

1 State of Arkansas  
2 80th General Assembly  
3 Regular Session, 1995  
4 By: Senator Mahony

# A Bill

SENATE BILL 735

## For An Act To Be Entitled

"AN ACT TO ALLOW A MEDICAL CORPORATION TO PARTICIPATE AS A  
SHAREHOLDER IN ANOTHER MEDICAL CORPORATION; AND FOR OTHER  
PURPOSES."

## Subtitle

"AN ACT TO ALLOW A MEDICAL CORPORATION  
TO PARTICIPATE AS A SHAREHOLDER IN  
ANOTHER MEDICAL CORPORATION."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 4-29-306 is amended to read as follows:

"§ 4-29-306. Officers, directors, and shareholders.

(a) All of the officers and directors of a corporation subject to this subchapter shall at all times be persons licensed pursuant to the Arkansas Medical Practices Act, § 17-93-201 et seq. All of the shareholders of a corporation subject to this subchapter shall at all times be either:

(1) persons licensed pursuant to the Arkansas Medical Practices Act, § 17-93-201 et seq.; or

(2) a medical corporation incorporated under this act, all of whose shareholders are at all times persons licensed pursuant to the Arkansas Medical Practices Act, § 17-93-201 et seq.

(b) No person or corporation who is not a shareholder shall have any part in the management or control of the corporation, nor may any proxy to vote any shares of such corporation be given to a person or corporation who is not a shareholder. Provided, however, that in no event shall any shares of such corporation be voted, by proxy or otherwise, by a person who is not licensed pursuant to the Arkansas Medical Practice Act, § 17-93-201 et seq."

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SECTION 2. All provisions of this act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 3. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

SECTION 4. All laws and parts of laws in conflict with this act are hereby repealed.

SECTION 5. EMERGENCY. It is hereby found and determined by the General Assembly that the rapid changes in, and expansion of, the practice of medicine, in the corporate form, have made it immediately necessary to allow medical corporations established by this subchapter to act as shareholders in other medical corporations; that the absence of authority allowing this unduly restricts the growth of such corporations and deters their formation. Therefore, an emergency is hereby declared to exist and this act being necessary for the immediate preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

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