

## Chapter 335

**(Senate Bill 66)**

AN ACT concerning

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

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

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

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

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

**Article – Corporations and Associations**

5–107.

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

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

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

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

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

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

5–108.

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

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

(2) The reasons for adopting the name; and

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

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

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

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

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

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

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

**Approved by the Governor, May 10, 2016.**