

HOUSE BILL 498

C1, J2

9lr2439

By: **Delegate Feldman**

Introduced and read first time: February 4, 2009

Assigned to: Economic Matters

Committee Report: Favorable

House action: Adopted

Read second time: February 18, 2009

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; and generally relating
10 to certificates of authorization for use of a corporate name.

11 BY repealing and reenacting, without amendments,
12 Article – Corporations and Associations
13 Section 5–107
14 Annotated Code of Maryland
15 (2007 Replacement Volume and 2008 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Corporations and Associations
18 Section 5–108
19 Annotated Code of Maryland
20 (2007 Replacement Volume and 2008 Supplement)

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

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 **Article – Corporations and Associations**

2 5–107.

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

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

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

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

13 5–108.

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

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

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

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

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

23 (c) (1) **[Upon] EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS**
24 **SUBSECTION, ON** receipt of the application and fee under subsections (a) and (b) of
25 this section, the licensing unit shall consult with and obtain the approval of the
26 professional organization, if one exists, to which a majority of individuals in the State
27 rendering the professional service belong.

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

31 **(3) THE BOARD OF PHYSICIANS IS NOT REQUIRED TO CONSULT**
32 **WITH OR OBTAIN THE APPROVAL OF THE PROFESSIONAL ORGANIZATION IN THE**
33 **STATE TO WHICH A MAJORITY OF PHYSICIANS BELONG.**

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

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

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

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.