STATE OF NEW YORK

9042

2025-2026 Regular Sessions

IN ASSEMBLY

September 5, 2025

Introduced by M. of A. ROSENTHAL -- read once and referred to the Committee on Agriculture

AN ACT to amend the agriculture and markets law, in relation to requiring veterinary clinics to file notice and documentation to the attorney general before completing certain transactions

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

Section 1. The agriculture and markets law is amended by adding a new article 26-D to read as follows:

ARTICLE 26-D

DISCLOSURE OF MATERIAL CHANGES TO VETERINARY CLINICS

Section 440. Definitions.
441. Disclosure of material changes.
442. Notice of material changes; requirements.
443. Acquisitions of veterinary clinics against the public interest prohibited; determination.

§ 440. Definitions. For the purposes of this article, the following terms shall have the following meanings:

1. "Veterinary clinic" or any other term used interchangeably in this article, including but not limited to "organization" (regardless of its organizational structure), "clinic", "provider", "practice", "veterinary provider", and "veterinary practice", means a health care entity involving the practice of veterinary medicine, as defined by section sixty-seven hundred one of the education law, including small practices, groups, or management services organizations or similar entities providing all or substantially all of the administrative or management services under contract with one or more veterinary or medical practices. For the purposes of this section, "veterinary clinic" shall include professional services corporations incorporated for the purpose of practicing veterinary medicine or overseeing the operations thereof.

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

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2. "Against the public interest" means an action where the effect of a transaction includes, as determined by the attorney general, any of the following impacts:

(a) reduced competition or increased costs for veterinary care to pet owners;

(b) unfair methods of competition or deceptive acts or practices in or affecting veterinary care commerce;

(c) reduced quality of care including, but not limited to, care which is not the standard of care or care which is not in the best interests of such provider's patients;

(d) reduced access to or availability of veterinary care for pet owners; or

(e) reduced access to care in a rural, low-income or disadvantaged community.

3. "Material amount" means an amount equal to two hundred thousand dollars or more.

4. "Material change" means any of the following:

(a) the sale, transfer, lease, or other encumbrance of a material amount of a veterinary clinic's assets or operations, including real property, employment groups, emergency rooms, or other clinic units;

(b) a merger, an acquisition, or a contracting affiliation with another vet clinic or provider organization; or

(c) a capital distribution or similar reduction of a veterinary clinic's equity capital by a material amount or the incursion of an obligation that commits the veterinary clinic to make a capital distribution or similar reduction of equity by a material amount.

5. "Merger" means a consolidation of two or more organizations, including two or more organizations joining through a common parent organization, or two or more organizations forming a new organization.

6. "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management, administrative functions, and policies of a veterinary clinic, whether through the ownership of voting securities or rights, either directly or indirectly, by contract alone or as part of a series of transactions (except a commercial contract for goods or non-management services) or otherwise; but no entity shall be deemed to control another entity solely by reason of being an officer or director of a health care entity. Control shall be presumed to exist if any person or entity directly or indirectly owns, controls, or holds with the power to vote five percent or more of the voting securities of a veterinary clinic.

7. "Acquisition" means an agreement, arrangement, or activity the consummation of which results in a person or entity acquiring direct or indirect control of another person or entity. The term includes the acquisition of voting securities and noncorporate interests, including assets, capital stock or membership interests or equity interests.

8. "Contracting affiliation" means the formation of a relationship between two or more entities that permits the entities to negotiate jointly with carriers or third-party administrators over rates for professional medical services or one entity to negotiate on behalf of the other entity with carriers or third-party administrators over rates for professional medical services.

9. "Capital distribution" means a payment made, liability incurred, or other consideration given to a person or entity for the purchase, acquisition, redemption, repurchase, payment or retirement of capital stock or other equity interest or as a dividend, return of capital, or other distribution with respect to the capital stock or other equity interest.

§ 441. Disclosure of material changes. Pursuant to this article, the department shall adopt a process for the disclosure and notice of transactions involving material changes. The items disclosed shall include the factors listed in section four hundred forty-two of this article. Nothing in this article shall limit or restrict the authority of the superintendent of financial services under article fifteen, sixteen, seventeen, forty-two, forty-three, seventy-one, or seventy-three of the insurance law, or regulations promulgated thereunder.

§ 442. Notice of material changes; requirements. 1. An acquiring entity shall submit to the department written notice of any transaction involving a material change, with supporting documentation as described in this subdivision and further defined in regulations developed by the department, no later than fourteen days after such transaction has been agreed to and prior to the consummation of all or any portion of such transaction, in the form and manner prescribed by the department. Immediately upon the submission to the department, the department shall submit electronic copies of such notice with supporting documentation to the antitrust, health care and charities bureaus of the office of the New York attorney general for the purposes of determining whether such material change is against the public interest pursuant to section four hundred forty-three of this article. Such written notice shall include, but not be limited to:

(a) all organic documents, including articles of incorporation, bylaws, shareholder or other voting agreements, operating agreements, and other documents related to governance and ownership of each party;

(b) all complete transaction documents with attachments, including collateral or ancillary agreements involving officers, directors, or employees;

(c) all documents signed by the principals, or their agents, that are necessary to determine the proposed transaction's effect, if any, on related or subsidiary business entities, whether nonprofit or for profit;

(d) any of the following that comprise part or all of the transaction:

(i) asset contribution agreements;

(ii) operating agreements or management contracts;

(iii) all information necessary to evaluate the effects of the transaction on each component of an integrated delivery system where that transaction involves a veterinary hospital, including any changes in contracts between the integrated delivery system entities and related veterinary groups;

(iv) all financial documents of the transaction parties and related entities, where applicable, including audited financial statements, ownership records, business projection data, current capital asset valuation data and any records upon which future earnings, existing asset values and fair market value analysis can be based;

(v) all fairness opinions and independent valuation reports of the assets and liabilities of the parties, prepared by or on behalf of the parties;

(vi) all relevant contracts that may affect value, including, but not limited to, business and employee contracts, such as buy-out provisions, profit sharing agreements, and severance packages;

(vii) all information and representations disclosing related party transactions that are necessary to assess whether the transaction is at arm's length or involves self-dealing;

(viii) all documents relating to noncash elements of the transaction, including, but not limited to, pertinent valuations of security for

loans and stock restrictions or partner interest or membership interest restrictions;

(ix) all tax-related information, including, but not limited to, the existence of tax-free debt subject to redemption and disqualified person transactions yielding tax liability;

(x) a list of ongoing litigation, including full court captions, involving the transaction parties or their related entities, which may affect the interests of the parties;

(xi) all information in the possession of the transacting parties relative to the perspective of the vet clinic's patient base and communities served, or their representatives;

(xii) all information, including internal and external reports and studies, bearing on the effect of the proposed transaction on the availability or accessibility of health care in the affected community;

(xiii) organizational charts of the parties to the transaction, as they exist both pre-consummation and post-consummation of the transaction, detailing the relationship between the principal parties, including any and all subsidiaries and related parties; and

(xiv) all additional documents that the attorney general deems necessary or appropriate for review purposes;

(e) a statement as to whether any party to the transaction, or a controlling person or parent company of such party, owns any other health care entity which, in the past three years, has closed operations, is in the process of closing operations, or has experienced a substantial reduction in services provided. The parties shall specifically identify the health care entity or entities subject to such closure or substantial service reduction and detail the circumstances of such; and

(f) a statement as to whether a sale-leaseback agreement or mortgage or lease payments or other payments associated with real estate are a component of the proposed transaction and if so, the parties shall provide the proposed sale-leaseback agreement or mortgage, lease, or real estate documents with the notice.

2. (a) Except as provided in paragraph (b) of this subdivision, supporting documentation as described in subdivision one of this section shall not be subject to disclosure under article six of the public officers law.

(b) After submission to the department of written notice of a transaction involving a material change pursuant to subdivision one of this section, the department shall post on its website:

(i) a summary of the proposed transaction;

(ii) an explanation of the groups or individuals likely to be impacted by the transaction;

(iii) information about services currently provided by the veterinary clinic, commitments by the veterinary clinic to continue such services, and any services that will be reduced or eliminated; and

(iv) details about how to submit comments, in a format that is easy to find and easy to read.

3. An acquiring entity that is a party to a transaction involving a material change shall notify the department upon completion of the transaction in the form and manner prescribed by the department.

4. Failure to notify the department of a material change under this section shall be subject to civil penalties under section twelve of the public health law. Each day in which the violation continues shall constitute a separate violation.

§ 443. Acquisitions of veterinary clinics against the public interest prohibited; determination. 1. (a) Except as provided under paragraph (b) of this subdivision, no person or entity shall sell, transfer, lease, exchange, option or otherwise encumber a material amount of a veterinary clinic's assets or operations in a manner that is against the public interest.

(b) An action prohibited under subdivision one of this section may be permitted when, as determined by the attorney general, there is no feasible alternative to prevent a veterinary clinic's closure or greater loss of health services.

2. (a) Within ninety days after the attorney general has received written notice pursuant to subdivision one of section four hundred forty-two of this article, the attorney general shall determine and notify affected parties whether the proposed agreement or transaction is against the public interest.

(b) If the attorney general determines that the proposed agreement or transaction is against the public interest pursuant to paragraph (a) of this subdivision, the attorney general may commence an action in a court of competent jurisdiction to enjoin the agreement or transaction if the parties do not voluntarily terminate the agreement or transaction.

(c) In the event that the attorney general does not make any determination pursuant to this subdivision within ninety days, or ninety days plus any time such period is paused pursuant to subdivision three of this section, the parties may proceed with the transaction; provided, however, that the lack of determination shall not be construed as any ruling or determination if such sale goes against the public interest.

3. The attorney general, during the ninety-day determination period set forth in subdivision two of this section, may require the submission of additional information or documentary material from an entity required to file notification under this article, or from any officer, director, partner, agent or employee of such entity, as the attorney general deems necessary. In the event additional documentation is requested, the ninety-day period for the attorney general to make their determination shall be paused and shall re-commence after receipt of such requested additional information or documentary material.

4. The attorney general may conduct one or more public hearings on the proposed agreement or transaction, as necessary, to make a determination pursuant to this section.

§ 2. This act shall take effect on the ninetieth day after it shall have become a law. Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.