

# STATE OF NEW YORK

1938

2021-2022 Regular Sessions

## IN ASSEMBLY

January 13, 2021

Introduced by M. of A. PEOPLES-STOKES, TAYLOR, MAGNARELLI, BENEDETTO, DICKENS, ENGLEBRIGHT, J. RIVERA, JEAN-PIERRE, DE LA ROSA, SEAWRIGHT, MORINELLO, COOK, L. ROSENTHAL, PERRY, LUPARDO, GOTTFRIED, BRONSON, ABBATE, DILAN, RICHARDSON, PHEFFER AMATO, DINOWITZ, RODRIGUEZ, PRETLOW, NIOU, ROZIC, D. ROSENTHAL, JOYNER, HUNTER, PICHARDO, SOLAGES, HEVESI, HYNDMAN, GALEF, GUNTHER, STIRPE, WOERNER, QUART, CUSICK, FAHY, SANTABARBARA, BICHOTTE HERMELYN, WEPRIN, LAVINE, CYMBROWITZ, WALCZYK, VANEL, ZEBROWSKI, WALLACE, PAULIN, EICHENSTEIN, CARROLL, FALL, REYES, WALKER, FERNANDEZ, SAYEGH, McMAHON, BARNWELL, BARRETT, BUTTENSCHON, COLTON, BARRON, BRAUNSTEIN, DARLING, STERN, CAHILL, GRIFFIN, RAMOS, JONES -- Multi-Sponsored by -- M. of A. DAVILA, J. M. GIGLIO, GOODELL, M. MILLER, THIELE -- read once and referred to the Committee on Higher Education

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  
12 state, and who are engaged in the practice of public accountancy in this  
13 state, hold a valid license issued under section seventy-four hundred

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

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

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

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

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

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

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

37 (iv) the president, the chairperson of the board of directors and the  
38 chief executive officer or officers are certified public accountants.  
39 No shareholder of a firm established for the business purpose of incor-  
40 porating as a professional service corporation pursuant to paragraph (h)  
41 of section fifteen hundred three of this article shall enter into a  
42 voting trust agreement, proxy or any other type of agreement vesting in  
43 another person, other than another shareholder of the same corporation,  
44 the authority to exercise voting power of any or all of his or her  
45 shares. All shares issued, agreements made or proxies granted in  
46 violation of this section shall be void.

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

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

1 profession which such corporation is authorized to practice, and are  
2 either shareholders of such corporation or engaged in the practice of  
3 their professions in such corporation.

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

6 § 1509. Disqualification of shareholders, directors, officers and  
7 employees.

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

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

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

holders consent that such shares be voted or counted. The certificate of incorporation or the by-laws of the professional service corporation, or the professional service corporation and the shareholders by private agreement, may provide, in lieu of or in addition to the foregoing provisions, for the alienation of shares and may require the redemption or purchase of such shares by such corporation at prices and in a manner specifically set forth therein. The existence of the restrictions on the sale or transfer of shares, as contained in this article and, if applicable, in the certificate of incorporation, by-laws, stock purchase or stock redemption agreement, shall be noted conspicuously on the face or back of every certificate for shares issued by a professional service corporation. Any sale or transfer in violation of such restrictions shall be void.

(c) A 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 purchase or redeem the shares of a non-licensed professional shareholder in the case of his or her termination of employment within thirty days after such termination. A 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 not be required to purchase or redeem the shares of a terminated non-licensed professional shareholder if such shares, within thirty days after such termination, are sold or transferred to another employee of the corporation pursuant to this article.

§ 6. Section 1514 of the business corporation law is amended by adding 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.

§ 7. 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

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

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

32 (q) Each partner of a registered limited liability partnership formed  
33 to provide medical services in this state must be licensed pursuant to  
34 article 131 of the education law to practice medicine in this state and  
35 each partner of a registered limited liability partnership formed to  
36 provide dental services in this state must be licensed pursuant to arti-  
37 cle 133 of the education law to practice dentistry in this state. Each  
38 partner of a registered limited liability partnership formed to provide  
39 veterinary services in this state must be licensed pursuant to article  
40 135 of the education law to practice veterinary medicine in this state.  
41 Each partner of a registered limited liability partnership formed to  
42 provide public accountancy services, whose principal place of business  
43 is in this state and who provides public accountancy services, must be  
44 licensed pursuant to article 149 of the education law to practice public  
45 accountancy in this state. Each partner of a registered limited liabil-  
46 ity partnership formed to provide professional engineering, land survey-  
47 ing, geological services, architectural and/or landscape architectural  
48 services in this state must be licensed pursuant to article 145, article  
49 147 and/or article 148 of the education law to practice one or more of  
50 such professions in this state. Each partner of a registered limited  
51 liability partnership formed to provide licensed clinical social work  
52 services in this state must be licensed pursuant to article 154 of the  
53 education law to practice clinical social work in this state. Each part-  
54 ner of a registered limited liability partnership formed to provide  
55 creative arts therapy services in this state must be licensed pursuant  
56 to article 163 of the education law to practice creative arts therapy in



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

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

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

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

55 § 10. Subdivision (h) of section 121-101 of the partnership law, as  
56 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.

§ 11. 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



1 professions in this state. With respect to a professional service  
2 limited liability company formed to provide public accountancy services  
3 as such services are defined in article 149 of the education law each  
4 member of such limited liability company whose principal place of busi-  
5 ness is in this state and who provides public accountancy services, must  
6 be licensed pursuant to article 149 of the education law to practice  
7 public accountancy in this state. With respect to a professional service

8 limited liability company formed to provide licensed clinical social  
9 work services as such services are defined in article 154 of the educa-  
10 tion law, each member of such limited liability company shall be  
11 licensed pursuant to article 154 of the education law to practice  
12 licensed clinical social work in this state. With respect to a profes-  
13 sional service limited liability company formed to provide creative arts  
14 therapy services as such services are defined in article 163 of the  
15 education law, each member of such limited liability company must be  
16 licensed pursuant to article 163 of the education law to practice crea-  
17 tive arts therapy in this state. With respect to a professional service  
18 limited liability company formed to provide marriage and family therapy  
19 services as such services are defined in article 163 of the education  
20 law, each member of such limited liability company must be licensed  
21 pursuant to article 163 of the education law to practice marriage and  
22 family therapy in this state. With respect to a professional service  
23 limited liability company formed to provide mental health counseling  
24 services as such services are defined in article 163 of the education  
25 law, each member of such limited liability company must be licensed  
26 pursuant to article 163 of the education law to practice mental health  
27 counseling in this state. With respect to a professional service limited  
28 liability company formed to provide psychoanalysis services as such  
29 services are defined in article 163 of the education law, each member of  
30 such limited liability company must be licensed pursuant to article 163  
31 of the education law to practice psychoanalysis in this state. With  
32 respect to a professional service limited liability company formed to  
33 provide applied behavior analysis services as such services are defined  
34 in article 167 of the education law, each member of such limited liabil-  
35 ity company must be licensed or certified pursuant to article 167 of the  
36 education law to practice applied behavior analysis in this state. A

37 professional service limited liability company formed to lawfully engage  
38 in the practice of public accountancy, as such practice is respectively  
39 defined under article 149 of the education law shall be required to show  
40 (1) that a simple majority of the ownership of the firm, in terms of  
41 financial interests, and voting rights held by the firm's owners,  
42 belongs to individuals licensed to practice public accountancy in some  
43 state, and (2) that all members of a limited professional service limit-  
44 ed liability company, whose principal place of business is in this  
45 state, and who are engaged in the practice of public accountancy in this  
46 state, hold a valid license issued under section seventy-four hundred  
47 four of the education law. For purposes of this subdivision, "financial  
48 interest" means capital stock, capital accounts, capital contributions,  
49 capital interest, or interest in undistributed earnings of a business  
50 entity. Although firms may include non-licensee owners, the firm and  
51 its owners must comply with rules promulgated by the state board of  
52 regents. Notwithstanding the foregoing, a firm registered under this  
53 section may not have non-licensee owners if the firm's name includes the  
54 words "certified public accountant," or "certified public accountants,"  
55 or the abbreviations "CPA" or "CPAs". Each non-licensee owner of a firm  
56 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.

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

(a) "Foreign professional service limited liability company" means a professional service limited liability company, whether or not denominated as such, organized under the laws of a jurisdiction other than this state, (i) each of whose members and managers, if any, is a professional authorized by law to render a professional service within this state and who is or has been engaged in the practice of such profession in such professional service limited liability company or a predecessor entity, or will engage in the practice of such profession in the professional service limited liability company within thirty days of the date such professional becomes a member, or each of whose members and managers, if any, is a professional at least one of such members is authorized by law to render a professional service within this state and who is or has been engaged in the practice of such profession in such professional service limited liability company or a predecessor entity, or will engage in the practice of such profession in the professional service limited liability company within thirty days of the date such professional becomes a member, or (ii) authorized by, or holding a license, certificate, registration or permit issued by the licensing authority pursuant to, the education law to render a professional service within this state; except that all members and managers, if any, of a foreign professional service limited liability company that provides health services in this state shall be licensed in this state. With respect to a foreign professional service limited liability company which provides veterinary services as such services are defined in article 135 of the education law, each member of such foreign professional service limited liability company shall be licensed pursuant to article 135 of the education law to practice veterinary medicine. With respect to a foreign professional service limited liability company which provides medical services as such services are defined in article 131 of the education law, each member of such foreign professional service limited liability company must be licensed pursuant to article 131 of the education law to practice medicine in this state. With respect to a foreign professional service limited liability company which provides dental services as such services are defined in article 133 of the education law, each member of such foreign professional service limited liability company must be licensed pursuant to article 133 of the education law to practice dentistry in this state. With respect to a foreign professional service limited liability company which provides professional engineering, land surveying, geologic, architectural and/or landscape architectural services as such services are defined in article 145, article 147 and article 148 of the education law, each member of such foreign professional service 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 foreign professional service limited liability company

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

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

11 § 13. Notwithstanding any other provision of law to the contrary,  
12 there is hereby established a fee for each non-licensee owner of a firm  
13 that is registered in this state to lawfully engage in the practice of  
14 public accountancy. Such non-licensee owner shall pay a fee of nine  
15 hundred dollars to the department of education on a triennial basis.

16 § 14. This act shall take effect immediately.