

HOUSE BILL 1153

C1, J2

1lr2456

By: **Delegate Adams**

Introduced and read first time: February 8, 2021

Assigned to: Economic Matters

Committee Report: Favorable

House action: Adopted

Read second time: March 9, 2021

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, to take certain actions and make
10 certain referrals; and generally relating to the names of professional entities.

11 BY repealing and reenacting, with amendments,
12 Article – Corporations and Associations
13 Section 5–107 and 5–108
14 Annotated Code of Maryland
15 (2014 Replacement Volume and 2020 Supplement)

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

18 **Article – Corporations and Associations**

19 5–107.

20 (a) (1) Except as provided in paragraph (2) of this subsection, this section does

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 not apply to a professional corporation in which a majority of stockholders are individuals
2 who are licensed, certified, or otherwise authorized to practice a health occupation under
3 the Health Occupations Article.

4 (2) This section applies to a professional corporation that provides dental
5 services.

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

33 (d) If the licensing unit and, if required, the professional organization approve of

1 the proposed corporate name, the licensing unit shall issue a certificate of authorization for
2 use of a corporate name to the corporation or its incorporator.

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

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

10 **(2) AFTER THE DEPARTMENT RECEIVES THE APPLICATION OF A**
11 **PROFESSIONAL ENTITY WHOSE MEMBERS ARE LICENSED PHYSICIANS, AS DEFINED**
12 **UNDER § 14-101 OF THE HEALTH OCCUPATIONS ARTICLE, THE DEPARTMENT**
13 **SHALL NOTIFY THE STATE BOARD OF PHYSICIANS AND MEDCHI, THE MARYLAND**
14 **STATE MEDICAL SOCIETY.**

15 **(3) ON RECEIPT OF THE NOTICE REQUIRED UNDER PARAGRAPH (1)**
16 **OF THIS SUBSECTION, THE STATE BOARD OF PHYSICIANS MAY:**

17 **(I) TAKE NO FURTHER ACTION;**

18 **(II) INITIATE AN INVESTIGATION FOR A VIOLATION OF § 14-404**
19 **OF THE HEALTH OCCUPATIONS ARTICLE; OR**

20 **(III) IF THERE IS REASON TO BELIEVE THAT THE NAME OF THE**
21 **PROFESSIONAL ENTITY VIOLATES THE MARYLAND CONSUMER PROTECTION ACT,**
22 **REFER THE APPLICATION TO THE CONSUMER PROTECTION DIVISION OF THE**
23 **OFFICE OF THE ATTORNEY GENERAL FOR FURTHER ACTION.**

24 **(4) ON RECEIPT OF THE NOTICE REQUIRED UNDER PARAGRAPH (1)**
25 **OF THIS SUBSECTION, MEDCHI, THE MARYLAND STATE MEDICAL SOCIETY MAY:**

26 **(I) TAKE NO FURTHER ACTION;**

27 **(II) REFER THE MATTER TO THE STATE BOARD OF PHYSICIANS**
28 **FOR AN INVESTIGATION; 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 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2021.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.