

SENATE BILL 66

C1, J2

6lr1132

(PRE-FILED)

By: **Senator Waugh**

Requested: September 21, 2015

Introduced and read first time: January 13, 2016

Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 23, 2016

CHAPTER _____

1 AN ACT concerning

2 **Professional Corporations – Approval of Corporate Name by Licensing Unit and**
3 **Professional Organization – Exemption**

4 FOR the purpose of exempting professional corporations in which a majority of the
5 stockholders are individuals who are licensed, certified, or otherwise authorized to
6 practice a health occupation under certain provisions of law from the requirement
7 that, except under certain circumstances, the name of a professional corporation
8 must be approved by the appropriate licensing unit and professional organization;
9 repealing language made unnecessary by this Act that exempted from the
10 requirement professional corporations in which the majority of stockholders are
11 licensed physicians; establishing a certain exception; and generally relating to name
12 requirements for professional corporations.

13 BY repealing and reenacting, with amendments,
14 Article – Corporations and Associations
15 Section 5–107
16 Annotated Code of Maryland
17 (2014 Replacement Volume and 2015 Supplement)

18 BY repealing and reenacting, without amendments,
19 Article – Corporations and Associations
20 Section 5–108
21 Annotated Code of Maryland
22 (2014 Replacement Volume and 2015 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
2 That the Laws of Maryland read as follows:

3 **Article – Corporations and Associations**

4 5–107.

5 (a) ~~This (1)~~ **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
6 **SUBSECTION, THIS** section does not apply to a professional corporation in which a majority
7 of stockholders are [physicians licensed by the State Board of Physicians] **INDIVIDUALS**
8 **WHO ARE LICENSED, CERTIFIED, OR OTHERWISE AUTHORIZED TO PRACTICE A**
9 **HEALTH OCCUPATION UNDER THE HEALTH OCCUPATIONS ARTICLE.**

10 **(2) THIS SECTION APPLIES TO A PROFESSIONAL CORPORATION IN**
11 **WHICH A MAJORITY OF STOCKHOLDERS ARE DENTISTS LICENSED BY THE STATE**
12 **BOARD OF DENTAL EXAMINERS.**

13 (b) The name of a domestic professional corporation or a foreign professional
14 corporation authorized to transact business in the State shall contain the surname of one
15 or more stockholders of the corporation unless:

16 (1) The name of the corporation is approved by the appropriate licensing
17 unit;

18 (2) A certificate of authorization for use of the corporate name is issued to
19 the corporation or to its incorporator by the appropriate licensing unit; and

20 (3) The certificate of authorization for use of the corporate name issued by
21 the licensing unit is attached to the articles of incorporation document in which the name
22 is adopted.

23 5–108.

24 (a) If required under § 5–107 of this subtitle to obtain a certificate of authorization
25 for use of a corporate name, the professional corporation or its incorporator shall file an
26 application with the appropriate licensing unit, using a form provided by the licensing unit
27 that contains:

28 (1) The name to be adopted by the corporation;

29 (2) The reasons for adopting the name; and

30 (3) Any other information required by the licensing unit.

1 (b) The application shall be accompanied by the fee, if any, set by the licensing
2 unit.

3 (c) (1) Upon receipt of the application and fee under subsections (a) and (b) of
4 this section, the licensing unit shall consult with and obtain the approval of the professional
5 organization, if one exists, to which a majority of individuals in the State rendering the
6 professional service belong.

7 (2) In determining the appropriateness of the proposed corporate name, the
8 professional organization shall consider the established ethical standards, rules, and
9 regulations of the profession.

10 (d) If the licensing unit and, if required, the professional organization approve of
11 the proposed corporate name, the licensing unit shall issue a certificate of authorization for
12 use of a corporate name to the corporation or its incorporator.

13 (e) Any licensing unit with jurisdiction over the professional service mentioned in
14 the corporation's articles of incorporation may approve the adoption and use of a corporate
15 name under the provisions of §§ 5-106 through 5-108 of this subtitle.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 October 1, 2016.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.