S T A T E O F N E W Y O R K

4173

2015-2016 Regular Sessions

I N A S S E M B L Y

January 29, 2015

Introduced by M. of A. WRIGHT -- read once and referred 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:

Section 1. Subdivision 2 of section 7408 of the education law, as amended by chapter 651 of the laws of 2008, is amended to read as follows:

2. A. No firm shall use the words "certified public accountant" or "certified public accountants" or the letters "CPA" or "CPAs" in connection with its name unless the sole proprietor of such firm or each partner of a partnership or limited liability partnership, member of a limited liability company or shareholder of a professional service corporation engaged within the United States in the practice of public accountancy is in good standing as a certified public accountant of one or more of the states of the United States. NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW TO THE CONTRARY, AN APPLICANT FOR INITIAL ISSUANCE OR RENEWAL OF A FIRM PERMIT TO PRACTICE UNDER THIS SECTION 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 PARTNERSHIP OR LIMITED LIABILITY PARTNERSHIP, OR MEMBERS OF A LIMITED LIABILITY COMPANY, OR SHAREHOLDERS OF A 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 THIS ARTICLE OR ARE PUBLIC ACCOUNTANTS LICENSED UNDER SECTION SEVENTY-FOUR HUNDRED FIVE OF THIS ARTICLE. ALTHOUGH FIRMS MAY INCLUDE NON-LICENSEE OWNERS, THE FIRM AND 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.

LBD05636-01-5

STANDING 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."

B. 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 2. This act shall take effect immediately.