

## Chapter 794

**(House Bill 1153)**

AN ACT concerning

**Names of Entities With Physician Membership – Approval Requirement – Exemption**

FOR the purpose of exempting a certain type of entity from a requirement that the name of the entity be approved by a certain licensing unit; requiring that the State Department of Assessments and Taxation, after receiving a certain application, notify ~~the State Board of Physicians and~~ MedChi, the Maryland State Medical Society; authorizing ~~the State Board of Physicians and~~ MedChi, the Maryland State Medical Society, after receiving a certain ~~notice~~ *application*, to take certain actions and make certain referrals; and generally relating to the names of professional entities.

BY repealing and reenacting, with amendments,  
 Article – Corporations and Associations  
 Section 5–107 and 5–108  
 Annotated Code of Maryland  
 (2014 Replacement Volume and 2020 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) (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 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 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] EXCEPT AS PROVIDED IN § 5–108(F) OF THIS SUBTITLE, 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.

**(F) (1) THE STATE BOARD OF PHYSICIANS IS NOT REQUIRED TO APPROVE THE NAME OF A PROFESSIONAL ENTITY WHOSE MEMBERS ARE LICENSED PHYSICIANS, AS DEFINED UNDER § 14–101 OF THE HEALTH OCCUPATIONS ARTICLE.**

(2) AFTER THE DEPARTMENT RECEIVES THE APPLICATION OF A PROFESSIONAL ENTITY THAT IS NOT EXEMPT UNDER § 5-107(A)(1) OF THIS SUBTITLE AND WHOSE MEMBERS ARE LICENSED PHYSICIANS, AS DEFINED UNDER § 14-101 OF THE HEALTH OCCUPATIONS ARTICLE, THE DEPARTMENT SHALL NOTIFY ~~THE STATE BOARD OF PHYSICIANS AND MEDCHI~~, THE MARYLAND STATE MEDICAL SOCIETY.

~~(3) ON RECEIPT OF THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE STATE BOARD OF PHYSICIANS MAY:~~

~~(I) TAKE NO FURTHER ACTION;~~

~~(II) INITIATE AN INVESTIGATION FOR A VIOLATION OF § 14-404 OF THE HEALTH OCCUPATIONS ARTICLE; OR~~

~~(III) IF THERE IS REASON TO BELIEVE THAT THE NAME OF THE PROFESSIONAL ENTITY VIOLATES THE MARYLAND CONSUMER PROTECTION ACT, REFER THE APPLICATION TO THE CONSUMER PROTECTION DIVISION OF THE OFFICE OF THE ATTORNEY GENERAL FOR FURTHER ACTION.~~

(4) ON RECEIPT OF ~~THE NOTICE REQUIRED~~ AN APPLICATION FROM AN ENTITY DESCRIBED UNDER PARAGRAPH ~~(1)~~ (2) OF THIS SUBSECTION, MEDCHI, THE MARYLAND STATE MEDICAL SOCIETY MAY:

(I) TAKE NO FURTHER ACTION; OR

~~(II) REFER THE MATTER TO THE STATE BOARD OF PHYSICIANS FOR AN INVESTIGATION; OR~~

~~(III) IF THERE IS REASON TO BELIEVE THAT THE NAME OF THE PROFESSIONAL ENTITY VIOLATES THE MARYLAND CONSUMER PROTECTION ACT, REFER THE APPLICATION TO THE CONSUMER PROTECTION DIVISION OF THE OFFICE OF THE ATTORNEY GENERAL FOR FURTHER ACTION~~ IS DECEPTIVE OR MISLEADING, REFER THE APPLICATION TO THE MARYLAND DEPARTMENT OF HEALTH.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2021.

Enacted under Article II, § 17(c) of the Maryland Constitution, May 30, 2021.