

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:

1 Section 1. The agriculture and markets law is amended by adding a new
2 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.

3
4
5
6
7
8
9
10 § 440. Definitions. For the purposes of this article, the following
11 terms shall have the following meanings:

12 1. "Veterinary clinic" or any other term used interchangeably in this
13 article, including but not limited to "organization" (regardless of its
14 organizational structure), "clinic", "provider", "practice", "veterinary
15 provider", and "veterinary practice", means a health care entity involv-
16 ing the practice of veterinary medicine, as defined by section sixty-
17 seven hundred one of the education law, including small practices,
18 groups, or management services organizations or similar entities provid-
19 ing all or substantially all of the administrative or management
20 services under contract with one or more veterinary or medical prac-
21 tices. For the purposes of this section, "veterinary clinic" shall
22 include professional services corporations incorporated for the purpose
23 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.

LBD11436-03-5

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

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

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

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

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

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

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

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

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

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

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

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

30 6. "Control" means the possession, direct or indirect, of the power to
31 direct or cause the direction of the management, administrative func-
32 tions, and policies of a veterinary clinic, whether through the owner-
33 ship of voting securities or rights, either directly or indirectly, by
34 contract alone or as part of a series of transactions (except a commer-
35 cial contract for goods or non-management services) or otherwise; but no
36 entity shall be deemed to control another entity solely by reason of
37 being an officer or director of a health care entity. Control shall be
38 presumed to exist if any person or entity directly or indirectly owns,
39 controls, or holds with the power to vote five percent or more of the
40 voting securities of a veterinary clinic.

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

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

52 9. "Capital distribution" means a payment made, liability incurred, or
53 other consideration given to a person or entity for the purchase, acqui-
54 sition, redemption, repurchase, payment or retirement of capital stock
55 or other equity interest or as a dividend, return of capital, or other
56 distribution with respect to the capital stock or other equity interest.

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

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

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

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

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

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

34 (i) asset contribution agreements;

35 (ii) operating agreements or management contracts;

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

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

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

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

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

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

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

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

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

9 (xi) all information in the possession of the transacting parties
10 relative to the perspective of the vet clinic's patient base and commu-
11 nities served, or their representatives;

12 (xii) all information, including internal and external reports and
13 studies, bearing on the effect of the proposed transaction on the avail-
14 ability or accessibility of health care in the affected community;

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

19 (xiv) all additional documents that the attorney general deems neces-
20 sary or appropriate for review purposes;

21 (e) a statement as to whether any party to the transaction, or a
22 controlling person or parent company of such party, owns any other
23 health care entity which, in the past three years, has closed oper-
24 ations, is in the process of closing operations, or has experienced a
25 substantial reduction in services provided. The parties shall specif-
26 ically identify the health care entity or entities subject to such
27 closure or substantial service reduction and detail the circumstances of
28 such; and

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

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

38 (b) After submission to the department of written notice of a trans-
39 action involving a material change pursuant to subdivision one of this
40 section, the department shall post on its website:

41 (i) a summary of the proposed transaction;

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

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

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

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

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

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

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

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

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

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

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

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

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