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OCT 2 1969
OLYMPIA WASH

DIGEST

of the

Enacted Laws

Forty-First Legislature

Regular & Extraordinary
Sessions

1969

Prepared and Edited
by the
Caucus Attorneys
Washington State Senate

ENGROSSED SENATE BILL NO. 105 (Continued)

housekeeping amendments identifying the utilities and transportation commission instead of the public service commission and the department of revenue instead of the tax commission.

Partial veto strikes amendment of exemption section which included publicly owned fire-fighting and certain special mobile equipment like ditch diggers, well borers, etc.

SENATE BILL NO. 108
(Chapter 95, Laws of 1969)

Senators Atwood,
Cooney and Mardesich

Relates to court reporters' compensation in certain counties.
Increases court reporters' salaries: (1) in judicial districts having population of 100,000 or more (excluding AA counties) and in Thurston County from \$9,500 to \$11,000; (2) in judicial districts of population from 40,000 to 100,000, from \$9,000 to \$10,500; (3) in judicial districts of population from 25,000 to 40,000, from \$6,000 to \$6,600.

ENGROSSED SENATE BILL NO. 109
(Chapter 122, Laws of 1969)

Senators Uhlman, Atwood
and Greive

Relates to professional service corporations. Provides for the incorporation of individuals licensed to render professional services to the public; existing professional corporations may bring themselves within the provisions of this act by amending their articles of incorporation to conform; the corporation may only render professional services through employees who are duly licensed to render such services; nature of professional relationship and liabilities are unchanged by this act; no other business shall be engaged in by the corporation beside the one of rendering the professional services for which it was incorporated; prohibits issuance of capital stock to others than those licensed to render the same professional services; prohibits voting trust agreements; shares can only be sold or transferred to eligible people; registered architects may incorporate with engineers.

SENATE BILL NO. 109

1. Authorizing professional service corporations.
2. Authorizes the establishment of professional corporations for any professional services (defined as all services requiring a license or other legal authorization and which cannot otherwise be performed by a corporation). Only individuals duly licensed in the profession may be an officer, shareholder, or employee (except for employees performing nonprofessional services). The act specifically retains individual liability for malpractice or other misconduct.

THE NORTHWEST CLINIC OF PSYCHIATRY AND NEUROLOGY

4033 EAST MADISON STREET
SEATTLE 2, WASHINGTON
EAST 3-1706

ROBERT L. WORTHINGTON, M. D.

March 6, 1969

Representative George W. Clarke
Chairman, House Judiciary Committee
House of Representatives
Legislative Building
Olympia, Washington 98501

Re: H. B. 109, Professional Corporations

Dear Mr. Clarke:

I have written several letters to Senators and my own Representatives regarding this and other legislation affecting the medical profession. I understand that S. B. 109 on professional corporations may soon be passed in the Senate. I want to give my reasons to you and your Committee for supporting this bill and hope you will be able to give impetus to its passage in the House.

I am a member of a professional group which has been incorporated under the laws of this state for some time. My prime reason for asking your support is selfish, but I believe this is a proper type of selfishness. There are now thirty-four states having this special legislation and the Internal Revenue Service has lost all of its suits to collect additional taxes from professional corporations in those states. Now they are applying increasing pressure against such corporations in states without such legislation and, in fact, are making their own laws when they decide that a legal corporation is not a corporation. Several years ago they told us that we met all the requirements for being a corporation. In the last year they have reversed this opinion and are now trying to collect extra taxes from us.

We believe we could win a suit but it would mean a needless waste of time and money. It seems to us that we are being treated unfairly or as if we were a special type of "fair game." We believe such legislation should not be needed and is a waste of a lot of time for you and for us, but apparently it is necessary.

In further support of my opinion, I list the following points even though you are probably already aware of them:

1. The American Medical Association several years ago has said that it is not unethical for physicians to practice as a corporate group.
2. Our profit-sharing plan is almost exactly like the Keogh plan. Under our plan we can donate at most for ourselves and our employees only \$500.00 more per year than under the Keogh plan. It would cost us a great deal to change over to the

Representative George W. Clarke
March 6, 1969
Page 2

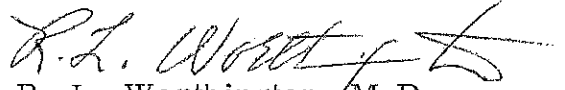
Keogh plan: partial loss of fees already paid on a mutual fund and the expense of purchasing a new fund.

3. This legislation would help to keep money in the State of Washington. It also will help professionals to keep their fees at reasonable levels since the need to keep up with inflation of retirement will be reduced.

I have heard that there has been some criticism of this bill as a "special interest" bill. It is, of course, to a degree and certainly all legislation cannot be only for the general good. It seems to me that the special interest here only protects a minority group from attack.

I and other members of our group shall appreciate whatever support you can give H.S. 109.

Sincerely yours,


R. L. Worthington, M.D.

RLW:nl

cc: Mr. Harlan Knudson

"Group practice represents one approach to the problem of delivering efficient, comprehensive medical care services to the American public.

"Patient and physician alike benefit from group practice. It brings together the variety of specialized professional skills of modern medical science and makes use of paramedical aides, technical equipment, and ancillary services, where appropriate. Ready access to specialists for consultation and referral is encouraged, diagnostic and therapeutic equipment can be made readily available, and patient medical records are conveniently centered. With paramedical and ancillary personnel handling technical and administrative activities, the energies and skills of the practitioner can be more sharply focused on professional matters. Quality of care is encouraged by the professional stimulation of group associations, and professional efficiency is increased by greater freedom to participate in teaching, research, and continuing education activities.

"Group practice makes possible more efficient use of scarce manpower and costly health care facilities and equipment. It can be particularly beneficial to small communities where adequate health facilities of a comprehensive nature may not otherwise be available. In addition, costly hospitalization can be significantly reduced where the group practice is combined with a comprehensive prepayment plan."

TO: Speaker's Office

FROM: Committee on

Judiciary

SUBJECT: ~~SB~~ SB: 109

1. WHAT DOES THE BILL DO:

Authorizes the establishment of professional corporations for any professional service and restricting stock ownership to members of the profession. The act specifically retains individual liability for malpractice or other misconduct.

2. THE REASONS FOR THE BILL:

Res Ipsa Loquitur

3. THE REASONS AGAINST THE BILL:

None

4. ORGANIZATIONS FAVORING OR OPPOSING THE BILL:

The Bar and Medical Association - Favors

5. COST IMPACT OF THE BILL:

None

THOMAS R. HAZELRIGG, M.D., F.A.C.S.

GENERAL SURGERY
529 FOURTH AVENUE WEST
OLYMPIA, WASHINGTON

109

*Working
File*

March 12, 1969

The Honorable George W. Clarke
House Judiciary Committee
Legislative Building
Olympia, Washington 98501

Dear Mr. Clarke:

Allowing a corporate structure for physicians would certainly attract more to the advantages of group medicine, which in turn offers better medical care at less cost to the public.

At the same time, physicians practicing in partnerships currently would be offered some of the benefits of corporate practice without any significant disadvantage to the public generally.

Your support of Senate Bill #109 regarding professional corporations is timely and worthwhile.

Sincerely,



T. R. Hazelrigg, M.D.

TRH:dk

THE SEATTLE MEDICAL SURGICAL CLINIC
700 BROADWAY - SEATTLE, WASHINGTON 98122 - EAst 9-0200

17 March, 1969.

Mr George W Clarke.

Dear George,

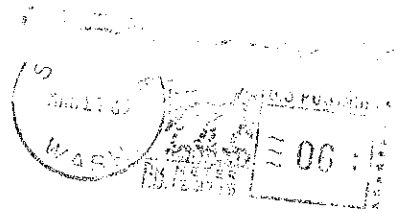
In behalf of this medical group I have
genuine appreciation for the
attention and support to SB 109
permitted incorporation:

But regards.

Howard M. Hatchedon M.D.

THE SEATTLE MEDICAL SURGICAL CLINIC
700 BROADWAY - SEATTLE, WASHINGTON 98122

Howard M. Hatchedon M.D.



Mr George W Clarke
Representative 41st District
Olympia Washington

Washington State Legislature



MEMORIAL CLINIC

529 WEST FOURTH AVENUE

357-9323

OLYMPIA, WASHINGTON

98501

March 12, 1969

The Honorable George W. Clarke
House Judiciary Committee
Legislative Building
Olympia, Washington 98501

Dear Mr. Clarke:

I strongly urge you to support Senate Bill #109, regarding professional corporations. It is felt by many that the best medical care can be administered by group practice. The ability of medical groups to incorporate would facilitate this type of practice, therefore benefiting the community as a whole.

Sincerely,

Ferne S. Focht

Ferne S. Focht, M.D.

FSF:dk

Authorizes the stablishment of professional corporations for any professional service and restricting stock ownership to members of the profession. The act specifically retains individual liability for malpractice or other misconduct.

For uniformity in digesting bills it is requested that Committees utilize yellow letter-sized paper in the above form setting forth at the top the bill number abbreviation such as "SB 206", and the sponsors by name (or Committee if a substitute bill).

Short Title of Bill Authorizing professional service corporations

Committee: Judiciary

Digester: Dick Derham

Date: March 10, 1969

Distribution:

- Each Caucus (4-One each)
- Speaker's Office (2)
- President of Senate (2)

LAW OFFICES
LYCETTE, DIAMOND & SYLVESTER

FOURTH FLOOR HOGE BUILDING

SEATTLE 98104

MAIN 3-1330 - MAIN 2-4590

AREA CODE 206

JOHN P. LYCETTE (1965)
JOSEF DIAMOND
JOHN N. SYLVESTER
EARLE W. ZINN
LYLE L. IVERSEN
HERMAN HOWE
JOHN P. LYCETTE, JR.
SIMON WAMPOLD
ALBERT O. PRINCE
WILLIAM J. MILLARD, JR.
RALPH M. BREMER
RICHARD M. FOREMAN

March 6, 1969

Mr. George Clark
House of Representatives
Olympia, Washington

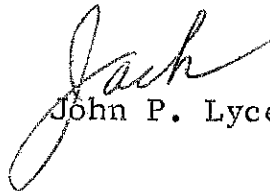
Re: Senate Bill 109 - Professional Corporation Act

Dear George:

The above captioned act has been passed by the Senate and is presently before your judiciary committee. I have followed professional corporation acts in other states. I have personally been the chairman of the Washington State Bar Committee on this subject and I have done a great deal of study on the subject.

I wholeheartedly recommend the above captioned bill. It will benefit lawyers and their employees. Thirty-nine states have similar type of acts. Therefore, I would appreciate having you review the bill and attempt to have it passed.

Sincerely yours,



John P. Lycette, Jr.

JPL:sr



MEMORIAL CLINIC

529 WEST FOURTH AVENUE

357-9323

OLYMPIA, WASHINGTON

98501

March 12, 1969

The Honorable George W. Clarke
House Judiciary Committee
Legislative Building
Olympia, Washington 98501

Dear Mr. Clarke:

I strongly urge you to support Senate Bill #109, regarding professional corporation. It is felt by many that the best medical care can be administered by group practice. The ability of medical groups to corporate would facilitate this type of practice, therefore benefiting the community as a whole.

Enclosed is an extract from a publication of a Federal Housing authority regarding group practice.

Yours very truly,

Wayne M. Parpala, M.D.

WMP:dk

THE SEATTLE MEDICAL SURGICAL CLINIC

700 BROADWAY . SEATTLE, WASHINGTON 98122 . EAst 9-0200

27 February, 1969

Working file

The Honorable George W. Clarke
House of Representatives
Olympia, Washington

Dear Rep. Clarke:

I urge you to support and vote for Senate Bill 109. This bill which permits the formation of Professional Corporations is legislation which is needed in this State for many reasons.

Your help will be greatly appreciated.

Sincerely,

I. I. Morgan
I. I. MORGAN, M.D.

IIM:js

THE SEATTLE MEDICAL SURGICAL CLINIC

700 BROADWAY . SEATTLE, WASHINGTON 98122 . EAst 9-0200

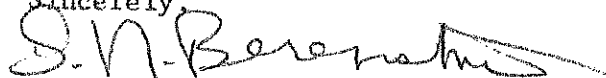
27 February 1969

The Honorable George W. Clarke
House of Representatives
Olympia, Washington

Dear Rep. Clarke:

Senate Bill 109, permitting Professional Corporations,
should be passed this Session. I urge you to support and vote for this bill.

Sincerely,

A handwritten signature in cursive script that reads "S. N. Berens". The signature is written in dark ink and is positioned above the printed name.

S. N. BERENS, M.D.

SNB:js

THE SEATTLE MEDICAL SURGICAL CLINIC

700 BROADWAY . SEATTLE, WASHINGTON 98122 . EAst 9-0200

27 February 1969

The Honorable George W. Clark
House of Representatives
Olympia, Washington

Dear George,

I have read Senate Bill 109 pertaining to Professional Corporations. The need and desirability of such legislation is evidenced by the fact that at least 33 States now permit the formation of Professional Corporations or Associations.

I trust you will support and vote for Senate Bill 109.

Sincerely,

Howard M. Hackedorn

HOWARD M. HACKEDORN, M.D.

HMH:js

We are anxious to have this legislation passed

THE SEATTLE MEDICAL SURGICAL CLINIC

700 BROADWAY . SEATTLE, WASHINGTON 98122 . EAst 9-0200

27 February 1969

The Honorable George W. Clarke
House of Representatives
Olympia, Washington

Dear Rep. Clarke:

I urge you to support and vote for Senate Bill 109. This bill which permits the formation of Professional Corporations is legislation which for many reasons is needed in this state.

Your help will be greatly appreciated.

Sincerely,

Charles E. Weems, M.D.
CHARLES E. WEEMS, M.D.

CEW:js

THE SEATTLE MEDICAL SURGICAL CLINIC

700 BROADWAY . SEATTLE, WASHINGTON 98122 . EAst 9-0200

27 February 1969

The Honorable George W. Clarke
House of Representatives
Olympia, Washington

Dear Rep. Clarke:

I have read Senate Bill 109 pertaining to Professional Corporations. The need and desirability of this legislation is evidenced by the fact that at least 33 States now permit the formation of Professional Corporations or Associations.

I urge you to support and vote for Senate Bill 109.

Sincerely,

A handwritten signature in cursive script, appearing to read "J L Deter".

J. L. DETER, Administrator

JLD:js

THE SEATTLE MEDICAL SURGICAL CLINIC

700 BROADWAY . SEATTLE, WASHINGTON 98122 . EAst 9-0200

27 February 1969

working file

The Honorable George W. Clarke
House of Representatives
Olympia, Washington

Dear Rep. Clarke:

I urge you to support and vote for Senate Bill 109. For many reasons legislation permitting Professional Corporations is needed in this State and I hope you will assist in the passage of Senate Bill 109.

Sincerely,

P. J. Rasic

P. J. RASIC, M.D.

PJR:js

ERNEST M. BURGESS, M.D.
ROBERT L. ROMANO, M.D.
MARR P. MULLEN, M.D.
WALTER F. KRENGEL, JR., M.D.
IVAR W. BIRKELAND, JR., M.D.

Orthopedic Surgery and Fractures

1001 Broadway / Seattle, Washington 98122 / EA. 4-3660 • AD. 2-3800

March 5, 1969

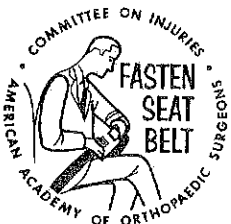
Dear Sir:

Please notify your House Judiciary Committee members that the medical profession is largely behind the bill SB 109, allowing professional corporations. The State of Washington is one of thirteen which does not allow professional people to incorporate, and I think that this represents a gross injustice. In view of our taxation laws, I would strongly suggest and encourage that you back this bill.

Sincerely yours,



Marr P. Mullen, M.D.
MPM/jw



St. John's Hospital

FIFTEENTH AND KESSLER BOULEVARD
LONGVIEW, WASHINGTON 98632

TELEPHONE 206 423-1530

March 7, 1969

George W. Clark, Chairman
House Judiciary Committee
House of Representatives
Olympia, Washington 98501

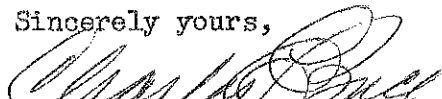
Dear Representative Clark:

I am writing to you in support of legislation authorizing professional corporations (SB 109). At present I am in a partnership practice with two other pathologists. It would be of some value to us to be able to form a corporation.

There are already many states (36 in all) which have such legislation in force. In the field of medicine, there is a growing tendency toward group practice, and this legislation would facilitate the formation of these groups. Finally, there would be retirement benefits available not only for physicians but for all professional people.

For the reasons stated above, both of my partners, Dr. Merritt Moon and Dr. William Elton and myself are in favor of the proposed legislation concerning professional corporations. We hope the House Judiciary Committee looks affirmatively at this proposed legislation and that its passage is speeded by the House.

Sincerely yours,



Charles E. Buck, M.D.,
Pathologist

CEB:ic

OBSTETRICS
GYNECOLOGICAL SURGERY
FERTILITY CLINIC

ROBERT N. RUTHERFORD, M. D.
A. LAWRENCE BANKS, M. D.
WALLACE A. COBURN, M. D.
ROBERT L. WELSH, M. D.

707 BROADWAY
SEATTLE, WASHINGTON 98122
EA. 4-2955

March 3, 1969

Honorable George W. Clarke
House of Representatives
Legislative Building
Olympia, Washington 98501


Dear Representative Clarke:

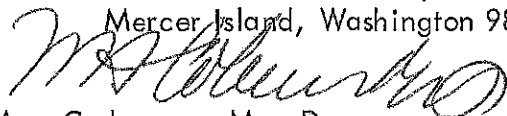
We are very interested in SB-109, authorizing professional incorporation, and have expressed our interest to Senator Lewis.

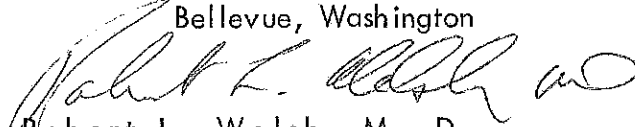
Our studies of other professions and of physicians in states which permit incorporation by professional people have revealed that it is of value to a professional practice.

We believe that the medical profession does have justifiable reasons for incorporating, and believe that the option should be legally open to physicians who may wish to form a corporation. We would support legislation along these lines.

Sincerely yours,


A. Lawrence Banks, M.D.
Residence: 7432 North Mercer Way
Mercer Island, Washington 98040


W. A. Coburn, M. D.
Residence: 3235 Hunts Point Road
Bellevue, Washington


Robert L. Welsh, M. D.
Residence: 10311 SE 28th
Bellevue, Washington

March 4, 1969

Dr. A. L. Banks
7432 North Mercer Way
Mercer Island, Wash. 98040

Dear Dr. Banks:

This will acknowledge your letter of March 3 urging support
of SB 109.

Your comments will be borne in mind when this matter comes
up for consideration.

Yours truly,

GEORGE W. CLARKE
State Representative
Forty-first District

GWC:rr

Same Answer to Dr. W. A. Coburn and Dr. Robert L. Welsh

Report of Standing Committee

HOUSE OF REPRESENTATIVES

Olympia, Washington

March 10, 1969

(date)

Engrossed Senate Bill

No. 109

(Type in House or Senate Bill, Resolution, or Memorial)

Authorizing professional service corporations.

(Type in brief title)

reported by Committee on Judiciary.

Majority recommendation: Do pass.

Signed by
Representatives

Clarke (George W.),

Chairman,

Swayze,

Hubbard,

Vice Chairman,

Wojahn.

Bottiger,

Chapin,

Clark (Newman H.),

Francis,

Harris,

Heavey,

Julin,

Marsh,

O'Dell,

ROGER L. BARRETT, M. D.
INFANTS, CHILDREN AND TEENAGERS
THE MEMORIAL CLINIC
529 FOURTH AVENUE WEST
OLYMPIA, WASHINGTON
98501

March 12, 1969

The Honorable George W. Clarke
House Judiciary Committee
Legislative Building
Olympia, Washington 98501

Dear Mr. Clarke:

Many feel that group practice provides for administration of the best medical care. The ability of medical groups to incorporate would facilitate this type of practice, thereby benefiting the community as a whole. Therefore, I strongly urge you to support Senate Bill #109, regarding professional corporations.

Sincerely,



Roger L. Barrett, M.D.

RLB:dk

3/10
Ward Lewis
SB 109

K. J. ANDERSON, M.D.
J. G. MOONEY, M.D.
ST. ELMO NEWTON, M.D.
EDWARD H. MILLS, M.D.

D. B. LEAVITT, M.D.
H. L. LEAVITT, M.D.
H. E. EMMEL, M.D.
J. H. ABERLE, M.D.
E. L. LAURNEN, M.D.

WARD A. LEWIS, C.P.A.
BUSINESS MANAGER

SEATTLE ORTHOPAEDIC
AND FRACTURE CLINIC

MAIN 2-7885
1011 SUMMIT AVENUE
SEATTLE, WASH. 98104