

STATE OF NEW YORK

3842

2019-2020 Regular Sessions

IN SENATE

February 19, 2019

Introduced by Sens. STAVISKY, LAVALLE -- read twice and ordered printed,
and when printed to be committed 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 Assem-
bly, 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
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
20 place of business is in this state, and who are engaged in the practice
21 of public accountancy in this state, hold a valid license issued under
22 section seventy-four hundred four of the education law or are public
23 accountants licensed under section seventy-four hundred five of the
24 education law. Although firms may include non-licensee owners, the firm

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

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1 and its owners must comply with rules promulgated by the state board of
2 regents. Notwithstanding the provisions of this paragraph, a firm
3 incorporated under this section may not have non-licensee owners if the
4 firm's name includes the words "certified public accountant," or "certi-
5 fied public accountants," or the abbreviations "CPA" or "CPAs". Each
6 non-licensee owner of a firm that is incorporated under this section
7 shall be a natural person who actively participates in the business of
8 the firm or its affiliated entities. For purposes of this subdivision,
9 "actively participate" means to provide services to clients or to other-
10 wise individually take part in the day-to-day business or management of
11 the firm. Such a firm shall have attached to its certificate of incorpo-
12 ration a certificate or certificates demonstrating the firm's compliance
13 with this paragraph, in lieu of the certificate or certificates required
14 by subparagraph (ii) of paragraph (b) of this section.

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

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

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

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

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

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

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

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

45 (c) The directors and officers of any firm established for the busi-
46 ness purpose of incorporating as a professional service corporation
47 pursuant to paragraph (h) of section fifteen hundred three of this arti-
48 cle may include individuals who are not licensed to practice public
49 accountancy, provided however that at least fifty-one percent of the
50 directors, at least fifty-one percent of the officers and the president,
51 the chairperson of the board of directors and the chief executive offi-
52 cer or officers are authorized by law to practice in this state a
53 profession which such corporation is authorized to practice, and are
54 either shareholders of such corporation or engaged in the practice of
55 their professions in such corporation.

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

§ 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 or she 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 or her profession within this state shall be deemed to constitute an irrevocable offer by the disqualified shareholder to sell his or her 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.

§ 6. Paragraph (a) of section 1511 of the business corporation law, as amended by chapter 550 of the laws of 2011, is amended and a 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 or her shares in such corporation except to another individual who is eligible to have shares issued to him or her by such corporation or except in trust to another individual who would be eligible to receive shares if he or she 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 or her if he or she 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 section 1510 of this article, within sixty days of receiving written notice of such transfer. Any sale or transfer, except by operation of law or court decree or except for a corporation having only one shareholder, may be made only after the same shall have been approved by the board of directors, or at a shareholders' meeting specially called for such purpose by such proportion, not less than a majority, of the outstanding shares as may be provided in the certificate of incorporation or in the by-laws of such professional

1 service corporation. At such shareholders' meeting the shares held by
2 the shareholder proposing to sell or transfer his or her shares may not
3 be voted or counted for any purpose, unless all shareholders consent
4 that such shares be voted or counted. The certificate of incorporation
5 or the by-laws of the professional service corporation, or the profes-
6 sional service corporation and the shareholders by private agreement,
7 may provide, in lieu of or in addition to the foregoing provisions, for
8 the alienation of shares and may require the redemption or purchase of
9 such shares by such corporation at prices and in a manner specifically
10 set forth therein. The existence of the restrictions on the sale or
11 transfer of shares, as contained in this article and, if applicable, in
12 the certificate of incorporation, by-laws, stock purchase or stock
13 redemption agreement, shall be noted conspicuously on the face or back
14 of every certificate for shares issued by a professional service corpo-
15 ration. Any sale or transfer in violation of such restrictions shall be
16 void.

17 (c) A firm established for the business purpose of incorporating as a
18 professional service corporation pursuant to paragraph (h) of section
19 fifteen hundred three of this article, shall purchase or redeem the
20 shares of a non-licensed professional shareholder in the case of his or
21 her termination of employment within thirty days after such termination.
22 A firm established for the business purpose of incorporating as a
23 professional service corporation pursuant to paragraph (h) of section
24 fifteen hundred three of this article, shall not be required to purchase
25 or redeem the shares of a terminated non-licensed professional share-
26 holder if such shares, within thirty days after such termination, are
27 sold or transferred to another employee of the corporation pursuant to
28 this article.

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

32 (a) Notwithstanding any other provision of law, the name of a profes-
33 sional service corporation, including a design professional service
34 corporation and any firm established for the business purpose of incor-
35 porating as a professional service corporation pursuant to paragraph (h)
36 of section fifteen hundred three of this article, may contain any word
37 which, at the time of incorporation, could be used in the name of a
38 partnership practicing a profession which the corporation is authorized
39 to practice, and may not contain any word which could not be used by
40 such a partnership. Provided, however, the name of a professional
41 service corporation may not contain the name of a deceased person unless

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

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

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

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

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

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

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

7 (iv) the president, the chairperson of the board of directors and the
8 chief executive officer or officers are and were certified public
9 accountants.

10 The statement shall be signed by the president or any certified public
11 accountant vice-president and attested to by the secretary or any
12 assistant secretary of the corporation.

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

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

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

53 (q) Each partner of a registered limited liability partnership formed
54 to provide medical services in this state must be licensed pursuant to
55 article 131 of the education law to practice medicine in this state and
56 each partner of a registered limited liability partnership formed to

1 provide dental services in this state must be licensed pursuant to arti-
2 cle 133 of the education law to practice dentistry in this state. Each
3 partner of a registered limited liability partnership formed to provide
4 veterinary services in this state must be licensed pursuant to article
5 135 of the education law to practice veterinary medicine in this state.

6 Each partner of a registered limited liability partnership formed to
7 provide public accountancy services, whose principal place of business
8 is in this state and who provides public accountancy services, must be
9 licensed pursuant to article 149 of the education law to practice public

10 accountancy in this state. Each partner of a registered limited liabil-
11 ity partnership formed to provide professional engineering, land survey-
12 ing, geological services, architectural and/or landscape architectural
13 services in this state must be licensed pursuant to article 145, article
14 147 and/or article 148 of the education law to practice one or more of
15 such professions in this state. Each partner of a registered limited
16 liability partnership formed to provide licensed clinical social work
17 services in this state must be licensed pursuant to article 154 of the
18 education law to practice clinical social work in this state. Each part-
19 ner of a registered limited liability partnership formed to provide
20 creative arts therapy services in this state must be licensed pursuant
21 to article 163 of the education law to practice creative arts therapy in
22 this state. Each partner of a registered limited liability partnership
23 formed to provide marriage and family therapy services in this state
24 must be licensed pursuant to article 163 of the education law to prac-
25 tice marriage and family therapy in this state. Each partner of a regis-
26 tered limited liability partnership formed to provide mental health
27 counseling services in this state must be licensed pursuant to article
28 163 of the education law to practice mental health counseling in this
29 state. Each partner of a registered limited liability partnership formed
30 to provide psychoanalysis services in this state must be licensed pursu-
31 ant to article 163 of the education law to practice psychoanalysis in
32 this state. Each partner of a registered limited liability partnership
33 formed to provide applied behavior analysis service in this state must
34 be licensed or certified pursuant to article 167 of the education law to
35 practice applied behavior analysis in this state. Notwithstanding any

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

48 Although firms may include non-licensee owners, the firm and its owners
49 must comply with rules promulgated by the state board of regents.
50 Notwithstanding the foregoing, a firm registered under this section may
51 not have non-licensee owners if the firm's name includes the words
52 "certified public accountant," or "certified public accounts," or the
53 abbreviations "CPA" or "CPAs." Each non-licensee owner of a firm that is
54 incorporated under this section shall be (1) a natural person who
55 actively participates in the business of the firm or its affiliated
56 entities, or (2) an entity, including, but not limited to, a partnership

1 or professional corporation, provided each beneficial owner of an equity
2 interest in such entity is a natural person who actively participates in
3 the business conducted by the firm or its affiliated entities. For
4 purposes of this subdivision, "actively participate" means to provide
5 services to clients or to otherwise individually take part in the day-
6 to-day business or management of the firm.

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

10 (q) Each partner of a foreign limited liability partnership which
11 provides medical services in this state must be licensed pursuant to
12 article 131 of the education law to practice medicine in the state and
13 each partner of a foreign limited liability partnership which provides
14 dental services in the state must be licensed pursuant to article 133 of
15 the education law to practice dentistry in this state. Each partner of a
16 foreign limited liability partnership which provides veterinary service
17 in the state shall be licensed pursuant to article 135 of the education
18 law to practice veterinary medicine in this state. Each partner of a
19 foreign limited liability partnership which provides professional engi-
20 neering, land surveying, geological services, architectural and/or land-
21 scape architectural services in this state must be licensed pursuant to
22 article 145, article 147 and/or article 148 of the education law to
23 practice one or more of such professions. Each partner of a foreign
24 registered limited liability partnership formed to provide public
25 accountancy services, whose principal place of business is in this state
26 and who provides public accountancy services, must be licensed pursuant
27 to article 149 of the education law to practice public accountancy in
28 this state. Each partner of a foreign limited liability partnership
29 which provides licensed clinical social work services in this state must
30 be licensed pursuant to article 154 of the education law to practice
31 licensed clinical social work in this state. Each partner of a foreign
32 limited liability partnership which provides creative arts therapy
33 services in this state must be licensed pursuant to article 163 of the
34 education law to practice creative arts therapy in this state. Each
35 partner of a foreign limited liability partnership which provides
36 marriage and family therapy services in this state must be licensed
37 pursuant to article 163 of the education law to practice marriage and
38 family therapy in this state. Each partner of a foreign limited liabil-
39 ity partnership which provides mental health counseling services in this
40 state must be licensed pursuant to article 163 of the education law to
41 practice mental health counseling in this state. Each partner of a
42 foreign limited liability partnership which provides psychoanalysis
43 services in this state must be licensed pursuant to article 163 of the
44 education law to practice psychoanalysis in this state. Each partner of
45 a foreign limited liability partnership which provides applied behavior
46 analysis services in this state must be licensed or certified pursuant
47 to article 167 of the education law to practice applied behavior analy-
48 sis in this state. Notwithstanding any other provisions of law a
49 foreign limited liability partnership formed to lawfully engage in the
50 practice of public accountancy, as such practice is respectively defined
51 under article 149 of the education law, shall be required to show (1)
52 that a simple majority of the ownership of the firm, in terms of finan-
53 cial interests, including ownership-based compensation, and voting
54 rights held by the firm's owners, belongs to individuals licensed to
55 practice public accountancy in some state, and (2) that all partners of
56 a foreign limited liability partnership whose principal place of busi-

ness 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 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 company formed to provide applied behavior analysis services as such services are defined

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

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

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

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

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

34 § 15. This act shall take effect immediately.