

STATE OF NEW YORK

2919--A

2019-2020 Regular Sessions

IN ASSEMBLY

January 28, 2019

Introduced by M. of A. PEOPLES-STOKES, WRIGHT, TAYLOR, JAFFEE, MAGNARELLI, BENEDETTO, DICKENS, ENGLEBRIGHT, RIVERA, MORINELLO, JEAN-PIERRE, DE LA ROSA, SEAWRIGHT, D'URSO, LAWRENCE, COOK, BLAKE, L. ROSENTHAL, PERRY, LUPARDO, GOTTFRIED, BRONSON, LENTOL, ABBATE, RICHARDSON, DILAN, KIM, MOSLEY, CRESPO, PHEFFER AMATO, DINOWITZ, RODRIGUEZ, PRETLOW, NIOU, ROZIC, D. ROSENTHAL, JOYNER, HUNTER, PICHARDO, SOLAGES, HEVESI, HYNDMAN, GALEF, DenDEKKER, GUNTHER, STIRPE, BUCHWALD, WOERNER, TITUS, CUSICK, QUART, SCHIMMINGER, FAHY, SANTABARBARA, BICHOTTE, WEPRIN, LAVINE, McDONALD, CYMBROWITZ, WALCZYK, ROMEO, VANEL, ZEBROWSKI, WALLACE, PAULIN, EICHENSTEIN, CARROLL, FALL, REYES, ORTIZ, WALKER, RYAN, FERNANDEZ, SAYEGH, McMAHON -- Multi-Sponsored by -- M. of A. BARCLAY, CROUCH, DAVILA, GIGLIO, GOODELL, M. L. MILLER, THIELE -- read once and referred to the Committee on Higher Education -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

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

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

1 Section 1. Section 1503 of the business corporation law is amended by
2 adding a new paragraph (h) to read as follows:

3 (h) Any firm established for the business purpose of incorporating as
4 a professional service corporation formed to lawfully engage in the
5 practice of public accountancy, as such practice is respectively defined
6 under article one hundred forty-nine of the education law shall be
7 required to show (1) that a simple majority of the ownership of the
8 firm, in terms of financial interests, and voting rights held by the
9 firm's owners, belongs to individuals licensed to practice public
10 accountancy in some state, and (2) that all shareholders of a profes-
11 sional service corporation whose principal place of business is in this

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

LBD04747-05-9

1 state, and who are engaged in the practice of public accountancy in this
2 state, hold a valid license issued under section seventy-four hundred
3 four of the education law. For purposes of this paragraph, "financial
4 interest" means capital stock, capital accounts, capital contributions,
5 capital interest, or interest in undistributed earnings of a business
6 entity. Although firms may include non-licensee owners, the firm and
7 its owners must comply with rules promulgated by the state board of
8 regents. Notwithstanding the foregoing, a firm incorporated under this
9 section may not have non-licensee owners if the firm's name includes the
10 words "certified public accountant," or "certified public accountants,"
11 or the abbreviations "CPA" or "CPAs". Each non-licensee owner of a firm
12 that is incorporated under this section shall be a natural person who
13 actively participates in the business of the firm or its affiliated
14 entities. For purposes of this subdivision, "actively participate" means
15 to provide services to clients or to otherwise individually take part in
16 the day-to-day business or management of the firm. Such a firm shall
17 have attached to its certificate of incorporation a certificate or
18 certificates demonstrating the firm's compliance with this paragraph, in
19 lieu of the certificate or certificates required by subparagraph (ii) of
20 paragraph (b) of this section.

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

23 (c) Any firm established for the business purpose of incorporating as
24 a professional service corporation pursuant to paragraph (h) of section
25 fifteen hundred three of this article may issue shares to individuals
26 who are authorized by law to practice in this state the profession which
27 such corporation is authorized to practice and who are or have been
28 engaged in the practice of such profession in such corporation or a
29 predecessor entity, or who will engage in the practice of such profes-
30 sion in such corporation within thirty days of the date such shares are
31 issued and may also issue shares to employees of the corporation not
32 licensed as certified public accountants, provided that:

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

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

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

39 (iv) the president, the chairperson of the board of directors and the
40 chief executive officer or officers are certified public accountants.

41 No shareholder of a firm established for the business purpose of incor-
42 porating as a professional service corporation pursuant to paragraph (h)
43 of section fifteen hundred three of this article shall enter into a
44 voting trust agreement, proxy or any other type of agreement vesting in
45 another person, other than another shareholder of the same corporation,
46 the authority to exercise voting power of any or all of his or her
47 shares. All shares issued, agreements made or proxies granted in
48 violation of this section shall be void.

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

51 (c) The directors and officers of any firm established for the busi-
52 ness purpose of incorporating as a professional service corporation
53 pursuant to paragraph (h) of section fifteen hundred three of this arti-
54 cle may include individuals who are not licensed to practice public
55 accountancy, provided however that at least fifty-one percent of the
56 directors, at least fifty-one percent of the officers and the president,

1 the chairperson of the board of directors and the chief executive offi-
2 cer or officers are authorized by law to practice in any state the
3 profession which such corporation is authorized to practice, and are
4 either shareholders of such corporation or engaged in the practice of
5 their professions in such corporation.

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

8 § 1509. Disqualification of shareholders, directors, officers and
9 employees.

10 If any shareholder, director, officer or employee of a professional
11 service corporation, including a design professional service corpo-
12 ration, who has been rendering professional service to the public
13 becomes legally disqualified to practice his or her profession within
14 this state, he or she shall sever all employment with, and financial
15 interests (other than interests as a creditor) in, such corporation
16 forthwith or as otherwise provided in section 1510 of this article. All
17 provisions of law regulating the rendering of professional services by a
18 person elected or appointed to a public office shall be applicable to a
19 shareholder, director, officer and employee of such corporation in the
20 same manner and to the same extent as if fully set forth herein. Such
21 legal disqualification to practice his or her profession within this
22 state shall be deemed to constitute an irrevocable offer by the disqual-
23 ified shareholder to sell his or her shares to the corporation, pursuant
24 to the provisions of section 1510 of this article or of the certificate
25 of incorporation, by-laws or agreement among the corporation and all
26 shareholders, whichever is applicable. Compliance with the terms of such
27 offer shall be specifically enforceable in the courts of this state. A
28 professional service corporation's failure to enforce compliance with
29 this provision shall constitute a ground for forfeiture of its certifi-
30 cate of incorporation and its dissolution.

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

34 (a) No shareholder of a professional service corporation [~~or~~], includ-
35 ing a design professional service corporation, may sell or transfer his
36 or her shares in such corporation except to another individual who is
37 eligible to have shares issued to him or her by such corporation or
38 except in trust to another individual who would be eligible to receive
39 shares if he or she were employed by the corporation. Nothing herein
40 contained shall be construed to prohibit the transfer of shares by oper-
41 ation of law or by court decree. No transferee of shares by operation
42 of law or court decree may vote the shares for any purpose whatsoever
43 except with respect to corporate action under sections 909 and 1001 of
44 this chapter. The restriction in the preceding sentence shall not apply,
45 however, where such transferee would be eligible to have shares issued
46 to him or her if he or she were an employee of the corporation and, if
47 there are other shareholders, a majority of such other shareholders
48 shall fail to redeem the shares so transferred, pursuant to section 1510
49 of this article, within sixty days of receiving written notice of such
50 transfer. Any sale or transfer, except by operation of law or court
51 decree or except for a corporation having only one shareholder, may be
52 made only after the same shall have been approved by the board of direc-
53 tors, or at a shareholders' meeting specially called for such purpose by
54 such proportion, not less than a majority, of the outstanding shares as
55 may be provided in the certificate of incorporation or in the by-laws of
56 such professional service corporation. At such shareholders' meeting the

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

16 (c) A firm established for the business purpose of incorporating as a
17 professional service corporation pursuant to paragraph (h) of section
18 fifteen hundred three of this article, shall purchase or redeem the
19 shares of a non-licensed professional shareholder in the case of his or
20 her termination of employment within thirty days after such termination.
21 A firm established for the business purpose of incorporating as a
22 professional service corporation pursuant to paragraph (h) of section
23 fifteen hundred three of this article, shall not be required to purchase
24 or redeem the shares of a terminated non-licensed professional share-
25 holder if such shares, within thirty days after such termination, are
26 sold or transferred to another employee of the corporation pursuant to
27 this article.

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

30 (c) Each firm established for the business purpose of incorporating as
31 a professional service corporation pursuant to paragraph (h) of section
32 fifteen hundred three of this article shall, at least once every three
33 years on or before the date prescribed by the licensing authority,
34 furnish a statement to the licensing authority listing the names and
35 residence addresses of each shareholder, director and officer of such
36 corporation and certify as the date of certification and at all times
37 over the entire three year period that:

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

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

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

44 (iv) the president, the chairperson of the board of directors and the
45 chief executive officer or officers are and were certified public
46 accountants.

47 The statement shall be signed by the president or any certified public
48 accountant vice-president and attested to by the secretary or any
49 assistant secretary of the corporation.

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

52 (d) "Foreign professional service corporation" means a professional
53 service corporation, whether or not denominated as such, organized under
54 the laws of a jurisdiction other than this state, all of the sharehold-
55 ers, directors and officers of which are authorized and licensed to
56 practice the profession for which such corporation is licensed to do

1 business; except that all shareholders, directors and officers of a
2 foreign professional service corporation which provides health services
3 in this state shall be licensed in this state. A foreign professional
4 service corporation formed to lawfully engage in the practice of public
5 accountancy, as such practice is defined under article one hundred
6 forty-nine of the education law, or equivalent state law, shall be
7 required to show (1) that a simple majority of the ownership of the
8 firm, in terms of financial interests, and voting rights held by the
9 firm's owners, belongs to individuals licensed to practice public
10 accountancy in some state, and (2) that all shareholders of a foreign
11 professional service corporation whose principal place of business is in
12 this state, and who are engaged in the practice of public accountancy in
13 this state, hold a valid license issued under section seventy-four
14 hundred four of the education law. For purposes of this paragraph,
15 "financial interest" means capital stock, capital accounts, capital
16 contributions, capital interest, or interest in undistributed earnings
17 of a business entity. Although firms may include non-licensee owners,
18 the firm and its owners must comply with rules promulgated by the state
19 board of regents. Notwithstanding the foregoing, a firm registered
20 under this section may not have non-licensee owners if the firm's name
21 includes the words "certified public accountant," or "certified public
22 accountants," or the abbreviations "CPA" or "CPAs". Each non-licensee
23 owner of a firm that is operating under this section shall be a natural
24 person who actively participates in the business of the firm or its
25 affiliated entities, provided each beneficial owner of an equity inter-
26 est in such entity is a natural person who actively participates in the
27 business conducted by the firm or its affiliated entities. For purposes
28 of this paragraph, "actively participate" means to provide services to
29 clients or to otherwise individually take part in the day-to-day busi-
30 ness or management of the firm.

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

34 (q) Each partner of a registered limited liability partnership formed
35 to provide medical services in this state must be licensed pursuant to
36 article 131 of the education law to practice medicine in this state and
37 each partner of a registered limited liability partnership formed to
38 provide dental services in this state must be licensed pursuant to arti-
39 cle 133 of the education law to practice dentistry in this state. Each
40 partner of a registered limited liability partnership formed to provide
41 veterinary services in this state must be licensed pursuant to article
42 135 of the education law to practice veterinary medicine in this state.
43 Each partner of a registered limited liability partnership formed to
44 provide public accountancy services, whose principal place of business
45 is in this state and who provides public accountancy services, must be
46 licensed pursuant to article 149 of the education law to practice public
47 accountancy in this state. Each partner of a registered limited liabil-
48 ity partnership formed to provide professional engineering, land survey-
49 ing, geological services, architectural and/or landscape architectural
50 services in this state must be licensed pursuant to article 145, article
51 147 and/or article 148 of the education law to practice one or more of
52 such professions in this state. Each partner of a registered limited
53 liability partnership formed to provide licensed clinical social work
54 services in this state must be licensed pursuant to article 154 of the
55 education law to practice clinical social work in this state. Each part-
56 ner of a registered limited liability partnership formed to provide

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

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

47 (q) Each partner of a foreign limited liability partnership which
48 provides medical services in this state must be licensed pursuant to
49 article 131 of the education law to practice medicine in the state and
50 each partner of a foreign limited liability partnership which provides
51 dental services in the state must be licensed pursuant to article 133 of
52 the education law to practice dentistry in this state. Each partner of a
53 foreign limited liability partnership which provides veterinary service
54 in the state shall be licensed pursuant to article 135 of the education
55 law to practice veterinary medicine in this state. Each partner of a
56 foreign limited liability partnership which provides professional engi-

1 neering, land surveying, geological services, architectural and/or land-
2 scape architectural services in this state must be licensed pursuant to
3 article 145, article 147 and/or article 148 of the education law to
4 practice one or more of such professions. Each partner of a foreign
5 registered limited liability partnership formed to provide public
6 accountancy services, whose principal place of business is in this state
7 and who provides public accountancy services, must be licensed pursuant
8 to article 149 of the education law to practice public accountancy in
9 this state. Each partner of a foreign limited liability partnership
10 which provides licensed clinical social work services in this state must
11 be licensed pursuant to article 154 of the education law to practice
12 licensed clinical social work in this state. Each partner of a foreign
13 limited liability partnership which provides creative arts therapy
14 services in this state must be licensed pursuant to article 163 of the
15 education law to practice creative arts therapy in this state. Each
16 partner of a foreign limited liability partnership which provides
17 marriage and family therapy services in this state must be licensed
18 pursuant to article 163 of the education law to practice marriage and
19 family therapy in this state. Each partner of a foreign limited liabil-
20 ity partnership which provides mental health counseling services in this
21 state must be licensed pursuant to article 163 of the education law to
22 practice mental health counseling in this state. Each partner of a
23 foreign limited liability partnership which provides psychoanalysis
24 services in this state must be licensed pursuant to article 163 of the
25 education law to practice psychoanalysis in this state. Each partner of
26 a foreign limited liability partnership which provides applied behavior
27 analysis services in this state must be licensed or certified pursuant
28 to article 167 of the education law to practice applied behavior analy-
29 sis in this state. A foreign limited liability partnership formed to
30 lawfully engage in the practice of public accountancy, as such practice
31 is respectively defined under article 149 of the education law, shall be
32 required to show (1) that a simple majority of the ownership of the
33 firm, in terms of financial interests, and voting rights held by the
34 firm's owners, belongs to individuals licensed to practice public
35 accountancy in some state, and (2) that all partners of a foreign limit-
36 ed liability partnership whose principal place of business is in this
37 state, and who are engaged in the practice of public accountancy in this
38 state, hold a valid license issued under section seventy-four hundred
39 four of the education law. For purposes of this subdivision, "financial
40 interest" means capital stock, capital accounts, capital contributions,
41 capital interest, or interest in undistributed earnings of a business
42 entity. Although firms may include non-licensee owners, the firm and
43 its owners must comply with rules promulgated by the state board of
44 regents. Notwithstanding the foregoing, a firm registered under this
45 section may not have non-licensee owners if the firm's name includes the
46 words "certified public accountant," or "certified public accountants,"
47 or the abbreviations "CPA" or "CPAs". Each non-licensee owner of a firm
48 that is formed under this section shall be (1) a natural person who
49 actively participates in the business of the firm or its affiliated
50 entities, or (2) an entity, including, but not limited to, a partnership
51 or professional corporation, provided each beneficial owner of an equity
52 interest in such entity is a natural person who actively participates in
53 the business conducted by the firm or its affiliated entities. For
54 purposes of this subdivision, "actively participate" means to provide
55 services to clients or to otherwise individually take part in the day-
56 to-day business or management of the firm.

1 § 10. Subdivision (h) of section 121-101 of the partnership law, as
2 added by chapter 950 of the laws of 1990, is amended to read as follows:

3 (h) "Limited partnership" and "domestic limited partnership" mean,
4 unless the context otherwise requires, a partnership (i) formed by two
5 or more persons pursuant to this article or which complies with subdivi-
6 sion (a) of section 121-1202 of this article and (ii) having one or more
7 general partners and one or more limited partners. Notwithstanding any
8 other provisions of law a limited partnership or domestic limited part-
9 nership formed to lawfully engage in the practice of public accountancy,
10 as such practice is respectively defined under article 149 of the educa-
11 tion law shall be required to show (1) that a simple majority of the
12 ownership of the firm, in terms of financial interests, including owner-
13 ship-based compensation, and voting rights held by the firm's owners,
14 belongs to individuals licensed to practice public accountancy in some
15 state, and (2) that all partners of a limited partnership or domestic
16 limited partnership, whose principal place of business is in this state,
17 and who are engaged in the practice of public accountancy in this state,
18 hold a valid license issued under section seventy-four hundred four of
19 the education law or are public accountants licensed under section
20 seventy-four hundred five of the education law. Although firms may
21 include non-licensee owners, the firm and its owners must comply with
22 rules promulgated by the state board of regents. Notwithstanding the
23 foregoing, a firm registered under this section may not have non-licen-
24 see owners if the firm's name includes the words "certified public
25 accountant," or "certified public accountants," or the abbreviations
26 "CPA" or "CPAs". Each non-licensee owner of a firm that is registered
27 under this section shall be (1) a natural person who actively partic-
28 ipates in the business of the firm or its affiliated entities, or (2) an
29 entity, including, but not limited to, a partnership or professional
30 corporation, provided each beneficial owner of an equity interest in
31 such entity is a natural person who actively participates in the busi-
32 ness conducted by the firm or its affiliated entities. For purposes of
33 this subdivision, "actively participate" means to provide services to
34 clients or to otherwise individually take part in the day-to-day busi-
35 ness or management of the firm.

36 § 11. Subdivision (b) of section 1207 of the limited liability company
37 law, as amended by chapter 475 of the laws of 2014, is amended to read
38 as follows:

39 (b) With respect to a professional service limited liability company
40 formed to provide medical services as such services are defined in arti-
41 cle 131 of the education law, each member of such limited liability
42 company must be licensed pursuant to article 131 of the education law to
43 practice medicine in this state. With respect to a professional service
44 limited liability company formed to provide dental services as such
45 services are defined in article 133 of the education law, each member of
46 such limited liability company must be licensed pursuant to article 133
47 of the education law to practice dentistry in this state. With respect
48 to a professional service limited liability company formed to provide
49 veterinary services as such services are defined in article 135 of the
50 education law, each member of such limited liability company must be
51 licensed pursuant to article 135 of the education law to practice veter-
52 inary medicine in this state. With respect to a professional service
53 limited liability company formed to provide professional engineering,
54 land surveying, architectural, landscape architectural and/or geological
55 services as such services are defined in article 145, article 147 and
56 article 148 of the education law, each member of such limited liability

1 company must be licensed pursuant to article 145, article 147 and/or
2 article 148 of the education law to practice one or more of such
3 professions in this state. With respect to a professional service
4 limited liability company formed to provide public accountancy services
5 as such services are defined in article 149 of the education law each
6 member of such limited liability company whose principal place of busi-
7 ness is in this state and who provides public accountancy services, must
8 be licensed pursuant to article 149 of the education law to practice
9 public accountancy in this state. With respect to a professional service
10 limited liability company formed to provide licensed clinical social
11 work services as such services are defined in article 154 of the educa-
12 tion law, each member of such limited liability company shall be
13 licensed pursuant to article 154 of the education law to practice
14 licensed clinical social work in this state. With respect to a profes-
15 sional service limited liability company formed to provide creative arts
16 therapy services as such services are defined in article 163 of the
17 education law, each member of such limited liability company must be
18 licensed pursuant to article 163 of the education law to practice crea-
19 tive arts therapy in this state. With respect to a professional service
20 limited liability company formed to provide marriage and family therapy
21 services as such services are defined in article 163 of the education
22 law, each member of such limited liability company must be licensed
23 pursuant to article 163 of the education law to practice marriage and
24 family therapy in this state. With respect to a professional service
25 limited liability company formed to provide mental health counseling
26 services as such services are defined in article 163 of the education
27 law, each member of such limited liability company must be licensed
28 pursuant to article 163 of the education law to practice mental health
29 counseling in this state. With respect to a professional service limited
30 liability company formed to provide psychoanalysis services as such
31 services are defined in article 163 of the education law, each member of
32 such limited liability company must be licensed pursuant to article 163
33 of the education law to practice psychoanalysis in this state. With
34 respect to a professional service limited liability company formed to
35 provide applied behavior analysis services as such services are defined
36 in article 167 of the education law, each member of such limited liabil-
37 ity company must be licensed or certified pursuant to article 167 of the
38 education law to practice applied behavior analysis in this state. A
39 professional service limited liability company formed to lawfully engage
40 in the practice of public accountancy, as such practice is respectively
41 defined under article 149 of the education law shall be required to show
42 (1) that a simple majority of the ownership of the firm, in terms of
43 financial interests, and voting rights held by the firm's owners,
44 belongs to individuals licensed to practice public accountancy in some
45 state, and (2) that all members of a limited professional service limit-
46 ed liability company, whose principal place of business is in this
47 state, and who are engaged in the practice of public accountancy in this
48 state, hold a valid license issued under section seventy-four hundred
49 four of the education law. For purposes of this subdivision, "financial
50 interest" means capital stock, capital accounts, capital contributions,
51 capital interest, or interest in undistributed earnings of a business
52 entity. Although firms may include non-licensee owners, the firm and
53 its owners must comply with rules promulgated by the state board of
54 regents. Notwithstanding the foregoing, a firm registered under this
55 section may not have non-licensee owners if the firm's name includes the
56 words "certified public accountant," or "certified public accountants,"

1 or the abbreviations "CPA" or "CPAs". Each non-licensee owner of a firm
2 that is registered under this section shall be (1) a natural person who
3 actively participates in the business of the firm or its affiliated
4 entities, or (2) an entity, including, but not limited to, a partnership
5 or professional corporation, provided each beneficial owner of an equity
6 interest in such entity is a natural person who actively participates in
7 the business conducted by the firm or its affiliated entities. For
8 purposes of this subdivision, "actively participate" means to provide
9 services to clients or to otherwise individually take part in the day-
10 to-day business or management of the firm.

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

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

1 education law to practice one or more of such professions in this state.
2 With respect to a foreign professional service limited liability company
3 which provides public accountancy services as such services are defined
4 in article 149 of the education law, each member of such foreign profes-
5 sional service limited liability company whose principal place of busi-
6 ness is in this state and who provides public accountancy services,
7 shall be licensed pursuant to article 149 of the education law to prac-
8 tice public accountancy in this state. With respect to a foreign profes-
9 sional service limited liability company which provides licensed clinical
10 social work services as such services are defined in article 154 of
11 the education law, each member of such foreign professional service
12 limited liability company shall be licensed pursuant to article 154 of
13 the education law to practice clinical social work in this state. With
14 respect to a foreign professional service limited liability company
15 which provides creative arts therapy services as such services are
16 defined in article 163 of the education law, each member of such foreign
17 professional service limited liability company must be licensed pursuant
18 to article 163 of the education law to practice creative arts therapy in
19 this state. With respect to a foreign professional service limited
20 liability company which provides marriage and family therapy services as
21 such services are defined in article 163 of the education law, each
22 member of such foreign professional service limited liability company
23 must be licensed pursuant to article 163 of the education law to prac-
24 tice marriage and family therapy in this state. With respect to a
25 foreign professional service limited liability company which provides
26 mental health counseling services as such services are defined in arti-
27 cle 163 of the education law, each member of such foreign professional
28 service limited liability company must be licensed pursuant to article
29 163 of the education law to practice mental health counseling in this
30 state. With respect to a foreign professional service limited liability
31 company which provides psychoanalysis services as such services are
32 defined in article 163 of the education law, each member of such foreign
33 professional service limited liability company must be licensed pursuant
34 to article 163 of the education law to practice psychoanalysis in this
35 state. With respect to a foreign professional service limited liability
36 company which provides applied behavior analysis services as such
37 services are defined in article 167 of the education law, each member of
38 such foreign professional service limited liability company must be
39 licensed or certified pursuant to article 167 of the education law to
40 practice applied behavior analysis in this state. A foreign professional
41 service limited liability company formed to lawfully engage in the prac-
42 tice of public accountancy, as such practice is respectively defined
43 under article 149 of the education law shall be required to show (1)
44 that a simple majority of the ownership of the firm, in terms of finan-
45 cial interests, and voting rights held by the firm's owners, belongs to
46 individuals licensed to practice public accountancy in some state, and
47 (2) that all members of a foreign limited professional service limited
48 liability company, whose principal place of business is in this state,
49 and who are engaged in the practice of public accountancy in this state,
50 hold a valid license issued under section seventy-four hundred four of
51 the education law. For purposes of this subdivision, "financial inter-
52 est" means capital stock, capital accounts, capital contributions, capi-
53 tal interest, or interest in undistributed earnings of a business enti-
54 ty. Although firms may include non-licensee owners, the firm and its
55 owners must comply with rules promulgated by the state board of regents.
56 Notwithstanding the foregoing, a firm registered under this section may

1 not have non-licensee owners if the firm's name includes the words
2 "certified public accountant," or "certified public accountants," or the
3 abbreviations "CPA" or "CPAs". Each non-licensee owner of a firm that is
4 registered under this section shall be (1) a natural person who actively
5 participates in the business of the firm or its affiliated entities, or
6 (2) an entity, including, but not limited to, a partnership or profes-
7 sional corporation, provided each beneficial owner of an equity interest
8 in such entity is a natural person who actively participates in the
9 business conducted by the firm or its affiliated entities. For purposes
10 of this subdivision, "actively participate" means to provide services to
11 clients or to otherwise individually take part in the day-to-day busi-
12 ness or management of the firm.

13 § 13. This act shall take effect immediately.