

SENATE BILL 66

C1, J2

6lr1132

(PRE-FILED)

By: **Senator Waugh**

Requested: September 21, 2015

Introduced and read first time: January 13, 2016

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Professional Corporations – Approval of Corporate Name by Licensing Unit and**
3 **Professional Organization – Exemption**

4 FOR the purpose of exempting professional corporations in which a majority of the
5 stockholders are individuals who are licensed, certified, or otherwise authorized to
6 practice a health occupation under certain provisions of law from the requirement
7 that, except under certain circumstances, the name of a professional corporation
8 must be approved by the appropriate licensing unit and professional organization;
9 repealing language made unnecessary by this Act that exempted from the
10 requirement professional corporations in which the majority of stockholders are
11 licensed physicians; and generally relating to name requirements for professional
12 corporations.

13 BY repealing and reenacting, with amendments,
14 Article – Corporations and Associations
15 Section 5–107
16 Annotated Code of Maryland
17 (2014 Replacement Volume and 2015 Supplement)

18 BY repealing and reenacting, without amendments,
19 Article – Corporations and Associations
20 Section 5–108
21 Annotated Code of Maryland
22 (2014 Replacement Volume and 2015 Supplement)

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

25 **Article – Corporations and Associations**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 5–107.

2 (a) This section does not apply to a professional corporation in which a majority
3 of stockholders are [physicians licensed by the State Board of Physicians] **INDIVIDUALS**
4 **WHO ARE LICENSED, CERTIFIED, OR OTHERWISE AUTHORIZED TO PRACTICE A**
5 **HEALTH OCCUPATION UNDER THE HEALTH OCCUPATIONS ARTICLE.**

6 (b) The name of a domestic professional corporation or a foreign professional
7 corporation authorized to transact business in the State shall contain the surname of one
8 or more stockholders of the corporation unless:

9 (1) The name of the corporation is approved by the appropriate licensing
10 unit;

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

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

16 5–108.

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

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

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

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

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

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

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

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

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

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2016.