

4596--B

2013-2014 Regular Sessions

I N S E N A T E

April 12, 2013

Introduced by Sens. LAVALLE, STAVISKY -- read twice and ordered printed, and when printed to be committed to the Committee on Higher Education -- recommitted to the Committee on Higher Education in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the education law, the business corporation law, the partnership law and the limited liability company law, in relation to certified public accountants

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Section 7408 of the education law is amended by adding a
2 new subdivision 6 to read as follows:
3 6. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, ANY FIRM ESTABLISHED TO
4 LAWFULLY ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTANCY PURSUANT TO ARTI-
5 CLE FIFTEEN OF THE BUSINESS CORPORATION LAW, ARTICLES ONE AND EIGHT-B OF
6 THE PARTNERSHIP LAW, OR ARTICLES TWELVE AND THIRTEEN OF THE LIMITED
7 LIABILITY COMPANY LAW SHALL BE DEEMED AUTHORIZED TO REGISTER PURSUANT TO
8 THIS SECTION.
9 S 2. Section 1503 of the business corporation law is amended by adding
10 a new paragraph (h) to read as follows:
11 (H) ANY FIRM ESTABLISHED FOR THE BUSINESS PURPOSE OF INCORPORATING AS
12 A PROFESSIONAL SERVICE CORPORATION FORMED TO LAWFULLY ENGAGE IN THE
13 PRACTICE OF PUBLIC ACCOUNTANCY, AS SUCH PRACTICE IS RESPECTIVELY DEFINED
14 UNDER ARTICLE ONE HUNDRED FORTY-NINE OF THE EDUCATION LAW SHALL BE
15 REQUIRED TO SHOW (1) THAT A SIMPLE MAJORITY OF THE OWNERSHIP OF THE
16 FIRM, IN TERMS OF FINANCIAL INTERESTS, INCLUDING OWNERSHIP-BASED COMPEN-
17 SATION, AND VOTING RIGHTS HELD BY THE FIRM'S OWNERS, BELONGS TO INDIVID-
18 UALS LICENSED TO PRACTICE PUBLIC ACCOUNTANCY IN SOME STATE, AND (2) THAT
19 ALL SHAREHOLDERS OF A PROFESSIONAL SERVICE CORPORATION WHOSE PRINCIPAL

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets
[] is old law to be omitted.

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1 PLACE OF BUSINESS IS IN THIS STATE, AND WHO ARE ENGAGED IN THE PRACTICE
2 OF PUBLIC ACCOUNTANCY IN THIS STATE, HOLD A VALID LICENSE ISSUED UNDER
3 SECTION SEVENTY-FOUR HUNDRED FOUR OF THE EDUCATION LAW OR ARE PUBLIC
4 ACCOUNTANTS LICENSED UNDER SECTION SEVENTY-FOUR HUNDRED FIVE OF THE
5 EDUCATION LAW. ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE FIRM
6 AND ITS OWNERS MUST COMPLY WITH RULES PROMULGATED BY THE STATE BOARD FOR
7 PUBLIC ACCOUNTANCY. NOTWITHSTANDING THE PROVISIONS OF THIS PARAGRAPH, A
8 FIRM INCORPORATED UNDER THIS SECTION MAY NOT HAVE NON-LICENSEE OWNERS IF
9 THE FIRM'S NAME INCLUDES THE WORDS "CERTIFIED PUBLIC ACCOUNTANT," OR
10 "CERTIFIED PUBLIC ACCOUNTANTS," OR THE ABBREVIATIONS "CPA" OR "CPAS".
11 EACH NON-LICENSEE OWNER OF A FIRM THAT IS INCORPORATED UNDER THIS
12 SECTION SHALL BE (1) A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN THE
13 BUSINESS OF THE FIRM OR ITS AFFILIATED ENTITIES, OR (2) AN ENTITY,
14 INCLUDING, BUT NOT LIMITED TO, A PARTNERSHIP OR PROFESSIONAL CORPO-
15 RATION, PROVIDED EACH BENEFICIAL OWNER OF AN EQUITY INTEREST IN SUCH
16 ENTITY IS A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN THE BUSINESS
17 CONDUCTED BY THE FIRM OR ITS AFFILIATED ENTITIES. FOR PURPOSES OF THIS
18 SUBDIVISION, "ACTIVELY PARTICIPATE" MEANS TO PROVIDE SERVICES TO CLIENTS
19 OR TO OTHERWISE INDIVIDUALLY TAKE PART IN THE DAY-TO-DAY BUSINESS OR
20 MANAGEMENT OF THE FIRM. SUCH A FIRM SHALL HAVE ATTACHED TO ITS CERTIF-
21 ICATE OF INCORPORATION A CERTIFICATE OR CERTIFICATES DEMONSTRATING THE
22 FIRM'S COMPLIANCE WITH THIS PARAGRAPH, IN LIEU OF THE CERTIFICATE OR
23 CERTIFICATES REQUIRED BY SUBPARAGRAPH (II) OF PARAGRAPH (B) OF THIS
24 SECTION.

25 S 3. Section 1507 of the business corporation law is amended by adding
26 a new paragraph (c) to read as follows:

27 (C) ANY FIRM ESTABLISHED FOR THE BUSINESS PURPOSE OF INCORPORATING AS
28 A PROFESSIONAL SERVICE CORPORATION PURSUANT TO PARAGRAPH (H) OF SECTION
29 FIFTEEN HUNDRED THREE OF THIS ARTICLE MAY ISSUE SHARES TO INDIVIDUALS
30 WHO ARE AUTHORIZED BY LAW TO PRACTICE IN THIS STATE A PROFESSION WHICH
31 SUCH CORPORATION IS AUTHORIZED TO PRACTICE AND WHO ARE OR HAVE BEEN
32 ENGAGED IN THE PRACTICE OF SUCH PROFESSION IN SUCH CORPORATION OR A
33 PREDECESSOR ENTITY, OR WHO WILL ENGAGE IN THE PRACTICE OF SUCH PROFES-
34 SION IN SUCH CORPORATION WITHIN THIRTY DAYS OF THE DATE SUCH SHARES ARE
35 ISSUED AND MAY ALSO ISSUE SHARES TO EMPLOYEES OF THE CORPORATION NOT
36 LICENSED AS CERTIFIED PUBLIC ACCOUNTANTS, PROVIDED THAT:

37 (I) AT LEAST FIFTY-ONE PERCENT OF THE OUTSTANDING SHARES OF STOCK OF
38 THE CORPORATION ARE OWNED BY CERTIFIED PUBLIC ACCOUNTANTS,

39 (II) AT LEAST FIFTY-ONE PERCENT OF THE DIRECTORS ARE CERTIFIED PUBLIC
40 ACCOUNTANTS,

41 (III) AT LEAST FIFTY-ONE PERCENT OF THE OFFICERS ARE CERTIFIED PUBLIC
42 ACCOUNTANTS,

43 (IV) THE PRESIDENT, THE CHAIRPERSON OF THE BOARD OF DIRECTORS AND THE
44 CHIEF EXECUTIVE OFFICER OR OFFICERS ARE CERTIFIED PUBLIC ACCOUNTANTS.
45 NO SHAREHOLDER OF A FIRM ESTABLISHED FOR THE BUSINESS PURPOSE OF INCOR-
46 PORATING AS A PROFESSIONAL SERVICE CORPORATION PURSUANT TO PARAGRAPH (H)
47 OF SECTION FIFTEEN HUNDRED THREE OF THIS ARTICLE SHALL ENTER INTO A
48 VOTING TRUST AGREEMENT, PROXY OR ANY OTHER TYPE OF AGREEMENT VESTING IN
49 ANOTHER PERSON, OTHER THAN ANOTHER SHAREHOLDER OF THE SAME CORPORATION,
50 THE AUTHORITY TO EXERCISE VOTING POWER OF ANY OR ALL OF HIS OR HER
51 SHARES. ALL SHARES ISSUED, AGREEMENTS MADE OR PROXIES GRANTED IN
52 VIOLATION OF THIS SECTION SHALL BE VOID.

53 S 4. Section 1508 of the business corporation law is amended by adding
54 a new paragraph (c) to read as follows:

55 (C) THE DIRECTORS AND OFFICERS OF ANY FIRM ESTABLISHED FOR THE BUSI-
56 NESS PURPOSE OF INCORPORATING AS A PROFESSIONAL SERVICE CORPORATION

PURSUANT TO PARAGRAPH (H) OF SECTION FIFTEEN HUNDRED THREE OF THIS ARTICLE MAY INCLUDE INDIVIDUALS WHO ARE NOT LICENSED TO PRACTICE PUBLIC ACCOUNTANCY, PROVIDED HOWEVER THAT AT LEAST FIFTY-ONE PERCENT OF THE DIRECTORS, AT LEAST FIFTY-ONE PERCENT OF THE OFFICERS AND THE PRESIDENT, THE CHAIRPERSON OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER OR OFFICERS ARE AUTHORIZED BY LAW TO PRACTICE IN THIS STATE A PROFESSION WHICH SUCH CORPORATION IS AUTHORIZED TO PRACTICE, AND ARE EITHER SHAREHOLDERS OF SUCH CORPORATION OR ENGAGED IN THE PRACTICE OF THEIR PROFESSIONS IN SUCH CORPORATION.

S 5. Section 1509 of the business corporation law, as amended by chapter 550 of the laws of 2011, is amended to read as follows:

S 1509. Disqualification of shareholders, directors, officers and employees.

If any shareholder, director, officer or employee of a professional service corporation, including a design professional service corporation, OR ANY FIRM ESTABLISHED FOR THE BUSINESS PURPOSE OF INCORPORATING AS A PROFESSIONAL SERVICE CORPORATION PURSUANT TO PARAGRAPH (H) OF SECTION FIFTEEN HUNDRED THREE OF THIS ARTICLE, who has been rendering professional service to the public becomes legally disqualified to practice his profession within this state, he shall sever all employment with, and financial interests (other than interests as a creditor) in, such corporation forthwith or as otherwise provided in section 1510 of this article. All provisions of law regulating the rendering of professional services by a person elected or appointed to a public office shall be applicable to a shareholder, director, officer and employee of such corporation in the same manner and to the same extent as if fully set forth herein. Such legal disqualification to practice his profession within this state shall be deemed to constitute an irrevocable offer by the disqualified shareholder to sell his shares to the corporation, pursuant to the provisions of section 1510 of this article or of the certificate of incorporation, by-laws or agreement among the corporation and all shareholders, whichever is applicable. Compliance with the terms of such offer shall be specifically enforceable in the courts of this state. A professional service corporation's failure to enforce compliance with this provision shall constitute a ground for forfeiture of its certificate of incorporation and its dissolution.

S 6. Paragraph (a) of section 1511 of the business corporation law, as amended by chapter 550 of the laws of 2011, is amended and new paragraph (c) is added to read as follows:

(a) No shareholder of a professional service corporation [or], INCLUDING a design professional service corporation, OR ANY FIRM ESTABLISHED FOR THE BUSINESS PURPOSE OF INCORPORATING AS A PROFESSIONAL SERVICE CORPORATION PURSUANT TO PARAGRAPH (H) OF SECTION FIFTEEN HUNDRED THREE OF THIS ARTICLE, may sell or transfer his shares in such corporation except to another individual who is eligible to have shares issued to him by such corporation or except in trust to another individual who would be eligible to receive shares if he were employed by the corporation. Nothing herein contained shall be construed to prohibit the transfer of shares by operation of law or by court decree. No transferee of shares by operation of law or court decree may vote the shares for any purpose whatsoever except with respect to corporate action under sections 909 and 1001 of this chapter. The restriction in the preceding sentence shall not apply, however, where such transferee would be eligible to have shares issued to him if he were an employee of the corporation and, if there are other shareholders, a majority of such other shareholders shall fail to redeem the shares so transferred, pursuant to

1 section 1510 of this article, within sixty days of receiving written
2 notice of such transfer. Any sale or transfer, except by operation of
3 law or court decree or except for a corporation having only one share-
4 holder, may be made only after the same shall have been approved by the
5 board of directors, or at a shareholders' meeting specially called for
6 such purpose by such proportion, not less than a majority, of the
7 outstanding shares as may be provided in the certificate of incorpo-
8 ration or in the by-laws of such professional service corporation. At
9 such shareholders' meeting the shares held by the shareholder proposing
10 to sell or transfer his shares may not be voted or counted for any
11 purpose, unless all shareholders consent that such shares be voted or
12 counted. The certificate of incorporation or the by-laws of the profes-
13 sional service corporation, or the professional service corporation and
14 the shareholders by private agreement, may provide, in lieu of or in
15 addition to the foregoing provisions, for the alienation of shares and
16 may require the redemption or purchase of such shares by such corpo-
17 ration at prices and in a manner specifically set forth therein. The
18 existence of the restrictions on the sale or transfer of shares, as
19 contained in this article and, if applicable, in the certificate of
20 incorporation, by-laws, stock purchase or stock redemption agreement,
21 shall be noted conspicuously on the face or back of every certificate
22 for shares issued by a professional service corporation. Any sale or
23 transfer in violation of such restrictions shall be void.

24 (C) A FIRM ESTABLISHED FOR THE BUSINESS PURPOSE OF INCORPORATING AS A
25 PROFESSIONAL SERVICE CORPORATION PURSUANT TO PARAGRAPH (H) OF SECTION
26 FIFTEEN HUNDRED THREE OF THIS ARTICLE, SHALL PURCHASE OR REDEEM THE
27 SHARES OF A NON-LICENSED PROFESSIONAL SHAREHOLDER IN THE CASE OF HIS OR
28 HER TERMINATION OF EMPLOYMENT WITHIN THIRTY DAYS AFTER SUCH TERMINATION.
29 A FIRM ESTABLISHED FOR THE BUSINESS PURPOSE OF INCORPORATING AS A
30 PROFESSIONAL SERVICE CORPORATION PURSUANT TO PARAGRAPH (H) OF SECTION
31 FIFTEEN HUNDRED THREE OF THIS ARTICLE, SHALL NOT BE REQUIRED TO PURCHASE
32 OR REDEEM THE SHARES OF A TERMINATED NON-LICENSED PROFESSIONAL SHARE-
33 HOLDER IF SUCH SHARES, WITHIN THIRTY DAYS AFTER SUCH TERMINATION, ARE
34 SOLD OR TRANSFERRED TO ANOTHER EMPLOYEE OF THE CORPORATION PURSUANT TO
35 THIS ARTICLE.

36 S 7. Paragraph (a) of section 1512 of the business corporation law, as
37 amended by chapter 550 of the laws of 2011, is amended to read as
38 follows:

39 (a) Notwithstanding any other provision of law, the name of a profes-
40 sional service corporation, including a design professional service
41 corporation AND ANY FIRM ESTABLISHED FOR THE BUSINESS PURPOSE OF INCOR-
42 PORATING AS A PROFESSIONAL SERVICE CORPORATION PURSUANT TO PARAGRAPH (H)
43 OF SECTION FIFTEEN HUNDRED THREE OF THIS ARTICLE, may contain any word
44 which, at the time of incorporation, could be used in the name of a
45 partnership practicing a profession which the corporation is authorized
46 to practice, and may not contain any word which could not be used by
47 such a partnership. Provided, however, the name of a professional
48 service corporation may not contain the name of a deceased person unless

49 (1) such person's name was part of the corporate name at the time of
50 such person's death; or

51 (2) such person's name was part of the name of an existing partnership
52 and at least two-thirds of such partnership's partners become sharehold-
53 ers of the corporation.

54 S 8. Section 1514 of the business corporation law is amended by adding
55 a new paragraph (c) to read as follows:

(C) EACH FIRM ESTABLISHED FOR THE BUSINESS PURPOSE OF INCORPORATING AS A PROFESSIONAL SERVICE CORPORATION PURSUANT TO PARAGRAPH (H) OF SECTION FIFTEEN HUNDRED THREE OF THIS ARTICLE SHALL, AT LEAST ONCE EVERY THREE YEARS ON OR BEFORE THE DATE PRESCRIBED BY THE LICENSING AUTHORITY, FURNISH A STATEMENT TO THE LICENSING AUTHORITY LISTING THE NAMES AND RESIDENCE ADDRESSES OF EACH SHAREHOLDER, DIRECTOR AND OFFICER OF SUCH CORPORATION AND CERTIFY AS THE DATE OF CERTIFICATION AND AT ALL TIMES OVER THE ENTIRE THREE YEAR PERIOD THAT:

(I) AT LEAST FIFTY-ONE PERCENT OF THE OUTSTANDING SHARES OF STOCK OF THE CORPORATION ARE AND WERE OWNED BY CERTIFIED PUBLIC ACCOUNTANTS,

(II) AT LEAST FIFTY-ONE PERCENT OF THE DIRECTORS ARE AND WERE CERTIFIED PUBLIC ACCOUNTANTS,

(III) AT LEAST FIFTY-ONE PERCENT OF THE OFFICERS ARE AND WERE CERTIFIED PUBLIC ACCOUNTANTS,

(IV) THE PRESIDENT, THE CHAIRPERSON OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER OR OFFICERS ARE AND WERE CERTIFIED PUBLIC ACCOUNTANTS.

THE STATEMENT SHALL BE SIGNED BY THE PRESIDENT OR ANY CERTIFIED PUBLIC ACCOUNTANT VICE-PRESIDENT AND ATTESTED TO BY THE SECRETARY OR ANY ASSISTANT SECRETARY OF THE CORPORATION.

S 9. Paragraph (d) of section 1525 of the business corporation law, as added by chapter 505 of the laws of 1983, is amended to read as follows:

(d) "Foreign professional service corporation" means a professional service corporation, whether or not denominated as such, organized under the laws of a jurisdiction other than this state, all of the shareholders, directors and officers of which are authorized and licensed to practice the profession for which such corporation is licensed to do business; except that all shareholders, directors and officers of a foreign professional service corporation which provides health services in this state shall be licensed in this state. NOTWITHSTANDING ANY OTHER PROVISION OF LAW A FOREIGN PROFESSIONAL SERVICE CORPORATION FORMED TO LAWFULLY ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTANCY, AS SUCH PRACTICE IS RESPECTIVELY DEFINED UNDER ARTICLE ONE HUNDRED FORTY-NINE OF THE EDUCATION LAW, SHALL BE REQUIRED TO SHOW (1) THAT A SIMPLE MAJORITY OF THE OWNERSHIP OF THE FIRM, IN TERMS OF FINANCIAL INTERESTS, INCLUDING OWNERSHIP-BASED COMPENSATION, AND VOTING RIGHTS HELD BY THE FIRM'S OWNERS, BELONGS TO INDIVIDUALS LICENSED TO PRACTICE PUBLIC ACCOUNTANCY IN SOME STATE, AND (2) THAT ALL SHAREHOLDERS OF A FOREIGN PROFESSIONAL SERVICE CORPORATION WHOSE PRINCIPAL PLACE OF BUSINESS IS IN THIS STATE, AND WHO ARE ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTANCY IN THIS STATE, HOLD A VALID LICENSE ISSUED UNDER SECTION SEVENTY-FOUR HUNDRED FOUR OF THE EDUCATION LAW OR ARE PUBLIC ACCOUNTANTS LICENSED UNDER SECTION SEVENTY-FOUR HUNDRED FIVE OF THE EDUCATION LAW. ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE FIRM AND ITS OWNERS MUST COMPLY WITH RULES PROMULGATED BY THE STATE BOARD FOR PUBLIC ACCOUNTANCY. NOTWITHSTANDING THE FOREGOING, A FIRM REGISTERED UNDER THIS SECTION MAY NOT HAVE NON-LICENSEE OWNERS IF THE FIRM'S NAME INCLUDES THE WORDS "CERTIFIED PUBLIC ACCOUNTANT," OR "CERTIFIED PUBLIC ACCOUNTANTS," OR THE ABBREVIATIONS "CPA" OR "CPAS." EACH NON-LICENSEE OWNER OF A FIRM THAT IS INCORPORATED UNDER THIS SECTION SHALL BE (1) A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN THE BUSINESS OF THE FIRM OR ITS AFFILIATED ENTITIES, OR (2) AN ENTITY, INCLUDING, BUT NOT LIMITED TO, A PARTNERSHIP OR PROFESSIONAL CORPORATION, PROVIDED EACH BENEFICIAL OWNER OF AN EQUITY INTEREST IN SUCH ENTITY IS A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN THE BUSINESS CONDUCTED BY THE FIRM OR ITS AFFILIATED ENTITIES. FOR PURPOSES OF THIS SUBDIVISION, "ACTIVELY PARTICIPATE" MEANS TO PROVIDE

SERVICES TO CLIENTS OR TO OTHERWISE INDIVIDUALLY TAKE PART IN THE DAY-TO-DAY BUSINESS OR MANAGEMENT OF THE FIRM.

S 10. The fourteenth undesignated paragraph of section 2 of the partnership law, as added by chapter 576 of the laws of 1994, is amended to read as follows:

"Professional partnership" means (1) a partnership without limited partners each of whose partners is a professional authorized by law to render a professional service within this state, (2) a partnership without limited partners each of whose partners is a professional, at least one of whom is authorized by law to render a professional service within this state or (3) a partnership without limited partners authorized by, or holding a license, certificate, registration or permit issued by the licensing authority pursuant to the education law to render a professional service within this state; except that all partners of a professional partnership that provides medical services in this state must be licensed pursuant to article 131 of the education law to practice medicine in this state and all partners of a professional partnership that provides dental services in this state must be licensed pursuant to article 133 of the education law to practice dentistry in this state; [and further] except that all partners of a professional partnership that provides professional engineering, land surveying, architectural and/or landscape architectural services in this state must be licensed pursuant to article 145, article 147 and/or article 148 of the education law to practice one or more of such professions in this state; AND FURTHER EXCEPT THAT ALL PARTNERS OF A PROFESSIONAL PARTNERSHIP THAT PROVIDES PUBLIC ACCOUNTANCY SERVICES, WHOSE PRINCIPAL PLACE OF BUSINESS IS IN THIS STATE AND WHO PROVIDE PUBLIC ACCOUNTANCY SERVICES, MUST BE LICENSED PURSUANT TO ARTICLE 149 OF THE EDUCATION LAW TO PRACTICE PUBLIC ACCOUNTANCY IN THIS STATE. NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW A PROFESSIONAL PARTNERSHIP FORMED TO LAWFULLY ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTANCY, AS SUCH PRACTICE IS RESPECTIVELY DEFINED UNDER ARTICLE 149 OF THE EDUCATION LAW, SHALL BE REQUIRED TO SHOW (1) THAT A SIMPLE MAJORITY OF THE OWNERSHIP OF THE FIRM, IN TERMS OF FINANCIAL INTERESTS, INCLUDING OWNERSHIP-BASED COMPENSATION, AND VOTING RIGHTS HELD BY THE FIRM'S OWNERS, BELONGS TO INDIVIDUALS LICENSED TO PRACTICE PUBLIC ACCOUNTANCY IN SOME STATE, AND (2) THAT ALL SHAREHOLDERS OF A PROFESSIONAL PARTNERSHIP WHOSE PRINCIPAL PLACE OF BUSINESS IS IN THIS STATE, AND WHO ARE ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTANCY IN THIS STATE, HOLD A VALID LICENSE ISSUED UNDER SECTION 7404 OF THE EDUCATION LAW OR ARE PUBLIC ACCOUNTANTS LICENSED UNDER SECTION 7405 OF THE EDUCATION LAW. ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE FIRM AND ITS OWNERS MUST COMPLY WITH RULES PROMULGATED BY THE STATE BOARD FOR PUBLIC ACCOUNTANCY. NOTWITHSTANDING THE FOREGOING, A FIRM REGISTERED UNDER THIS SECTION MAY NOT HAVE NON-LICENSEE OWNERS IF THE FIRM'S NAME INCLUDES THE WORDS "CERTIFIED PUBLIC ACCOUNTANT," OR "CERTIFIED PUBLIC ACCOUNTANTS," OR THE ABBREVIATIONS "CPA" OR "CPAS." EACH NON-LICENSEE OWNER OF A FIRM THAT IS INCORPORATED UNDER THIS SECTION SHALL BE (1) A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN THE BUSINESS OF THE FIRM OR ITS AFFILIATED ENTITIES, OR (2) AN ENTITY, INCLUDING, BUT NOT LIMITED TO, A PARTNERSHIP OR PROFESSIONAL CORPORATION, PROVIDED EACH BENEFICIAL OWNER OF AN EQUITY INTEREST IN SUCH ENTITY IS A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN THE BUSINESS CONDUCTED BY THE FIRM OR ITS AFFILIATED ENTITIES. FOR PURPOSES OF THIS SUBDIVISION, "ACTIVELY PARTICIPATE" MEANS TO PROVIDE SERVICES TO CLIENTS OR TO OTHERWISE INDIVIDUALLY TAKE PART IN THE DAY-TO-DAY BUSINESS OR MANAGEMENT OF THE FIRM.

1 S 11. Subdivision (q) of section 121-1500 of the partnership law, as
2 amended by chapter 554 of the laws of 2013, is amended to read as
3 follows:

4 (q) Each partner of a registered limited liability partnership formed
5 to provide medical services in this state must be licensed pursuant to
6 article 131 of the education law to practice medicine in this state and
7 each partner of a registered limited liability partnership formed to
8 provide dental services in this state must be licensed pursuant to arti-
9 cle 133 of the education law to practice dentistry in this state. Each
10 partner of a registered limited liability partnership formed to provide
11 veterinary services in this state must be licensed pursuant to article
12 135 of the education law to practice veterinary medicine in this state.
13 EACH PARTNER OF A REGISTERED LIMITED LIABILITY PARTNERSHIP FORMED TO
14 PROVIDE PUBLIC ACCOUNTANCY SERVICES, WHOSE PRINCIPAL PLACE OF BUSINESS
15 IS IN THIS STATE AND WHO PROVIDES PUBLIC ACCOUNTANCY SERVICES, MUST BE
16 LICENSED PURSUANT TO ARTICLE 149 OF THE EDUCATION LAW TO PRACTICE PUBLIC
17 ACCOUNTANCY IN THIS STATE. Each partner of a registered limited liabil-
18 ity partnership formed to provide professional engineering, land survey-
19 ing, architectural and/or landscape architectural services in this state
20 must be licensed pursuant to article 145, article 147 and/or article 148
21 of the education law to practice one or more of such professions in this
22 state. Each partner of a registered limited liability partnership formed
23 to provide licensed clinical social work services in this state must be
24 licensed pursuant to article 154 of the education law to practice clin-
25 ical social work in this state. Each partner of a registered limited
26 liability partnership formed to provide creative arts therapy services
27 in this state must be licensed pursuant to article 163 of the education
28 law to practice creative arts therapy in this state. Each partner of a
29 registered limited liability partnership formed to provide marriage and
30 family therapy services in this state must be licensed pursuant to arti-
31 cle 163 of the education law to practice marriage and family therapy in
32 this state. Each partner of a registered limited liability partnership
33 formed to provide mental health counseling services in this state must
34 be licensed pursuant to article 163 of the education law to practice
35 mental health counseling in this state. Each partner of a registered
36 limited liability partnership formed to provide psychoanalysis services
37 in this state must be licensed pursuant to article 163 of the education
38 law to practice psychoanalysis in this state. Each partner of a regis-
39 tered limited liability partnership formed to provide applied behavior
40 analysis service in this state must be licensed or certified pursuant to
41 article 167 of the education law to practice applied behavior analysis
42 in this state. NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW A LIMITED
43 LIABILITY PARTNERSHIP FORMED TO LAWFULLY ENGAGE IN THE PRACTICE OF
44 PUBLIC ACCOUNTANCY, AS SUCH PRACTICE IS RESPECTIVELY DEFINED UNDER ARTI-
45 CLE 149 OF THE EDUCATION LAW, SHALL BE REQUIRED TO SHOW (1) THAT A
46 SIMPLE MAJORITY OF THE OWNERSHIP OF THE FIRM, IN TERMS OF FINANCIAL
47 INTERESTS, INCLUDING OWNERSHIP-BASED COMPENSATION, AND VOTING RIGHTS
48 HELD BY THE FIRM'S OWNERS, BELONGS TO INDIVIDUALS LICENSED TO PRACTICE
49 PUBLIC ACCOUNTANCY IN SOME STATE, AND (2) THAT ALL PARTNERS OF A LIMITED
50 LIABILITY PARTNERSHIP WHOSE PRINCIPAL PLACE OF BUSINESS IS IN THIS
51 STATE, AND WHO ARE ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTANCY IN THIS
52 STATE, HOLD A VALID LICENSE ISSUED UNDER SECTION 7404 OF THE EDUCATION
53 LAW OR ARE PUBLIC ACCOUNTANTS LICENSED UNDER SECTION 7405 OF THE EDUCA-
54 TION LAW. ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE FIRM AND
55 ITS OWNERS MUST COMPLY WITH RULES PROMULGATED BY THE STATE BOARD FOR
56 PUBLIC ACCOUNTANCY. NOTWITHSTANDING THE FOREGOING, A FIRM REGISTERED

1 UNDER THIS SECTION MAY NOT HAVE NON-LICENSEE OWNERS IF THE FIRM'S NAME
2 INCLUDES THE WORDS "CERTIFIED PUBLIC ACCOUNTANT," OR "CERTIFIED PUBLIC
3 ACCOUNTANTS," OR THE ABBREVIATIONS "CPA" OR "CPAS." EACH NON-LICENSEE
4 OWNER OF A FIRM THAT IS INCORPORATED UNDER THIS SECTION SHALL BE (1) A
5 NATURAL PERSON WHO ACTIVELY PARTICIPATES IN THE BUSINESS OF THE FIRM OR
6 ITS AFFILIATED ENTITIES, OR (2) AN ENTITY, INCLUDING, BUT NOT LIMITED
7 TO, A PARTNERSHIP OR PROFESSIONAL CORPORATION, PROVIDED EACH BENEFICIAL
8 OWNER OF AN EQUITY INTEREST IN SUCH ENTITY IS A NATURAL PERSON WHO
9 ACTIVELY PARTICIPATES IN THE BUSINESS CONDUCTED BY THE FIRM OR ITS
10 AFFILIATED ENTITIES. FOR PURPOSES OF THIS SUBDIVISION, "ACTIVELY PARTIC-
11 IPATE" MEANS TO PROVIDE SERVICES TO CLIENTS OR TO OTHERWISE INDIVIDUALLY
12 TAKE PART IN THE DAY-TO-DAY BUSINESS OR MANAGEMENT OF THE FIRM.

13 S 12. Subdivision (q) of section 121-1502 of the partnership law, as
14 amended by chapter 554 of the laws of 2013, is amended to read as
15 follows:

16 (q) Each partner of a foreign limited liability partnership which
17 provides medical services in this state must be licensed pursuant to
18 article 131 of the education law to practice medicine in the state and
19 each partner of a foreign limited liability partnership which provides
20 dental services in the state must be licensed pursuant to article 133 of
21 the education law to practice dentistry in this state. Each partner of a
22 foreign limited liability partnership which provides veterinary service
23 in the state shall be licensed pursuant to article 135 of the education
24 law to practice veterinary medicine in this state. Each partner of a
25 foreign limited liability partnership which provides professional engi-
26 neering, land surveying, architectural and/or landscape architectural
27 services in this state must be licensed pursuant to article 145, article
28 147 and/or article 148 of the education law to practice one or more of
29 such professions. EACH PARTNER OF A FOREIGN REGISTERED LIMITED LIABILITY
30 PARTNERSHIP FORMED TO PROVIDE PUBLIC ACCOUNTANCY SERVICES, WHOSE PRINCI-
31 PAL PLACE OF BUSINESS IS IN THIS STATE AND WHO PROVIDES PUBLIC ACCOUN-
32 TANCY SERVICES, MUST BE LICENSED PURSUANT TO ARTICLE 149 OF THE EDUCA-
33 TION LAW TO PRACTICE PUBLIC ACCOUNTANCY IN THIS STATE. Each partner of a
34 foreign limited liability partnership which provides licensed clinical
35 social work services in this state must be licensed pursuant to article
36 154 of the education law to practice licensed clinical social work in
37 this state. Each partner of a foreign limited liability partnership
38 which provides creative arts therapy services in this state must be
39 licensed pursuant to article 163 of the education law to practice crea-
40 tive arts therapy in this state. Each partner of a foreign limited
41 liability partnership which provides marriage and family therapy
42 services in this state must be licensed pursuant to article 163 of the
43 education law to practice marriage and family therapy in this state.
44 Each partner of a foreign limited liability partnership which provides
45 mental health counseling services in this state must be licensed pursu-
46 ant to article 163 of the education law to practice mental health coun-
47 seling in this state. Each partner of a foreign limited liability part-
48 nership which provides psychoanalysis services in this state must be
49 licensed pursuant to article 163 of the education law to practice
50 psychoanalysis in this state. Each partner of a foreign limited liabil-
51 ity partnership which provides applied behavior analysis services in
52 this state must be licensed or certified pursuant to article 167 of the
53 education law to practice applied behavior analysis in this state.
54 NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW A FOREIGN LIMITED LIABILITY
55 PARTNERSHIP FORMED TO LAWFULLY ENGAGE IN THE PRACTICE OF PUBLIC ACCOUN-
56 TANCY, AS SUCH PRACTICE IS RESPECTIVELY DEFINED UNDER ARTICLE 149 OF THE

1 EDUCATION LAW, SHALL BE REQUIRED TO SHOW (1) THAT A SIMPLE MAJORITY OF
2 THE OWNERSHIP OF THE FIRM, IN TERMS OF FINANCIAL INTERESTS, INCLUDING
3 OWNERSHIP-BASED COMPENSATION, AND VOTING RIGHTS HELD BY THE FIRM'S
4 OWNERS, BELONGS TO INDIVIDUALS LICENSED TO PRACTICE PUBLIC ACCOUNTANCY
5 IN SOME STATE, AND (2) THAT ALL PARTNERS OF A FOREIGN LIMITED LIABILITY
6 PARTNERSHIP WHOSE PRINCIPAL PLACE OF BUSINESS IS IN THIS STATE, AND WHO
7 ARE ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTANCY IN THIS STATE, HOLD A
8 VALID LICENSE ISSUED UNDER SECTION 7404 OF THE EDUCATION LAW OR ARE
9 PUBLIC ACCOUNTANTS LICENSED UNDER SECTION 7405 OF THE EDUCATION LAW.
10 ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE FIRM AND ITS OWNERS
11 MUST COMPLY WITH RULES PROMULGATED BY THE STATE BOARD FOR PUBLIC ACCOUN-
12 TANCY. NOTWITHSTANDING THE FOREGOING, A FIRM REGISTERED UNDER THIS
13 SECTION MAY NOT HAVE NON-LICENSEE OWNERS IF THE FIRM'S NAME INCLUDES THE
14 WORDS "CERTIFIED PUBLIC ACCOUNTANT," OR "CERTIFIED PUBLIC ACCOUNTANTS,"
15 OR THE ABBREVIATIONS "CPA" OR "CPAS." EACH NON-LICENSEE OWNER OF A FIRM
16 THAT IS INCORPORATED UNDER THIS SECTION SHALL BE (1) A NATURAL PERSON
17 WHO ACTIVELY PARTICIPATES IN THE BUSINESS OF THE FIRM OR ITS AFFILIATED
18 ENTITIES, OR (2) AN ENTITY, INCLUDING, BUT NOT LIMITED TO, A PARTNERSHIP
19 OR PROFESSIONAL CORPORATION, PROVIDED EACH BENEFICIAL OWNER OF AN EQUITY
20 INTEREST IN SUCH ENTITY IS A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN
21 THE BUSINESS CONDUCTED BY THE FIRM OR ITS AFFILIATED ENTITIES. FOR
22 PURPOSES OF THIS SUBDIVISION, "ACTIVELY PARTICIPATE" MEANS TO PROVIDE
23 SERVICES TO CLIENTS OR TO OTHERWISE INDIVIDUALLY TAKE PART IN THE
24 DAY-TO-DAY BUSINESS OR MANAGEMENT OF THE FIRM.

25 S 13. Subdivision (h) of section 121-101 of the partnership law, as
26 added by chapter 950 of the laws of 1990, is amended to read as follows:

27 (h) "Limited partnership" and "domestic limited partnership" mean,
28 unless the context otherwise requires, a partnership (i) formed by two
29 or more persons pursuant to this article or which complies with subdivi-
30 sion (a) of section 121-1202 of this article and (ii) having one or more
31 general partners and one or more limited partners. NOTWITHSTANDING ANY
32 OTHER PROVISIONS OF LAW A LIMITED PARTNERSHIP OR DOMESTIC LIMITED PART-
33 NERSHIP FORMED TO LAWFULLY ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTANCY,
34 AS SUCH PRACTICE IS RESPECTIVELY DEFINED UNDER ARTICLE 149 OF THE EDUCA-
35 TION LAW SHALL BE REQUIRED TO SHOW (1) THAT A SIMPLE MAJORITY OF THE
36 OWNERSHIP OF THE FIRM, IN TERMS OF FINANCIAL INTERESTS, INCLUDING OWNER-
37 SHIP-BASED COMPENSATION, AND VOTING RIGHTS HELD BY THE FIRM'S OWNERS,
38 BELONGS TO INDIVIDUALS LICENSED TO PRACTICE PUBLIC ACCOUNTANCY IN SOME
39 STATE, AND (2) THAT ALL PARTNERS OF A LIMITED PARTNERSHIP OR DOMESTIC
40 LIMITED PARTNERSHIP, WHOSE PRINCIPAL PLACE OF BUSINESS IS IN THIS STATE,
41 AND WHO ARE ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTANCY IN THIS STATE,
42 HOLD A VALID LICENSE ISSUED UNDER SECTION 7404 OF THE EDUCATION LAW OR
43 ARE PUBLIC ACCOUNTANTS LICENSED UNDER SECTION 7405 OF THE EDUCATION LAW.
44 ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE FIRM AND ITS OWNERS
45 MUST COMPLY WITH RULES PROMULGATED BY THE STATE BOARD FOR PUBLIC ACCOUN-
46 TANCY. NOTWITHSTANDING THE FOREGOING, A FIRM REGISTERED UNDER THIS
47 SECTION MAY NOT HAVE NON-LICENSEE OWNERS IF THE FIRM'S NAME INCLUDES THE
48 WORDS "CERTIFIED PUBLIC ACCOUNTANT," OR "CERTIFIED PUBLIC ACCOUNTANTS,"
49 OR THE ABBREVIATIONS "CPA" OR "CPAS." EACH NON-LICENSEE OWNER OF A FIRM
50 THAT IS REGISTERED UNDER THIS SECTION SHALL BE (1) A NATURAL PERSON WHO
51 ACTIVELY PARTICIPATES IN THE BUSINESS OF THE FIRM OR ITS AFFILIATED
52 ENTITIES, OR (2) AN ENTITY, INCLUDING, BUT NOT LIMITED TO, A PARTNERSHIP
53 OR PROFESSIONAL CORPORATION, PROVIDED EACH BENEFICIAL OWNER OF AN EQUITY
54 INTEREST IN SUCH ENTITY IS A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN
55 THE BUSINESS CONDUCTED BY THE FIRM OR ITS AFFILIATED ENTITIES. FOR
56 PURPOSES OF THIS SUBDIVISION, "ACTIVELY PARTICIPATE" MEANS TO PROVIDE

SERVICES TO CLIENTS OR TO OTHERWISE INDIVIDUALLY TAKE PART IN THE DAY-TO-DAY BUSINESS OR MANAGEMENT OF THE FIRM.

S 14. Subdivision (b) of section 1207 of the limited liability company law, as amended by chapter 554 of the laws of 2013, is amended to read as follows:

(b) With respect to a professional service limited liability company formed to provide medical services as such services are defined in article 131 of the education law, each member of such limited liability company must be licensed pursuant to article 131 of the education law to practice medicine in this state. With respect to a professional service limited liability company formed to provide dental services as such services are defined in article 133 of the education law, each member of such limited liability company must be licensed pursuant to article 133 of the education law to practice dentistry in this state. With respect to a professional service limited liability company formed to provide veterinary services as such services are defined in article 135 of the education law, each member of such limited liability company must be licensed pursuant to article 135 of the education law to practice veterinary medicine in this state. With respect to a professional service limited liability company formed to provide professional engineering, land surveying, architectural and/or landscape architectural services as such services are defined in article 145, article 147 and article 148 of the education law, each member of such limited liability company must be licensed pursuant to article 145, article 147 and/or article 148 of the education law to practice one or more of such professions in this state. WITH RESPECT TO A PROFESSIONAL SERVICE LIMITED LIABILITY COMPANY FORMED TO PROVIDE PUBLIC ACCOUNTANCY SERVICES AS SUCH SERVICES ARE DEFINED IN ARTICLE 149 OF THE EDUCATION LAW EACH MEMBER OF SUCH LIMITED LIABILITY COMPANY WHOSE PRINCIPAL PLACE OF BUSINESS IS IN THIS STATE AND WHO PROVIDES PUBLIC ACCOUNTANCY SERVICES, MUST BE LICENSED PURSUANT TO ARTICLE 149 OF THE EDUCATION LAW TO PRACTICE PUBLIC ACCOUNTANCY IN THIS STATE. With respect to a professional service limited liability company formed to provide licensed clinical social work services as such services are defined in article 154 of the education law, each member of such limited liability company shall be licensed pursuant to article 154 of the education law to practice licensed clinical social work in this state. With respect to a professional service limited liability company formed to provide creative arts therapy services as such services are defined in article 163 of the education law, each member of such limited liability company must be licensed pursuant to article 163 of the education law to practice creative arts therapy in this state. With respect to a professional service limited liability company formed to provide marriage and family therapy services as such services are defined in article 163 of the education law, each member of such limited liability company must be licensed pursuant to article 163 of the education law to practice marriage and family therapy in this state. With respect to a professional service limited liability company formed to provide mental health counseling services as such services are defined in article 163 of the education law, each member of such limited liability company must be licensed pursuant to article 163 of the education law to practice mental health counseling in this state. With respect to a professional service limited liability company formed to provide psychoanalysis services as such services are defined in article 163 of the education law, each member of such limited liability company must be licensed pursuant to article 163 of the education law to practice psychoanalysis in this state. With respect to a professional service limited liability

1 company formed to provide applied behavior analysis services as such
2 services are defined in article 167 of the education law, each member of
3 such limited liability company must be licensed or certified pursuant to
4 article 167 of the education law to practice applied behavior analysis
5 in this state. NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW A PROFES-
6 SIONAL SERVICE LIMITED LIABILITY COMPANY FORMED TO LAWFULLY ENGAGE IN
7 THE PRACTICE OF PUBLIC ACCOUNTANCY, AS SUCH PRACTICE IS RESPECTIVELY
8 DEFINED UNDER ARTICLE 149 OF THE EDUCATION LAW SHALL BE REQUIRED TO SHOW
9 (1) THAT A SIMPLE MAJORITY OF THE OWNERSHIP OF THE FIRM, IN TERMS OF
10 FINANCIAL INTERESTS, INCLUDING OWNERSHIP-BASED COMPENSATION, AND VOTING
11 RIGHTS HELD BY THE FIRM'S OWNERS, BELONGS TO INDIVIDUALS LICENSED TO
12 PRACTICE PUBLIC ACCOUNTANCY IN SOME STATE, AND (2) THAT ALL MEMBERS OF A
13 LIMITED PROFESSIONAL SERVICE LIMITED LIABILITY COMPANY, WHOSE PRINCIPAL
14 PLACE OF BUSINESS IS IN THIS STATE, AND WHO ARE ENGAGED IN THE PRACTICE
15 OF PUBLIC ACCOUNTANCY IN THIS STATE, HOLD A VALID LICENSE ISSUED UNDER
16 SECTION 7404 OF ARTICLE 149 OF THE EDUCATION LAW OR ARE PUBLIC ACCOUNT-
17 ANTS LICENSED UNDER SECTION 7405 OF ARTICLE 149 OF THE EDUCATION LAW.
18 ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE FIRM AND ITS OWNERS
19 MUST COMPLY WITH RULES PROMULGATED BY THE STATE BOARD FOR PUBLIC ACCOUN-
20 TANCY. NOTWITHSTANDING THE FOREGOING, A FIRM REGISTERED UNDER THIS
21 SECTION MAY NOT HAVE NON-LICENSEE OWNERS IF THE FIRM'S NAME INCLUDES THE
22 WORDS "CERTIFIED PUBLIC ACCOUNTANT," OR "CERTIFIED PUBLIC ACCOUNTANTS,"
23 OR THE ABBREVIATIONS "CPA" OR "CPAS." EACH NON-LICENSEE OWNER OF A FIRM
24 THAT IS REGISTERED UNDER THIS SECTION SHALL BE (1) A NATURAL PERSON WHO
25 ACTIVELY PARTICIPATES IN THE BUSINESS OF THE FIRM OR ITS AFFILIATED
26 ENTITIES, OR (2) AN ENTITY, INCLUDING, BUT NOT LIMITED TO, A PARTNERSHIP
27 OR PROFESSIONAL CORPORATION, PROVIDED EACH BENEFICIAL OWNER OF AN EQUITY
28 INTEREST IN SUCH ENTITY IS A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN
29 THE BUSINESS CONDUCTED BY THE FIRM OR ITS AFFILIATED ENTITIES. FOR
30 PURPOSES OF THIS SUBDIVISION, "ACTIVELY PARTICIPATE" MEANS TO PROVIDE
31 SERVICES TO CLIENTS OR TO OTHERWISE INDIVIDUALLY TAKE PART IN THE
32 DAY-TO-DAY BUSINESS OR MANAGEMENT OF THE FIRM.

33 S 15. Subdivisions (a) and (f) of section 1301 of the limited liabil-
34 ity company law, subdivision (a) as amended by chapter 554 of the laws
35 of 2013 and subdivision (f) as amended by chapter 170 of the laws of
36 1996, are amended to read as follows:

37 (a) "Foreign professional service limited liability company" means a
38 professional service limited liability company, whether or not denomi-
39 nated as such, organized under the laws of a jurisdiction other than
40 this state, (i) each of whose members and managers, if any, is a profes-
41 sional authorized by law to render a professional service within this
42 state and who is or has been engaged in the practice of such profession
43 in such professional service limited liability company or a predecessor
44 entity, or will engage in the practice of such profession in the profes-
45 sional service limited liability company within thirty days of the date
46 such professional becomes a member, or each of whose members and manag-
47 ers, if any, is a professional at least one of such members is author-
48 ized by law to render a professional service within this state and who
49 is or has been engaged in the practice of such profession in such
50 professional service limited liability company or a predecessor entity,
51 or will engage in the practice of such profession in the professional
52 service limited liability company within thirty days of the date such
53 professional becomes a member, or (ii) authorized by, or holding a
54 license, certificate, registration or permit issued by the licensing
55 authority pursuant to, the education law to render a professional
56 service within this state; except that all members and managers, if any,

1 of a foreign professional service limited liability company that
2 provides health services in this state shall be licensed in this state.
3 With respect to a foreign professional service limited liability company
4 which provides veterinary services as such services are defined in arti-
5 cle 135 of the education law, each member of such foreign professional
6 service limited liability company shall be licensed pursuant to article
7 135 of the education law to practice veterinary medicine. With respect
8 to a foreign professional service limited liability company which
9 provides medical services as such services are defined in article 131 of
10 the education law, each member of such foreign professional service
11 limited liability company must be licensed pursuant to article 131 of
12 the education law to practice medicine in this state. With respect to a
13 foreign professional service limited liability company which provides
14 dental services as such services are defined in article 133 of the
15 education law, each member of such foreign professional service limited
16 liability company must be licensed pursuant to article 133 of the educa-
17 tion law to practice dentistry in this state. With respect to a foreign
18 professional service limited liability company which provides profes-
19 sional engineering, land surveying, architectural and/or landscape
20 architectural services as such services are defined in article 145,
21 article 147 and article 148 of the education law, each member of such
22 foreign professional service limited liability company must be licensed
23 pursuant to article 145, article 147 and/or article 148 of the education
24 law to practice one or more of such professions in this state. WITH
25 RESPECT TO A FOREIGN PROFESSIONAL SERVICE LIMITED LIABILITY COMPANY
26 WHICH PROVIDES PUBLIC ACCOUNTANCY SERVICES AS SUCH SERVICES ARE DEFINED
27 IN ARTICLE 149 OF THE EDUCATION LAW, EACH MEMBER OF SUCH FOREIGN PROFES-
28 SIONAL SERVICE LIMITED LIABILITY COMPANY WHOSE PRINCIPAL PLACE OF BUSI-
29 NESS IS IN THIS STATE AND WHO PROVIDES PUBLIC ACCOUNTANCY SERVICES,
30 SHALL BE LICENSED PURSUANT TO ARTICLE 149 OF THE EDUCATION LAW TO PRAC-
31 TICE PUBLIC ACCOUNTANCY IN THIS STATE. With respect to a foreign profes-
32 sional service limited liability company which provides licensed clin-
33 ical social work services as such services are defined in article 154 of
34 the education law, each member of such foreign professional service
35 limited liability company shall be licensed pursuant to article 154 of
36 the education law to practice clinical social work in this state. With
37 respect to a foreign professional service limited liability company
38 which provides creative arts therapy services as such services are
39 defined in article 163 of the education law, each member of such foreign
40 professional service limited liability company must be licensed pursuant
41 to article 163 of the education law to practice creative arts therapy in
42 this state. With respect to a foreign professional service limited
43 liability company which provides marriage and family therapy services as
44 such services are defined in article 163 of the education law, each
45 member of such foreign professional service limited liability company
46 must be licensed pursuant to article 163 of the education law to prac-
47 tice marriage and family therapy in this state. With respect to a
48 foreign professional service limited liability company which provides
49 mental health counseling services as such services are defined in arti-
50 cle 163 of the education law, each member of such foreign professional
51 service limited liability company must be licensed pursuant to article
52 163 of the education law to practice mental health counseling in this
53 state. With respect to a foreign professional service limited liability
54 company which provides psychoanalysis services as such services are
55 defined in article 163 of the education law, each member of such foreign
56 professional service limited liability company must be licensed pursuant

1 to article 163 of the education law to practice psychoanalysis in this
2 state. With respect to a foreign professional service limited liability
3 company which provides applied behavior analysis services as such
4 services are defined in article 167 of the education law, each member of
5 such foreign professional service limited liability company must be
6 licensed or certified pursuant to article 167 of the education law to
7 practice applied behavior analysis in this state. NOTWITHSTANDING ANY
8 OTHER PROVISIONS OF LAW A FOREIGN PROFESSIONAL SERVICE LIMITED LIABILITY
9 COMPANY FORMED TO LAWFULLY ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTANCY,
10 AS SUCH PRACTICE IS RESPECTIVELY DEFINED UNDER ARTICLE 149 OF THE EDUCA-
11 TION LAW SHALL BE REQUIRED TO SHOW (1) THAT A SIMPLE MAJORITY OF THE
12 OWNERSHIP OF THE FIRM, IN TERMS OF FINANCIAL INTERESTS, INCLUDING OWNER-
13 SHIP-BASED COMPENSATION, AND VOTING RIGHTS HELD BY THE FIRM'S OWNERS,
14 BELONGS TO INDIVIDUALS LICENSED TO PRACTICE PUBLIC ACCOUNTANCY IN SOME
15 STATE, AND (2) THAT ALL MEMBERS OF A FOREIGN LIMITED PROFESSIONAL
16 SERVICE LIMITED LIABILITY COMPANY, WHOSE PRINCIPAL PLACE OF BUSINESS IS
17 IN THIS STATE, AND WHO ARE ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTANCY
18 IN THIS STATE, HOLD A VALID LICENSE ISSUED UNDER SECTION 7404 OF THE
19 EDUCATION LAW OR ARE PUBLIC ACCOUNTANTS LICENSED UNDER SECTION 7405 OF
20 THE EDUCATION LAW. ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE
21 FIRM AND ITS OWNERS MUST COMPLY WITH RULES PROMULGATED BY THE STATE
22 BOARD FOR PUBLIC ACCOUNTANCY. NOTWITHSTANDING THE FOREGOING, A FIRM
23 REGISTERED UNDER THIS SECTION MAY NOT HAVE NON-LICENSEE OWNERS IF THE
24 FIRM'S NAME INCLUDES THE WORDS "CERTIFIED PUBLIC ACCOUNTANT," OR "CERTI-
25 FIED PUBLIC ACCOUNTANTS," OR THE ABBREVIATIONS "CPA" OR "CPAS." EACH
26 NON-LICENSEE OWNER OF A FIRM THAT IS REGISTERED UNDER THIS SECTION SHALL
27 BE (1) A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN THE BUSINESS OF THE
28 FIRM OR ITS AFFILIATED ENTITIES, OR (2) AN ENTITY, INCLUDING, BUT NOT
29 LIMITED TO, A PARTNERSHIP OR PROFESSIONAL CORPORATION, PROVIDED EACH
30 BENEFICIAL OWNER OF AN EQUITY INTEREST IN SUCH ENTITY IS A NATURAL
31 PERSON WHO ACTIVELY PARTICIPATES IN THE BUSINESS CONDUCTED BY THE FIRM
32 OR ITS AFFILIATED ENTITIES. FOR PURPOSES OF THIS SUBDIVISION, "ACTIVELY
33 PARTICIPATE" MEANS TO PROVIDE SERVICES TO CLIENTS OR TO OTHERWISE INDI-
34 VIDUALLY TAKE PART IN THE DAY-TO-DAY BUSINESS OR MANAGEMENT OF THE FIRM.

35 (f) "Professional partnership" means (1) a partnership without limited
36 partners each of whose partners is a professional authorized by law to
37 render a professional service within this state, (2) a partnership with-
38 out limited partners each of whose partners is a professional, at least
39 one of whom is authorized by law to render a professional service within
40 this state or (3) a partnership without limited partners authorized by,
41 or holding a license, certificate, registration or permit issued by the
42 licensing authority pursuant to the education law to render a profes-
43 sional service within this state; except that all partners of a profes-
44 sional partnership that provides medical services in this state must be
45 licensed pursuant to article 131 of the education law to practice medi-
46 cine in this state and all partners of a professional partnership that
47 provides dental services in this state must be licensed pursuant to
48 article 133 of the education law to practice dentistry in this state;
49 except that all partners of a professional partnership that provides
50 veterinary services in this state must be licensed pursuant to article
51 135 of the education law to practice veterinary medicine in this state;
52 and further except that all partners of a professional partnership that
53 provides professional engineering, land surveying, architectural, and/or
54 landscape architectural services in this state must be licensed pursuant
55 to article 145, article 147 and/or article 148 of the education law to
56 practice one or more of such professions. WITH RESPECT TO A PROFES-

1 SIONAL PARTNERSHIP WHICH PROVIDES PUBLIC ACCOUNTANCY SERVICES AS SUCH
2 SERVICES ARE DEFINED IN ARTICLE 149 OF THE EDUCATION LAW, EACH MEMBER OF
3 SUCH PROFESSIONAL PARTNERSHIP WHOSE PRINCIPAL PLACE OF BUSINESS IS IN
4 THIS STATE AND WHO PROVIDES PUBLIC ACCOUNTANCY SERVICES, SHALL BE
5 LICENSED PURSUANT TO ARTICLE 149 OF THE EDUCATION LAW TO PRACTICE PUBLIC
6 ACCOUNTANCY. NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW A PROFESSIONAL
7 PARTNERSHIP FORMED TO LAWFULLY ENGAGE IN THE PRACTICE OF PUBLIC ACCOUN-
8 TANCY, AS SUCH PRACTICE IS RESPECTIVELY DEFINED UNDER ARTICLE 149 OF THE
9 EDUCATION LAW SHALL BE REQUIRED TO SHOW (1) THAT A SIMPLE MAJORITY OF
10 THE OWNERSHIP OF THE FIRM, IN TERMS OF FINANCIAL INTERESTS, INCLUDING
11 OWNERSHIP-BASED COMPENSATION, AND VOTING RIGHTS HELD BY THE FIRM'S
12 OWNERS, BELONGS TO INDIVIDUALS LICENSED TO PRACTICE PUBLIC ACCOUNTANCY
13 IN SOME STATE, AND (2) THAT ALL MEMBERS OF A LIMITED PROFESSIONAL PART-
14 NERSHIP, WHOSE PRINCIPAL PLACE OF BUSINESS IS IN THIS STATE, AND WHO ARE
15 ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTANCY IN THIS STATE, HOLD A
16 VALID LICENSE ISSUED UNDER SECTION 7404 OF THE EDUCATION LAW OR ARE
17 PUBLIC ACCOUNTANTS LICENSED UNDER SECTION 7405 OF THE EDUCATION LAW.
18 ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE FIRM AND ITS OWNERS
19 MUST COMPLY WITH RULES PROMULGATED BY THE STATE BOARD FOR PUBLIC ACCOUN-
20 TANCY. NOTWITHSTANDING THE FOREGOING, A FIRM REGISTERED UNDER THIS
21 SECTION MAY NOT HAVE NON-LICENSEE OWNERS IF THE FIRM'S NAME INCLUDES THE
22 WORDS "CERTIFIED PUBLIC ACCOUNTANT," OR "CERTIFIED PUBLIC ACCOUNTANTS,"
23 OR THE ABBREVIATIONS "CPA" OR "CPAS." EACH NON-LICENSEE OWNER OF A FIRM
24 THAT IS REGISTERED UNDER THIS SECTION SHALL BE (1) A NATURAL PERSON WHO
25 ACTIVELY PARTICIPATES IN THE BUSINESS OF THE FIRM OR ITS AFFILIATED
26 ENTITIES, OR (2) AN ENTITY, INCLUDING, BUT NOT LIMITED TO, A PARTNERSHIP
27 OR PROFESSIONAL CORPORATION, PROVIDED EACH BENEFICIAL OWNER OF AN EQUITY
28 INTEREST IN SUCH ENTITY IS A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN
29 THE BUSINESS CONDUCTED BY THE FIRM OR ITS AFFILIATED ENTITIES. FOR
30 PURPOSES OF THIS SUBDIVISION, "ACTIVELY PARTICIPATE" MEANS TO PROVIDE
31 SERVICES TO CLIENTS OR TO OTHERWISE INDIVIDUALLY TAKE PART IN THE
32 DAY-TO-DAY BUSINESS OR MANAGEMENT OF THE FIRM.

33 S 16. This act shall take effect immediately.