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Referred: Commerce &
Judiciary

1 IN THE SENATE BY THE RULES COMMITTEE BY REQUEST
OF THE LEGISLATIVE COUNCIL

2 SENATE BILL NO. 45

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Professional Corpora-
7 tion Act."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 10.45.070 is repealed and re-enacted to read:

10 Sec. 10.45.070. MANAGEMENT BY DIRECTORS PERMITTED. (a) the
11 management of a professional corporation shall be vested in the board
12 of directors which shall have the continuing exclusive authority to
13 make the management decisions necessary to the conduct of the profes-
14 sion for which the professional corporation is formed. The officers
15 of the corporation, who shall be elected by the board of directors,
16 shall have such power and authority to represent the board as the board
17 may from time to time expressly or impliedly grant to such officers.
18 A shareholder shall not have any power to bind the corporation within
19 the scope of the corporation's activities merely by virtue of his
20 being a shareholder.

21 (b) A professional corporation which has only one or two share-
22 holders may manage its affairs by directors only, who shall be the
23 shareholders. The one or two shareholders may fill all the general
24 offices of the corporation.

25 * Sec. 2. AS 10.45.080 is amended to read:

26 Sec. 10.45.080. TRANSFER OF SHARES. A shareholder of a profes-
27 sional corporation may sell or transfer his shares in the professional
28 corporation only to another individual duly licensed to render the
29 same professional service as that for which the professional

1 corporation was formed. [TO A LICENSED PERSON OF THE SAME PROFESSION
2 IF THE SALE WAS APPROVED BY A VOTE OF THE MAJORITY OF ALL SHAREHOLDERS
3 AT A SPECIAL MEETING CALLED FOR THE PURPOSE. AT THE SPECIAL MEETING
4 THE SHARES OF THE SHAREHOLDER PROPOSING TO SELL OR TRANSFER HIS SHARES
5 MAY NOT BE VOTED OR COUNTED FOR ANY PURPOSE UNLESS HE IS THE SOLE
6 SHAREHOLDER.] The articles of incorporation may provide specifically
7 for [ADDITIONAL] restraints on the alienation of shares and may require
8 the purchase, redemption, or retirement of shares by the corporation
9 at a price and in a manner set out in the articles. The articles may
10 authorize the corporation's board of directors or its shareholders to
11 adopt bylaws restraining the alienation of shares and providing for
12 their purchase, redemption, or retirement by the corporation.

13 * Sec. 3. AS 10.45.120 is amended to read:

14 Sec. 10.45.120. CORPORATE NAME. The corporate name of a pro-
15 fessional corporation shall contain the last name of one or more of
16 its shareholders, unless the regulations of a particular regulating
17 board or the ethics of a profession permit the use of a corporate name
18 which does not include the surname of any present or former share-
19 holder. The corporate name shall [MAY] be ended by the word "Corpora-
20 tion," or "Incorporated," or by the abbreviation "Corp." or "Inc.," or by
21 the words, "a professional corporation." [IT IS PERMISSIBLE FOR THE
22 CORPORATION TO RENDER PROFESSIONAL SERVICES AND TO EXERCISE ITS
23 AUTHORIZED POWERS UNDER THE CORPORATE NAME WITHOUT THE WORD "CORPORA-
24 TION" OR "INCORPORATED" OR THEIR ABBREVIATIONS, OR THE WORDS, "A
25 PROFESSIONAL CORPORATION" INCLUDED IN THE NAME.]

26 * Sec. 4. AS 10.45.140 is repealed and re-enacted to read:

27 Sec. 10.45.140. PROFESSIONAL RELATIONSHIP AND LIABILITIES.
28 (a) This chapter does not modify and law applicable to the relation-
29 ship between a person furnishing professional service and a person

1 receiving the service, including liability arising out of the profes-
2 sional service, and including any confidential relationship between the
3 person rendering the professional service and the person receiving the
4 service.

5 (b) Except as provided in (a) of this section, no shareholder of
6 a professional corporation organized under this chapter is individually
7 liable for the debts of or the claims against the corporation unless
8 the debt or claim arises as a result of a wrongful act or omission of
9 the shareholder.

10 * Sec. 5. AS 10.45 is amended by adding a new section to read:

11 Sec. 10.45.155. CONTINUITY OF LIFE. Unless the articles of incor-
12 poration expressly provide otherwise, a professional corporation shall
13 continue as a separate entity independent of its shareholders, for all
14 purposes and for such period of time as provided in the articles, or
15 until dissolved by a vote of two-thirds of the members. A professional
16 corporation shall continue notwithstanding the death, insanity, incom-
17 petency, conviction for felony, resignation, withdrawal, transfer of
18 ownership of shares, retirement, or expulsion of any one or more of the
19 shareholders, the transfer of shares to any new shareholder or share-
20 holders, or the happening of any other event, which under the law of
21 this state, and under like circumstances, would work a dissolution of a
22 partnership.

23 * Sec. 6. AS 10.45 is amended by adding a new section to read:

24 Sec. 10.45.165. SHAREHOLDER HAS NO POWER TO DISSOLVE. No share-
25 holder of a professional corporation shall have the power to dissolve
26 the corporation by his independent act of any kind.

27 * Sec. 7. AS 10.45.220 is amended by adding a new subsection to read:

28 (b) If there is only one shareholder and the shares held by such
29 deceased shareholder are not disposed of within six months after death,

1 the legal representative, legatees or distributees of such deceased
2 shareholder shall either (1) liquidate the professional corporation;
3 or (2) amend its articles of incorporation so that the professional
4 corporation may continue in existence as a business corporation under
5 the Alaska Business Corporation Act.

6 * Sec. 8. The following laws are repealed: AS 10.45.150, AS 10.45.160,
7 AS 10.45.170.