation of this section shall be void. However, nothing in this section prohibits the transfer of shares of a professional corporation by operation of law or court decree. [1997 c 18 s 4; 1983 c 51 s 5; 1969 c 122 s 11.]

**RCW 18.100.114 Merger or consolidation.** A corporation organized under this chapter may merge or consolidate with another corporation, domestic or foreign, organized to render the same specific professional services, only if every shareholder of each corporation is eligible to be a shareholder of the surviving or new corporation. [1998 c 293 s 6; 1983 c 51 s 8.]

**RCW 18.100.116 Death of shareholder, transfer to ineligible person—Treatment of shares.** (1) If:

- (a) (i) A shareholder of a professional corporation dies;
- (ii) A shareholder of a professional corporation becomes an ineligible person;
- (iii) Shares of a professional corporation are transferred by operation of law or court decree to an ineligible person; or
- (iv) A charitable remainder unitrust or charitable remainder annuity trust that holds shares of a professional corporation becomes an ineligible person; and

(b) The shares held by the deceased shareholder or by such ineligible person are less than all of the outstanding shares of the corporation, then the shares held by the deceased shareholder or by the ineligible person may be transferred to remaining shareholders of the corporation or may be redeemed by the corporation pursuant to terms stated in the articles of incorporation or by laws of the corporation, or in a private agreement. In the absence of any such terms, such shares may be transferred to any individual eligible to be a shareholder of the corporation.

(2) If such a redemption or transfer of the shares held by a deceased shareholder or an ineligible person is not completed within twelve months after the death of the deceased shareholder or the transfer, as the case may be, such shares shall be deemed to be shares with respect to which the holder has elected to exercise the right of dissent described in chapter 23B.13 RCW and has made written demand on the corporation for payment of the fair value of such shares. The corporation shall forthwith cancel the shares on its books and the deceased shareholder or ineligible person shall have no further interest in the corporation other than the right to payment for the shares as is provided in RCW 23B.13.250. For purposes of the application of RCW 23B.13.250, the date of the corporate action and the date of the shareholder's written demand shall be deemed to be one day after the date on which the twelve-month period from the death of the deceased shareholder, or from the transfer, expires. [1997 c 18 s 5; 1991 c 72 s 4; 1983 c 51 s 10.]

**RCW 18.100.118 Eligibility of certain representatives and transferees to serve as directors, officers, or shareholders.** If all of the outstanding shares of a professional corporation are held by an administrator, executor, guardian, conservator, or receiver of the estate of a former shareholder, or by a transferee who received such shares by operation of law or court decree, such administrator, executor, guardian, conservator, receiver, or transferee for a period of twelve months following receipt or transfer of such shares may be a director, officer, or shareholder of the professional corporation. [1983 c 51 s 11.]

**RCW 18.100.120 Name—Listing of shareholders.** Corporations organized pursuant to this chapter 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. The corporate name of a professional service corporation must comply with the requirements of Article 3 of chapter 23.95 RCW. With the filing of its first annual report and any filings thereafter, a professional service corporation shall list its then shareholders. [2015 c 176 s 9120; 1993 c 290 s 1; 1982 c 35 s 169; 1969 c 122 s 12.]

**Effective date—Contingent effective date—2015 c 176:** See note following RCW 23.95.100.

**Intent—Severability—Effective dates—Application—1982 c 35:** See notes following RCW 43.07.160.

**RCW 18.100.130 Application of Business Corporation Act and Nonprofit Corporation Act.** (1) For a professional service corporation organized for pecuniary profit under this chapter, the provisions of Title 23B RCW shall be applicable except to the extent that any of the provisions of this chapter are interpreted to be in conflict with the provisions thereof, and in such event the provisions and sections of this chapter shall take precedence with respect to a corporation organized pursuant to the provisions of this chapter.

(2) For a professional service corporation organized under this chapter and chapter 24.03A RCW as a nonprofit corporation, the provisions of chapter 24.03A RCW shall be applicable except to the extent that any of the provisions of this chapter are interpreted to be in conflict with the provisions thereof, and in such event the provisions and sections of this chapter shall take precedence with respect to a corporation organized under the provisions of this chapter. [2021 c 176 s 5205; 1991 c 72 s 5; 1986 c 261 s 2; 1983 c 51 s 6; 1969 c 122 s 13.]

**Effective date—2021 c 176:** See note following RCW 24.03A.005.

**RCW 18.100.132 Nonprofit professional service corporations formed under prior law.** A nonprofit professional service corporation formed pursuant to \*chapter 431, Laws of 1985, may amend its articles of incorporation at any time before July 31, 1987, to comply with the provisions of this chapter. Compliance under this chapter shall relate back and take effect as of the date of formation of the corporation under \*chapter 431, Laws of 1985, and the corporate existence shall be deemed to have continued without interruption from that date. [1986 c 261 s 4.]

**\*Reviser's note:** Chapter 431, Laws of 1985 enacted RCW 24.03.038, which was repealed by 1986 c 261 s 7.

**RCW 18.100.133 Business corporations, election of this chapter.** A business corporation formed under the provisions of Title 23B RCW may amend its articles of incorporation to change its stated purpose to the rendering of professional services and to conform to the requirements of this chapter. Upon the effective date of such amendment, the corporation shall be subject to the provisions of this chapter and shall continue in existence as a professional corporation under this chapter. [1991 c 72 s 6; 1986 c 261 s 5.]

**RCW 18.100.134 Professional services—Deletion from stated purposes of corporation.** A professional corporation may amend its articles of incorporation to delete from its stated purposes the rendering of professional services and to conform to the requirements of Title 23B RCW, or to the requirements of chapter 24.03A RCW if organized pursuant to RCW 18.100.050 as a nonprofit corporation. Upon the effective date of such amendment, the corporation shall no longer be subject to the provisions of this chapter and shall continue in existence as a corporation under Title 23B RCW or chapter 24.03A RCW. [2021 c 176 s 5206; 1991 c 72 s 7; 1986 c 261 s 3; 1983 c 51 s 9.]

**Effective date—2021 c 176:** See note following RCW 24.03A.005.

**RCW 18.100.140 Improper conduct not authorized.** Nothing in this chapter shall authorize a director, officer, shareholder, agent, or employee of a corporation organized under this chapter, or a corporation itself organized under this chapter, to do or perform any act which would be illegal, unethical, or unauthorized conduct under the provisions of the following acts: (1) Physicians and surgeons,



chapter 18.71 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) cosmetologists, barbers, and manicurists, chapter 18.16 RCW; (8) assisted living facilities act, chapter 18.20 RCW; (9) podiatric medicine and surgery, chapter 18.22 RCW; (10) chiropractic act, chapter 18.25 RCW; (11) registration of contractors, chapter 18.27 RCW; (12) debt adjusting act, chapter 18.28 RCW; (13) dental hygienist act, chapter 18.29 RCW; (14) dentistry, chapter 18.32 RCW; (15) dispensing opticians, chapter 18.34 RCW; (16) naturopathic physicians, chapter 18.36A RCW; (17) embalmers and funeral directors, chapter 18.39 RCW; (18) engineers and land surveyors, chapter 18.43 RCW; (19) escrow agents registration act, chapter 18.44 RCW; (20) birthing centers, chapter 18.46 RCW; (21) midwifery, chapter 18.50 RCW; (22) nursing homes, chapter 18.51 RCW; (23) optometry, chapter 18.53 RCW; (24) osteopathic physicians and surgeons, chapter 18.57 RCW; (25) pharmacists, chapter 18.64 RCW; (26) physical therapy, chapter 18.74 RCW; (27) registered nurses, \*advanced registered nurse practitioners, and practical nurses, chapter 18.79 RCW; (28) psychologists, chapter 18.83 RCW; (29) real estate brokers and salespersons, chapter 18.85 RCW; (30) veterinarians, chapter 18.92 RCW. [2012 c 10 s 38; 2011 c 336 s 503; 1994 sp.s. c 9 s 717; 1987 c 447 s 16; 1982 c 35 s 170; 1969 c 122 s 14.]

**\*Reviser's note:** The term "advanced registered nurse practitioner" was changed to "advanced practice registered nurse" by 2024 c 239 s 1, effective June 30, 2027.

**Application—2012 c 10:** See note following RCW 18.20.010.

**Severability—Headings and captions not law—Effective date—1994 sp.s. c 9:** See RCW 18.79.900 through 18.79.902.

**Intent—Severability—Effective dates—Application—1982 c 35:** See notes following RCW 43.07.160.

**RCW 18.100.145 Doctor of osteopathic medicine and surgery—Discrimination prohibited.** A professional service corporation that provides health care services to the general public may not discriminate against a qualified doctor of osteopathic medicine and surgery licensed under chapter 18.57 RCW, who has applied to practice with the professional service corporation, solely because that practitioner was board certified or eligible under an approved osteopathic certifying board instead of board certified or eligible respectively under an approved medical certifying board. [1995 c 64 s 2.]

**RCW 18.100.160 Foreign professional corporation.** A foreign professional corporation may render professional services in this state so long as it complies with chapter 23B.15 RCW and each individual rendering professional services in this state is duly licensed or otherwise legally authorized to render such professional services within this state. [1998 c 293 s 7.]