

4596

2013-2014 Regular Sessions

I N   S E N A T E

April 12, 2013

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

AN ACT to amend the education law, 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. Subdivision 2 of section 7408 of the education law, as  
2 amended by chapter 651 of the laws of 2008, is amended to read as  
3 follows:  
4     2. A. No firm shall use the words "certified public accountant" or  
5 "certified public accountants" or the letters "CPA" or "CPAs" in  
6 connection with its name unless the sole proprietor of such firm or each  
7 partner of a partnership or limited liability partnership, member of a  
8 limited liability company or shareholder of a professional service  
9 corporation engaged within the United States in the practice of public  
10 accountancy is in good standing as a certified public accountant of one  
11 or more of the states of the United States. NOTWITHSTANDING ANY OTHER  
12 PROVISIONS OF LAW TO THE CONTRARY, AN APPLICANT FOR INITIAL ISSUANCE OR  
13 RENEWAL OF A FIRM PERMIT TO PRACTICE UNDER THIS SECTION SHALL BE  
14 REQUIRED TO SHOW (1) THAT A SIMPLE MAJORITY OF THE OWNERSHIP OF THE  
15 FIRM, IN TERMS OF FINANCIAL INTERESTS AND VOTING RIGHTS HELD BY THE  
16 FIRM'S OWNERS, BELONGS TO INDIVIDUALS LICENSED TO PRACTICE PUBLIC  
17 ACCOUNTANCY IN SOME STATE, AND (2) THAT ALL PARTNERS OF A PARTNERSHIP OR  
18 LIMITED LIABILITY PARTNERSHIP, OR MEMBERS OF A LIMITED LIABILITY COMPA-  
19 NY, OR 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  
22 UNDER SECTION SEVENTY-FOUR HUNDRED FOUR OF THIS ARTICLE OR ARE PUBLIC  
23 ACCOUNTANTS LICENSED UNDER SECTION SEVENTY-FOUR HUNDRED FIVE OF THIS  
24 ARTICLE. ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE FIRM AND  
25 ITS OWNERS MUST COMPLY WITH RULES PROMULGATED BY THE BOARD. NOTWITH-

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

LBD10267-01-3

1 STANDING THE FOREGOING, A FIRM REGISTERED UNDER THIS SECTION MAY NOT  
2 HAVE NON-LICENSEE OWNERS IF THE FIRM'S NAME INCLUDES THE WORDS "CERTI-  
3 FIED PUBLIC ACCOUNTANT," OR "CERTIFIED PUBLIC ACCOUNTANTS," OR THE  
4 ABBREVIATIONS "CPA" OR "CPAS."

5 B. EACH NON-LICENSEE OWNER OF A FIRM THAT IS REGISTERED UNDER THIS  
6 SECTION SHALL BE (1) A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN THE  
7 BUSINESS OF THE FIRM OR ITS AFFILIATED ENTITIES, OR (2) AN ENTITY,  
8 INCLUDING, BUT NOT LIMITED TO, A PARTNERSHIP OR PROFESSIONAL CORPO-  
9 RATION, PROVIDED EACH BENEFICIAL OWNER OF AN EQUITY INTEREST IN SUCH  
10 ENTITY IS A NATURAL PERSON WHO ACTIVELY PARTICIPATES IN THE BUSINESS  
11 CONDUCTED BY THE FIRM OR ITS AFFILIATED ENTITIES. FOR PURPOSES OF THIS  
12 SUBDIVISION, "ACTIVELY PARTICIPATE" MEANS TO PROVIDE SERVICES TO CLIENTS  
13 OR TO OTHERWISE INDIVIDUALLY TAKE PART IN THE DAY-TO-DAY BUSINESS OR  
14 MANAGEMENT OF THE FIRM.

15 S 2. This act shall take effect immediately.