

HOUSE BILL 498

C1, J2

(9lr2439)

ENROLLED BILL

—*Economic Matters / Judicial Proceedings*—

Introduced by **Delegate Feldman**

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 **Professional Service Corporations – Corporate Names – Approval by**
3 **Professional Organizations**

4 FOR the purpose of establishing an exception to the requirement that ~~a licensing unit~~
5 ~~consult with and obtain the approval of a certain professional organization~~
6 ~~before issuing a certificate of authorization for use of a corporate name;~~
7 ~~providing that the Board of Physicians is not required to consult with or obtain~~
8 ~~the approval of the professional organization in the State to which a majority of~~
9 ~~physicians belong; making a certain conforming change the name of a~~
10 professional corporation be approved by the appropriate licensing unit under
11 certain circumstances; and generally relating to certificates of authorization for
12 use of a corporate name.

13 BY repealing and reenacting, ~~without~~ with amendments,
14 Article – Corporations and Associations

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 Section 5–107
2 Annotated Code of Maryland
3 (2007 Replacement Volume and 2008 Supplement)

4 BY repealing and reenacting, ~~with~~ *without* amendments,
5 Article – Corporations and Associations
6 Section 5–108
7 Annotated Code of Maryland
8 (2007 Replacement Volume and 2008 Supplement)

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

11 **Article – Corporations and Associations**

12 5–107.

13 **(A) THIS SECTION DOES NOT APPLY TO A PROFESSIONAL CORPORATION**
14 **IN WHICH A MAJORITY OF STOCKHOLDERS ARE PHYSICIANS LICENSED BY THE**
15 **STATE BOARD OF PHYSICIANS.**

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

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

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

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

26 5–108.

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

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

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

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

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

4 (c) (1) ~~{Upon} EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS~~
5 ~~SUBSECTION, ON~~ receipt of the application and fee under subsections (a) and (b) of
6 this section, the licensing unit shall consult with and obtain the approval of the
7 professional organization, if one exists, to which a majority of individuals in the State
8 rendering the professional service belong.

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

12 ~~(3) THE BOARD OF PHYSICIANS IS NOT REQUIRED TO CONSULT~~
13 ~~WITH OR OBTAIN THE APPROVAL OF THE PROFESSIONAL ORGANIZATION IN THE~~
14 ~~STATE TO WHICH A MAJORITY OF PHYSICIANS BELONG.~~

15 (d) If the licensing unit and, **IF REQUIRED**, the professional organization
16 approve of the proposed corporate name, the licensing unit shall issue a certificate of
17 authorization for use of a corporate name to the corporation or its incorporator.

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

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 2009.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.