

CHAPTER 399

(House Bill 498)

AN ACT concerning

Professional Service Corporations – Corporate Names – Approval by Professional Organizations

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

BY repealing and reenacting, ~~without~~ *with* amendments,
Article – Corporations and Associations
Section 5–107
Annotated Code of Maryland
(2007 Replacement Volume and 2008 Supplement)

BY repealing and reenacting, ~~with~~ *without* amendments,
Article – Corporations and Associations
Section 5–108
Annotated Code of Maryland
(2007 Replacement Volume and 2008 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 SECTION DOES NOT APPLY TO A PROFESSIONAL CORPORATION IN WHICH A MAJORITY OF STOCKHOLDERS ARE PHYSICIANS LICENSED BY THE STATE BOARD OF PHYSICIANS.

(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~~ ~~EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, ON~~ 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.

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

(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, 2009.

Approved by the Governor, May 7, 2009.