

# STATE OF NEW YORK

4189

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## IN ASSEMBLY

February 10, 2023

Introduced by M. of A. PEOPLES-STOKES, TAYLOR, MAGNARELLI, BENEDETTO, DICKENS, JEAN-PIERRE, SEAWRIGHT, MORINELLO, COOK, L. ROSENTHAL, LUPARDO, BRONSON, DILAN, PHEFFER AMATO, DINOWITZ, PRETLOW, ROZIC, JOYNER, HUNTER, HEVESI, HYNDMAN, GUNTHER, STIRPE, WOERNER, FAHY, SANTABARBARA, BICHOTTE HERMELYN, WEPRIN, VANEL, ZEBROWSKI, WALLACE, PAULIN, CARROLL, FALL, REYES, WALKER, SAYEGH, McMAHON, BARRETT, BUTTENSCHON, COLTON, BRAUNSTEIN, DARLING, STERN, RAMOS, JONES, ZINERMAN, BURGOS, ANDERSON, LUNSFORD -- Multi-Sponsored by -- M. of A. DAVILA, J. M. GIGLIO, GOODELL, 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 defined under arti-  
6 cle one hundred forty-nine of the education law shall be required to  
7 show (1) that a simple majority of the ownership of the firm, in terms  
8 of financial interests and voting rights held by the firm's owners,  
9 belongs to individuals licensed to practice public accountancy in some  
10 state, and (2) that all shareholders of a professional service corpo-  
11 ration whose principal place of business is in this state, and who are  
12 engaged in the practice of public accountancy in this state, hold a  
13 valid license issued under section seventy-four hundred four of the  
14 education law. For purposes of this paragraph, "financial interest"  
15 means capital stock, capital accounts, capital contributions, capital  
16 interest, or interest in undistributed earnings of a business entity.

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

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1 Although firms registered with the education department may include  
2 non-licensee owners, a registered firm and its owners must comply with  
3 rules promulgated by the state board of regents. Notwithstanding the  
4 foregoing, a firm incorporated under this section may not have non-li-  
5 cencee owners if the firm's name includes the words "certified public  
6 accountant," or "certified public accountants," or the abbreviations  
7 "CPA" or "CPAs". Each non-licensee owner of a firm that is incorporated  
8 under this section shall be a natural person who actively participates  
9 in the business of the firm or its affiliated entities. For purposes of  
10 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 or an affiliated entity. Such a firm  
13 shall have attached to its certificate of incorporation a certificate or  
14 certificates demonstrating the firm's compliance with this paragraph, in  
15 lieu of the certificate or certificates required by subparagraph (ii) of  
16 paragraph (b) of this section.

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

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

28 (i) at least a simple majority of the outstanding shares of stock of  
29 the corporation are owned by certified public accountants,

30 (ii) at least a simple majority of the directors are certified public  
31 accountants,

32 (iii) at least a simple majority of the officers are certified public  
33 accountants,

34 (iv) the president, the chairperson of the board of directors and the  
35 chief executive officer or officers are certified public accountants.  
36 No shareholder of a professional service corporation established pursu-  
37 ant to paragraph (h) of section fifteen hundred three of this article  
38 shall enter into a voting trust agreement, proxy or any other type of  
39 agreement vesting in another person, the authority to exercise voting  
40 power of any or all of his or her shares. All agreements made or proxies  
41 granted in violation of this section shall be void.

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

44 (c) The directors and officers of any firm established for the busi-  
45 ness purpose of incorporating as a professional service corporation  
46 pursuant to paragraph (h) of section fifteen hundred three of this arti-  
47 cle may include individuals who are not licensed to practice public  
48 accountancy in any state, provided however that at least a simple major-  
49 ity of the directors, at least a simple majority of the officers and the  
50 president, the chairperson of the board of directors and the chief exec-  
51 utive officer or officers are authorized by law to practice in any state  
52 the profession which such corporation is authorized to practice, and are  
53 either shareholders of such corporation or engaged in the practice of  
54 their professions in such corporation.

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

1 § 1509. Disqualification of shareholders, directors, officers and  
2 employees.

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

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

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

1 or purchase of such shares by such corporation at prices and in a manner  
2 specifically set forth therein. The existence of the restrictions on the  
3 sale or transfer of shares, as contained in this article and, if appli-  
4 cable, in the certificate of incorporation, by-laws, stock purchase or  
5 stock redemption agreement, shall be noted conspicuously on the face or  
6 back of every certificate for shares issued by a professional service  
7 corporation. Any sale or transfer in violation of such restrictions  
8 shall be void.

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

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

23 (c) Each 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 shall, at least once every three  
26 years on or before the date prescribed by the licensing authority,  
27 furnish a statement to the licensing authority listing the names and  
28 residence addresses of each shareholder, director and officer of such  
29 corporation and certify as the date of certification and at all times  
30 over the entire three year period that:

31 (i) at least a simple majority of the outstanding shares of stock of  
32 the corporation are and were owned by certified public accountants,

33 (ii) at least a simple majority of the directors are and were certi-  
34 fied public accountants,

35 (iii) at least a simple majority of the officers are and were certi-  
36 fied public accountants,

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

40 The statement shall be signed by the president or any certified public  
41 accountant vice-president and attested to by the secretary or any  
42 assistant secretary of the corporation.

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

45 (d) "Foreign professional service corporation" means a professional  
46 service corporation, whether or not denominated as such, organized under  
47 the laws of a jurisdiction other than this state, all of the sharehold-  
48 ers, directors and officers of which are authorized and licensed to  
49 practice the profession for which such corporation is licensed to do  
50 business; except that all shareholders, directors and officers of a  
51 foreign professional service corporation which provides health services  
52 in this state shall be licensed in this state. A foreign professional  
53 service corporation formed to lawfully engage in the practice of public  
54 accountancy as a firm, as such practice is defined under article one  
55 hundred forty-nine of the education law, or equivalent state law, shall  
56 be required to show (1) that a simple majority of the ownership of the

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

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

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

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

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

42 (q) Each partner of a foreign limited liability partnership which  
43 provides medical services in this state must be licensed pursuant to  
44 article 131 of the education law to practice medicine in the state and  
45 each partner of a foreign limited liability partnership which provides  
46 dental services in the state must be licensed pursuant to article 133 of  
47 the education law to practice dentistry in this state. Each partner of a  
48 foreign limited liability partnership which provides veterinary service  
49 in the state shall be licensed pursuant to article 135 of the education  
50 law to practice veterinary medicine in this state. Each partner of a  
51 foreign limited liability partnership which provides professional engi-  
52 neering, land surveying, geological services, architectural and/or land-  
53 scape architectural services in this state must be licensed pursuant to  
54 article 145, article 147 and/or article 148 of the education law to  
55 practice one or more of such professions. Each partner of a foreign  
56 limited liability partnership formed to provide public accountancy

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

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

1 (b) With respect to a professional service limited liability company  
2 formed to provide medical services as such services are defined in arti-  
3 cle 131 of the education law, each member of such limited liability  
4 company must be licensed pursuant to article 131 of the education law to  
5 practice medicine in this state. With respect to a professional service  
6 limited liability company formed to provide dental services as such  
7 services are defined in article 133 of the education law, each member of  
8 such limited liability company must be licensed pursuant to article 133  
9 of the education law to practice dentistry in this state. With respect  
10 to a professional service limited liability company formed to provide  
11 veterinary services as such services are defined in article 135 of the  
12 education law, each member of such limited liability company must be  
13 licensed pursuant to article 135 of the education law to practice veter-  
14 inary medicine in this state. With respect to a professional service  
15 limited liability company formed to provide professional engineering,  
16 land surveying, architectural, landscape architectural and/or geological  
17 services as such services are defined in article 145, article 147 and  
18 article 148 of the education law, each member of such limited liability  
19 company must be licensed pursuant to article 145, article 147 and/or  
20 article 148 of the education law to practice one or more of such  
21 professions in this state. With respect to a professional service  
22 limited liability company formed to provide public accountancy services  
23 as such services are defined in article 149 of the education law each  
24 member of such limited liability company whose principal place of busi-  
25 ness is in this state and who provides public accountancy services, must  
26 be licensed pursuant to article 149 of the education law to practice  
27 public accountancy in this state. With respect to a professional service  
28 limited liability company formed to provide licensed clinical social  
29 work services as such services are defined in article 154 of the educa-  
30 tion law, each member of such limited liability company shall be  
31 licensed pursuant to article 154 of the education law to practice  
32 licensed clinical social work in this state. With respect to a profes-  
33 sional service limited liability company formed to provide creative arts  
34 therapy services as such services are defined in article 163 of the  
35 education law, each member of such limited liability company must be  
36 licensed pursuant to article 163 of the education law to practice crea-  
37 tive arts therapy in this state. With respect to a professional service  
38 limited liability company formed to provide marriage and family therapy  
39 services as such services are defined in article 163 of the education  
40 law, each member of such limited liability company must be licensed  
41 pursuant to article 163 of the education law to practice marriage and  
42 family therapy in this state. With respect to a professional service  
43 limited liability company formed to provide mental health counseling  
44 services as such services are defined in article 163 of the education  
45 law, each member of such limited liability company must be licensed  
46 pursuant to article 163 of the education law to practice mental health  
47 counseling in this state. With respect to a professional service limited  
48 liability company formed to provide psychoanalysis services as such  
49 services are defined in article 163 of the education law, each member of  
50 such limited liability company must be licensed pursuant to article 163  
51 of the education law to practice psychoanalysis in this state. With  
52 respect to a professional service limited liability company formed to  
53 provide applied behavior analysis services as such services are defined  
54 in article 167 of the education law, each member of such limited liabil-  
55 ity company must be licensed or certified pursuant to article 167 of the  
56 education law to practice applied behavior analysis in this state. **A**



1 professional service limited liability company formed to lawfully engage  
2 in the practice of public accountancy as a firm, as such practice is  
3 defined under article 149 of the education law shall be required to show  
4 (1) that a simple majority of the ownership of the firm, in terms of  
5 financial interests and voting rights held by the firm's owners, belongs  
6 to individuals licensed to practice public accountancy in some state,  
7 and (2) that all members of a limited professional service limited  
8 liability company, whose principal place of business is in this state,  
9 and who are engaged in the practice of public accountancy in this state,  
10 hold a valid license issued under section seventy-four hundred four of  
11 the education law. For purposes of this subdivision, "financial inter-  
12 est" means capital stock, capital accounts, capital contributions, capi-  
13 tal interest, or interest in undistributed earnings of a business enti-  
14 ty. Although firms registered with the education department may include  
15 non-licensee owners, a registered firm and its owners must comply with  
16 rules promulgated by the state board of regents. Notwithstanding the  
17 foregoing, a firm registered with the education department may not have  
18 non-licensee owners if the firm's name includes the words "certified  
19 public accountant," or "certified public accountants," or the abbrevi-  
20 ations "CPA" or "CPAs". Each non-licensee owner of a firm that is regis-  
21 tered under this section shall be (1) a natural person who actively  
22 participates in the business of the firm or its affiliated entities, or  
23 (2) an entity, including, but not limited to, a partnership or profes-  
24 sional corporation, provided each beneficial owner of an equity interest  
25 in such entity is a natural person who actively participates in the  
26 business conducted by the firm or its affiliated entities. For purposes  
27 of this subdivision, "actively participate" means to provide services to  
28 clients or to otherwise individually take part in the day-to-day busi-  
29 ness or management of the firm or an affiliated entity.

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

33 (a) "Foreign professional service limited liability company" means a  
34 professional service limited liability company, whether or not denomi-  
35 nated as such, organized under the laws of a jurisdiction other than  
36 this state, (i) each of whose members and managers, if any, is a profes-  
37 sional authorized by law to render a professional service within this  
38 state and who is or has been engaged in the practice of such profession  
39 in such professional service limited liability company or a predecessor  
40 entity, or will engage in the practice of such profession in the profes-  
41 sional service limited liability company within thirty days of the date  
42 such professional becomes a member, or each of whose members and manag-  
43 ers, if any, is a professional at least one of such members is author-  
44 ized by law to render a professional service within this state and who  
45 is or has been engaged in the practice of such profession in such  
46 professional service limited liability company or a predecessor entity,  
47 or will engage in the practice of such profession in the professional  
48 service limited liability company within thirty days of the date such  
49 professional becomes a member, or (ii) authorized by, or holding a  
50 license, certificate, registration or permit issued by the licensing  
51 authority pursuant to, the education law to render a professional  
52 service within this state; except that all members and managers, if any,  
53 of a foreign professional service limited liability company that  
54 provides health services in this state shall be licensed in this state.  
55 With respect to a foreign professional service limited liability company  
56 which provides veterinary services as such services are defined in arti-

1 cle 135 of the education law, each member of such foreign professional  
2 service limited liability company shall be licensed pursuant to article  
3 135 of the education law to practice veterinary medicine. With respect  
4 to a foreign professional service limited liability company which  
5 provides medical services as such services are defined in article 131 of  
6 the education law, each member of such foreign professional service  
7 limited liability company must be licensed pursuant to article 131 of  
8 the education law to practice medicine in this state. With respect to a  
9 foreign professional service limited liability company which provides  
10 dental services as such services are defined in article 133 of the  
11 education law, each member of such foreign professional service limited  
12 liability company must be licensed pursuant to article 133 of the educa-  
13 tion law to practice dentistry in this state. With respect to a foreign  
14 professional service limited liability company which provides profes-  
15 sional engineering, land surveying, geologic, architectural and/or land-  
16 scape architectural services as such services are defined in article  
17 145, article 147 and article 148 of the education law, each member of  
18 such foreign professional service limited liability company must be  
19 licensed pursuant to article 145, article 147 and/or article 148 of the  
20 education law to practice one or more of such professions in this state.  
21 With respect to a foreign professional service limited liability company  
22 which provides public accountancy services as such services are defined  
23 in article 149 of the education law, each member of such foreign profes-  
24 sional service limited liability company whose principal place of busi-  
25 ness is in this state and who provides public accountancy services,  
26 shall be licensed pursuant to article 149 of the education law to prac-  
27 tice public accountancy in this state. With respect to a foreign profes-  
28 sional service limited liability company which provides licensed clin-  
29 ical social work services as such services are defined in article 154 of  
30 the education law, each member of such foreign professional service  
31 limited liability company shall be licensed pursuant to article 154 of  
32 the education law to practice clinical social work in this state. With  
33 respect to a foreign professional service limited liability company  
34 which provides creative arts therapy services as such services are  
35 defined in article 163 of the education law, each member of such foreign  
36 professional service limited liability company must be licensed pursuant  
37 to article 163 of the education law to practice creative arts therapy in  
38 this state. With respect to a foreign professional service limited  
39 liability company which provides marriage and family therapy services as  
40 such services are defined in article 163 of the education law, each  
41 member of such foreign professional service limited liability company  
42 must be licensed pursuant to article 163 of the education law to prac-  
43 tice marriage and family therapy in this state. With respect to a  
44 foreign professional service limited liability company which provides  
45 mental health counseling services as such services are defined in arti-  
46 cle 163 of the education law, each member of such foreign professional  
47 service limited liability company must be licensed pursuant to article  
48 163 of the education law to practice mental health counseling in this  
49 state. With respect to a foreign professional service limited liability  
50 company which provides psychoanalysis services as such services are  
51 defined in article 163 of the education law, each member of such foreign  
52 professional service limited liability company must be licensed pursuant  
53 to article 163 of the education law to practice psychoanalysis in this  
54 state. With respect to a foreign professional service limited liability  
55 company which provides applied behavior analysis services as such  
56 services are defined in article 167 of the education law, each member of

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

33 § 12. Notwithstanding any other provision of law to the contrary, if a  
34 firm which is registered with the education department to lawfully  
35 engage in the practice of public accountancy has one or more non-licen-  
36 see owners, each such non-licensee owner of the firm whose principal  
37 place of business is in the state of New York shall pay a fee of nine  
38 hundred dollars to the department of education on a triennial basis.

39 § 13. This act shall take effect immediately.