

HOUSE BILL 1153

C1, J2

(11r2456)

ENROLLED BILL

— *Economic Matters/Judicial Proceedings* —

Introduced by **Delegate Adams**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

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

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

12 BY repealing and reenacting, with amendments,
13 Article – Corporations and Associations
14 Section 5–107 and 5–108

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.

Italics indicate opposite chamber/conference committee amendments.



1 Annotated Code of Maryland
2 (2014 Replacement Volume and 2020 Supplement)

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

5 **Article – Corporations and Associations**

6 5–107.

7 (a) (1) Except as provided in paragraph (2) of this subsection, this section does
8 not apply to a professional corporation in which a majority of stockholders are individuals
9 who are licensed, certified, or otherwise authorized to practice a health occupation under
10 the Health Occupations Article.

11 (2) This section applies to a professional corporation that provides dental
12 services.

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] EXCEPT AS PROVIDED IN § 5–108(F) OF THIS SUBTITLE, THE**
17 name of the corporation is approved by the appropriate licensing 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.

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

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

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

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

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

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

18 (2) AFTER THE DEPARTMENT RECEIVES THE APPLICATION OF A
19 PROFESSIONAL ENTITY THAT IS NOT EXEMPT UNDER § 5-107(A)(1) OF THIS
20 SUBTITLE AND WHOSE MEMBERS ARE LICENSED PHYSICIANS, AS DEFINED UNDER §
21 14-101 OF THE HEALTH OCCUPATIONS ARTICLE, THE DEPARTMENT SHALL NOTIFY
22 ~~THE STATE BOARD OF PHYSICIANS AND MEDCHI, THE MARYLAND STATE MEDICAL~~
23 ~~SOCIETY.~~

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

26 (i) ~~TAKE NO FURTHER ACTION;~~

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

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

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

4 (I) TAKE NO FURTHER ACTION; OR

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

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

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

Approved:

_____ Governor.

_____ Speaker of the House of Delegates.

_____ President of the Senate.