

# STATE OF NEW YORK

2473

2023-2024 Regular Sessions

## IN SENATE

January 20, 2023

Introduced by Sen. STAVISKY -- read twice and ordered printed, and when printed to be committed 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  
14 four of the education law. For purposes of this paragraph, "financial  
15 interest" means capital stock, capital accounts, capital contributions,  
16 capital interest, or interest in undistributed earnings of a business  
17 entity. Although firms may include non-licensee owners, the firm and  
18 its owners must comply with rules promulgated by the state board of  
19 regents. Notwithstanding the foregoing, a firm incorporated under this  
20 section may not have non-licensee owners if the firm's name includes the  
21 words "certified public accountant," or "certified public accountants,"  
22 or the abbreviations "CPA" or "CPAs". Each non-licensee owner of a firm  
23 that is incorporated under this section shall be a natural person who  
24 actively participates in the business of the firm or its affiliated

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

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1 entities. For purposes of this subdivision, "actively participate" means  
2 to provide services to clients or to otherwise individually take part in  
3 the day-to-day business or management of the firm. Such a firm shall  
4 have attached to its certificate of incorporation a certificate or  
5 certificates demonstrating the firm's compliance with this paragraph, in  
6 lieu of the certificate or certificates required by subparagraph (ii) of  
7 paragraph (b) of this section.

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

10 (c) Any firm established for the business purpose of incorporating as  
11 a professional service corporation pursuant to paragraph (h) of section  
12 fifteen hundred three of this article may issue shares to individuals  
13 who are authorized by law to practice in this state the profession which  
14 such corporation is authorized to practice and who are or have been  
15 engaged in the practice of such profession in such corporation or a  
16 predecessor entity, or who will engage in the practice of such profes-  
17 sion in such corporation within thirty days of the date such shares are  
18 issued and may also issue shares to employees of the corporation not  
19 licensed as certified public accountants, provided that:

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

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

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

26 (iv) the president, the chairperson of the board of directors and the  
27 chief executive officer or officers are certified public accountants.  
28 No shareholder of a firm established for the business purpose of incor-  
29 porating as a professional service corporation pursuant to paragraph (h)  
30 of section fifteen hundred three of this article shall enter into a  
31 voting trust agreement, proxy or any other type of agreement vesting in  
32 another person, other than another shareholder of the same corporation,  
33 the authority to exercise voting power of any or all of his or her  
34 shares. All shares issued, agreements made or proxies granted in  
35 violation of this section shall be void.

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

38 (c) The directors and officers of any firm established for the busi-  
39 ness purpose of incorporating as a professional service corporation  
40 pursuant to paragraph (h) of section fifteen hundred three of this arti-  
41 cle may include individuals who are not licensed to practice public  
42 accountancy, provided however that at least fifty-one percent of the  
43 directors, at least fifty-one percent of the officers and the president,  
44 the chairperson of the board of directors and the chief executive offi-  
45 cer or officers are authorized by law to practice in any state the  
46 profession which such corporation is authorized to practice, and are  
47 either shareholders of such corporation or engaged in the practice of  
48 their professions in such corporation.

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

51 § 1509. Disqualification of shareholders, directors, officers and  
52 employees.

53 If any shareholder, director, officer or employee of a professional  
54 service corporation, including a design professional service corpo-  
55 ration, who has been rendering professional service to the public  
56 becomes legally disqualified to practice his or her profession within

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

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

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

1 corporation. Any sale or transfer in violation of such restrictions  
2 shall be void.

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

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

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

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

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

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

31 (iv) the president, the chairperson of the board of directors and the  
32 chief executive officer or officers are and were certified public  
33 accountants.

34 The statement shall be signed by the president or any certified public  
35 accountant vice-president and attested to by the secretary or any  
36 assistant secretary of the corporation.

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

39 (d) "Foreign professional service corporation" means a professional  
40 service corporation, whether or not denominated as such, organized under  
41 the laws of a jurisdiction other than this state, all of the sharehold-  
42 ers, directors and officers of which are authorized and licensed to  
43 practice the profession for which such corporation is licensed to do  
44 business; except that all shareholders, directors and officers of a  
45 foreign professional service corporation which provides health services  
46 in this state shall be licensed in this state. A foreign professional  
47 service corporation formed to lawfully engage in the practice of public  
48 accountancy, as such practice is defined under article one hundred  
49 forty-nine of the education law, or equivalent state law, shall be  
50 required to show (1) that a simple majority of the ownership of the  
51 firm, in terms of financial interests, and voting rights held by the  
52 firm's owners, belongs to individuals licensed to practice public  
53 accountancy in some state, and (2) that all shareholders of a foreign  
54 professional service corporation whose principal place of business is in  
55 this state, and who are engaged in the practice of public accountancy in  
56 this state, hold a valid license issued under section seventy-four

1 hundred four of the education law. For purposes of this paragraph,  
2 "financial interest" means capital stock, capital accounts, capital  
3 contributions, capital interest, or interest in undistributed earnings  
4 of a business entity. Although firms may include non-licensee owners,  
5 the firm and its owners must comply with rules promulgated by the state  
6 board of regents. Notwithstanding the foregoing, a firm registered  
7 under this section may not have non-licensee owners if the firm's name  
8 includes the words "certified public accountant," or "certified public  
9 accountants," or the abbreviations "CPA" or "CPAs". Each non-licensee  
10 owner of a firm that is operating under this section shall be a natural  
11 person who actively participates in the business of the firm or its  
12 affiliated entities, provided each beneficial owner of an equity inter-  
13 est in such entity is a natural person who actively participates in the  
14 business conducted by the firm or its affiliated entities. For purposes  
15 of this paragraph, "actively participate" means to provide services to  
16 clients or to otherwise individually take part in the day-to-day busi-  
17 ness or management of the firm.

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

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

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

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

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

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

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

46 (h) "Limited partnership" and "domestic limited partnership" mean,  
47 unless the context otherwise requires, a partnership (i) formed by two  
48 or more persons pursuant to this article or which complies with subdivi-  
49 sion (a) of section 121-1202 of this article and (ii) having one or more  
50 general partners and one or more limited partners. Notwithstanding any  
51 other provisions of law a limited partnership or domestic limited part-  
52 nership formed to lawfully engage in the practice of public accountancy,  
53 as such practice is respectively defined under article 149 of the educa-  
54 tion law shall be required to show (1) that a simple majority of the  
55 ownership of the firm, in terms of financial interests, including owner-  
56 ship-based compensation, and voting rights held by the firm's owners,

1 belongs to individuals licensed to practice public accountancy in some  
2 state, and (2) that all partners of a limited partnership or domestic  
3 limited partnership, whose principal place of business is in this state,  
4 and who are engaged in the practice of public accountancy in this state,  
5 hold a valid license issued under section seventy-four hundred four of  
6 the education law or are public accountants licensed under section  
7 seventy-four hundred five of the education law. Although firms may  
8 include non-licensee owners, the firm and its owners must comply with  
9 rules promulgated by the state board of regents. Notwithstanding the  
10 foregoing, a firm registered under this section may not have non-licen-  
11 see owners if the firm's name includes the words "certified public  
12 accountant," or "certified public accountants," or the abbreviations  
13 "CPA" or "CPAs". Each non-licensee owner of a firm that is registered  
14 under this section shall be (1) a natural person who actively partic-  
15 ipates in the business of the firm or its affiliated entities, or (2) an  
16 entity, including, but not limited to, a partnership or professional  
17 corporation, provided each beneficial owner of an equity interest in  
18 such entity is a natural person who actively participates in the busi-  
19 ness conducted by the firm or its affiliated entities. For purposes of  
20 this subdivision, "actively participate" means to provide services to  
21 clients or to otherwise individually take part in the day-to-day busi-  
22 ness or management of the firm.

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

26 (b) With respect to a professional service limited liability company  
27 formed to provide medical services as such services are defined in arti-  
28 cle 131 of the education law, each member of such limited liability  
29 company must be licensed pursuant to article 131 of the education law to  
30 practice medicine in this state. With respect to a professional service  
31 limited liability company formed to provide dental services as such  
32 services are defined in article 133 of the education law, each member of  
33 such limited liability company must be licensed pursuant to article 133  
34 of the education law to practice dentistry in this state. With respect  
35 to a professional service limited liability company formed to provide  
36 veterinary services as such services are defined in article 135 of the  
37 education law, each member of such limited liability company must be  
38 licensed pursuant to article 135 of the education law to practice veter-  
39 inary medicine in this state. With respect to a professional service  
40 limited liability company formed to provide professional engineering,  
41 land surveying, architectural, landscape architectural and/or geological  
42 services as such services are defined in article 145, article 147 and  
43 article 148 of the education law, each member of such limited liability  
44 company must be licensed pursuant to article 145, article 147 and/or  
45 article 148 of the education law to practice one or more of such  
46 professions in this state. With respect to a professional service  
47 limited liability company formed to provide public accountancy services  
48 as such services are defined in article 149 of the education law each  
49 member of such limited liability company whose principal place of busi-  
50 ness is in this state and who provides public accountancy services, must  
51 be licensed pursuant to article 149 of the education law to practice  
52 public accountancy in this state. With respect to a professional service  
53 limited liability company formed to provide licensed clinical social  
54 work services as such services are defined in article 154 of the educa-  
55 tion law, each member of such limited liability company shall be  
56 licensed pursuant to article 154 of the education law to practice

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

54 § 12. Subdivision (a) of section 1301 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 (a) "Foreign professional service limited liability company" means a  
2 professional service limited liability company, whether or not denomi-  
3 nated as such, organized under the laws of a jurisdiction other than  
4 this state, (i) each of whose members and managers, if any, is a profes-  
5 sional authorized by law to render a professional service within this  
6 state and who is or has been engaged in the practice of such profession  
7 in such professional service limited liability company or a predecessor  
8 entity, or will engage in the practice of such profession in the profes-  
9 sional service limited liability company within thirty days of the date  
10 such professional becomes a member, or each of whose members and manag-  
11 ers, if any, is a professional at least one of such members is author-  
12 ized by law to render a professional service within this state and who  
13 is or has been engaged in the practice of such profession in such  
14 professional service limited liability company or a predecessor entity,  
15 or will engage in the practice of such profession in the professional  
16 service limited liability company within thirty days of the date such  
17 professional becomes a member, or (ii) authorized by, or holding a  
18 license, certificate, registration or permit issued by the licensing  
19 authority pursuant to, the education law to render a professional  
20 service within this state; except that all members and managers, if any,  
21 of a foreign professional service limited liability company that  
22 provides health services in this state shall be licensed in this state.  
23 With respect to a foreign professional service limited liability company  
24 which provides veterinary services as such services are defined in arti-  
25 cle 135 of the education law, each member of such foreign professional  
26 service limited liability company shall be licensed pursuant to article  
27 135 of the education law to practice veterinary medicine. With respect  
28 to a foreign professional service limited liability company which  
29 provides medical services as such services are defined in article 131 of  
30 the education law, each member of such foreign professional service  
31 limited liability company must be licensed pursuant to article 131 of  
32 the education law to practice medicine in this state. With respect to a  
33 foreign professional service limited liability company which provides  
34 dental services as such services are defined in article 133 of the  
35 education law, each member of such foreign professional service limited  
36 liability company must be licensed pursuant to article 133 of the educa-  
37 tion law to practice dentistry in this state. With respect to a foreign  
38 professional service limited liability company which provides profes-  
39 sional engineering, land surveying, geologic, architectural and/or land-  
40 scape architectural services as such services are defined in article  
41 145, article 147 and article 148 of the education law, each member of  
42 such foreign professional service limited liability company must be  
43 licensed pursuant to article 145, article 147 and/or article 148 of the  
44 education law to practice one or more of such professions in this state.  
45 With respect to a foreign professional service limited liability company  
46 which provides public accountancy services as such services are defined  
47 in article 149 of the education law, each member of such foreign profes-  
48 sional service limited liability company whose principal place of busi-  
49 ness is in this state and who provides public accountancy services,  
50 shall be licensed pursuant to article 149 of the education law to prac-  
51 tice public accountancy in this state. With respect to a foreign profes-  
52 sional service limited liability company which provides licensed clin-  
53 ical social work services as such services are defined in article 154 of  
54 the education law, each member of such foreign professional service  
55 limited liability company shall be licensed pursuant to article 154 of  
56 the education law to practice clinical social work in this state. With

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

1 § 13. Notwithstanding any other provision of law to the contrary,  
2 there is hereby established a fee for each non-licensee owner of a firm  
3 that is registered in this state to lawfully engage in the practice of  
4 public accountancy. Such non-licensee owner shall pay a fee of nine  
5 hundred dollars to the department of education on a triennial basis.  
6 § 14. This act shall take effect immediately.