

STATE OF NEW YORK

2473

2023-2024 Regular Sessions

IN SENATE

January 20, 2023

Introduced by Sen. STAVISKY -- read twice and ordered printed, and when printed to be committed to the Committee on Higher Education

AN ACT to amend 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 1503 of the business corporation law is amended by
2 adding a new paragraph (h) to read as follows:

3 (h) Any firm established for the business purpose of incorporating as
4 a professional service corporation formed to lawfully engage in the
5 practice of public accountancy, as such practice is respectively defined
6 under article one hundred forty-nine of the education law shall be
7 required to show (1) that a simple majority of the ownership of the
8 firm, in terms of financial interests, and voting rights held by the
9 firm's owners, belongs to individuals licensed to practice public
10 accountancy in some state, and (2) that all shareholders of a profes-
11 sional service corporation whose principal place of business is in this
12 state, and who are engaged in the practice of public accountancy in this
13 state, hold a valid license issued under section seventy-four hundred
14 four of the education law. For purposes of this paragraph, "financial
15 interest" means capital stock, capital accounts, capital contributions,
16 capital interest, or interest in undistributed earnings of a business
17 entity. Although firms may include non-licensee owners, the firm and
18 its owners must comply with rules promulgated by the state board of
19 regents. Notwithstanding the foregoing, a firm incorporated under this
20 section may not have non-licensee owners if the firm's name includes the
21 words "certified public accountant," or "certified public accountants,"
22 or the abbreviations "CPA" or "CPAs". Each non-licensee owner of a firm
23 that is incorporated under this section shall be a natural person who
24 actively participates in the business of the firm or its affiliated

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

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1 entities. For purposes of this subdivision, "actively participate" means
2 to provide services to clients or to otherwise individually take part in
3 the day-to-day business or management of the firm. Such a firm shall
4 have attached to its certificate of incorporation a certificate or
5 certificates demonstrating the firm's compliance with this paragraph, in
6 lieu of the certificate or certificates required by subparagraph (ii) of
7 paragraph (b) of this section.

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

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

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

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

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

26 (iv) the president, the chairperson of the board of directors and the
27 chief executive officer or officers are certified public accountants.
28 No shareholder of a firm established for the business purpose of incor-
29 porating as a professional service corporation pursuant to paragraph (h)
30 of section fifteen hundred three of this article shall enter into a
31 voting trust agreement, proxy or any other type of agreement vesting in
32 another person, other than another shareholder of the same corporation,
33 the authority to exercise voting power of any or all of his or her
34 shares. All shares issued, agreements made or proxies granted in
35 violation of this section shall be void.

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

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

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

51 § 1509. Disqualification of shareholders, directors, officers and
52 employees.

53 If any shareholder, director, officer or employee of a professional
54 service corporation, including a design professional service corpo-
55 ration, who has been rendering professional service to the public
56 becomes legally disqualified to practice his or her profession within

1 this state, he or she shall sever all employment with, and financial
2 interests (other than interests as a creditor) in, such corporation
3 forthwith or as otherwise provided in section 1510 of this article. All
4 provisions of law regulating the rendering of professional services by a
5 person elected or appointed to a public office shall be applicable to a
6 shareholder, director, officer and employee of such corporation in the
7 same manner and to the same extent as if fully set forth herein. Such
8 legal disqualification to practice his or her profession within this
9 state shall be deemed to constitute an irrevocable offer by the disqual-
10 ified shareholder to sell his or her shares to the corporation, pursuant
11 to the provisions of section 1510 of this article or of the certificate
12 of incorporation, by-laws or agreement among the corporation and all
13 shareholders, whichever is applicable. Compliance with the terms of such
14 offer shall be specifically enforceable in the courts of this state. A
15 professional service corporation's failure to enforce compliance with
16 this provision shall constitute a ground for forfeiture of its certifi-
17 cate of incorporation and its dissolution.

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

21 (a) No shareholder of a professional service corporation [~~or~~], includ-
22 ing a design professional service corporation, may sell or transfer his
23 or her shares in such corporation except to another individual who is
24 eligible to have shares issued to him or her by such corporation or
25 except in trust to another individual who would be eligible to receive
26 shares if he or she were employed by the corporation. Nothing herein
27 contained shall be construed to prohibit the transfer of shares by oper-
28 ation of law or by court decree. No transferee of shares by operation
29 of law or court decree may vote the shares for any purpose whatsoever
30 except with respect to corporate action under sections 909 and 1001 of
31 this chapter. The restriction in the preceding sentence shall not apply,
32 however, where such transferee would be eligible to have shares issued
33 to him or her if he or she were an employee of the corporation and, if
34 there are other shareholders, a majority of such other shareholders
35 shall fail to redeem the shares so transferred, pursuant to section 1510
36 of this article, within sixty days of receiving written notice of such
37 transfer. Any sale or transfer, except by operation of law or court
38 decree or except for a corporation having only one shareholder, may be
39 made only after the same shall have been approved by the board of direc-
40 tors, or at a shareholders' meeting specially called for such purpose by
41 such proportion, not less than a majority, of the outstanding shares as
42 may be provided in the certificate of incorporation or in the by-laws of
43 such professional service corporation. At such shareholders' meeting the
44 shares held by the shareholder proposing to sell or transfer his or her
45 shares may not be voted or counted for any purpose, unless all share-
46 holders consent that such shares be voted or counted. The certificate of
47 incorporation or the by-laws of the professional service corporation, or
48 the professional service corporation and the shareholders by private
49 agreement, may provide, in lieu of or in addition to the foregoing
50 provisions, for the alienation of shares and may require the redemption
51 or purchase of such shares by such corporation at prices and in a manner
52 specifically set forth therein. The existence of the restrictions on the
53 sale or transfer of shares, as contained in this article and, if appli-
54 cable, in the certificate of incorporation, by-laws, stock purchase or
55 stock redemption agreement, shall be noted conspicuously on the face or
56 back of every certificate for shares issued by a professional service

1 corporation. Any sale or transfer in violation of such restrictions
2 shall be void.

3 (c) A firm established for the business purpose of incorporating as a
4 professional service corporation pursuant to paragraph (h) of section
5 fifteen hundred three of this article, shall purchase or redeem the
6 shares of a non-licensed professional shareholder in the case of his or
7 her termination of employment within thirty days after such termination.
8 A firm established for the business purpose of incorporating as a
9 professional service corporation pursuant to paragraph (h) of section
10 fifteen hundred three of this article, shall not be required to purchase
11 or redeem the shares of a terminated non-licensed professional share-
12 holder if such shares, within thirty days after such termination, are
13 sold or transferred to another employee of the corporation pursuant to
14 this article.

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

17 (c) Each 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 shall, at least once every three
20 years on or before the date prescribed by the licensing authority,
21 furnish a statement to the licensing authority listing the names and
22 residence addresses of each shareholder, director and officer of such
23 corporation and certify as the date of certification and at all times
24 over the entire three year period that:

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

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

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

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

34 The statement shall be signed by the president or any certified public
35 accountant vice-president and attested to by the secretary or any
36 assistant secretary of the corporation.

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

39 (d) "Foreign professional service corporation" means a professional
40 service corporation, whether or not denominated as such, organized under
41 the laws of a jurisdiction other than this state, all of the sharehold-
42 ers, directors and officers of which are authorized and licensed to
43 practice the profession for which such corporation is licensed to do
44 business; except that all shareholders, directors and officers of a
45 foreign professional service corporation which provides health services
46 in this state shall be licensed in this state. A foreign professional
47 service corporation formed to lawfully engage in the practice of public
48 accountancy, as such practice is defined under article one hundred
49 forty-nine of the education law, or equivalent state law, shall be
50 required to show (1) that a simple majority of the ownership of the
51 firm, in terms of financial interests, and voting rights held by the
52 firm's owners, belongs to individuals licensed to practice public
53 accountancy in some state, and (2) that all shareholders of a foreign
54 professional service corporation whose principal place of business is in
55 this state, and who are engaged in the practice of public accountancy in
56 this state, hold a valid license issued under section seventy-four

1 hundred four of the education law. For purposes of this paragraph,
2 "financial interest" means capital stock, capital accounts, capital
3 contributions, capital interest, or interest in undistributed earnings
4 of a business entity. Although firms may include non-licensee owners,
5 the firm and its owners must comply with rules promulgated by the state
6 board of regents. Notwithstanding the foregoing, a firm registered
7 under this section may not have non-licensee owners if the firm's name
8 includes the words "certified public accountant," or "certified public
9 accountants," or the abbreviations "CPA" or "CPAs". Each non-licensee
10 owner of a firm that is operating under this section shall be a natural
11 person who actively participates in the business of the firm or its
12 affiliated entities, provided each beneficial owner of an equity inter-
13 est in such entity is a natural person who actively participates in the
14 business conducted by the firm or its affiliated entities. For purposes
15 of this paragraph, "actively participate" means to provide services to
16 clients or to otherwise individually take part in the day-to-day busi-
17 ness or management of the firm.

18 § 8. Subdivision (q) of section 121-1500 of the partnership law, as
19 amended by chapter 475 of the laws of 2014, is amended to read as
20 follows:

21 (q) Each partner of a registered limited liability partnership formed
22 to provide medical services in this state must be licensed pursuant to
23 article 131 of the education law to practice medicine in this state and
24 each partner of a registered limited liability partnership formed to
25 provide dental services in this state must be licensed pursuant to arti-
26 cle 133 of the education law to practice dentistry in this state. Each
27 partner of a registered limited liability partnership formed to provide
28 veterinary services in this state must be licensed pursuant to article
29 135 of the education law to practice veterinary medicine in this state.
30 Each partner of a registered limited liability partnership formed to
31 provide public accountancy services, whose principal place of business
32 is in this state and who provides public accountancy services, must be
33 licensed pursuant to article 149 of the education law to practice public
34 accountancy in this state. Each partner of a registered limited liabil-
35 ity partnership formed to provide professional engineering, land survey-
36 ing, geological services, architectural and/or landscape architectural
37 services in this state must be licensed pursuant to article 145, article
38 147 and/or article 148 of the education law to practice one or more of
39 such professions in this state. Each partner of a registered limited
40 liability partnership formed to provide licensed clinical social work
41 services in this state must be licensed pursuant to article 154 of the
42 education law to practice clinical social work in this state. Each part-
43 ner of a registered limited liability partnership formed to provide
44 creative arts therapy services in this state must be licensed pursuant
45 to article 163 of the education law to practice creative arts therapy in
46 this state. Each partner of a registered limited liability partnership
47 formed to provide marriage and family therapy services in this state
48 must be licensed pursuant to article 163 of the education law to prac-
49 tice marriage and family therapy in this state. Each partner of a regis-
50 tered limited liability partnership formed to provide mental health
51 counseling services in this state must be licensed pursuant to article
52 163 of the education law to practice mental health counseling in this
53 state. Each partner of a registered limited liability partnership formed
54 to provide psychoanalysis services in this state must be licensed pursu-
55 ant to article 163 of the education law to practice psychoanalysis in
56 this state. Each partner of a registered limited liability partnership

formed to provide applied behavior analysis service in this state must be licensed or certified pursuant to article 167 of the education law to practice applied behavior analysis in this state. A 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, 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 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 license issued under section seventy-four hundred four of the education law. For purposes of this subdivision, "financial interest" means capital stock, capital accounts, capital contributions, capital interest, or interest in undistributed earnings of a business entity. 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 accounts," or the abbreviations "CPA" or "CPAs". Each non-licensee owner of a firm that is formed 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.

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

(q) Each partner of a foreign limited liability partnership which provides medical services in this state must be licensed pursuant to article 131 of the education law to practice medicine in the state and each partner of a foreign limited liability partnership which provides dental services in the state must be licensed pursuant to article 133 of the education law to practice dentistry in this state. Each partner of a foreign limited liability partnership which provides veterinary service in the state shall be licensed pursuant to article 135 of the education law to practice veterinary medicine in this state. Each partner of a foreign limited liability partnership which provides professional engineering, land surveying, geological services, architectural and/or landscape architectural services in this state must be licensed pursuant to article 145, article 147 and/or article 148 of the education law to practice one or more of such professions. Each partner of a foreign registered limited liability partnership formed to provide public accountancy services, 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. Each partner of a foreign limited liability partnership which provides licensed clinical social work services in this state must be licensed pursuant to article 154 of the education law to practice licensed clinical social work in this state. Each partner of a foreign limited liability partnership which provides creative arts therapy

services in this state must be licensed pursuant to article 163 of the education law to practice creative arts therapy in this state. Each partner of a foreign limited liability partnership which provides marriage and family therapy services in this state must be licensed pursuant to article 163 of the education law to practice marriage and family therapy in this state. Each partner of a foreign limited liability partnership which provides mental health counseling services in this state must be licensed pursuant to article 163 of the education law to practice mental health counseling in this state. Each partner of a foreign limited liability partnership which provides psychoanalysis services in this state must be licensed pursuant to article 163 of the education law to practice psychoanalysis in this state. Each partner of a foreign limited liability partnership which provides applied behavior analysis services in this state must be licensed or certified pursuant to article 167 of the education law to practice applied behavior analysis in this state. 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, 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 license issued under section seventy-four hundred four of the education law. For purposes of this subdivision, "financial interest" means capital stock, capital accounts, capital contributions, capital interest, or interest in undistributed earnings of a business entity. 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 formed 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.

§ 10. 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.

§ 11. 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

1 licensed clinical social work in this state. With respect to a profes-
2 sional service limited liability company formed to provide creative arts
3 therapy services as such services are defined in article 163 of the
4 education law, each member of such limited liability company must be
5 licensed pursuant to article 163 of the education law to practice crea-
6 tive arts therapy in this state. With respect to a professional service
7 limited liability company formed to provide marriage and family therapy
8 services as such services are defined in article 163 of the education
9 law, each member of such limited liability company must be licensed
10 pursuant to article 163 of the education law to practice marriage and
11 family therapy in this state. With respect to a professional service
12 limited liability company formed to provide mental health counseling
13 services as such services are defined in article 163 of the education
14 law, each member of such limited liability company must be licensed
15 pursuant to article 163 of the education law to practice mental health
16 counseling in this state. With respect to a professional service limited
17 liability company formed to provide psychoanalysis services as such
18 services are defined in article 163 of the education law, each member of
19 such limited liability company must be licensed pursuant to article 163
20 of the education law to practice psychoanalysis in this state. With
21 respect to a professional service limited liability company formed to
22 provide applied behavior analysis services as such services are defined
23 in article 167 of the education law, each member of such limited liabil-
24 ity company must be licensed or certified pursuant to article 167 of the
25 education law to practice applied behavior analysis in this state. A
26 professional service limited liability company formed to lawfully engage
27 in the practice of public accountancy, as such practice is respectively
28 defined under article 149 of the education law shall be required to show
29 (1) that a simple majority of the ownership of the firm, in terms of
30 financial interests, and voting rights held by the firm's owners,
31 belongs to individuals licensed to practice public accountancy in some
32 state, and (2) that all members of a limited professional service limit-
33 ed liability company, whose principal place of business is in this
34 state, and who are engaged in the practice of public accountancy in this
35 state, hold a valid license issued under section seventy-four hundred
36 four of the education law. For purposes of this subdivision, "financial
37 interest" means capital stock, capital accounts, capital contributions,
38 capital interest, or interest in undistributed earnings of a business
39 entity. Although firms may include non-licensee owners, the firm and
40 its owners must comply with rules promulgated by the state board of
41 regents. Notwithstanding the foregoing, a firm registered under this
42 section may not have non-licensee owners if the firm's name includes the
43 words "certified public accountant," or "certified public accountants,"
44 or the abbreviations "CPA" or "CPAs". Each non-licensee owner of a firm
45 that is registered under this section shall be (1) a natural person who
46 actively participates in the business of the firm or its affiliated
47 entities, or (2) an entity, including, but not limited to, a partnership
48 or professional corporation, provided each beneficial owner of an equity
49 interest in such entity is a natural person who actively participates in
50 the business conducted by the firm or its affiliated entities. For
51 purposes of this subdivision, "actively participate" means to provide
52 services to clients or to otherwise individually take part in the day-
53 to-day business or management of the firm.

54 § 12. Subdivision (a) of section 1301 of the limited liability company
55 law, as amended by chapter 475 of the laws of 2014, is amended to read
56 as follows:

1 (a) "Foreign professional service limited liability company" means a
2 professional service limited liability company, whether or not denomi-
3 nated as such, organized under the laws of a jurisdiction other than
4 this state, (i) each of whose members and managers, if any, is a profes-
5 sional authorized by law to render a professional service within this
6 state and who is or has been engaged in the practice of such profession
7 in such professional service limited liability company or a predecessor
8 entity, or will engage in the practice of such profession in the profes-
9 sional service limited liability company within thirty days of the date
10 such professional becomes a member, or each of whose members and manag-
11 ers, if any, is a professional at least one of such members is author-
12 ized by law to render a professional service within this state and who
13 is or has been engaged in the practice of such profession in such
14 professional service limited liability company or a predecessor entity,
15 or will engage in the practice of such profession in the professional
16 service limited liability company within thirty days of the date such
17 professional becomes a member, or (ii) authorized by, or holding a
18 license, certificate, registration or permit issued by the licensing
19 authority pursuant to, the education law to render a professional
20 service within this state; except that all members and managers, if any,
21 of a foreign professional service limited liability company that
22 provides health services in this state shall be licensed in this state.
23 With respect to a foreign professional service limited liability company
24 which provides veterinary services as such services are defined in arti-
25 cle 135 of the education law, each member of such foreign professional
26 service limited liability company shall be licensed pursuant to article
27 135 of the education law to practice veterinary medicine. With respect
28 to a foreign professional service limited liability company which
29 provides medical services as such services are defined in article 131 of
30 the education law, each member of such foreign professional service
31 limited liability company must be licensed pursuant to article 131 of
32 the education law to practice medicine in this state. With respect to a
33 foreign professional service limited liability company which provides
34 dental services as such services are defined in article 133 of the
35 education law, each member of such foreign professional service limited
36 liability company must be licensed pursuant to article 133 of the educa-
37 tion law to practice dentistry in this state. With respect to a foreign
38 professional service limited liability company which provides profes-
39 sional engineering, land surveying, geologic, architectural and/or land-
40 scape architectural services as such services are defined in article
41 145, article 147 and article 148 of the education law, each member of
42 such foreign professional service limited liability company must be
43 licensed pursuant to article 145, article 147 and/or article 148 of the
44 education law to practice one or more of such professions in this state.
45 With respect to a foreign professional service limited liability company
46 which provides public accountancy services as such services are defined
47 in article 149 of the education law, each member of such foreign profes-
48 sional service limited liability company whose principal place of busi-
49 ness is in this state and who provides public accountancy services,
50 shall be licensed pursuant to article 149 of the education law to prac-
51 tice public accountancy in this state. With respect to a foreign profes-
52 sional service limited liability company which provides licensed clin-
53 ical social work services as such services are defined in article 154 of
54 the education law, each member of such foreign professional service
55 limited liability company shall be licensed pursuant to article 154 of
56 the education law to practice clinical social work in this state. With

1 respect to a foreign professional service limited liability company
2 which provides creative arts therapy services as such services are
3 defined in article 163 of the education law, each member of such foreign
4 professional service limited liability company must be licensed pursuant
5 to article 163 of the education law to practice creative arts therapy in
6 this state. With respect to a foreign professional service limited
7 liability company which provides marriage and family therapy services as
8 such services are defined in article 163 of the education law, each
9 member of such foreign professional service limited liability company
10 must be licensed pursuant to article 163 of the education law to prac-
11 tice marriage and family therapy in this state. With respect to a
12 foreign professional service limited liability company which provides
13 mental health counseling services as such services are defined in arti-
14 cle 163 of the education law, each member of such foreign professional
15 service limited liability company must be licensed pursuant to article
16 163 of the education law to practice mental health counseling in this
17 state. With respect to a foreign professional service limited liability
18 company which provides psychoanalysis services as such services are
19 defined in article 163 of the education law, each member of such foreign
20 professional service limited liability company must be licensed pursuant
21 to article 163 of the education law to practice psychoanalysis in this
22 state. With respect to a foreign professional service limited liability
23 company which provides applied behavior analysis services as such
24 services are defined in article 167 of the education law, each member of
25 such foreign professional service limited liability company must be
26 licensed or certified pursuant to article 167 of the education law to
27 practice applied behavior analysis in this state. A foreign professional
28 service limited liability company formed to lawfully engage in the prac-
29 tice of public accountancy, as such practice is respectively defined
30 under article 149 of the education law shall be required to show (1)
31 that a simple majority of the ownership of the firm, in terms of finan-
32 cial interests, and voting rights held by the firm's owners, belongs to
33 individuals licensed to practice public accountancy in some state, and
34 (2) that all members of a foreign limited professional service limited
35 liability company, whose principal place of business is in this state,
36 and who are engaged in the practice of public accountancy in this state,
37 hold a valid license issued under section seventy-four hundred four of
38 the education law. For purposes of this subdivision, "financial inter-
39 est" means capital stock, capital accounts, capital contributions, capi-
40 tal interest, or interest in undistributed earnings of a business enti-
41 ty. Although firms may include non-licensee owners, the firm and its
42 owners must comply with rules promulgated by the state board of regents.
43 Notwithstanding the foregoing, a firm registered under this section may
44 not have non-licensee owners if the firm's name includes the words
45 "certified public accountant," or "certified public accountants," or the
46 abbreviations "CPA" or "CPAs". Each non-licensee owner of a firm that is
47 registered under this section shall be (1) a natural person who actively
48 participates in the business of the firm or its affiliated entities, or
49 (2) an entity, including, but not limited to, a partnership or profes-
50 sional corporation, provided each beneficial owner of an equity interest
51 in such entity is a natural person who actively participates in the
52 business conducted by the firm or its affiliated entities. For purposes
53 of this subdivision, "actively participate" means to provide services to
54 clients or to otherwise individually take part in the day-to-day busi-
55 ness or management of the firm.

1 § 13. Notwithstanding any other provision of law to the contrary,
2 there is hereby established a fee for each non-licensee owner of a firm
3 that is registered in this state to lawfully engage in the practice of
4 public accountancy. Such non-licensee owner shall pay a fee of nine
5 hundred dollars to the department of education on a triennial basis.
6 § 14. This act shall take effect immediately.