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IN ASSEMBLY

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Introduced by M. of A. PEOPLES-STOKES, WRIGHT, TAYLOR, JAFFEE, MAGNARELLI, BENEDETTO, DICKENS, ENGLEBRIGHT, RIVERA, MORINELLO, JEAN-PIERRE, DE LA ROSA, SEAWRIGHT, D'URSO, LAWRENCE, COOK, BLAKE, L. ROSENTHAL, PERRY, LUPARDO, GOTTFRIED, BRONSON, LENTOL, ABBATE, RICHARDSON, DILAN, KIM, MOSLEY, CRESPO, PHEFFER AMATO, DINOWITZ, RODRIGUEZ, PRETLOW, NIOU, ROZIC, D. ROSENTHAL, JOYNER, HUNTER, PICHARDO, SOLAGES, HEVESI, HYNDMAN, GALEF, DenDEKKER, GUNTHER, STIRPE, BUCHWALD, WOERNER, TITUS, CUSICK, QUART, SCHIMMINGER, FAHY, SANTABARBARA, BICHOTTE, WEPRIN -- Multi-Sponsored by -- M. of A. BARCLAY, CROUCH, DAVILA, GIGLIO, GOODELL, M. L. MILLER, THIELE -- read once and referred to the Committee on Higher Education

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 eligible to register pursuant to
8 this section.

9 § 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

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

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1 firm, in terms of financial interests, including ownership-based compen-
2 sation, and voting rights held by the firm's owners, belongs to individ-
3 uals licensed to practice public accountancy in some state, and (2) that
4 all shareholders of a professional service corporation whose principal
5 place of business is in this state, and who are engaged in the practice
6 of public accountancy in this state, hold a valid license issued under
7 section seventy-four hundred four of the education law or are public
8 accountants licensed under section seventy-four hundred five of the
9 education law. Although firms may include non-licensee owners, the firm
10 and its owners must comply with rules promulgated by the state board of
11 regents. Notwithstanding the provisions of this paragraph, a firm
12 incorporated under this section may not have non-licensee owners if the
13 firm's name includes the words "certified public accountant," or "certi-
14 fied public accountants," or the abbreviations "CPA" or "CPAs". Each
15 non-licensee owner of a firm that is incorporated under this section
16 shall be a natural person who actively participates in the business of
17 the firm or its affiliated entities. For purposes of this subdivision,
18 "actively participate" means to provide services to clients or to other-
19 wise individually take part in the day-to-day business or management of
20 the firm. Such a firm shall have attached to its certificate of incorpo-
21 ration a certificate or certificates demonstrating the firm's compliance
22 with this paragraph, in lieu of the certificate or certificates required
23 by subparagraph (ii) of paragraph (b) of this section.

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

26 (c) Any firm established for the business purpose of incorporating as
27 a professional service corporation pursuant to paragraph (h) of section
28 fifteen hundred three of this article may issue shares to individuals
29 who are authorized by law to practice in this state a profession which
30 such corporation is authorized to practice and who are or have been
31 engaged in the practice of such profession in such corporation or a
32 predecessor entity, or who will engage in the practice of such profes-
33 sion in such corporation within thirty days of the date such shares are
34 issued and may also issue shares to employees of the corporation not
35 licensed as certified public accountants, provided that:

36 (i) at least fifty-one percent of the outstanding shares of stock of
37 the corporation are owned by certified public accountants,

38 (ii) at least fifty-one percent of the directors are certified public
39 accountants,

40 (iii) at least fifty-one percent of the officers are certified public
41 accountants,

42 (iv) the president, the chairperson of the board of directors and the
43 chief executive officer or officers are certified public accountants.

44 No shareholder of a firm established for the business purpose of incor-
45 porating as a professional service corporation pursuant to paragraph (h)
46 of section fifteen hundred three of this article shall enter into a
47 voting trust agreement, proxy or any other type of agreement vesting in
48 another person, other than another shareholder of the same corporation,
49 the authority to exercise voting power of any or all of his or her
50 shares. All shares issued, agreements made or proxies granted in
51 violation of this section shall be void.

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

54 (c) The directors and officers of any firm established for the busi-
55 ness purpose of incorporating as a professional service corporation
56 pursuant to paragraph (h) of section fifteen hundred three of this arti-

1 cle may include individuals who are not licensed to practice public
2 accountancy, provided however that at least fifty-one percent of the
3 directors, at least fifty-one percent of the officers and the president,
4 the chairperson of the board of directors and the chief executive offi-
5 cer or officers are authorized by law to practice in this state a
6 profession which such corporation is authorized to practice, and are
7 either shareholders of such corporation or engaged in the practice of
8 their professions in such corporation.

9 § 5. Section 1509 of the business corporation law, as amended by chap-
10 ter 550 of the laws of 2011, is amended to read as follows:

11 § 1509. Disqualification of shareholders, directors, officers and
12 employees.

13 If any shareholder, director, officer or employee of a professional
14 service corporation, including a design professional service corpo-
15 ration, or any firm established for the business purpose of incorporat-
16 ing as a professional service corporation pursuant to paragraph (h) of
17 section fifteen hundred three of this article, who has been rendering
18 professional service to the public becomes legally disqualified to prac-
19 tice his profession within this state, he or she shall sever all employ-
20 ment with, and financial interests (other than interests as a creditor)
21 in, such corporation forthwith or as otherwise provided in section 1510
22 of this article. All provisions of law regulating the rendering of
23 professional services by a person elected or appointed to a public
24 office shall be applicable to a shareholder, director, officer and
25 employee of such corporation in the same manner and to the same extent
26 as if fully set forth herein. Such legal disqualification to practice
27 his or her profession within this state shall be deemed to constitute an
28 irrevocable offer by the disqualified shareholder to sell his or her
29 shares to the corporation, pursuant to the provisions of section 1510 of
30 this article or of the certificate of incorporation, by-laws or agree-
31 ment among the corporation and all shareholders, whichever is applica-
32 ble. Compliance with the terms of such offer shall be specifically
33 enforceable in the courts of this state. A professional service corpo-
34 ration's failure to enforce compliance with this provision shall consti-
35 tute a ground for forfeiture of its certificate of incorporation and its
36 dissolution.

37 § 6. Paragraph (a) of section 1511 of the business corporation law, as
38 amended by chapter 550 of the laws of 2011, is amended and a new para-
39 graph (c) is added to read as follows:

40 (a) No shareholder of a professional service corporation [~~or~~], includ-
41 ing a design professional service corporation, or any firm established
42 for the business purpose of incorporating as a professional service
43 corporation pursuant to paragraph (h) of section fifteen hundred three
44 of this article, may sell or transfer his or her shares in such corpo-
45 ration except to another individual who is eligible to have shares
46 issued to him or her by such corporation or except in trust to another
47 individual who would be eligible to receive shares if he or she were
48 employed by the corporation. Nothing herein contained shall be construed
49 to prohibit the transfer of shares by operation of law or by court
50 decree. No transferee of shares by operation of law or court decree may
51 vote the shares for any purpose whatsoever except with respect to corpo-
52 rate action under sections 909 and 1001 of this chapter. The restriction
53 in the preceding sentence shall not apply, however, where such transfer-
54 ee would be eligible to have shares issued to him or her if he or she
55 were an employee of the corporation and, if there are other sharehold-
56 ers, a majority of such other shareholders shall fail to redeem the

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

25 (c) A firm established for the business purpose of incorporating as a
26 professional service corporation pursuant to paragraph (h) of section
27 fifteen hundred three of this article, shall purchase or redeem the
28 shares of a non-licensed professional shareholder in the case of his or
29 her termination of employment within thirty days after such termination.
30 A firm established for the business purpose of incorporating as a
31 professional service corporation pursuant to paragraph (h) of section
32 fifteen hundred three of this article, shall not be required to purchase
33 or redeem the shares of a terminated non-licensed professional shareholder
34 if such shares, within thirty days after such termination, are
35 sold or transferred to another employee of the corporation pursuant to
36 this article.

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

40 (a) Notwithstanding any other provision of law, the name of a professional
41 service corporation, including a design professional service corporation
42 corporation and any firm established for the business purpose of incorporating
43 as a professional service corporation pursuant to paragraph (h) of section
44 fifteen hundred three of this article, may contain any word
45 which, at the time of incorporation, could be used in the name of a
46 partnership practicing a profession which the corporation is authorized
47 to practice, and may not contain any word which could not be used by
48 such a partnership. Provided, however, the name of a professional
49 service corporation may not contain the name of a deceased person unless

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

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

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

1 (c) Each firm established for the business purpose of incorporating as
2 a professional service corporation pursuant to paragraph (h) of section
3 fifteen hundred three of this article shall, at least once every three
4 years on or before the date prescribed by the licensing authority,
5 furnish a statement to the licensing authority listing the names and
6 residence addresses of each shareholder, director and officer of such
7 corporation and certify as the date of certification and at all times
8 over the entire three year period that:

9 (i) at least fifty-one percent of the outstanding shares of stock of
10 the corporation are and were owned by certified public accountants,

11 (ii) at least fifty-one percent of the directors are and were certi-
12 fied public accountants,

13 (iii) at least fifty-one percent of the officers are and were certi-
14 fied public accountants,

15 (iv) the president, the chairperson of the board of directors and the
16 chief executive officer or officers are and were certified public
17 accountants.

18 The statement shall be signed by the president or any certified public
19 accountant vice-president and attested to by the secretary or any
20 assistant secretary of the corporation.

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

23 (d) "Foreign professional service corporation" means a professional
24 service corporation, whether or not denominated as such, organized under
25 the laws of a jurisdiction other than this state, all of the sharehold-
26 ers, directors and officers of which are authorized and licensed to
27 practice the profession for which such corporation is licensed to do
28 business; except that all shareholders, directors and officers of a
29 foreign professional service corporation which provides health services
30 in this state shall be licensed in this state. Notwithstanding any other
31 provision of law a foreign professional service corporation formed to
32 lawfully engage in the practice of public accountancy, as such practice
33 is defined under article one hundred forty-nine of the education law, or
34 equivalent state law, shall be required to show (1) that a simple major-
35 ity of the ownership of the firm, in terms of financial interests,
36 including ownership-based compensation, and voting rights held by the
37 firm's owners, belongs to individuals licensed to practice public
38 accountancy in some state, and (2) that all shareholders of a foreign
39 professional service corporation whose principal place of business is in
40 this state, and who are engaged in the practice of public accountancy in
41 this state, hold a valid license issued under section seventy-four
42 hundred four of the education law or are public accountants licensed
43 under section seventy-four hundred five of the education law. Although
44 firms may include non-licensee owners, the firm and its owners must
45 comply with rules promulgated by the state board of regents. Notwith-
46 standing the foregoing, a firm registered under this section may not
47 have non-licensee owners if the firm's name includes the words "certi-
48 fied public accountant," or "certified public accountants," or the
49 abbreviations "CPA" or "CPAs." Each non-licensee owner of a firm that is
50 operating under this section shall be a natural person who actively
51 participates in the business of the firm or its affiliated entities,
52 provided each beneficial owner of an equity interest in such entity is a
53 natural person who actively participates in the business conducted by
54 the firm or its affiliated entities. For purposes of this subdivision,
55 "actively participate" means to provide services to clients or to other-

1 wise individually take part in the day-to-day business or management of
2 the firm.

3 § 10. Subdivision (q) of section 121-1500 of the partnership law, as
4 amended by chapter 475 of the laws of 2014, is amended to read as
5 follows:

6 (q) Each partner of a registered limited liability partnership formed
7 to provide medical services in this state must be licensed pursuant to
8 article 131 of the education law to practice medicine in this state and
9 each partner of a registered limited liability partnership formed to
10 provide dental services in this state must be licensed pursuant to arti-
11 cle 133 of the education law to practice dentistry in this state. Each
12 partner of a registered limited liability partnership formed to provide
13 veterinary services in this state must be licensed pursuant to article
14 135 of the education law to practice veterinary medicine in this state.

15 Each partner of a registered limited liability partnership formed to
16 provide public accountancy services, whose principal place of business
17 is in this state and who provides public accountancy services, must be
18 licensed pursuant to article 149 of the education law to practice public
19 accountancy in this state. Each partner of a registered limited liabil-

20 ity partnership formed to provide professional engineering, land survey-
21 ing, geological services, architectural and/or landscape architectural
22 services in this state must be licensed pursuant to article 145, article
23 147 and/or article 148 of the education law to practice one or more of
24 such professions in this state. Each partner of a registered limited
25 liability partnership formed to provide licensed clinical social work
26 services in this state must be licensed pursuant to article 154 of the
27 education law to practice clinical social work in this state. Each part-
28 ner of a registered limited liability partnership formed to provide
29 creative arts therapy services in this state must be licensed pursuant
30 to article 163 of the education law to practice creative arts therapy in
31 this state. Each partner of a registered limited liability partnership
32 formed to provide marriage and family therapy services in this state
33 must be licensed pursuant to article 163 of the education law to prac-
34 tice marriage and family therapy in this state. Each partner of a regis-
35 tered limited liability partnership formed to provide mental health
36 counseling services in this state must be licensed pursuant to article
37 163 of the education law to practice mental health counseling in this
38 state. Each partner of a registered limited liability partnership formed
39 to provide psychoanalysis services in this state must be licensed pursu-
40 ant to article 163 of the education law to practice psychoanalysis in
41 this state. Each partner of a registered limited liability partnership
42 formed to provide applied behavior analysis service in this state must
43 be licensed or certified pursuant to article 167 of the education law to
44 practice applied behavior analysis in this state. Notwithstanding any

45 other provisions of law a limited liability partnership formed to
46 lawfully engage in the practice of public accountancy, as such practice
47 is respectively defined under article 149 of the education law, shall be
48 required to show (1) that a simple majority of the ownership of the
49 firm, in terms of financial interests, including ownership-based compen-
50 sation, and voting rights held by the firm's owners, belongs to individ-
51 uals licensed to practice public accountancy in some state, and (2) that
52 all partners of a limited liability partnership whose principal place of
53 business is in this state, and who are engaged in the practice of public
54 accountancy in this state, hold a valid license issued under section
55 seventy-four hundred four of the education law or are public accountants
56 licensed under section seventy-four hundred five of the education law.

1 Although firms may include non-licensee owners, the firm and its owners
2 must comply with rules promulgated by the state board of regents.
3 Notwithstanding the foregoing, a firm registered under this section may
4 not have non-licensee owners if the firm's name includes the words
5 "certified public accountant," or "certified public accounts," or the
6 abbreviations "CPA" or "CPAs." Each non-licensee owner of a firm that is
7 incorporated under this section shall be (1) a natural person who
8 actively participates in the business of the firm or its affiliated
9 entities, or (2) an entity, including, but not limited to, a partnership
10 or professional corporation, provided each beneficial owner of an equity
11 interest in such entity is a natural person who actively participates in
12 the business conducted by the firm or its affiliated entities. For
13 purposes of this subdivision, "actively participate" means to provide
14 services to clients or to otherwise individually take part in the day-
15 to-day business or management of the firm.

16 § 11. Subdivision (q) of section 121-1502 of the partnership law, as
17 amended by chapter 475 of the laws of 2014, is amended to read as
18 follows:

19 (q) Each partner of a foreign limited liability partnership which
20 provides medical services in this state must be licensed pursuant to
21 article 131 of the education law to practice medicine in the state and
22 each partner of a foreign limited liability partnership which provides
23 dental services in the state must be licensed pursuant to article 133 of
24 the education law to practice dentistry in this state. Each partner of a
25 foreign limited liability partnership which provides veterinary service
26 in the state shall be licensed pursuant to article 135 of the education
27 law to practice veterinary medicine in this state. Each partner of a
28 foreign limited liability partnership which provides professional engi-
29 neering, land surveying, geological services, architectural and/or land-
30 scape architectural services in this state must be licensed pursuant to
31 article 145, article 147 and/or article 148 of the education law to
32 practice one or more of such professions. Each partner of a foreign
33 registered limited liability partnership formed to provide public
34 accountancy services, whose principal place of business is in this state
35 and who provides public accountancy services, must be licensed pursuant
36 to article 149 of the education law to practice public accountancy in
37 this state. Each partner of a foreign limited liability partnership
38 which provides licensed clinical social work services in this state must
39 be licensed pursuant to article 154 of the education law to practice
40 licensed clinical social work in this state. Each partner of a foreign
41 limited liability partnership which provides creative arts therapy
42 services in this state must be licensed pursuant to article 163 of the
43 education law to practice creative arts therapy in this state. Each
44 partner of a foreign limited liability partnership which provides
45 marriage and family therapy services in this state must be licensed
46 pursuant to article 163 of the education law to practice marriage and
47 family therapy in this state. Each partner of a foreign limited liabil-
48 ity partnership which provides mental health counseling services in this
49 state must be licensed pursuant to article 163 of the education law to
50 practice mental health counseling in this state. Each partner of a
51 foreign limited liability partnership which provides psychoanalysis
52 services in this state must be licensed pursuant to article 163 of the
53 education law to practice psychoanalysis in this state. Each partner of
54 a foreign limited liability partnership which provides applied behavior
55 analysis services in this state must be licensed or certified pursuant
56 to article 167 of the education law to practice applied behavior analy-

sis in this state. Notwithstanding any other provisions of law a foreign limited liability 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 partners of a foreign limited liability 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 licence 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 of regents. 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.

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

(h) "Limited partnership" and "domestic limited partnership" mean, unless the context otherwise requires, a partnership (i) formed by two or more persons pursuant to this article or which complies with subdivision (a) of section 121-1202 of this article and (ii) having one or more general partners and one or more limited partners. Notwithstanding any other provisions of law a limited partnership or domestic limited 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 partners of a limited partnership or domestic limited 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 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 of regents. 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 registered 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.

§ 13. Subdivision (b) of section 1207 of the limited liability company law, as amended by chapter 475 of the laws of 2014, 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, landscape architectural and/or geological 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

1 counseling in this state. With respect to a professional service limited
2 liability company formed to provide psychoanalysis services as such
3 services are defined in article 163 of the education law, each member of
4 such limited liability company must be licensed pursuant to article 163
5 of the education law to practice psychoanalysis in this state. With
6 respect to a professional service limited liability company formed to
7 provide applied behavior analysis services as such services are defined
8 in article 167 of the education law, each member of such limited liabil-
9 ity company must be licensed or certified pursuant to article 167 of the
10 education law to practice applied behavior analysis in this state.

11 Notwithstanding any other provisions of law a professional service
12 limited liability company formed to lawfully engage in the practice of
13 public accountancy, as such practice is respectively defined under arti-
14 cle 149 of the education law shall be required to show (1) that a simple
15 majority of the ownership of the firm, in terms of financial interests,
16 including ownership-based compensation, and voting rights held by the
17 firm's owners, belongs to individuals licensed to practice public
18 accountancy in some state, and (2) that all members of a limited profes-
19 sional service limited liability company, whose principal place of busi-
20 ness is in this state, and who are engaged in the practice of public
21 accountancy in this state, hold a valid license issued under section
22 seventy-four hundred four of the education law or are public accountants
23 licensed under section seventy-four hundred five of the education law.
24 Although firms may include non-licensee owners, the firm and its owners
25 must comply with rules promulgated by the state board of regents.
26 Notwithstanding the foregoing, a firm registered under this section may
27 not have non-licensee owners if the firm's name includes the words
28 "certified public accountant," or "certified public accountants," or the
29 abbreviations "CPA" or "CPAs." Each non-licensee owner of a firm that is
30 registered under this section shall be (1) a natural person who actively
31 participates in the business of the firm or its affiliated entities, or
32 (2) an entity, including, but not limited to, a partnership or profes-
33 sional corporation, provided each beneficial owner of an equity interest
34 in such entity is a natural person who actively participates in the
35 business conducted by the firm or its affiliated entities. For purposes
36 of this subdivision, "actively participate" means to provide services to
37 clients or to otherwise individually take part in the day-to-day busi-
38 ness or management of the firm.

39 § 14. Subdivision (a) of section 1301 of the limited liability company
40 law, as amended by chapter 475 of the laws of 2014, is amended to read
41 as follows:

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

1 service limited liability company within thirty days of the date such
2 professional becomes a member, or (ii) authorized by, or holding a
3 license, certificate, registration or permit issued by the licensing
4 authority pursuant to, the education law to render a professional
5 service within this state; except that all members and managers, if any,
6 of a foreign professional service limited liability company that
7 provides health services in this state shall be licensed in this state.
8 With respect to a foreign professional service limited liability company
9 which provides veterinary services as such services are defined in arti-
10 cle 135 of the education law, each member of such foreign professional
11 service limited liability company shall be licensed pursuant to article
12 135 of the education law to practice veterinary medicine. With respect
13 to a foreign professional service limited liability company which
14 provides medical services as such services are defined in article 131 of
15 the education law, each member of such foreign professional service
16 limited liability company must be licensed pursuant to article 131 of
17 the education law to practice medicine in this state. With respect to a
18 foreign professional service limited liability company which provides
19 dental services as such services are defined in article 133 of the
20 education law, each member of such foreign professional service limited
21 liability company must be licensed pursuant to article 133 of the educa-
22 tion law to practice dentistry in this state. With respect to a foreign
23 professional service limited liability company which provides profes-
24 sional engineering, land surveying, geologic, architectural and/or land-
25 scape architectural services as such services are defined in article
26 145, article 147 and article 148 of the education law, each member of
27 such foreign professional service limited liability company must be
28 licensed pursuant to article 145, article 147 and/or article 148 of the
29 education law to practice one or more of such professions in this state.
30 With respect to a foreign professional service limited liability company
31 which provides public accountancy services as such services are defined
32 in article 149 of the education law, each member of such foreign profes-
33 sional service limited liability company whose principal place of busi-
34 ness is in this state and who provides public accountancy services,
35 shall be licensed pursuant to article 149 of the education law to prac-
36 tice public accountancy in this state. With respect to a foreign profes-
37 sional service limited liability company which provides licensed clin-
38 ical social work services as such services are defined in article 154 of
39 the education law, each member of such foreign professional service
40 limited liability company shall be licensed pursuant to article 154 of
41 the education law to practice clinical social work in this state. With
42 respect to a foreign professional service limited liability company
43 which provides creative arts therapy services as such services are
44 defined in article 163 of the education law, each member of such foreign
45 professional service limited liability company must be licensed pursuant
46 to article 163 of the education law to practice creative arts therapy in
47 this state. With respect to a foreign professional service limited
48 liability company which provides marriage and family therapy services as
49 such services are defined in article 163 of the education law, each
50 member of such foreign professional service limited liability company
51 must be licensed pursuant to article 163 of the education law to prac-
52 tice marriage and family therapy in this state. With respect to a
53 foreign professional service limited liability company which provides
54 mental health counseling services as such services are defined in arti-
55 cle 163 of the education law, each member of such foreign professional
56 service limited liability company must be licensed pursuant to article

1 163 of the education law to practice mental health counseling in this
2 state. With respect to a foreign professional service limited liability
3 company which provides psychoanalysis services as such services are
4 defined in article 163 of the education law, each member of such foreign
5 professional service limited liability company must be licensed pursuant
6 to article 163 of the education law to practice psychoanalysis in this
7 state. With respect to a foreign professional service limited liability
8 company which provides applied behavior analysis services as such
9 services are defined in article 167 of the education law, each member of
10 such foreign professional service limited liability company must be
11 licensed or certified pursuant to article 167 of the education law to
12 practice applied behavior analysis in this state. Notwithstanding any
13 other provisions of law a foreign professional service limited liability
14 company formed to lawfully engage in the practice of public accountancy,
15 as such practice is respectively defined under article 149 of the educa-
16 tion law shall be required to show (1) that a simple majority of the
17 ownership of the firm, in terms of financial interests, including owner-
18 ship-based compensation, and voting rights held by the firm's owners,
19 belongs to individuals licensed to practice public accountancy in some
20 state, and (2) that all members of a foreign limited professional
21 service limited liability company, whose principal place of business is
22 in this state, and who are engaged in the practice of public accountancy
23 in this state, hold a valid license issued under section seventy-four
24 hundred four of the education law or are public accountants licensed
25 under section seventy-four hundred five of the education law. Although
26 firms may include non-licensee owners, the firm and its owners must
27 comply with rules promulgated by the state board of regents. Notwith-
28 standing the foregoing, a firm registered under this section may not
29 have non-licensee owners if the firm's name includes the words "certi-
30 fied public accountant," or "certified public accountants," or the
31 abbreviations "CPA" or "CPAs." Each non-licensee owner of a firm that is
32 registered under this section shall be (1) a natural person who actively
33 participates in the business of the firm or its affiliated entities, or
34 (2) an entity, including, but not limited to, a partnership or profes-
35 sional corporation, provided each beneficial owner of an equity interest
36 in such entity is a natural person who actively participates in the
37 business conducted by the firm or its affiliated entities. For purposes
38 of this subdivision, "actively participate" means to provide services to
39 clients or to otherwise individually take part in the day-to-day busi-
40 ness or management of the firm.

41 § 15. This act shall take effect immediately.