

STATE OF NEW YORK

5261

2021-2022 Regular Sessions

IN SENATE

March 1, 2021

Introduced by Sens. KENNEDY, HELMING -- read twice and ordered printed,
and when printed to be committed to the Committee on Corporations,
Authorities and Commissions

AN ACT to amend the business corporation law, in relation to providing
for expanded ownership in design professional corporations by employee
stock ownership plans and non-licensed employees

The People of the State of New York, represented in Senate and Assem-
bly, do enact as follows:

1 Section 1. Subparagraphs (i) and (ii) of paragraph (b-1) of section
2 1503 of the business corporation law, as added by chapter 550 of the
3 laws of 2011, are amended to read as follows:

4 (i) greater than seventy-five percent of the outstanding shares of
5 stock of the corporation are owned by design professionals and an ESOP
6 (or ESOPs) with greater than seventy-five percent of the plan's voting
7 trustees or greater than seventy-five percent of the plan's committee
8 members being design professionals,

9 (ii) an ESOP, either in part or in its entirety, shall not constitute
10 part of the greater than seventy-five percent owned by design profes-
11 sionals unless greater than seventy-five percent of the plan's voting
12 trustees or greater than seventy-five percent of the plan's committee
13 members are design professionals,

14 § 2. Subparagraphs (i) and (ii) of paragraph (b) of section 1507 of
15 the business corporation law, as added by chapter 550 of the laws of
16 2011, are amended to read as follows:

17 (i) greater than seventy-five percent of the outstanding shares of
18 stock of the corporation are owned by design professionals and an ESOP
19 (or ESOPs) with greater than seventy-five percent of the plan's voting
20 trustees or greater than seventy-five percent of the plan's committee
21 members being design professionals,

22 (ii) an ESOP, either in part or in its entirety, shall not constitute
23 part of the greater than seventy-five percent owned by design profes-

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

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1 sionals unless greater than seventy-five percent of the plan's voting
2 trustees or greater than seventy-five percent of the plan's committee
3 members are design professionals,

4 § 3. Subparagraph (i) of paragraph (b) of section 1514 of the business
5 corporation law, as added by chapter 550 of the laws of 2011, is amended
6 to read as follows:

7 (i) greater than seventy-five percent of the outstanding shares of
8 stock of the corporation are and were owned by design professionals and
9 an ESOP (or ESOPs) with greater than seventy-five percent of the plan's
10 voting trustees or greater than seventy-five percent of the plan's
11 committee members being design professionals,

12 § 4. Paragraph (a) of section 1505 of the business corporation law, as
13 amended by chapter 550 of the laws of 2011, is amended to read as
14 follows:

15 (a) (i) Each shareholder, employee or agent of a professional service
16 corporation and a design professional service corporation shall be
17 personally and fully liable and accountable for any negligent or wrong-
18 ful act or misconduct committed by him or by any person under his direct
19 supervision and control while rendering professional services on behalf
20 of such corporation.

21 (ii) An employee stock ownership plan owning greater than twenty-five
22 percent of the outstanding shares of a design professional service
23 corporation organized under paragraph (b-1) of section fifteen hundred
24 three of this article shall be under the supervision of the regents of
25 the university of the state of New York and be subject to disciplinary
26 proceedings and penalties, and its authority to hold shares of such
27 corporation shall be subject to suspension, revocation or annulment for
28 cause, in the same manner and to the same extent as is provided with
29 respect to individuals and their licenses, certificates, and registra-
30 tions in title eight of the education law relating to the applicable
31 profession.

32 § 5. This act shall take effect immediately.