STATE OF NEW YORK

3350--A

2025-2026 Regular Sessions

IN SENATE

January 27, 2025

Introduced by Sen. SCARCELLA-SPANTON -- read twice and ordered printed, and when printed to be committed to the Committee on Corporations, Authorities and Commissions -- recommitted to the Committee on Corporations, Authorities and Commissions in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the limited liability company law, the business corporation law, the partnership law, the education law and the public health law, in relation to authorizing certain licensed health services professionals to form limited liability companies

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

Section 1. Subdivision (a) of section 1203 of the limited liability company law, as amended by chapter 475 of the laws of 2014, is amended to read as follows:

(a) Notwithstanding the education law or any other provision of law, one or more professionals each of whom is authorized by law to render a professional service within the state, or one or more professionals, at least one of whom is authorized by law to render a professional service within the state, may form, or cause to be formed, a professional service limited liability company for pecuniary profit under this article for the purpose of rendering the professional service or services as such professionals are authorized to practice. 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. **Notwithstanding any other provision of this section, any person licensed pursuant to article 131 of the education law to practice medicine and any person licensed pursuant to articles 132, 137, 140, 141, 143, 144, 153, 154, 155, 156, 163, 167 or subdivision 3 of section**

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

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6902 of article 139 of the education law may form, or cause to be formed, a professional service limited liability company to provide multidisciplinary services with one or more licensed professionals, subject to the following conditions: (i) each member of such limited liability company must be licensed pursuant to title eight of the education law to practice such member's profession in this state; (ii) each member shall only practice such member's profession as specified in such member's respective professional enabling statute under title eight of the education law; and (iii) any clinical integration of professional practices under this section shall not alter, expand or curtail the scope of practice of any of the members; provided further that: (A) no member shall, directly or indirectly, interfere with the clinical judgment or legitimate clinical practice of another member; and (B) no member shall order or direct another member to practice beyond the scope of such member's license. 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 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 in article 167 of the education law, each member of such limited liability company must be licensed or certified pursuant to article 167 of the education law to practice applied behavior analysis in this state.~~] In addition to engaging in such profession or professions, a professional service limited liability company may engage in any other business or activities as to which a limited liability company may be formed under section two hundred one of this chapter. Notwithstanding any other provision of this section, a professional service limited liability company (i) authorized to practice law may only engage in another profession or business or activities or (ii) which is engaged in a profession or other business or activities other than law may only engage in the practice of law, to the extent not prohibited by any other law of this state or any rule adopted by the appropriate appellate division of the supreme court or the court of appeals.

§ 2. Subdivision (b) of section 1207 of the limited liability company law, as amended by chapter 701 of the laws of 2023, 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. **Notwithstanding any other provision of this section, any person licensed pursuant to article 131 of the education law to practice medicine and any person licensed pursuant to articles 132, 137, 140, 141, 143, 144, 153, 154, 155, 156, 163, 167 or subdivision 3 of section 6902 of article 139 of the education law may form, or cause to be formed, a professional service limited liability company to provide multidisciplinary services with one or more licensed professionals, subject to the following conditions: (i) each member of such limited liability company must be licensed pursuant to title eight of the education law to practice such member's profession in this state; (ii) each member shall only practice such member's profession as specified in such member's respective professional enabling statute under title eight of the education law; and (iii) any clinical integration of professional practices under this section shall not alter, expand or curtail the scope of practice of any of the members; provided further that: (A) no member shall, directly or indirectly, interfere with the clinical judgement or legitimate clinical practice of another member; and (B) no member shall order or direct another member to practice beyond the scope of such member's license.** 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 in article 167 of the education law, each member of such limited liability company must be licensed or certified pursuant to article 167 of the education law to practice applied behavior analysis in this state.~~] A professional service limited liability company formed to lawfully engage in the practice of public accountancy as a firm, as such practice is 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 members of a limited professional service limited liability company, 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 registered with the education department may include non-licensee owners, a registered firm and its owners must comply with rules promulgated by the state board of regents. Notwithstanding the foregoing, a firm registered with the education department 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 or an affiliated entity.

§ 3. Subdivision (a) of section 1301 of the limited liability company law, as amended by chapter 701 of the laws of 2023, is amended to read as follows:

(a) "Foreign professional service limited liability company" means a professional service limited liability company, whether or not denominated as such, organized under the laws of a jurisdiction other than this state, (i) each of whose members and managers, if any, is a professional authorized by law to render a professional service within this state and who is or has been engaged in the practice of such profession in such professional service limited liability company or a predecessor entity, or will engage in the practice of such profession in the professional service limited liability company within thirty days of the date such professional becomes a member, or each of whose members and managers, if any, is a professional at least one of such members is authorized by law to render a professional service within this state and who is or has been engaged in the practice of such profession in such professional service limited liability company or a predecessor entity, or will engage in the practice of such profession in the professional service limited liability company within thirty days of the date such professional becomes a member, or (ii) authorized by, or holding a license, certificate, registration or permit issued by the licensing authority pursuant to, the education law to render a professional service within this state; except that all members and managers, if any, of a foreign professional service limited liability company that provides health services in this state shall be licensed in this state. With respect to a foreign professional service limited liability company which provides veterinary services as such services are defined in article 135 of the education law, each member of such foreign professional service limited liability company shall be licensed pursuant to article 135 of the education law to practice veterinary medicine. With respect to a foreign professional service limited liability company which provides medical services as such services are defined in article 131 of the education law, each member of such foreign professional service limited liability company must be licensed pursuant to article 131 of the education law to practice medicine in this state. **Notwithstanding any other provision of this section, any person licensed pursuant to article 131 of the education law to practice medicine and any person licensed pursuant to articles 132, 137, 140, 141, 143, 144, 153, 154, 155, 156, 163, 167 or subdivision 3 of section 6902 of article 139 of the education law may form, or cause to be formed, a foreign professional service limited liability company to provide multidisciplinary services with one or more licensed professionals, subject to the following conditions: (i) each member of such limited liability company must be licensed pursuant to title eight of the education law to practice such member's profession in this state; (ii) each member shall only practice such member's profession as specified in such member's respec-**

tive professional enabling statute under title eight of the education law; and (iii) any clinical integration of professional practices under this section shall not alter, expand or curtail the scope of practice of any of the members; provided further that: (A) no member shall, directly or indirectly, interfere with the clinical judgment or legitimate clinical practice of another member; and (B) no member shall order or direct another member to practice beyond the scope of such member's license. With respect to a foreign professional service limited liability company which provides dental services as such services are defined in article 133 of the education law, each member of such foreign professional service limited liability company must be licensed pursuant to article 133 of the education law to practice dentistry in this state. With respect to a foreign professional service limited liability company which provides professional engineering, land surveying, geologic, architectural and/or landscape architectural services as such services are defined in article 145, article 147 and article 148 of the education law, each member of such foreign professional service 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 foreign professional service limited liability company which provides public accountancy services as such services are defined in article 149 of the education law, each member of such foreign professional service limited liability company whose principal place of business is in this state and who provides public accountancy services, shall be licensed pursuant to article 149 of the education law to practice public accountancy in this state. [~~With respect to a foreign professional service limited liability company which provides licensed clinical social work services as such services are defined in article 154 of the education law, each member of such foreign professional service limited liability company shall be licensed pursuant to article 154 of the education law to practice clinical social work in this state.~~] With respect to a foreign professional service limited liability company which provides creative arts therapy services as such services are defined in article 163 of the education law, each member of such foreign professional service 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 foreign professional service limited liability company which provides marriage and family therapy services as such services are defined in article 163 of the education law, each member of such foreign professional service 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 foreign professional service limited liability company which provides mental health counseling services as such services are defined in article 163 of the education law, each member of such foreign professional service 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 foreign professional service limited liability company which provides psychoanalysis services as such services are defined in article 163 of the education law, each member of such foreign professional service limited liability company must be licensed pursuant to article 163 of the education law to practice psychoanalysis in this state. [~~With respect to a foreign professional service limited liability company which provides applied behavior analysis services as such services are defined in article 167 of the education law, each member of such foreign professional service limited~~

~~liability company must be licensed or certified pursuant to article 167 of the education law to practice applied behavior analysis in this state.~~] A foreign professional service limited liability company formed to lawfully engage in the practice of public accountancy as a firm, as such practice is 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 members of a foreign limited professional service limited liability company, 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 registered with the education department may include non-licensee owners, a registered firm and its owners must comply with rules promulgated by the state board of regents. Notwithstanding the foregoing, a firm registered with the education department 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 or an affiliated entity.

§ 4. Paragraph (a) of section 1503 of the business corporation law, as amended by chapter 475 of the laws of 2014, is amended to read as follows:

(a) Notwithstanding any other provision of law, **(i)** one or more individuals duly authorized by law to render the same professional service within the state may organize, or cause to be organized, a professional service corporation for pecuniary profit under this article for the purpose of rendering the same professional service, except that one or more individuals duly authorized by law to practice professional engineering, architecture, landscape architecture, land surveying or geology within the state may organize, or cause to be organized, a professional service corporation or a design professional service corporation for pecuniary profit under this article for the purpose of rendering such professional services as such individuals are authorized to practice**, and (ii) one or more individuals licensed to practice pursuant to article one hundred thirty-one and one or more individuals licensed pursuant to articles one hundred thirty-two, one hundred thirty-seven, one hundred forty, one hundred forty-one, one hundred forty-three, one hundred forty-four, one hundred fifty-three, one hundred fifty-four, one hundred fifty-five, one hundred fifty-six, one hundred sixty-three, one hundred sixty-seven or subdivision three of section six thousand nine hundred two of article one hundred thirty-nine of title eight of the education law may organize, or cause to be organized, for business purposes only, a professional service corporation formed for pecuniary**

profit under this article for the purpose of rendering multidisciplinary services within such a corporation as such individuals are authorized to practice individually in such individual's respective professions, subject to the following conditions: (A) individual who organizes, or causes to organize, such corporation must be licensed pursuant to title eight of the education law to practice such individual's profession in this state; (B) each member shall only practice such member's profession as specified in such member's respective professional enabling statute under title eight of the education law; and (C) any clinical integration of professional practices under this section shall not alter, expand or curtail the scope of practice of any of the members; (D) no individual shall, directly or indirectly, interfere with the clinical judgment or legitimate clinical practice of another individual; and (E) no individual shall order or direct another individual to practice beyond the scope of such individual's license.

§ 5. Subdivision (q) of section 121-1500 of the partnership law, as amended by chapter 701 of the laws of 2023, is amended to read as follows:

(q) Each partner of a registered limited liability partnership formed to provide medical services in this state must be licensed pursuant to article 131 of the education law to practice medicine in this state [~~and each~~]. Notwithstanding any other provision of this section, any person licensed pursuant to article 131 of the education law to practice medicine and any person licensed pursuant to articles 132, 137, 140, 141, 143, 144, 153, 154, 155, 156, 163, 167 or subdivision 3 of section 6902 of article 139 of the education law may form, or cause to be formed, a registered limited liability partnership to provide multidisciplinary services with one or more licensed professionals, subject to the following conditions: (i) each partner of such limited liability partnership must be licensed pursuant to title eight of the education law to practice such partner's profession in this state; (ii) each partner shall only practice such partner's profession as specified in such partner's respective professional enabling statute under title eight of the education law; and (iii) any clinical integration of the professional practices under this section shall not alter, expand or curtail the scope of practice of any of the partners; provided further that: (A) no partner shall, directly or indirectly, interfere with the clinical judgment or legitimate clinical practice of another partner; and (B) no partner shall order or direct another partner to practice beyond the scope of such partner's license. Each partner of a registered limited liability partnership formed to provide dental services in this state must be licensed pursuant to article 133 of the education law to practice dentistry in this state. Each partner of a registered limited liability partnership formed to provide veterinary services in this state must be licensed pursuant to article 135 of the education law to practice veterinary medicine in this state. Each partner of a registered limited liability partnership formed to provide public accountancy services as a firm, 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 registered limited liability partnership formed to provide 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 in this state. [~~Each partner of a registered limited liability partner-~~

~~ship formed to provide licensed clinical social work services in this state must be licensed pursuant to article 154 of the education law to practice clinical social work in this state.~~] Each partner of a registered limited liability partnership formed to provide 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 registered limited liability partnership formed to provide 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 registered limited liability partnership formed to provide 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 registered limited liability partnership formed to provide 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 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 registered limited liability partnership formed to lawfully engage in the practice of public accountancy as a firm, as such practice is 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 registered with the education department 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 with the education department 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 or an affiliated entity.

§ 6. Subdivision (q) of section 121-1502 of the partnership law, as amended by chapter 701 of the laws of 2023, 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~~]**. Notwithstanding any other provision of this section, any person licensed pursuant to article 131 of the education law to practice medi-**

cine and any person licensed pursuant to articles 132, 137, 140, 141, 143, 144, 153, 154, 155, 156, 163, 167 or subdivision 3 of section 6902 of article 139 of the education law may form, or cause to be formed, a registered limited liability partnership to provide multidisciplinary services with one or more licensed professionals, subject to the following conditions: (i) each partner of such limited liability partnership must be licensed pursuant to title eight of the education law to practice such partner's profession in this state; (ii) each partner shall only practice such partner's profession as specified in such partner's respective professional enabling statute under title eight of the education law; and (iii) any clinical integration of the professional practices under this section shall not alter, expand or curtail the scope of practice of any of the partners; provided further that: (A) no partner shall, directly or indirectly, interfere with the clinical judgment or legitimate clinical practice of another partner; and (B) no partner shall order or direct another partner to practice beyond the scope of such partner's license. 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 limited liability partnership formed to provide public accountancy services as a firm, 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 a firm, as such practice is 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 the 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 registered with the education department may include non-licensee owners, a registered firm and its owners must comply with rules promulgated by the state board of regents. Notwithstanding the foregoing, a firm registered with the education department 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 that 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 or an affiliated entity.

§ 7. Section 6509-a of the education law, as amended by chapter 555 of the laws of 1993, is amended to read as follows:

§ 6509-a. Additional definition of professional misconduct; limited application. Notwithstanding any inconsistent provision of this article or of any other provision of law to the contrary, the license or registration of a person subject to the provisions of articles one hundred thirty-two, one hundred thirty-three, one hundred thirty-six, one hundred thirty-seven, one hundred thirty-nine, one hundred forty-one, one hundred forty-three, one hundred forty-four, one hundred fifty-six, one hundred fifty-nine and one hundred sixty-four of this chapter may be revoked, suspended or annulled or such person may be subject to any other penalty provided in section sixty-five hundred eleven of this article in accordance with the provisions and procedure of this article for the following:

That any person subject to the above enumerated articles, has directly or indirectly requested, received or participated in the division, transference, assignment, rebate, splitting or refunding of a fee for, or has directly requested, received or profited by means of a credit or other valuable consideration as a commission, discount or gratuity in connection with the furnishing of professional care, or service, including x-ray examination and treatment, or for or in connection with the sale, rental, supplying or furnishing of clinical laboratory services or supplies, x-ray laboratory services or supplies, inhalation therapy service or equipment, ambulance service, hospital or medical supplies, physiotherapy or other therapeutic service or equipment, artificial limbs, teeth or eyes, orthopedic or surgical appliances or supplies, optical appliances, supplies or equipment, devices for aid of hearing, drugs, medication or medical supplies or any other goods, services or supplies prescribed for medical diagnosis, care or treatment under this chapter, except payment, not to exceed thirty-three and one-third per centum of any fee received for x-ray examination, diagnosis or treat-

ment, to any hospital furnishing facilities for such examination, diagnosis or treatment. Nothing contained in this section shall prohibit such persons from practicing as partners, in groups or as a professional corporation or as a university faculty practice corporation nor from pooling fees and moneys received, either by the partnerships, professional corporations, university faculty practice corporations or groups by the individual members thereof, for professional services furnished by any individual professional member, or employee of such partnership, corporation or group, nor shall the professionals constituting the partnerships, corporations or groups be prohibited from sharing, dividing or apportioning the fees and moneys received by them or by the partnership, corporation or group in accordance with a partnership or other agreement; provided that no such practice as partners, corporations or in groups or pooling of fees or moneys received or shared, division or apportionment of fees shall be permitted with respect to care and treatment under the workers' compensation law except as expressly authorized by the workers' compensation law. **Nothing contained in this section shall prohibit a multidisciplinary services practice formed pursuant to subdivision (a) of section twelve hundred three of the limited liability company law, subdivision (b) of section twelve hundred seven of the limited liability company law, subdivision (a) of section thirteen hundred one of the limited liability company law, paragraph (a) of section fifteen hundred three of the business corporation law, subdivision (q) of section 121-1500 of the partnership law, or subdivision (q) of section 121-1502 of the partnership law from pooling fees or monies received.** Nothing contained in this chapter shall prohibit a medical or dental expense indemnity corporation pursuant to its contract with the subscriber from prorationing a medical or dental expense indemnity allowance among two or more professionals in proportion to the services rendered by each such professional at the request of the subscriber, provided that prior to payment thereof such professionals shall submit both to the medical or dental expense indemnity corporation and to the subscriber statements itemizing the services rendered by each such professional and the charges therefor.

§ 8. Subdivision 19 of section 6530 of the education law, as added by chapter 606 of the laws of 1991, is amended to read as follows:

19. Permitting any person to share in the fees for professional services, other than: a partner, employee, associate in a professional firm or corporation, professional subcontractor or consultant authorized to practice medicine, [~~or~~] a legally authorized trainee practicing under the supervision of a licensee**, or an authorized professional licensed pursuant to article one hundred thirty-one, one hundred thirty-two, one hundred thirty-seven, one hundred forty, one hundred forty-one, one hundred forty-three, one hundred forty-four, one hundred fifty-three, one hundred fifty-four, one hundred fifty-five, one hundred fifty-six, one hundred fifty-nine, one hundred sixty-three, one hundred sixty-seven or subdivision three of section sixty-nine hundred two of article one hundred thirty-nine of this chapter providing professional services in the same practice**. This prohibition shall include any arrangement or agreement whereby the amount received in payment for furnishing space, facilities, equipment or personnel services used by a licensee constitutes a percentage of, or is otherwise dependent upon, the income or receipts of the licensee from such practice, except as otherwise provided by law with respect to a facility licensed pursuant to article twenty-eight of the public health law or article thirteen of the mental hygiene law;

§ 9. Section 6531 of the education law, as amended by chapter 555 of the laws of 1993, is amended to read as follows:

§ 6531. Additional definition of professional misconduct, limited application. Notwithstanding any inconsistent provision of this article or any other provisions of law to the contrary, the license or registration of a person subject to the provisions of this article and article one hundred thirty-one-B of this chapter may be revoked, suspended, or annulled or such person may be subject to any other penalty provided in section two hundred thirty-a of the public health law in accordance with the provisions and procedures of this article for the following:

That any person subject to the above-enumerated articles has directly or indirectly requested, received or participated in the division, transference, assignment, rebate, splitting, or refunding of a fee for, or has directly requested, received or profited by means of a credit or other valuable consideration as a commission, discount or gratuity, in connection with the furnishing of professional care or service, including x-ray examination and treatment, or for or in connection with the sale, rental, supplying, or furnishing of clinical laboratory services or supplies, x-ray laboratory services or supplies, inhalation therapy service or equipment, ambulance service, hospital or medical supplies, physiotherapy or other therapeutic service or equipment, artificial limbs, teeth or eyes, orthopedic or surgical appliances or supplies, optical appliances, supplies, or equipment, devices for aid of hearing, drugs, medication, or medical supplies, or any other goods, services, or supplies prescribed for medical diagnosis, care, or treatment under this chapter, except payment, not to exceed thirty-three and one-third percent of any fee received for x-ray examination, diagnosis, or treatment, to any hospital furnishing facilities for such examination, diagnosis, or treatment. Nothing contained in this section shall prohibit such persons from practicing as partners, in groups or as a professional corporation or as a university faculty practice corporation, nor from pooling fees and moneys received, either by the partnerships, professional corporations, or university faculty practice corporations or groups by the individual members thereof, for professional services furnished by an individual professional member, or employee of such partnership, corporation, or group, nor shall the professionals constituting the partnerships, corporations or groups be prohibited from sharing, dividing, or apportioning the fees and moneys received by them or by the partnership, corporation, or group in accordance with a partnership or other agreement; provided that no such practice as partners, corporations, or groups, or pooling of fees or moneys received or shared, division or apportionment of fees shall be permitted with respect to and treatment under the workers' compensation law. **Nothing contained in this section shall prohibit a multidisciplinary services practice formed pursuant to subdivision (a) of section twelve hundred three of the limited liability company law, subdivision (b) of section twelve hundred seven of the limited liability company law, subdivision (a) of section thirteen hundred one of the limited liability company law, paragraph (a) of section fifteen hundred three of the business corporation law, subdivision (q) of section 121-1500 of the partnership law, or subdivision (q) of section 121-1502 of the partnership law from pooling fees or monies received.** Nothing contained in this chapter shall prohibit a corporation licensed pursuant to article forty-three of the insurance law pursuant to its contract with the subscribed from prorationing a medical or dental expenses indemnity allowance among two or more professionals in proportion to the services rendered by each such

professional at the request of the subscriber, provided that prior to payment thereof such professionals shall submit both to the corporation licensed pursuant to article forty-three of the insurance law and to the subscriber statements itemizing the services rendered by each such professional and the charges therefor.

§ 10. Subdivision 1 of section 2801 of the public health law, as amended by section 2 of part E of chapter 57 of the laws of 2023, is amended to read as follows:

1. "Hospital" means a facility or institution engaged principally in providing services by or under the supervision of a physician or, in the case of a dental clinic or dental dispensary, of a dentist, or, in the case of a midwifery birth center, of a midwife, for the prevention, diagnosis or treatment of human disease, pain, injury, deformity or physical condition, including, but not limited to, a general hospital, public health center, diagnostic center, treatment center, a rural emergency hospital under 42 USC 1395x(kkk), or successor provisions, dental clinic, dental dispensary, rehabilitation center other than a facility used solely for vocational rehabilitation, nursing home, tuberculosis hospital, chronic disease hospital, maternity hospital, midwifery birth center, lying-in-asylum, out-patient department, out-patient lodge, dispensary and a laboratory or central service facility serving one or more such institutions, but the term hospital shall not include an institution, sanitarium or other facility engaged principally in providing services for the prevention, diagnosis or treatment of mental disability and which is subject to the powers of visitation, examination, inspection and investigation of the department of mental hygiene except for those distinct parts of such a facility which provide hospital service. The provisions of this article shall not apply to a facility or institution engaged principally in providing services by or under the supervision of the bona fide members and adherents of a recognized religious organization whose teachings include reliance on spiritual means through prayer alone for healing in the practice of the religion of such organization and where services are provided in accordance with those teachings **or to a multidisciplinary services practice formed pursuant to subdivision (a) of section twelve hundred three of the limited liability company law, subdivision (b) of section twelve hundred seven of the limited liability company law, subdivision (a) of section thirteen hundred one of the limited liability company law, paragraph (a) of section fifteen hundred three of the business corporation law, subdivision (q) of section 121-1500 of the partnership law, or subdivision (q) of section 121-1502 of the partnership law**. No provision of this article or any other provision of law shall be construed to: (a) limit the volume of mental health, substance use disorder services or developmental disability services that can be provided by a provider of primary care services licensed under this article and authorized to provide integrated services in accordance with regulations issued by the commissioner in consultation with the commissioner of the office of mental health, the commissioner of the office of [~~alcoholism~~] **addiction services** and [~~substance abuse services~~] **supports** and the commissioner of the office for people with developmental disabilities, including regulations issued pursuant to subdivision seven of section three hundred sixty-five-l of the social services law or part L of chapter fifty-six of the laws of two thousand twelve; (b) require a provider licensed pursuant to article thirty-one of the mental hygiene law or certified pursuant to article sixteen or article thirty-two of the mental hygiene law to obtain an operating certificate from the department if such

provider has been authorized to provide integrated services in accordance with regulations issued by the commissioner in consultation with the commissioner of the office of mental health, the commissioner of the office of [~~alcoholism~~] addiction services and [~~substance abuse services~~] supports and the commissioner of the office for people with developmental disabilities, including regulations issued pursuant to subdivision seven of section three hundred sixty-five-l of the social services law or part L of chapter fifty-six of the laws of two thousand twelve.

§ 11. This act shall take effect on the thirtieth day after it shall have become a law.