

9771--B

I N A S S E M B L Y

May 22, 2014

Introduced by M. of A. ORTIZ, FAHY -- read once and referred to the Committee on Higher Education -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- again reported from said committee with amendments, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the education law, the business corporation law, the partnership law and the limited liability company law, in relation to certified public accountants

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Section 7408 of the education law is amended by adding a
2 new subdivision 6 to read as follows:

3 6. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, ANY FIRM ESTABLISHED TO
4 LAWFULLY ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTANCY PURSUANT TO ARTI-
5 CLE FIFTEEN OF THE BUSINESS CORPORATION LAW, ARTICLES ONE AND EIGHT-B OF
6 THE PARTNERSHIP LAW, OR ARTICLES TWELVE AND THIRTEEN OF THE LIMITED
7 LIABILITY COMPANY LAW SHALL BE DEEMED AUTHORIZED TO REGISTER PURSUANT TO
8 THIS SECTION.

9 S 2. Section 1503 of the business corporation law is amended by adding
10 a new paragraph (h) to read as follows:

11 (H) ANY FIRM ESTABLISHED FOR THE BUSINESS PURPOSE OF INCORPORATING AS
12 A PROFESSIONAL SERVICE CORPORATION FORMED TO LAWFULLY ENGAGE IN THE
13 PRACTICE OF PUBLIC ACCOUNTANCY, AS SUCH PRACTICE IS RESPECTIVELY DEFINED
14 UNDER ARTICLE ONE HUNDRED FORTY-NINE OF THE EDUCATION LAW SHALL BE
15 REQUIRED TO SHOW (1) THAT A SIMPLE MAJORITY OF THE OWNERSHIP OF THE
16 FIRM, IN TERMS OF FINANCIAL INTERESTS, INCLUDING OWNERSHIP-BASED COMPEN-
17 SATION, AND VOTING RIGHTS HELD BY THE FIRM'S OWNERS, BELONGS TO INDIVID-
18 UALS LICENSED TO PRACTICE PUBLIC ACCOUNTANCY IN SOME STATE, AND (2) THAT
19 ALL SHAREHOLDERS OF A PROFESSIONAL SERVICE CORPORATION WHOSE PRINCIPAL
20 PLACE OF BUSINESS IS IN THIS STATE, AND WHO ARE ENGAGED IN THE PRACTICE
21 OF PUBLIC ACCOUNTANCY IN THIS STATE, HOLD A VALID LICENSE ISSUED UNDER
22 SECTION SEVENTY-FOUR HUNDRED FOUR OF THE EDUCATION LAW OR ARE PUBLIC
23 ACCOUNTANTS LICENSED UNDER SECTION SEVENTY-FOUR HUNDRED FIVE OF THE
24 EDUCATION LAW. ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE FIRM

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

LBD10267-08-4

1 AND ITS OWNERS MUST COMPLY WITH RULES PROMULGATED BY THE STATE BOARD FOR
2 PUBLIC ACCOUNTANCY. NOTWITHSTANDING THE PROVISIONS OF THIS PARAGRAPH, A
3 FIRM INCORPORATED UNDER THIS SECTION MAY NOT HAVE NON-LICENSEE OWNERS IF
4 THE FIRM'S NAME INCLUDES THE WORDS "CERTIFIED PUBLIC ACCOUNTANT," OR
5 "CERTIFIED PUBLIC ACCOUNTANTS," OR THE ABBREVIATIONS "CPA" OR "CPAS".
6 EACH NON-LICENSEE OWNER OF A FIRM THAT IS INCORPORATED UNDER THIS
7 SECTION SHALL BE (1) A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN THE
8 BUSINESS OF THE FIRM OR ITS AFFILIATED ENTITIES, OR (2) AN ENTITY,
9 INCLUDING, BUT NOT LIMITED TO, A PARTNERSHIP OR PROFESSIONAL CORPO-
10 RATION, PROVIDED EACH BENEFICIAL OWNER OF AN EQUITY INTEREST IN SUCH
11 ENTITY IS A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN THE BUSINESS
12 CONDUCTED BY THE FIRM OR ITS AFFILIATED ENTITIES. FOR PURPOSES OF THIS
13 SUBDIVISION, "ACTIVELY PARTICIPATE" MEANS TO PROVIDE SERVICES TO CLIENTS
14 OR TO OTHERWISE INDIVIDUALLY TAKE PART IN THE DAY-TO-DAY BUSINESS OR
15 MANAGEMENT OF THE FIRM. SUCH A FIRM SHALL HAVE ATTACHED TO ITS CERTIF-
16 ICATE OF INCORPORATION A CERTIFICATE OR CERTIFICATES DEMONSTRATING THE
17 FIRM'S COMPLIANCE WITH THIS PARAGRAPH, IN LIEU OF THE CERTIFICATE OR
18 CERTIFICATES REQUIRED BY SUBPARAGRAPH (II) OF PARAGRAPH (B) OF THIS
19 SECTION.

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

22 (C) ANY FIRM ESTABLISHED FOR THE BUSINESS PURPOSE OF INCORPORATING AS
23 A PROFESSIONAL SERVICE CORPORATION PURSUANT TO PARAGRAPH (H) OF SECTION
24 FIFTEEN HUNDRED THREE OF THIS ARTICLE MAY ISSUE SHARES TO INDIVIDUALS
25 WHO ARE AUTHORIZED BY LAW TO PRACTICE IN THIS STATE A PROFESSION WHICH
26 SUCH CORPORATION IS AUTHORIZED TO PRACTICE AND WHO ARE OR HAVE BEEN
27 ENGAGED IN THE PRACTICE OF SUCH PROFESSION IN SUCH CORPORATION OR A
28 PREDECESSOR ENTITY, OR WHO WILL ENGAGE IN THE PRACTICE OF SUCH PROFES-
29 SION IN SUCH CORPORATION WITHIN THIRTY DAYS OF THE DATE SUCH SHARES ARE
30 ISSUED AND MAY ALSO ISSUE SHARES TO EMPLOYEES OF THE CORPORATION NOT
31 LICENSED AS CERTIFIED PUBLIC ACCOUNTANTS, PROVIDED THAT:

32 (I) AT LEAST FIFTY-ONE PERCENT OF THE OUTSTANDING SHARES OF STOCK OF
33 THE CORPORATION ARE OWNED BY CERTIFIED PUBLIC ACCOUNTANTS,

34 (II) AT LEAST FIFTY-ONE PERCENT OF THE DIRECTORS ARE CERTIFIED PUBLIC
35 ACCOUNTANTS,

36 (III) AT LEAST FIFTY-ONE PERCENT OF THE OFFICERS ARE CERTIFIED PUBLIC
37 ACCOUNTANTS,

38 (IV) THE PRESIDENT, THE CHAIRPERSON OF THE BOARD OF DIRECTORS AND THE
39 CHIEF EXECUTIVE OFFICER OR OFFICERS ARE CERTIFIED PUBLIC ACCOUNTANTS.
40 NO SHAREHOLDER OF A FIRM ESTABLISHED FOR THE BUSINESS PURPOSE OF INCOR-
41 PORATING AS A PROFESSIONAL SERVICE CORPORATION PURSUANT TO PARAGRAPH (H)
42 OF SECTION FIFTEEN HUNDRED THREE OF THIS ARTICLE SHALL ENTER INTO A
43 VOTING TRUST AGREEMENT, PROXY OR ANY OTHER TYPE OF AGREEMENT VESTING IN
44 ANOTHER PERSON, OTHER THAN ANOTHER SHAREHOLDER OF THE SAME CORPORATION,
45 THE AUTHORITY TO EXERCISE VOTING POWER OF ANY OR ALL OF HIS OR HER
46 SHARES. ALL SHARES ISSUED, AGREEMENTS MADE OR PROXIES GRANTED IN
47 VIOLATION OF THIS SECTION SHALL BE VOID.

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

50 (C) THE DIRECTORS AND OFFICERS OF ANY FIRM ESTABLISHED FOR THE BUSI-
51 NESS PURPOSE OF INCORPORATING AS A PROFESSIONAL SERVICE CORPORATION
52 PURSUANT TO PARAGRAPH (H) OF SECTION FIFTEEN HUNDRED THREE OF THIS ARTI-
53 CLE MAY INCLUDE INDIVIDUALS WHO ARE NOT LICENSED TO PRACTICE PUBLIC
54 ACCOUNTANCY, PROVIDED HOWEVER THAT AT LEAST FIFTY-ONE PERCENT OF THE
55 DIRECTORS, AT LEAST FIFTY-ONE PERCENT OF THE OFFICERS AND THE PRESIDENT,
56 THE CHAIRPERSON OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFI-

1 CER OR OFFICERS ARE AUTHORIZED BY LAW TO PRACTICE IN THIS STATE A
2 PROFESSION WHICH SUCH CORPORATION IS AUTHORIZED TO PRACTICE, AND ARE
3 EITHER SHAREHOLDERS OF SUCH CORPORATION OR ENGAGED IN THE PRACTICE OF
4 THEIR PROFESSIONS IN SUCH CORPORATION.

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

7 S 1509. Disqualification of shareholders, directors, officers and
8 employees.

9 If any shareholder, director, officer or employee of a professional
10 service corporation, including a design professional service corpo-
11 ration, OR ANY FIRM ESTABLISHED FOR THE BUSINESS PURPOSE OF INCORPORAT-
12 ING AS A PROFESSIONAL SERVICE CORPORATION PURSUANT TO PARAGRAPH (H) OF
13 SECTION FIFTEEN HUNDRED THREE OF THIS ARTICLE, who has been rendering
14 professional service to the public becomes legally disqualified to prac-
15 tice his profession within this state, he shall sever all employment
16 with, and financial interests (other than interests as a creditor) in,
17 such corporation forthwith or as otherwise provided in section 1510 of
18 this article. All provisions of law regulating the rendering of profes-
19 sional services by a person elected or appointed to a public office
20 shall be applicable to a shareholder, director, officer and employee of
21 such corporation in the same manner and to the same extent as if fully
22 set forth herein. Such legal disqualification to practice his profession
23 within this state shall be deemed to constitute an irrevocable offer by
24 the disqualified shareholder to sell his shares to the corporation,
25 pursuant to the provisions of section 1510 of this article or of the
26 certificate of incorporation, by-laws or agreement among the corporation
27 and all shareholders, whichever is applicable. Compliance with the terms
28 of such offer shall be specifically enforceable in the courts of this
29 state. A professional service corporation's failure to enforce compli-
30 ance with this provision shall constitute a ground for forfeiture of its
31 certificate of incorporation and its dissolution.

32 S 6. Paragraph (a) of section 1511 of the business corporation law, as
33 amended by chapter 550 of the laws of 2011, is amended and new paragraph
34 (c) is added to read as follows:

35 (a) No shareholder of a professional service corporation [or], INCLUD-
36 ING a design professional service corporation, OR ANY FIRM ESTABLISHED
37 FOR THE BUSINESS PURPOSE OF INCORPORATING AS A PROFESSIONAL SERVICE
38 CORPORATION PURSUANT TO PARAGRAPH (H) OF SECTION FIFTEEN HUNDRED THREE
39 OF THIS ARTICLE, may sell or transfer his shares in such corporation
40 except to another individual who is eligible to have shares issued to
41 him by such corporation or except in trust to another individual who
42 would be eligible to receive shares if he were employed by the corpo-
43 ration. Nothing herein contained shall be construed to prohibit the
44 transfer of shares by operation of law or by court decree. No transfer-
45 ee of shares by operation of law or court decree may vote the shares for
46 any purpose whatsoever except with respect to corporate action under
47 sections 909 and 1001 of this chapter. The restriction in the preceding
48 sentence shall not apply, however, where such transferee would be eligi-
49 ble to have shares issued to him if he were an employee of the corpo-
50 ration and, if there are other shareholders, a majority of such other
51 shareholders shall fail to redeem the shares so transferred, pursuant to
52 section 1510 of this article, within sixty days of receiving written
53 notice of such transfer. Any sale or transfer, except by operation of
54 law or court decree or except for a corporation having only one share-
55 holder, may be made only after the same shall have been approved by the
56 board of directors, or at a shareholders' meeting specially called for

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

19 (C) A FIRM ESTABLISHED FOR THE BUSINESS PURPOSE OF INCORPORATING AS A
20 PROFESSIONAL SERVICE CORPORATION PURSUANT TO PARAGRAPH (H) OF SECTION
21 FIFTEEN HUNDRED THREE OF THIS ARTICLE, SHALL PURCHASE OR REDEEM THE
22 SHARES OF A NON-LICENSED PROFESSIONAL SHAREHOLDER IN THE CASE OF HIS OR
23 HER TERMINATION OF EMPLOYMENT WITHIN THIRTY DAYS AFTER SUCH TERMINATION.
24 A FIRM ESTABLISHED FOR THE BUSINESS PURPOSE OF INCORPORATING AS A
25 PROFESSIONAL SERVICE CORPORATION PURSUANT TO PARAGRAPH (H) OF SECTION
26 FIFTEEN HUNDRED THREE OF THIS ARTICLE, SHALL NOT BE REQUIRED TO PURCHASE
27 OR REDEEM THE SHARES OF A TERMINATED NON-LICENSED PROFESSIONAL SHARE-
28 HOLDER IF SUCH SHARES, WITHIN THIRTY DAYS AFTER SUCH TERMINATION, ARE
29 SOLD OR TRANSFERRED TO ANOTHER EMPLOYEE OF THE CORPORATION PURSUANT TO
30 THIS ARTICLE.

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

34 (a) Notwithstanding any other provision of law, the name of a profes-
35 sional service corporation, including a design professional service
36 corporation AND ANY FIRM ESTABLISHED FOR THE BUSINESS PURPOSE OF INCOR-
37 PORATING AS A PROFESSIONAL SERVICE CORPORATION PURSUANT TO PARAGRAPH (H)
38 OF SECTION FIFTEEN HUNDRED THREE OF THIS ARTICLE, may contain any word
39 which, at the time of incorporation, could be used in the name of a
40 partnership practicing a profession which the corporation is authorized
41 to practice, and may not contain any word which could not be used by
42 such a partnership. Provided, however, the name of a professional
43 service corporation may not contain the name of a deceased person unless

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

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

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

51 (C) EACH FIRM ESTABLISHED FOR THE BUSINESS PURPOSE OF INCORPORATING AS
52 A PROFESSIONAL SERVICE CORPORATION PURSUANT TO PARAGRAPH (H) OF SECTION
53 FIFTEEN HUNDRED THREE OF THIS ARTICLE SHALL, AT LEAST ONCE EVERY THREE
54 YEARS ON OR BEFORE THE DATE PRESCRIBED BY THE LICENSING AUTHORITY,
55 FURNISH A STATEMENT TO THE LICENSING AUTHORITY LISTING THE NAMES AND
56 RESIDENCE ADDRESSES OF EACH SHAREHOLDER, DIRECTOR AND OFFICER OF SUCH

CORPORATION AND CERTIFY AS THE DATE OF CERTIFICATION AND AT ALL TIMES OVER THE ENTIRE THREE YEAR PERIOD THAT:

(I) AT LEAST FIFTY-ONE PERCENT OF THE OUTSTANDING SHARES OF STOCK OF THE CORPORATION ARE AND WERE OWNED BY CERTIFIED PUBLIC ACCOUNTANTS,

(II) AT LEAST FIFTY-ONE PERCENT OF THE DIRECTORS ARE AND WERE CERTIFIED PUBLIC ACCOUNTANTS,

(III) AT LEAST FIFTY-ONE PERCENT OF THE OFFICERS ARE AND WERE CERTIFIED PUBLIC ACCOUNTANTS,

(IV) THE PRESIDENT, THE CHAIRPERSON OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER OR OFFICERS ARE AND WERE CERTIFIED PUBLIC ACCOUNTANTS.

THE STATEMENT SHALL BE SIGNED BY THE PRESIDENT OR ANY CERTIFIED PUBLIC ACCOUNTANT VICE-PRESIDENT AND ATTESTED TO BY THE SECRETARY OR ANY ASSISTANT SECRETARY OF THE CORPORATION.

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

(d) "Foreign professional service corporation" means a professional service corporation, whether or not denominated as such, organized under the laws of a jurisdiction other than this state, all of the shareholders, directors and officers of which are authorized and licensed to practice the profession for which such corporation is licensed to do business; except that all shareholders, directors and officers of a foreign professional service corporation which provides health services in this state shall be licensed in this state. NOTWITHSTANDING ANY OTHER PROVISION OF LAW A FOREIGN PROFESSIONAL SERVICE CORPORATION FORMED TO LAWFULLY ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTANCY, AS SUCH PRACTICE IS RESPECTIVELY DEFINED UNDER ARTICLE ONE HUNDRED FORTY-NINE 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 SHAREHOLDERS OF A FOREIGN PROFESSIONAL SERVICE CORPORATION 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 FOR PUBLIC ACCOUNTANCY. NOTWITHSTANDING THE FOREGOING, A FIRM REGISTERED UNDER THIS SECTION MAY NOT HAVE NON-LICENSEE OWNERS IF THE FIRM'S NAME INCLUDES THE WORDS "CERTIFIED PUBLIC ACCOUNTANT," OR "CERTIFIED PUBLIC ACCOUNTANTS," OR THE ABBREVIATIONS "CPA" OR "CPAS." EACH NON-LICENSEE OWNER OF A FIRM THAT IS INCORPORATED UNDER THIS SECTION SHALL BE (1) A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN THE BUSINESS OF THE FIRM OR ITS AFFILIATED ENTITIES, OR (2) AN ENTITY, INCLUDING, BUT NOT LIMITED TO, A PARTNERSHIP OR PROFESSIONAL CORPORATION, PROVIDED EACH BENEFICIAL OWNER OF AN EQUITY INTEREST IN SUCH ENTITY IS A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN THE BUSINESS CONDUCTED BY THE FIRM OR ITS AFFILIATED ENTITIES. FOR PURPOSES OF THIS SUBDIVISION, "ACTIVELY PARTICIPATE" MEANS TO PROVIDE SERVICES TO CLIENTS OR TO OTHERWISE INDIVIDUALLY TAKE PART IN THE DAY-TO-DAY BUSINESS OR MANAGEMENT OF THE FIRM.

S 10. The fourteenth undesignated paragraph of section 2 of the partnership law, as added by chapter 576 of the laws of 1994, is amended to read as follows:

1 "Professional partnership" means (1) a partnership without limited
2 partners each of whose partners is a professional authorized by law to
3 render a professional service within this state, (2) a partnership with-
4 out limited partners each of whose partners is a professional, at least
5 one of whom is authorized by law to render a professional service within
6 this state or (3) a partnership without limited partners authorized by,
7 or holding a license, certificate, registration or permit issued by the
8 licensing authority pursuant to the education law to render a profes-
9 sional service within this state; except that all partners of a profes-
10 sional partnership that provides medical services in this state must be
11 licensed pursuant to article 131 of the education law to practice medi-
12 cine in this state and all partners of a professional partnership that
13 provides dental services in this state must be licensed pursuant to
14 article 133 of the education law to practice dentistry in this state;
15 [and further] except that all partners of a professional partnership
16 that provides professional engineering, land surveying, architectural
17 and/or landscape architectural services in this state must be licensed
18 pursuant to article 145, article 147 and/or article 148 of the education
19 law to practice one or more of such professions in this state; AND
20 FURTHER EXCEPT THAT ALL PARTNERS OF A PROFESSIONAL PARTNERSHIP THAT
21 PROVIDES PUBLIC ACCOUNTANCY SERVICES, WHOSE PRINCIPAL PLACE OF BUSINESS
22 IS IN THIS STATE AND WHO PROVIDE PUBLIC ACCOUNTANCY SERVICES, MUST BE
23 LICENSED PURSUANT TO ARTICLE 149 OF THE EDUCATION LAW TO PRACTICE PUBLIC
24 ACCOUNTANCY IN THIS STATE. NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW
25 A PROFESSIONAL PARTNERSHIP FORMED TO LAWFULLY ENGAGE IN THE PRACTICE OF
26 PUBLIC ACCOUNTANCY, AS SUCH PRACTICE IS RESPECTIVELY DEFINED UNDER ARTI-
27 CLE 149 OF THE EDUCATION LAW, SHALL BE REQUIRED TO SHOW (1) THAT A
28 SIMPLE MAJORITY OF THE OWNERSHIP OF THE FIRM, IN TERMS OF FINANCIAL
29 INTERESTS, INCLUDING OWNERSHIP-BASED COMPENSATION, AND VOTING RIGHTS
30 HELD BY THE FIRM'S OWNERS, BELONGS TO INDIVIDUALS LICENSED TO PRACTICE
31 PUBLIC ACCOUNTANCY IN SOME STATE, AND (2) THAT ALL SHAREHOLDERS OF A
32 PROFESSIONAL PARTNERSHIP WHOSE PRINCIPAL PLACE OF BUSINESS IS IN THIS
33 STATE, AND WHO ARE ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTANCY IN THIS
34 STATE, HOLD A VALID LICENSE ISSUED UNDER SECTION 7404 OF THE EDUCATION
35 LAW OR ARE PUBLIC ACCOUNTANTS LICENSED UNDER SECTION 7405 OF THE EDUCA-
36 TION LAW. ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE FIRM AND
37 ITS OWNERS MUST COMPLY WITH RULES PROMULGATED BY THE STATE BOARD FOR
38 PUBLIC ACCOUNTANCY. NOTWITHSTANDING THE FOREGOING, A FIRM REGISTERED
39 UNDER THIS SECTION MAY NOT HAVE NON-LICENSEE OWNERS IF THE FIRM'S NAME
40 INCLUDES THE WORDS "CERTIFIED PUBLIC ACCOUNTANT," OR "CERTIFIED PUBLIC
41 ACCOUNTANTS," OR THE ABBREVIATIONS "CPA" OR "CPAS." EACH NON-LICENSEE
42 OWNER OF A FIRM THAT IS INCORPORATED UNDER THIS SECTION SHALL BE (1) A
43 NATURAL PERSON WHO ACTIVELY PARTICIPATES IN THE BUSINESS OF THE FIRM OR
44 ITS AFFILIATED ENTITIES, OR (2) AN ENTITY, INCLUDING, BUT NOT LIMITED
45 TO, A PARTNERSHIP OR PROFESSIONAL CORPORATION, PROVIDED EACH BENEFICIAL
46 OWNER OF AN EQUITY INTEREST IN SUCH ENTITY IS A NATURAL PERSON WHO
47 ACTIVELY PARTICIPATES IN THE BUSINESS CONDUCTED BY THE FIRM OR ITS
48 AFFILIATED ENTITIES. FOR PURPOSES OF THIS SUBDIVISION, "ACTIVELY PARTIC-
49 IPATE" MEANS TO PROVIDE SERVICES TO CLIENTS OR TO OTHERWISE INDIVIDUALLY
50 TAKE PART IN THE DAY-TO-DAY BUSINESS OR MANAGEMENT OF THE FIRM.

51 S 11. Subdivision (q) of section 121-1500 of the partnership law, as
52 amended by chapter 554 of the laws of 2013, is amended to read as
53 follows:

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

1 each partner of a registered limited liability partnership formed to
2 provide dental services in this state must be licensed pursuant to arti-
3 cle 133 of the education law to practice dentistry in this state. Each
4 partner of a registered limited liability partnership formed to provide
5 veterinary services in this state must be licensed pursuant to article
6 135 of the education law to practice veterinary medicine in this state.
7 EACH PARTNER OF A REGISTERED LIMITED LIABILITY PARTNERSHIP FORMED TO
8 PROVIDE PUBLIC ACCOUNTANCY SERVICES, WHOSE PRINCIPAL PLACE OF BUSINESS
9 IS IN THIS STATE AND WHO PROVIDES PUBLIC ACCOUNTANCY SERVICES, MUST BE
10 LICENSED PURSUANT TO ARTICLE 149 OF THE EDUCATION LAW TO PRACTICE PUBLIC
11 ACCOUNTANCY IN THIS STATE. Each partner of a registered limited liabil-
12 ity partnership formed to provide professional engineering, land survey-
13 ing, architectural and/or landscape architectural services in this state
14 must be licensed pursuant to article 145, article 147 and/or article 148
15 of the education law to practice one or more of such professions in this
16 state. Each partner of a registered limited liability partnership formed
17 to provide licensed clinical social work services in this state must be
18 licensed pursuant to article 154 of the education law to practice clin-
19 ical social work in this state. Each partner of a registered limited
20 liability partnership formed to provide creative arts therapy services
21 in this state must be licensed pursuant to article 163 of the education
22 law to practice creative arts therapy in this state. Each partner of a
23 registered limited liability partnership formed to provide marriage and
24 family therapy services in this state must be licensed pursuant to arti-
25 cle 163 of the education law to practice marriage and family therapy in
26 this state. Each partner of a registered limited liability partnership
27 formed to provide mental health counseling services in this state must
28 be licensed pursuant to article 163 of the education law to practice
29 mental health counseling in this state. Each partner of a registered
30 limited liability partnership formed to provide psychoanalysis services
31 in this state must be licensed pursuant to article 163 of the education
32 law to practice psychoanalysis in this state. Each partner of a regis-
33 tered limited liability partnership formed to provide applied behavior
34 analysis service in this state must be licensed or certified pursuant to
35 article 167 of the education law to practice applied behavior analysis
36 in this state. NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW A LIMITED
37 LIABILITY PARTNERSHIP FORMED TO LAWFULLY ENGAGE IN THE PRACTICE OF
38 PUBLIC ACCOUNTANCY, AS SUCH PRACTICE IS RESPECTIVELY DEFINED UNDER ARTI-
39 CLE 149 OF THE EDUCATION LAW, SHALL BE REQUIRED TO SHOW (1) THAT A
40 SIMPLE MAJORITY OF THE OWNERSHIP OF THE FIRM, IN TERMS OF FINANCIAL
41 INTERESTS, INCLUDING OWNERSHIP-BASED COMPENSATION, AND VOTING RIGHTS
42 HELD BY THE FIRM'S OWNERS, BELONGS TO INDIVIDUALS LICENSED TO PRACTICE
43 PUBLIC ACCOUNTANCY IN SOME STATE, AND (2) THAT ALL PARTNERS OF A LIMITED
44 LIABILITY PARTNERSHIP WHOSE PRINCIPAL PLACE OF BUSINESS IS IN THIS
45 STATE, AND WHO ARE ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTANCY IN THIS
46 STATE, HOLD A VALID LICENSE ISSUED UNDER SECTION 7404 OF THE EDUCATION
47 LAW OR ARE PUBLIC ACCOUNTANTS LICENSED UNDER SECTION 7405 OF THE EDUCA-
48 TION LAW. ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE FIRM AND
49 ITS OWNERS MUST COMPLY WITH RULES PROMULGATED BY THE STATE BOARD FOR
50 PUBLIC ACCOUNTANCY. NOTWITHSTANDING THE FOREGOING, A FIRM REGISTERED
51 UNDER THIS SECTION MAY NOT HAVE NON-LICENSEE OWNERS IF THE FIRM'S NAME
52 INCLUDES THE WORDS "CERTIFIED PUBLIC ACCOUNTANT," OR "CERTIFIED PUBLIC
53 ACCOUNTANTS," OR THE ABBREVIATIONS "CPA" OR "CPAS." EACH NON-LICENSEE
54 OWNER OF A FIRM THAT IS INCORPORATED UNDER THIS SECTION SHALL BE (1) A
55 NATURAL PERSON WHO ACTIVELY PARTICIPATES IN THE BUSINESS OF THE FIRM OR
56 ITS AFFILIATED ENTITIES, OR (2) AN ENTITY, INCLUDING, BUT NOT LIMITED

1 TO, A PARTNERSHIP OR PROFESSIONAL CORPORATION, PROVIDED EACH BENEFICIAL
2 OWNER OF AN EQUITY INTEREST IN SUCH ENTITY IS A NATURAL PERSON WHO
3 ACTIVELY PARTICIPATES IN THE BUSINESS CONDUCTED BY THE FIRM OR ITS
4 AFFILIATED ENTITIES. FOR PURPOSES OF THIS SUBDIVISION, "ACTIVELY PARTIC-
5 IPATE" MEANS TO PROVIDE SERVICES TO CLIENTS OR TO OTHERWISE INDIVIDUALLY
6 TAKE PART IN THE DAY-TO-DAY BUSINESS OR MANAGEMENT OF THE FIRM.

7 S 12. Subdivision (q) of section 121-1502 of the partnership law, as
8 amended by chapter 554 of the laws of 2013, is amended to read as
9 follows:

10 (q) Each partner of a foreign limited liability partnership which
11 provides medical services in this state must be licensed pursuant to
12 article 131 of the education law to practice medicine in the state and
13 each partner of a foreign limited liability partnership which provides
14 dental services in the state must be licensed pursuant to article 133 of
15 the education law to practice dentistry in this state. Each partner of a
16 foreign limited liability partnership which provides veterinary service
17 in the state shall be licensed pursuant to article 135 of the education
18 law to practice veterinary medicine in this state. Each partner of a
19 foreign limited liability partnership which provides professional engi-
20 neering, land surveying, architectural and/or landscape architectural
21 services in this state must be licensed pursuant to article 145, article
22 147 and/or article 148 of the education law to practice one or more of
23 such professions. EACH PARTNER OF A FOREIGN REGISTERED LIMITED LIABILITY
24 PARTNERSHIP FORMED TO PROVIDE PUBLIC ACCOUNTANCY SERVICES, WHOSE PRINCI-
25 PAL PLACE OF BUSINESS IS IN THIS STATE AND WHO PROVIDES PUBLIC ACCOUN-
26 TANCY SERVICES, MUST BE LICENSED PURSUANT TO ARTICLE 149 OF THE EDUCA-
27 TION LAW TO PRACTICE PUBLIC ACCOUNTANCY IN THIS STATE. Each partner of a
28 foreign limited liability partnership which provides licensed clinical
29 social work services in this state must be licensed pursuant to article
30 154 of the education law to practice licensed clinical social work in
31 this state. Each partner of a foreign limited liability partnership
32 which provides creative arts therapy services in this state must be
33 licensed pursuant to article 163 of the education law to practice crea-
34 tive arts therapy in this state. Each partner of a foreign limited
35 liability partnership which provides marriage and family therapy
36 services in this state must be licensed pursuant to article 163 of the
37 education law to practice marriage and family therapy in this state.
38 Each partner of a foreign limited liability partnership which provides
39 mental health counseling services in this state must be licensed pursu-
40 ant to article 163 of the education law to practice mental health coun-
41 seling in this state. Each partner of a foreign limited liability part-
42 nership which provides psychoanalysis services in this state must be
43 licensed pursuant to article 163 of the education law to practice
44 psychoanalysis in this state. Each partner of a foreign limited liabil-
45 ity partnership which provides applied behavior analysis services in
46 this state must be licensed or certified pursuant to article 167 of the
47 education law to practice applied behavior analysis in this state.
48 NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW A FOREIGN LIMITED LIABILITY
49 PARTNERSHIP FORMED TO LAWFULLY ENGAGE IN THE PRACTICE OF PUBLIC ACCOUN-
50 TANCY, AS SUCH PRACTICE IS RESPECTIVELY DEFINED UNDER ARTICLE 149 OF THE
51 EDUCATION LAW, SHALL BE REQUIRED TO SHOW (1) THAT A SIMPLE MAJORITY OF
52 THE OWNERSHIP OF THE FIRM, IN TERMS OF FINANCIAL INTERESTS, INCLUDING
53 OWNERSHIP-BASED COMPENSATION, AND VOTING RIGHTS HELD BY THE FIRM'S
54 OWNERS, BELONGS TO INDIVIDUALS LICENSED TO PRACTICE PUBLIC ACCOUNTANCY
55 IN SOME STATE, AND (2) THAT ALL PARTNERS OF A FOREIGN LIMITED LIABILITY
56 PARTNERSHIP WHOSE PRINCIPAL PLACE OF BUSINESS IS IN THIS STATE, AND WHO

1 ARE ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTANCY IN THIS STATE, HOLD A
2 VALID LICENSE ISSUED UNDER SECTION 7404 OF THE EDUCATION LAW OR ARE
3 PUBLIC ACCOUNTANTS LICENSED UNDER SECTION 7405 OF THE EDUCATION LAW.
4 ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE FIRM AND ITS OWNERS
5 MUST COMPLY WITH RULES PROMULGATED BY THE STATE BOARD FOR PUBLIC ACCOUN-
6 TANCY. NOTWITHSTANDING THE FOREGOING, A FIRM REGISTERED UNDER THIS
7 SECTION MAY NOT HAVE NON-LICENSEE OWNERS IF THE FIRM'S NAME INCLUDES THE
8 WORDS "CERTIFIED PUBLIC ACCOUNTANT," OR "CERTIFIED PUBLIC ACCOUNTANTS,"
9 OR THE ABBREVIATIONS "CPA" OR "CPAS." EACH NON-LICENSEE OWNER OF A FIRM
10 THAT IS INCORPORATED UNDER THIS SECTION SHALL BE (1) A NATURAL PERSON
11 WHO ACTIVELY PARTICIPATES IN THE BUSINESS OF THE FIRM OR ITS AFFILIATED
12 ENTITIES, OR (2) AN ENTITY, INCLUDING, BUT NOT LIMITED TO, A PARTNERSHIP
13 OR PROFESSIONAL CORPORATION, PROVIDED EACH BENEFICIAL OWNER OF AN EQUITY
14 INTEREST IN SUCH ENTITY IS A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN
15 THE BUSINESS CONDUCTED BY THE FIRM OR ITS AFFILIATED ENTITIES. FOR
16 PURPOSES OF THIS SUBDIVISION, "ACTIVELY PARTICIPATE" MEANS TO PROVIDE
17 SERVICES TO CLIENTS OR TO OTHERWISE INDIVIDUALLY TAKE PART IN THE
18 DAY-TO-DAY BUSINESS OR MANAGEMENT OF THE FIRM.

19 S 13. Subdivision (h) of section 121-101 of the partnership law, as
20 added by chapter 950 of the laws of 1990, is amended to read as follows:

21 (h) "Limited partnership" and "domestic limited partnership" mean,
22 unless the context otherwise requires, a partnership (i) formed by two
23 or more persons pursuant to this article or which complies with subdivi-
24 sion (a) of section 121-1202 of this article and (ii) having one or more
25 general partners and one or more limited partners. NOTWITHSTANDING ANY
26 OTHER PROVISIONS OF LAW A LIMITED PARTNERSHIP OR DOMESTIC LIMITED PART-
27 NERSHIP FORMED TO LAWFULLY ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTANCY,
28 AS SUCH PRACTICE IS RESPECTIVELY DEFINED UNDER ARTICLE 149 OF THE EDUCA-
29 TION LAW SHALL BE REQUIRED TO SHOW (1) THAT A SIMPLE MAJORITY OF THE
30 OWNERSHIP OF THE FIRM, IN TERMS OF FINANCIAL INTERESTS, INCLUDING OWNER-
31 SHIP-BASED COMPENSATION, AND VOTING RIGHTS HELD BY THE FIRM'S OWNERS,
32 BELONGS TO INDIVIDUALS LICENSED TO PRACTICE PUBLIC ACCOUNTANCY IN SOME
33 STATE, AND (2) THAT ALL PARTNERS OF A LIMITED PARTNERSHIP OR DOMESTIC
34 LIMITED PARTNERSHIP, WHOSE PRINCIPAL PLACE OF BUSINESS IS IN THIS STATE,
35 AND WHO ARE ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTANCY IN THIS STATE,
36 HOLD A VALID LICENSE ISSUED UNDER SECTION 7404 OF THE EDUCATION LAW OR
37 ARE PUBLIC ACCOUNTANTS LICENSED UNDER SECTION 7405 OF THE EDUCATION LAW.
38 ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE FIRM AND ITS OWNERS
39 MUST COMPLY WITH RULES PROMULGATED BY THE STATE BOARD FOR PUBLIC ACCOUN-
40 TANCY. NOTWITHSTANDING THE FOREGOING, A FIRM REGISTERED UNDER THIS
41 SECTION MAY NOT HAVE NON-LICENSEE OWNERS IF THE FIRM'S NAME INCLUDES THE
42 WORDS "CERTIFIED PUBLIC ACCOUNTANT," OR "CERTIFIED PUBLIC ACCOUNTANTS,"
43 OR THE ABBREVIATIONS "CPA" OR "CPAS." EACH NON-LICENSEE OWNER OF A FIRM
44 THAT IS REGISTERED UNDER THIS SECTION SHALL BE (1) A NATURAL PERSON WHO
45 ACTIVELY PARTICIPATES IN THE BUSINESS OF THE FIRM OR ITS AFFILIATED
46 ENTITIES, OR (2) AN ENTITY, INCLUDING, BUT NOT LIMITED TO, A PARTNERSHIP
47 OR PROFESSIONAL CORPORATION, PROVIDED EACH BENEFICIAL OWNER OF AN EQUITY
48 INTEREST IN SUCH ENTITY IS A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN
49 THE BUSINESS CONDUCTED BY THE FIRM OR ITS AFFILIATED ENTITIES. FOR
50 PURPOSES OF THIS SUBDIVISION, "ACTIVELY PARTICIPATE" MEANS TO PROVIDE
51 SERVICES TO CLIENTS OR TO OTHERWISE INDIVIDUALLY TAKE PART IN THE
52 DAY-TO-DAY BUSINESS OR MANAGEMENT OF THE FIRM.

53 S 14. Subdivision (b) of section 1207 of the limited liability company
54 law, as amended by chapter 554 of the laws of 2013, is amended to read
55 as follows:

1 (b) With respect to a professional service limited liability company
2 formed to provide medical services as such services are defined in arti-
3 cle 131 of the education law, each member of such limited liability
4 company must be licensed pursuant to article 131 of the education law to
5 practice medicine in this state. With respect to a professional service
6 limited liability company formed to provide dental services as such
7 services are defined in article 133 of the education law, each member of
8 such limited liability company must be licensed pursuant to article 133
9 of the education law to practice dentistry in this state. With respect
10 to a professional service limited liability company formed to provide
11 veterinary services as such services are defined in article 135 of the
12 education law, each member of such limited liability company must be
13 licensed pursuant to article 135 of the education law to practice veter-
14 inary medicine in this state. With respect to a professional service
15 limited liability company formed to provide professional engineering,
16 land surveying, architectural and/or landscape architectural services as
17 such services are defined in article 145, article 147 and article 148 of
18 the education law, each member of such limited liability company must be
19 licensed pursuant to article 145, article 147 and/or article 148 of the
20 education law to practice one or more of such professions in this state.
21 WITH RESPECT TO A PROFESSIONAL SERVICE LIMITED LIABILITY COMPANY FORMED
22 TO PROVIDE PUBLIC ACCOUNTANCY SERVICES AS SUCH SERVICES ARE DEFINED IN
23 ARTICLE 149 OF THE EDUCATION LAW EACH MEMBER OF SUCH LIMITED LIABILITY
24 COMPANY WHOSE PRINCIPAL PLACE OF BUSINESS IS IN THIS STATE AND WHO
25 PROVIDES PUBLIC ACCOUNTANCY SERVICES, MUST BE LICENSED PURSUANT TO ARTI-
26 CLE 149 OF THE EDUCATION LAW TO PRACTICE PUBLIC ACCOUNTANCY IN THIS
27 STATE. With respect to a professional service limited liability company
28 formed to provide licensed clinical social work services as such
29 services are defined in article 154 of the education law, each member of
30 such limited liability company shall be licensed pursuant to article 154
31 of the education law to practice licensed clinical social work in this
32 state. With respect to a professional service limited liability company
33 formed to provide creative arts therapy services as such services are
34 defined in article 163 of the education law, each member of such limited
35 liability company must be licensed pursuant to article 163 of the educa-
36 tion law to practice creative arts therapy in this state. With respect
37 to a professional service limited liability company formed to provide
38 marriage and family therapy services as such services are defined in
39 article 163 of the education law, each member of such limited liability
40 company must be licensed pursuant to article 163 of the education law to
41 practice marriage and family therapy in this state. With respect to a
42 professional service limited liability company formed to provide mental
43 health counseling services as such services are defined in article 163
44 of the education law, each member of such limited liability company must
45 be licensed pursuant to article 163 of the education law to practice
46 mental health counseling in this state. With respect to a professional
47 service limited liability company formed to provide psychoanalysis
48 services as such services are defined in article 163 of the education
49 law, each member of such limited liability company must be licensed
50 pursuant to article 163 of the education law to practice psychoanalysis
51 in this state. With respect to a professional service limited liability
52 company formed to provide applied behavior analysis services as such
53 services are defined in article 167 of the education law, each member of
54 such limited liability company must be licensed or certified pursuant to
55 article 167 of the education law to practice applied behavior analysis
56 in this state. NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW A PROFES-

SIONAL SERVICE LIMITED LIABILITY COMPANY 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 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 7404 OF ARTICLE 149 OF THE EDUCATION LAW OR ARE PUBLIC ACCOUNTANTS LICENSED UNDER SECTION 7405 OF ARTICLE 149 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 FOR PUBLIC ACCOUNTANCY. 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.

S 15. Subdivisions (a) and (f) of section 1301 of the limited liability company law, subdivision (a) as amended by chapter 554 of the laws of 2013 and subdivision (f) as amended by chapter 170 of the laws of 1996, are 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

1 service limited liability company shall be licensed pursuant to article
2 135 of the education law to practice veterinary medicine. With respect
3 to a foreign professional service limited liability company which
4 provides medical services as such services are defined in article 131 of
5 the education law, each member of such foreign professional service
6 limited liability company must be licensed pursuant to article 131 of
7 the education law to practice medicine in this state. With respect to a
8 foreign professional service limited liability company which provides
9 dental services as such services are defined in article 133 of the
10 education law, each member of such foreign professional service limited
11 liability company must be licensed pursuant to article 133 of the educa-
12 tion law to practice dentistry in this state. With respect to a foreign
13 professional service limited liability company which provides profes-
14 sional engineering, land surveying, architectural and/or landscape
15 architectural services as such services are defined in article 145,
16 article 147 and article 148 of the education law, each member of such
17 foreign professional service limited liability company must be licensed
18 pursuant to article 145, article 147 and/or article 148 of the education
19 law to practice one or more of such professions in this state. WITH
20 RESPECT TO A FOREIGN PROFESSIONAL SERVICE LIMITED LIABILITY COMPANY
21 WHICH PROVIDES PUBLIC ACCOUNTANCY SERVICES AS SUCH SERVICES ARE DEFINED
22 IN ARTICLE 149 OF THE EDUCATION LAW, EACH MEMBER OF SUCH FOREIGN PROFES-
23 SIONAL SERVICE LIMITED LIABILITY COMPANY WHOSE PRINCIPAL PLACE OF BUSI-
24 NESS IS IN THIS STATE AND WHO PROVIDES PUBLIC ACCOUNTANCY SERVICES,
25 SHALL BE LICENSED PURSUANT TO ARTICLE 149 OF THE EDUCATION LAW TO PRAC-
26 TICE PUBLIC ACCOUNTANCY IN THIS STATE. With respect to a foreign profes-
27 sional service limited liability company which provides licensed clin-
28 ical social work services as such services are defined in article 154 of
29 the education law, each member of such foreign professional service
30 limited liability company shall be licensed pursuant to article 154 of
31 the education law to practice clinical social work in this state. With
32 respect to a foreign professional service limited liability company
33 which provides creative arts therapy services as such services are
34 defined in article 163 of the education law, each member of such foreign
35 professional service limited liability company must be licensed pursuant
36 to article 163 of the education law to practice creative arts therapy in
37 this state. With respect to a foreign professional service limited
38 liability company which provides marriage and family therapy services as
39 such services are defined in article 163 of the education law, each
40 member of such foreign professional service limited liability company
41 must be licensed pursuant to article 163 of the education law to prac-
42 tice marriage and family therapy in this state. With respect to a
43 foreign professional service limited liability company which provides
44 mental health counseling services as such services are defined in arti-
45 cle 163 of the education law, each member of such foreign professional
46 service limited liability company must be licensed pursuant to article
47 163 of the education law to practice mental health counseling in this
48 state. With respect to a foreign professional service limited liability
49 company which provides psychoanalysis services as such services are
50 defined in article 163 of the education law, each member of such foreign
51 professional service limited liability company must be licensed pursuant
52 to article 163 of the education law to practice psychoanalysis in this
53 state. With respect to a foreign professional service limited liability
54 company which provides applied behavior analysis services as such
55 services are defined in article 167 of the education law, each member of
56 such foreign professional service limited liability company must be

1 licensed or certified pursuant to article 167 of the education law to
2 practice applied behavior analysis in this state. NOTWITHSTANDING ANY
3 OTHER PROVISIONS OF LAW A FOREIGN PROFESSIONAL SERVICE LIMITED LIABILITY
4 COMPANY FORMED TO LAWFULLY ENGAGE IN THE PRACTICE OF PUBLIC ACCOUNTANCY,
5 AS SUCH PRACTICE IS RESPECTIVELY DEFINED UNDER ARTICLE 149 OF THE EDUCA-
6 TION LAW SHALL BE REQUIRED TO SHOW (1) THAT A SIMPLE MAJORITY OF THE
7 OWNERSHIP OF THE FIRM, IN TERMS OF FINANCIAL INTERESTS, INCLUDING OWNER-
8 SHIP-BASED COMPENSATION, AND VOTING RIGHTS HELD BY THE FIRM'S OWNERS,
9 BELONGS TO INDIVIDUALS LICENSED TO PRACTICE PUBLIC ACCOUNTANCY IN SOME
10 STATE, AND (2) THAT ALL MEMBERS OF A FOREIGN LIMITED PROFESSIONAL
11 SERVICE LIMITED LIABILITY COMPANY, WHOSE PRINCIPAL PLACE OF BUSINESS IS
12 IN THIS STATE, AND WHO ARE ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTANCY
13 IN THIS STATE, HOLD A VALID LICENSE ISSUED UNDER SECTION 7404 OF THE
14 EDUCATION LAW OR ARE PUBLIC ACCOUNTANTS LICENSED UNDER SECTION 7405 OF
15 THE EDUCATION LAW. ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE
16 FIRM AND ITS OWNERS MUST COMPLY WITH RULES PROMULGATED BY THE STATE
17 BOARD FOR PUBLIC ACCOUNTANCY. NOTWITHSTANDING THE FOREGOING, A FIRM
18 REGISTERED UNDER THIS SECTION MAY NOT HAVE NON-LICENSEE OWNERS IF THE
19 FIRM'S NAME INCLUDES THE WORDS "CERTIFIED PUBLIC ACCOUNTANT," OR "CERTI-
20 FIED PUBLIC ACCOUNTANTS," OR THE ABBREVIATIONS "CPA" OR "CPAS." EACH
21 NON-LICENSEE OWNER OF A FIRM THAT IS REGISTERED UNDER THIS SECTION SHALL
22 BE (1) A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN THE BUSINESS OF THE
23 FIRM OR ITS AFFILIATED ENTITIES, OR (2) AN ENTITY, INCLUDING, BUT NOT
24 LIMITED TO, A PARTNERSHIP OR PROFESSIONAL CORPORATION, PROVIDED EACH
25 BENEFICIAL OWNER OF AN EQUITY INTEREST IN SUCH ENTITY IS A NATURAL
26 PERSON WHO ACTIVELY PARTICIPATES IN THE BUSINESS CONDUCTED BY THE FIRM
27 OR ITS AFFILIATED ENTITIES. FOR PURPOSES OF THIS SUBDIVISION, "ACTIVELY
28 PARTICIPATE" MEANS TO PROVIDE SERVICES TO CLIENTS OR TO OTHERWISE INDI-
29 VIDUALLY TAKE PART IN THE DAY-TO-DAY BUSINESS OR MANAGEMENT OF THE FIRM.

30 (f) "Professional partnership" means (1) a partnership without limited
31 partners each of whose partners is a professional authorized by law to
32 render a professional service within this state, (2) a partnership with-
33 out limited partners each of whose partners is a professional, at least
34 one of whom is authorized by law to render a professional service within
35 this state or (3) a partnership without limited partners authorized by,
36 or holding a license, certificate, registration or permit issued by the
37 licensing authority pursuant to the education law to render a profes-
38 sional service within this state; except that all partners of a profes-
39 sional partnership that provides medical services in this state must be
40 licensed pursuant to article 131 of the education law to practice medi-
41 cine in this state and all partners of a professional partnership that
42 provides dental services in this state must be licensed pursuant to
43 article 133 of the education law to practice dentistry in this state;
44 except that all partners of a professional partnership that provides
45 veterinary services in this state must be licensed pursuant to article
46 135 of the education law to practice veterinary medicine in this state;
47 and further except that all partners of a professional partnership that
48 provides professional engineering, land surveying, architectural, and/or
49 landscape architectural services in this state must be licensed pursuant
50 to article 145, article 147 and/or article 148 of the education law to
51 practice one or more of such professions. WITH RESPECT TO A PROFES-
52 SIONAL PARTNERSHIP WHICH PROVIDES PUBLIC ACCOUNTANCY SERVICES AS SUCH
53 SERVICES ARE DEFINED IN ARTICLE 149 OF THE EDUCATION LAW, EACH MEMBER OF
54 SUCH PROFESSIONAL PARTNERSHIP WHOSE PRINCIPAL PLACE OF BUSINESS IS IN
55 THIS STATE AND WHO PROVIDES PUBLIC ACCOUNTANCY SERVICES, SHALL BE
56 LICENSED PURSUANT TO ARTICLE 149 OF THE EDUCATION LAW TO PRACTICE PUBLIC

1 ACCOUNTANCY. NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW A PROFESSIONAL
2 PARTNERSHIP FORMED TO LAWFULLY ENGAGE IN THE PRACTICE OF PUBLIC ACCOUN-
3 TANCY, AS SUCH PRACTICE IS RESPECTIVELY DEFINED UNDER ARTICLE 149 OF THE
4 EDUCATION LAW SHALL BE REQUIRED TO SHOW (1) THAT A SIMPLE MAJORITY OF
5 THE OWNERSHIP OF THE FIRM, IN TERMS OF FINANCIAL INTERESTS, INCLUDING
6 OWNERSHIP-BASED COMPENSATION, AND VOTING RIGHTS HELD BY THE FIRM'S
7 OWNERS, BELONGS TO INDIVIDUALS LICENSED TO PRACTICE PUBLIC ACCOUNTANCY
8 IN SOME STATE, AND (2) THAT ALL MEMBERS OF A LIMITED PROFESSIONAL PART-
9 NERSHIP, WHOSE PRINCIPAL PLACE OF BUSINESS IS IN THIS STATE, AND WHO ARE
10 ENGAGED IN THE PRACTICE OF PUBLIC ACCOUNTANCY IN THIS STATE, HOLD A
11 VALID LICENSE ISSUED UNDER SECTION 7404 OF THE EDUCATION LAW OR ARE
12 PUBLIC ACCOUNTANTS LICENSED UNDER SECTION 7405 OF THE EDUCATION LAW.
13 ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE FIRM AND ITS OWNERS
14 MUST COMPLY WITH RULES PROMULGATED BY THE STATE BOARD FOR PUBLIC ACCOUN-
15 TANCY. NOTWITHSTANDING THE FOREGOING, A FIRM REGISTERED UNDER THIS
16 SECTION MAY NOT HAVE NON-LICENSEE OWNERS IF THE FIRM'S NAME INCLUDES THE
17 WORDS "CERTIFIED PUBLIC ACCOUNTANT," OR "CERTIFIED PUBLIC ACCOUNTANTS,"
18 OR THE ABBREVIATIONS "CPA" OR "CPAS." EACH NON-LICENSEE OWNER OF A FIRM
19 THAT IS REGISTERED UNDER THIS SECTION SHALL BE (1) A NATURAL PERSON WHO
20 ACTIVELY PARTICIPATES IN THE BUSINESS OF THE FIRM OR ITS AFFILIATED
21 ENTITIES, OR (2) AN ENTITY, INCLUDING, BUT NOT LIMITED TO, A PARTNERSHIP
22 OR PROFESSIONAL CORPORATION, PROVIDED EACH BENEFICIAL OWNER OF AN EQUITY
23 INTEREST IN SUCH ENTITY IS A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN
24 THE BUSINESS CONDUCTED BY THE FIRM OR ITS AFFILIATED ENTITIES. FOR
25 PURPOSES OF THIS SUBDIVISION, "ACTIVELY PARTICIPATE" MEANS TO PROVIDE
26 SERVICES TO CLIENTS OR TO OTHERWISE INDIVIDUALLY TAKE PART IN THE
27 DAY-TO-DAY BUSINESS OR MANAGEMENT OF THE FIRM.

28 S 16. This act shall take effect immediately.