

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 418

S. P. 164

In Senate, January 26, 1981

Referred to the Committee on Business Legislation. Sent down for concurrence and ordered printed.

MAY M. ROSS, Secretary of the Senate

Presented by Senator Devoe of Penobscot.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Amend the Professional Service Corporation Act.

Be it enacted by the People of the State of Maine, as follows:

13 MRSA § 713, first sentence, as amended by PL 1975, c. 439, § 1, is further amended to read:

The corporate name of a corporation organized under this chapter shall contain ~~the last names of some or all of the shareholders and shall contain~~ the words "chartered" or "professional association" or the abbreviation "P.A.", and may contain any other words not specifically prohibited by this section.

STATEMENT OF FACT

Professional organizations, particularly, but not necessarily, in the legal field, have until recent years operated as partnerships. An increasing number of professional firms are incorporating under the Maine Professional Services Corporation Act. When an existing partnership is incorporated, the principals become stockholders instead of partners. The present Act requires that at all times the corporate name contain the name of at least one stockholder. If the stockholder or stockholders whose name or names appear in the corporate name should terminate service, the corporation would immediately have to change its name. This is not a requirement for a partnership and for reasons of good will and continuity many partnerships retain their names even after the original partners

have left the firm. A professional corporation ought to be permitted the same flexibility. Furthermore, particularly in the medical profession, it often is desirable that the corporate name reflect the field of specialty in which the stockholders have expertise. A requirement of a particular physician's name adds nothing to the identity of the corporation.