

# STATE OF NEW YORK

2473--A

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 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

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

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

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

3 (h) Any firm established for the business purpose of incorporating as  
4 a professional service corporation formed to lawfully engage in the  
5 practice of public accountancy, as such practice is 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.  
17 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 incorporated under this section may not have non-li-  
21 cencee owners if the firm's name includes the words "certified public  
22 accountant," or "certified public accountants," or the abbreviations

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

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1 "CPA" or "CPAs". Each non-licensee owner of a firm that is incorporated  
2 under this section shall be a natural person who actively participates  
3 in the business of the firm or its affiliated entities. For purposes of  
4 this subdivision, "actively participate" means to provide services to  
5 clients or to otherwise individually take part in the day-to-day busi-  
6 ness or management of the firm or an affiliated entity. Such a firm  
7 shall have attached to its certificate of incorporation a certificate or  
8 certificates demonstrating the firm's compliance with this paragraph, in  
9 lieu of the certificate or certificates required by subparagraph (ii) of  
10 paragraph (b) of this section.

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

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

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

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

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

28 (iv) the president, the chairperson of the board of directors and the  
29 chief executive officer or officers are certified public accountants.  
30 No shareholder of a professional service corporation established pursu-  
31 ant to paragraph (h) of section fifteen hundred three of this article  
32 shall enter into a voting trust agreement, proxy or any other type of  
33 agreement vesting in another person, the authority to exercise voting  
34 power of any or all of his or her shares. All agreements made or proxies  
35 granted in 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 in any state, provided however that at least a simple major-  
43 ity of the directors, at least a simple majority of the officers and the  
44 president, the chairperson of the board of directors and the chief exec-  
45 utive officer or officers are authorized by law to practice in any state  
46 the 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 a simple majority of the outstanding shares of stock of  
26 the corporation are and were owned by certified public accountants,

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

29 (iii) at least a simple majority 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 a firm, as such practice is defined under article one  
49 hundred forty-nine of the education law, or equivalent state law, shall  
50 be 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 registered with the education  
5 department may include non-licensee owners, a registered firm and its  
6 owners must comply with rules promulgated by the state board of regents.  
7 Notwithstanding the foregoing, a firm registered with the education  
8 department may not have non-licensee owners if the firm's name includes  
9 the words "certified public accountant," or "certified public account-  
10 ants," or the abbreviations "CPA" or "CPAs". Each non-licensee owner of  
11 a firm that is operating under this section shall be a natural person  
12 who actively participates in the business of the firm or its affiliated  
13 entities, provided each beneficial owner of an equity interest in such  
14 entity is a natural person who actively participates in the business  
15 conducted by the firm or its affiliated entities. For purposes of this  
16 paragraph, "actively participate" means to provide services to clients  
17 or to otherwise individually take part in the day-to-day business or  
18 management of the firm or an affiliated entity.

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

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

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

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

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

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

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

51 (b) With respect to a professional service limited liability company  
52 formed to provide medical services as such services are defined in arti-  
53 cle 131 of the education law, each member of such limited liability  
54 company must be licensed pursuant to article 131 of the education law to  
55 practice medicine in this state. With respect to a professional service  
56 limited liability company formed to provide dental services as such

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



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

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

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

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

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

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

33 § 13. This act shall take effect immediately.