

# STATE OF NEW YORK

2919

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 -- 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

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:

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

6. Notwithstanding any other provision of law, any firm established to lawfully engage in the practice of public accountancy pursuant to article fifteen of the business corporation law, articles one and eight-B of the partnership law, or articles twelve and thirteen of the limited liability company law shall be deemed eligible to register pursuant to this section.

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

(h) Any firm established for the business purpose of incorporating as a 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

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

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1 firm, in terms of financial interests, including ownership-based compen-  
2 sation, and voting rights held by the firm's owners, belongs to individ-  
3 uals licensed to practice public accountancy in some state, and (2) that  
4 all shareholders of a professional service corporation whose principal  
5 place of business is in this state, and who are engaged in the practice  
6 of public accountancy in this state, hold a valid license issued under  
7 section seventy-four hundred four of the education law or are public  
8 accountants licensed under section seventy-four hundred five of the  
9 education law. Although firms may include non-licensee owners, the firm  
10 and its owners must comply with rules promulgated by the state board of  
11 regents. Notwithstanding the provisions of this paragraph, a firm  
12 incorporated under this section may not have non-licensee owners if the  
13 firm's name includes the words "certified public accountant," or "certi-  
14 fied public accountants," or the abbreviations "CPA" or "CPAs". Each  
15 non-licensee owner of a firm that is incorporated under this section  
16 shall be a natural person who actively participates in the business of  
17 the firm or its affiliated entities. For purposes of this subdivision,  
18 "actively participate" means to provide services to clients or to other-  
19 wise individually take part in the day-to-day business or management of  
20 the firm. Such a firm shall have attached to its certificate of incorpo-  
21 ration a certificate or certificates demonstrating the firm's compliance  
22 with this paragraph, in lieu of the certificate or certificates required  
23 by subparagraph (ii) of paragraph (b) of this section.

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

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

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

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

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

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

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

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

54 (c) The directors and officers of any firm established for the busi-  
55 ness purpose of incorporating as a professional service corporation  
56 pursuant to paragraph (h) of section fifteen hundred three of this arti-

cle may include individuals who are not licensed to practice public accountancy, provided however that at least fifty-one percent of the directors, at least fifty-one percent of the officers and the president, the chairperson of the board of directors and the chief executive officer or officers are authorized by law to practice in this state a profession which such corporation is authorized to practice, and are either shareholders of such corporation or engaged in the practice of their professions in such corporation.

§ 5. Section 1509 of the business corporation law, as amended by chapter 550 of the laws of 2011, is amended to read as follows:

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

If any shareholder, director, officer or employee of a professional service corporation, including a design professional service corporation, or any firm established for the business purpose of incorporating as a professional service corporation pursuant to paragraph (h) of section fifteen hundred three of this article, who has been rendering professional service to the public becomes legally disqualified to practice his profession within this state, he or she shall sever all employment with, and financial interests (other than interests as a creditor) in, such corporation forthwith or as otherwise provided in section 1510 of this article. All provisions of law regulating the rendering of professional services by a person elected or appointed to a public office shall be applicable to a shareholder, director, officer and employee of such corporation in the same manner and to the same extent as if fully set forth herein. Such legal disqualification to practice his or her profession within this state shall be deemed to constitute an irrevocable offer by the disqualified shareholder to sell his or her shares to the corporation, pursuant to the provisions of section 1510 of this article or of the certificate of incorporation, by-laws or agreement among the corporation and all shareholders, whichever is applicable. Compliance with the terms of such offer shall be specifically enforceable in the courts of this state. A professional service corporation's failure to enforce compliance with this provision shall constitute a ground for forfeiture of its certificate of incorporation and its dissolution.

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

(a) No shareholder of a professional service corporation [~~or~~], including a design professional service corporation, or any firm established for the business purpose of incorporating as a professional service corporation pursuant to paragraph (h) of section fifteen hundred three of this article, may sell or transfer his or her shares in such corporation except to another individual who is eligible to have shares issued to him or her by such corporation or except in trust to another individual who would be eligible to receive shares if he or she were employed by the corporation. Nothing herein contained shall be construed to prohibit the transfer of shares by operation of law or by court decree. No transferee of shares by operation of law or court decree may vote the shares for any purpose whatsoever except with respect to corporate action under sections 909 and 1001 of this chapter. The restriction in the preceding sentence shall not apply, however, where such transferee would be eligible to have shares issued to him or her if he or she were an employee of the corporation and, if there are other shareholders, a majority of such other shareholders shall fail to redeem the

1 shares so transferred, pursuant to section 1510 of this article, within  
2 sixty days of receiving written notice of such transfer. Any sale or  
3 transfer, except by operation of law or court decree or except for a  
4 corporation having only one shareholder, may be made only after the same  
5 shall have been approved by the board of directors, or at a sharehold-  
6 ers' meeting specially called for such purpose by such proportion, not  
7 less than a majority, of the outstanding shares as may be provided in  
8 the certificate of incorporation or in the by-laws of such professional  
9 service corporation. At such shareholders' meeting the shares held by  
10 the shareholder proposing to sell or transfer his or her shares may not  
11 be voted or counted for any purpose, unless all shareholders consent  
12 that such shares be voted or counted. The certificate of incorporation  
13 or the by-laws of the professional service corporation, or the profes-  
14 sional service corporation and the shareholders by private agreement,  
15 may provide, in lieu of or in addition to the foregoing provisions, for  
16 the alienation of shares and may require the redemption or purchase of  
17 such shares by such corporation at prices and in a manner specifically  
18 set forth therein. The existence of the restrictions on the sale or  
19 transfer of shares, as contained in this article and, if applicable, in  
20 the certificate of incorporation, by-laws, stock purchase or stock  
21 redemption agreement, shall be noted conspicuously on the face or back  
22 of every certificate for shares issued by a professional service corpo-  
23 ration. Any sale or transfer in violation of such restrictions shall be  
24 void.

25 (c) A firm established for the business purpose of incorporating as a  
26 professional service corporation pursuant to paragraph (h) of section  
27 fifteen hundred three of this article, shall purchase or redeem the  
28 shares of a non-licensed professional shareholder in the case of his or  
29 her termination of employment within thirty days after such termination.  
30 A firm established for the business purpose of incorporating as a  
31 professional service corporation pursuant to paragraph (h) of section  
32 fifteen hundred three of this article, shall not be required to purchase  
33 or redeem the shares of a terminated non-licensed professional share-  
34 holder if such shares, within thirty days after such termination, are  
35 sold or transferred to another employee of the corporation pursuant to  
36 this article.

37 § 7. Paragraph (a) of section 1512 of the business corporation law, as  
38 amended by chapter 550 of the laws of 2011, is amended to read as  
39 follows:

40 (a) Notwithstanding any other provision of law, the name of a profes-  
41 sional service corporation, including a design professional service  
42 corporation and any firm established for the business purpose of incor-  
43 porating as a professional service corporation pursuant to paragraph (h)  
44 of section fifteen hundred three of this article, may contain any word  
45 which, at the time of incorporation, could be used in the name of a  
46 partnership practicing a profession which the corporation is authorized  
47 to practice, and may not contain any word which could not be used by  
48 such a partnership. Provided, however, the name of a professional  
49 service corporation may not contain the name of a deceased person unless

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

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

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

(c) Each firm established for the business purpose of incorporating as a professional service corporation pursuant to paragraph (h) of section fifteen hundred three of this article shall, at least once every three years on or before the date prescribed by the licensing authority, furnish a statement to the licensing authority listing the names and 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.

§ 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 defined under article one hundred forty-nine of the education law, or equivalent state 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 of regents. 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 operating under this section shall be a natural person who actively participates in the business of the firm or its affiliated entities, 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 other-



1 wise individually take part in the day-to-day business or management of  
2 the firm.

3 § 10. Subdivision (q) of section 121-1500 of the partnership law, as  
4 amended by chapter 475 of the laws of 2014, is amended to read as  
5 follows:

6 (q) Each partner of a registered limited liability partnership formed  
7 to provide medical services in this state must be licensed pursuant to  
8 article 131 of the education law to practice medicine in this state and  
9 each partner of a registered limited liability partnership formed to  
10 provide dental services in this state must be licensed pursuant to arti-  
11 cle 133 of the education law to practice dentistry in this state. Each  
12 partner of a registered limited liability partnership formed to provide  
13 veterinary services in this state must be licensed pursuant to article  
14 135 of the education law to practice veterinary medicine in this state.

15 Each partner of a registered limited liability partnership formed to  
16 provide public accountancy services, whose principal place of business  
17 is in this state and who provides public accountancy services, must be  
18 licensed pursuant to article 149 of the education law to practice public  
19 accountancy in this state. Each partner of a registered limited liabil-

20 ity partnership formed to provide professional engineering, land survey-  
21 ing, geological services, architectural and/or landscape architectural  
22 services in this state must be licensed pursuant to article 145, article  
23 147 and/or article 148 of the education law to practice one or more of  
24 such professions in this state. Each partner of a registered limited  
25 liability partnership formed to provide licensed clinical social work  
26 services in this state must be licensed pursuant to article 154 of the  
27 education law to practice clinical social work in this state. Each part-  
28 ner of a registered limited liability partnership formed to provide  
29 creative arts therapy services in this state must be licensed pursuant  
30 to article 163 of the education law to practice creative arts therapy in  
31 this state. Each partner of a registered limited liability partnership  
32 formed to provide marriage and family therapy services in this state  
33 must be licensed pursuant to article 163 of the education law to prac-  
34 tice marriage and family therapy in this state. Each partner of a regis-  
35 tered limited liability partnership formed to provide mental health  
36 counseling services in this state must be licensed pursuant to article  
37 163 of the education law to practice mental health counseling in this  
38 state. Each partner of a registered limited liability partnership formed  
39 to provide psychoanalysis services in this state must be licensed pursu-  
40 ant to article 163 of the education law to practice psychoanalysis in  
41 this state. Each partner of a registered limited liability partnership  
42 formed to provide applied behavior analysis service in this state must  
43 be licensed or certified pursuant to article 167 of the education law to  
44 practice applied behavior analysis in this state. Notwithstanding any

45 other provisions of law a limited liability partnership formed to  
46 lawfully engage in the practice of public accountancy, as such practice  
47 is respectively defined under article 149 of the education law, shall be  
48 required to show (1) that a simple majority of the ownership of the  
49 firm, in terms of financial interests, including ownership-based compen-  
50 sation, and voting rights held by the firm's owners, belongs to individ-  
51 uals licensed to practice public accountancy in some state, and (2) that  
52 all partners of a limited liability partnership whose principal place of  
53 business is in this state, and who are engaged in the practice of public  
54 accountancy in this state, hold a valid license issued under section  
55 seventy-four hundred four of the education law or are public accountants  
56 licensed under section seventy-four hundred five of the education law.

1 Although firms may include non-licensee owners, the firm and its owners  
2 must comply with rules promulgated by the state board of regents.  
3 Notwithstanding the foregoing, a firm registered under this section may  
4 not have non-licensee owners if the firm's name includes the words  
5 "certified public accountant," or "certified public accounts," or the  
6 abbreviations "CPA" or "CPAs." Each non-licensee owner of a firm that is  
7 incorporated under this section shall be (1) a natural person who  
8 actively participates in the business of the firm or its affiliated  
9 entities, or (2) an entity, including, but not limited to, a partnership  
10 or professional corporation, provided each beneficial owner of an equity  
11 interest in such entity is a natural person who actively participates in  
12 the business conducted by the firm or its affiliated entities. For  
13 purposes of this subdivision, "actively participate" means to provide  
14 services to clients or to otherwise individually take part in the day-  
15 to-day business or management of the firm.

16 § 11. Subdivision (q) of section 121-1502 of the partnership law, as  
17 amended by chapter 475 of the laws of 2014, is amended to read as  
18 follows:

19 (q) Each partner of a foreign limited liability partnership which  
20 provides medical services in this state must be licensed pursuant to  
21 article 131 of the education law to practice medicine in the state and  
22 each partner of a foreign limited liability partnership which provides  
23 dental services in the state must be licensed pursuant to article 133 of  
24 the education law to practice dentistry in this state. Each partner of a  
25 foreign limited liability partnership which provides veterinary service  
26 in the state shall be licensed pursuant to article 135 of the education  
27 law to practice veterinary medicine in this state. Each partner of a  
28 foreign limited liability partnership which provides professional engi-  
29 neering, land surveying, geological services, architectural and/or land-  
30 scape architectural services in this state must be licensed pursuant to  
31 article 145, article 147 and/or article 148 of the education law to  
32 practice one or more of such professions. Each partner of a foreign  
33 registered limited liability partnership formed to provide public  
34 accountancy services, whose principal place of business is in this state  
35 and who provides public accountancy services, must be licensed pursuant  
36 to article 149 of the education law to practice public accountancy in  
37 this state. Each partner of a foreign limited liability partnership  
38 which provides licensed clinical social work services in this state must  
39 be licensed pursuant to article 154 of the education law to practice  
40 licensed clinical social work in this state. Each partner of a foreign  
41 limited liability partnership which provides creative arts therapy  
42 services in this state must be licensed pursuant to article 163 of the  
43 education law to practice creative arts therapy in this state. Each  
44 partner of a foreign limited liability partnership which provides  
45 marriage and family therapy services in this state must be licensed  
46 pursuant to article 163 of the education law to practice marriage and  
47 family therapy in this state. Each partner of a foreign limited liabil-  
48 ity partnership which provides mental health counseling services in this  
49 state must be licensed pursuant to article 163 of the education law to  
50 practice mental health counseling in this state. Each partner of a  
51 foreign limited liability partnership which provides psychoanalysis  
52 services in this state must be licensed pursuant to article 163 of the  
53 education law to practice psychoanalysis in this state. Each partner of  
54 a foreign limited liability partnership which provides applied behavior  
55 analysis services in this state must be licensed or certified pursuant  
56 to article 167 of the education law to practice applied behavior analy-

sis in this state. Notwithstanding any other provisions of law a foreign limited liability partnership 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 partners of a foreign limited liability partnership whose principal place of business is in this state, and who are engaged in the practice of public accountancy in this state, hold a valid licence 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 of regents. 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.

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

(h) "Limited partnership" and "domestic limited partnership" mean, unless the context otherwise requires, a partnership (i) formed by two or more persons pursuant to this article or which complies with subdivision (a) of section 121-1202 of this article and (ii) having one or more general partners and one or more limited partners. Notwithstanding any other provisions of law a limited partnership or domestic limited partnership 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 partners of a limited partnership or domestic limited partnership, whose principal place of business is in this state, and who are engaged in the practice of public accountancy in this state, hold a valid license issued under section seventy-four hundred four of the education law 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 of regents. 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.

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

(b) With respect to a professional service limited liability company formed to provide medical services as such services are defined in article 131 of the education law, each member of such limited liability company must be licensed pursuant to article 131 of the education law to practice medicine in this state. With respect to a professional service limited liability company formed to provide dental services as such services are defined in article 133 of the education law, each member of such limited liability company must be licensed pursuant to article 133 of the education law to practice dentistry in this state. With respect to a professional service limited liability company formed to provide veterinary services as such services are defined in article 135 of the education law, each member of such limited liability company must be licensed pursuant to article 135 of the education law to practice veterinary medicine in this state. With respect to a professional service limited liability company formed to provide professional engineering, land surveying, architectural, landscape architectural and/or geological services as such services are defined in article 145, article 147 and article 148 of the education law, each member of such limited liability company must be licensed pursuant to article 145, article 147 and/or article 148 of the education law to practice one or more of such professions in this state.

With respect to a professional service limited liability company formed to provide public accountancy services as such services are defined in article 149 of the education law each member of such limited liability company whose principal place of business is in this state and who provides public accountancy services, must be licensed pursuant to article 149 of the education law to practice public accountancy in this state.

With respect to a professional service limited liability company formed to provide licensed clinical social work services as such services are defined in article 154 of the education law, each member of such limited liability company shall be licensed pursuant to article 154 of the education law to practice licensed clinical social work in this state. With respect to a professional service limited liability company formed to provide creative arts therapy services as such services are defined in article 163 of the education law, each member of such limited liability company must be licensed pursuant to article 163 of the education law to practice creative arts therapy in this state. With respect to a professional service limited liability company formed to provide marriage and family therapy services as such services are defined in article 163 of the education law, each member of such limited liability company must be licensed pursuant to article 163 of the education law to practice marriage and family therapy in this state. With respect to a professional service limited liability company formed to provide mental health counseling services as such services are defined in article 163 of the education law, each member of such limited liability company must be licensed pursuant to article 163 of the education law to practice mental health

1 counseling in this state. With respect to a professional service limited  
2 liability company formed to provide psychoanalysis services as such  
3 services are defined in article 163 of the education law, each member of  
4 such limited liability company must be licensed pursuant to article 163  
5 of the education law to practice psychoanalysis in this state. With  
6 respect to a professional service limited liability company formed to  
7 provide applied behavior analysis services as such services are defined  
8 in article 167 of the education law, each member of such limited liabil-  
9 ity company must be licensed or certified pursuant to article 167 of the  
10 education law to practice applied behavior analysis in this state.

11 Notwithstanding any other provisions of law a professional service  
12 limited liability company formed to lawfully engage in the practice of  
13 public accountancy, as such practice is respectively defined under arti-  
14 cle 149 of the education law shall be required to show (1) that a simple  
15 majority of the ownership of the firm, in terms of financial interests,  
16 including ownership-based compensation, and voting rights held by the  
17 firm's owners, belongs to individuals licensed to practice public  
18 accountancy in some state, and (2) that all members of a limited profes-  
19 sional service limited liability company, whose principal place of busi-  
20 ness is in this state, and who are engaged in the practice of public  
21 accountancy in this state, hold a valid license issued under section  
22 seventy-four hundred four of the education law or are public accountants  
23 licensed under section seventy-four hundred five of the education law.  
24 Although firms may include non-licensee owners, the firm and its owners  
25 must comply with rules promulgated by the state board of regents.  
26 Notwithstanding the foregoing, a firm registered under this section may  
27 not have non-licensee owners if the firm's name includes the words  
28 "certified public accountant," or "certified public accountants," or the  
29 abbreviations "CPA" or "CPAs." Each non-licensee owner of a firm that is  
30 registered under this section shall be (1) a natural person who actively  
31 participates in the business of the firm or its affiliated entities, or  
32 (2) an entity, including, but not limited to, a partnership or profes-  
33 sional corporation, provided each beneficial owner of an equity interest  
34 in such entity is a natural person who actively participates in the  
35 business conducted by the firm or its affiliated entities. For purposes  
36 of this subdivision, "actively participate" means to provide services to  
37 clients or to otherwise individually take part in the day-to-day busi-  
38 ness or management of the firm.

39 § 14. Subdivision (a) of section 1301 of the limited liability company  
40 law, as amended by chapter 475 of the laws of 2014, is amended to read  
41 as follows:

42 (a) "Foreign professional service limited liability company" means a  
43 professional service limited liability company, whether or not denomi-  
44 nated as such, organized under the laws of a jurisdiction other than  
45 this state, (i) each of whose members and managers, if any, is a profes-  
46 sional authorized by law to render a professional service within this  
47 state and who is or has been engaged in the practice of such profession  
48 in such professional service limited liability company or a predecessor  
49 entity, or will engage in the practice of such profession in the profes-  
50 sional service limited liability company within thirty days of the date  
51 such professional becomes a member, or each of whose members and manag-  
52 ers, if any, is a professional at least one of such members is author-  
53 ized by law to render a professional service within this state and who  
54 is or has been engaged in the practice of such profession in such  
55 professional service limited liability company or a predecessor entity,  
56 or will engage in the practice of such profession in the professional

1 service limited liability company within thirty days of the date such  
2 professional becomes a member, or (ii) authorized by, or holding a  
3 license, certificate, registration or permit issued by the licensing  
4 authority pursuant to, the education law to render a professional  
5 service within this state; except that all members and managers, if any,  
6 of a foreign professional service limited liability company that  
7 provides health services in this state shall be licensed in this state.  
8 With respect to a foreign professional service limited liability company  
9 which provides veterinary services as such services are defined in arti-  
10 cle 135 of the education law, each member of such foreign professional  
11 service limited liability company shall be licensed pursuant to article  
12 135 of the education law to practice veterinary medicine. With respect  
13 to a foreign professional service limited liability company which  
14 provides medical services as such services are defined in article 131 of  
15 the education law, each member of such foreign professional service  
16 limited liability company must be licensed pursuant to article 131 of  
17 the education law to practice medicine in this state. With respect to a  
18 foreign professional service limited liability company which provides  
19 dental services as such services are defined in article 133 of the  
20 education law, each member of such foreign professional service limited  
21 liability company must be licensed pursuant to article 133 of the educa-  
22 tion law to practice dentistry in this state. With respect to a foreign  
23 professional service limited liability company which provides profes-  
24 sional engineering, land surveying, geologic, architectural and/or land-  
25 scape architectural services as such services are defined in article  
26 145, article 147 and article 148 of the education law, each member of  
27 such foreign professional service limited liability company must be  
28 licensed pursuant to article 145, article 147 and/or article 148 of the  
29 education law to practice one or more of such professions in this state.  
30 With respect to a foreign professional service limited liability company  
31 which provides public accountancy services as such services are defined  
32 in article 149 of the education law, each member of such foreign profes-  
33 sional service limited liability company whose principal place of busi-  
34 ness is in this state and who provides public accountancy services,  
35 shall be licensed pursuant to article 149 of the education law to prac-  
36 tice public accountancy in this state. With respect to a foreign profes-  
37 sional service limited liability company which provides licensed clin-  
38 ical social work services as such services are defined in article 154 of  
39 the education law, each member of such foreign professional service  
40 limited liability company shall be licensed pursuant to article 154 of  
41 the education law to practice clinical social work in this state. With  
42 respect to a foreign professional service limited liability company  
43 which provides creative arts therapy services as such services are  
44 defined in article 163 of the education law, each member of such foreign  
45 professional service limited liability company must be licensed pursuant  
46 to article 163 of the education law to practice creative arts therapy in  
47 this state. With respect to a foreign professional service limited  
48 liability company which provides marriage and family therapy services as  
49 such services are defined in article 163 of the education law, each  
50 member of such foreign professional service limited liability company  
51 must be licensed pursuant to article 163 of the education law to prac-  
52 tice marriage and family therapy in this state. With respect to a  
53 foreign professional service limited liability company which provides  
54 mental health counseling services as such services are defined in arti-  
55 cle 163 of the education law, each member of such foreign professional  
56 service limited liability company must be licensed pursuant to article

1 163 of the education law to practice mental health counseling in this  
2 state. With respect to a foreign professional service limited liability  
3 company which provides psychoanalysis services as such services are  
4 defined in article 163 of the education law, each member of such foreign  
5 professional service limited liability company must be licensed pursuant  
6 to article 163 of the education law to practice psychoanalysis in this  
7 state. With respect to a foreign professional service limited liability  
8 company which provides applied behavior analysis services as such  
9 services are defined in article 167 of the education law, each member of  
10 such foreign professional service limited liability company must be  
11 licensed or certified pursuant to article 167 of the education law to  
12 practice applied behavior analysis in this state. Notwithstanding any  
13 other provisions of law a foreign professional service limited liability  
14 company formed to lawfully engage in the practice of public accountancy,  
15 as such practice is respectively defined under article 149 of the educa-  
16 tion law shall be required to show (1) that a simple majority of the  
17 ownership of the firm, in terms of financial interests, including owner-  
18 ship-based compensation, and voting rights held by the firm's owners,  
19 belongs to individuals licensed to practice public accountancy in some  
20 state, and (2) that all members of a foreign limited professional  
21 service limited liability company, whose principal place of business is  
22 in this state, and who are engaged in the practice of public accountancy  
23 in this state, hold a valid license issued under section seventy-four  
24 hundred four of the education law or are public accountants licensed  
25 under section seventy-four hundred five of the education law. Although  
26 firms may include non-licensee owners, the firm and its owners must  
27 comply with rules promulgated by the state board of regents. Notwith-  
28 standing the foregoing, a firm registered under this section may not  
29 have non-licensee owners if the firm's name includes the words "certi-  
30 fied public accountant," or "certified public accountants," or the  
31 abbreviations "CPA" or "CPAs." Each non-licensee owner of a firm that is  
32 registered under this section shall be (1) a natural person who actively  
33 participates in the business of the firm or its affiliated entities, or  
34 (2) an entity, including, but not limited to, a partnership or profes-  
35 sional corporation, provided each beneficial owner of an equity interest  
36 in such entity is a natural person who actively participates in the  
37 business conducted by the firm or its affiliated entities. For purposes  
38 of this subdivision, "actively participate" means to provide services to  
39 clients or to otherwise individually take part in the day-to-day busi-  
40 ness or management of the firm.

41 § 15. This act shall take effect immediately.