

GENERAL ASSEMBLY OF NORTH CAROLINA
1991 SESSION

CHAPTER 205
SENATE BILL 679

AN ACT TO INCLUDE GEOLOGISTS AND OCCUPATIONAL THERAPISTS
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 Nursing Practice Act,' with regard to registered nurses, Article 11, 'Veterinaries,' 'Veterinarians,' Article 12A, 'Podiatrists,' Article 18A, 'Practicing Psychologists,' and Article 18D, 'Occupational Therapy,' 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) At least one incorporator shall be a 'licensee' as hereinabove defined in G.S. 55B-2(2).
- (2) All of the shares of stock of the corporation shall be owned and held by a licensee, or licensees, as hereinabove defined in G.S. 55B-2(2). Provided, that as to professional corporations rendering services as defined in Chapters 83A, ~~89A and 89C,~~ 89A, 89C, and 89E, limited ownership of shares by non-licensees shall be permitted as set forth in G.S. 55B-6.
- (3) At least one director and one officer shall be a 'licensee' as hereinabove defined in G.S. 55B-2(2).

- (4) The articles of incorporation, in addition to the requirements of Chapter 55, shall designate the personal services to be rendered by the professional corporation and shall be accompanied by a certification by the appropriate licensing board that the ownership of the shares of stock is in compliance with the requirements of G.S. 55B-4(2) and G.S. 55B-6."

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

"§ 55B-6. Capital stock.

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

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

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

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

A professional corporation shall render only one specific type professional service, and such services as may be ancillary thereto, and shall not engage in any other business or profession; provided, however, such corporation may own real and personal property necessary or appropriate for rendering the type of professional services it was organized to render and it may invest in real estate, mortgages, stocks, bonds, and any other type of investments; provided further, that in the case of architectural, landscape architectural, engineering or land surveying and geological services, as defined in Chapters 83A, 89A, ~~and 89C~~ 89C, and 89E respectively, one corporation may be

authorized to provide such of these services where such corporation, and at least one corporate officer who is a stockholder thereof, is duly licensed by the licensing board of each such profession; and provided further, that a professional corporation may be formed by a licensed psychologist and a physician practicing psychiatry to render psychotherapeutic and related services."

Sec. 5. G.S. 89E-7(a) reads as rewritten:

"(a) This Chapter does not prohibit one or more geologists from practicing through the business organization of a sole proprietorship; partnership; corporation or professional association. In a ~~partnership or corporation or professional association, partnership,~~ the primary activity of which consists of geological services, at least one partner ~~or officer~~ shall be a licensed geologist as defined in this Chapter. A corporation or professional association providing geological services shall comply with the provisions of Chapter 55B of the General Statutes."

Sec. 6. This act becomes effective September 1, 1991.

In the General Assembly read three times and ratified this the 4th day of June, 1991.

James C. Gardner
President of the Senate

Daniel Blue, Jr.
Speaker of the House of Representatives