

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

S

1

SENATE BILL 679

Short Title: Include Geologists in Prof. Corp. Act.

(Public)

Sponsors: Senator Walker.

Referred to: Judiciary I.

April 18, 1991

A BILL TO BE ENTITLED

AN ACT TO INCLUDE GEOLOGISTS WITHIN THE DEFINITION OF PROFESSIONAL SERVICE IN THE PROFESSIONAL CORPORATION ACT.

The General Assembly of North Carolina enacts:

Section 1. G.S. 55B-2(6) reads as rewritten:

"(6) The term 'professional service' means any type of personal or professional service of the public which requires as a condition precedent to the rendering of such service the obtaining of a license from a licensing board as herein defined, and pursuant to the following provisions of the General Statutes: Chapter 83, 'Architects'; Chapter 84, 'Attorneys-at-Law'; Chapter 93, 'Public Accountants'; and Article 1, 'Practice of Medicine,' Article 2, 'Dentistry,' Article 6, 'Optometry,' Article 7, 'Osteopathy,' Article 8, 'Chiropractic,' Article 9A, 'Nurse Practice Act,' with regard to registered nurses, Article 11, 'Veterinaries,' 'Veterinarians,' Article 12A, 'Podiatrists,' and Article 18A, 'Practicing Psychologists,' of Chapter 90; ~~Article 18A, 'Practicing Psychologist,' of Chapter 90;~~ Chapter 89C, 'Engineering and Land Surveying'; Chapter 89A, 'Landscape Architects'; Chapter 89E, 'Geologists'; and Chapter 89B, 'Foresters.'"

Sec. 2. G.S. 55B-4 reads as rewritten:

"§ 55B-4. Formation of corporation.

A professional corporation under this Chapter may be formed pursuant to the provisions of Chapter 55, the North Carolina Business Corporation Act, with the following limitations:

- 1 (1) At least one incorporator shall be a 'licensee' as hereinabove defined in  
2 G.S. 55B-2(2).
- 3 (2) All of the shares of stock of the corporation shall be owned and held  
4 by a licensee, or licensees, as hereinabove defined in G.S. 55B-2(2).  
5 Provided, that as to professional corporations rendering services as  
6 defined in Chapters 83A, ~~89A and 89C~~, 89A, 89C, and 89E, limited  
7 ownership of shares by non-licensees shall be permitted as set forth in  
8 G.S. 55B-6.
- 9 (3) At least one director and one officer shall be a 'licensee' as  
10 hereinabove defined in G.S. 55B-2(2).
- 11 (4) The articles of incorporation, in addition to the requirements of  
12 Chapter 55, shall designate the personal services to be rendered by the  
13 professional corporation and shall be accompanied by a certification  
14 by the appropriate licensing board that the ownership of the shares of  
15 stock is in compliance with the requirements of G.S. 55B-4(2) and  
16 G.S. 55B-6."

17 Sec. 3. G.S. 55B-6 reads as rewritten:

18 "**§ 55B-6. Capital stock.**

19 (a) Except as provided in subsection (b), a professional corporation may issue  
20 shares of its capital stock only to a licensee as defined in G.S. 55B-2, and a shareholder  
21 may voluntarily transfer such shares of stock issued to him only to another such  
22 licensee. No share or shares of any stock of such corporation shall be transferred upon  
23 the books of the corporation unless the corporation has received a certification of the  
24 appropriate licensing board that the transferee of such shares is a licensee. Provided, it  
25 shall be lawful in the case of professional corporations rendering services as defined in  
26 Chapters 83A, ~~89A and 89C~~, 89A, 89C, and 89E, for non-licensed employees of such  
27 corporation to own not more than one-third of the total issued and outstanding shares of  
28 such corporation. Upon the transfer of any shares of such corporation to a non-licensed  
29 employee of such corporation, the corporation shall inform the appropriate licensing  
30 board of the name and address of the transferee and the number of shares issued to such  
31 nonprofessional transferee. Any share of stock of such corporation issued or transferred  
32 in violation of this section shall be null and void. No shareholder of a professional  
33 corporation shall enter into a voting trust agreement or any other type of agreement  
34 vesting in another person the authority to exercise the voting power of any or all of his  
35 stock.

36 (b) A professional corporation formed pursuant to this Chapter may issue one  
37 hundred percent (100%) of its capital stock to another professional corporation in order  
38 for that corporation (the distributing corporation) to distribute the stock of the controlled  
39 corporation to one or more shareholders of the distributing corporation in accordance  
40 with section 355 of the Internal Revenue Code of 1986. The distributing corporation  
41 shall distribute the stock of the controlled corporation within 30 days after the stock was  
42 issued to the distributing corporation. A share of stock of the controlled corporation  
43 that has not been transferred to a licensee more than 30 days after it was issued to the  
44 distributing corporation is void."

1           Sec. 4. G.S. 55B-14 reads as rewritten:

2   "**§ 55B-14. Types of professional services.**

3       A professional corporation shall render only one specific type professional service,  
4 and such services as may be ancillary thereto, and shall not engage in any other business  
5 or profession; provided, however, such corporation may own real and personal property  
6 necessary or appropriate for rendering the type of professional services it was organized  
7 to render and it may invest in real estate, mortgages, stocks, bonds, and any other type  
8 of investments; provided further, that in the case of architectural, landscape  
9 architectural, engineering or land surveying and geological services, as defined in  
10 Chapters 83A, 89A, ~~and 89C-89C~~, and 89E respectively, one corporation may be  
11 authorized to provide such of these services where such corporation, and at least one  
12 corporate officer who is a stockholder thereof, is duly licensed by the licensing board of  
13 each such profession; and provided further, that a professional corporation may be  
14 formed by a licensed psychologist and a physician practicing psychiatry to render  
15 psychotherapeutic and related services."

16           Sec. 5. This act becomes effective September 1, 1991.