

14A:17-3 and 14A:17-5

LEGISLATIVE HISTORY CHECKLIST

(Professional corporations--
allow formation from closely
allied professional services)

NJSA 14A:17-3 and 14A:17-5

LAWS 1981

CHAPTER 425

Bill No. S1222

Sponsor(s) Vreeland, Dorsey & Bedell

Date Introduced April 21

Committee: Assembly _____

Senate Labor, Industry & Professions

Amended during passage Yes

~~XX~~ Amendments during passage
denoted by asterisk

Date of Passage: Assembly Jan. 4, 1982

Senate Dec. 10, 1981

Date of approval Jan. 9, 1982

Following statements are attached if available:

Sponsor statement Yes ~~XX~~

Committee Statement: Assembly ~~XXX~~ No

Senate Yes ~~XX~~

Fiscal Note ~~XXX~~ No

Veto Message ~~XXX~~ No

Message on signing ~~XXX~~ No

Following were printed:

Reports ~~XXX~~ No

Hearings ~~XXX~~ No

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SENATE, No. 1232

STATE OF NEW JERSEY

INTRODUCED APRIL 21, 1980

By Senators VREELAND, DORSEY and BEDELL

Referred to Committee on Labor, Industry and Professions

AN ACT to amend "The Professional Service Corporation Act,"
approved December 16, 1969 (P. L. 1969, c. 232).

1 BE IT ENACTED by the Senate and General Assembly of the State
2 of New Jersey:

1 1. Section 3 of P. L. 1969, c. 232 (C. 14A:17-3) is amended to
2 read as follows:

3 3. Terms defined. As used in this act, the following words shall
4 have the meaning indicated:

5 (1) The term "professional service" shall mean any type***[or**
6 *specified closely allied types*]* of personal service to the public
7 which requires as a condition precedent to the rendering of such
8 service the obtaining of a license or other legal authorization and
9 which prior to the passage of this act and by reason of law could
10 not be performed by a corporation. By way of example and without
11 limiting the generality thereof, the personal services which come
12 within the provisions of this act are the personal services rendered
13 by certified public accountants, architects, optometrists, profes-
14 sional engineers, **land surveyors, land planners,** chiropractors,
15 dentists, osteopaths, physicians and surgeons, doctors of medicine,
16 doctors of dentistry, podiatrists, chiropodists, veterinarians and,
17 subject to the Rules of the Supreme Court, attorneys-at-law;

18 (2) The term "professional corporation" means a corporation
19 which is organized under this act for the sole and specific purpose
20 of rendering the same *or closely allied* professional service as its
21 shareholders, each of whom must be licensed or otherwise legally
22 authorized within this State to render such professional service.

23 (3) "*Closely allied professional service*" means and is limited
24 to the practice of (a) architecture ***[and]*** *,* professional engi-
25 neering*, *land surveying and land planning** and (b) any branch
26 of medicine and surgery, ***[as defined in R. S. 45:9-5.1, added to**

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill
is not enacted and is intended to be omitted in the law.

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27 *the Revised Statutes by P. L. 1939, c. 115 as amended,]* and den-*
28 *tistry.*

1 2. Section 5 of P. L. 1969, c. 232 (C. 14A:17-5) is amended to read
2 as follows:

3 5. Professional corporation. One or more persons, each of whom
4 is duly licensed or otherwise legally authorized to render the same
5 *or closely allied* professional service within this State, may organize
6 and become a shareholder or shareholders of a professional corpo-
7 ration for pecuniary profit under the provisions of the Business
8 Corporation Act of New Jersey (Title 14A, Corporations, General,
9 of the New Jersey Statutes), for the sole and specific purpose of
10 rendering such professional service.

1 3. This act shall take effect immediately ***[and be retroactive to**
2 **December 16, 1969]*.**

1 2. Section 5 of P. L. 1969, c. 232 (C. 14A :17-5) is amended to read
2 as follows:

3 5. Professional corporation. One or more persons, each of whom
4 is duly licensed or otherwise legally authorized to render the same
5 *or closely allied* professional service within this State, may organize
6 and become a shareholder or shareholders of a professional corpo-
7 ration for pecuniary profit under the provisions of the Business
8 Corporation Act of New Jersey (Title 14A, Corporations, General,
9 of the New Jersey Statutes), for the sole and specific purpose of
10 rendering such professional service.

1 3. This act shall take effect immediately and be retroactive to
2 December 16, 1969.

STATEMENT

As an exception to the general provision that only members of one licensed or regulated profession may form a professional corporation, this bill would permit architects and engineers or professionals licensed by the Board of Medical Examiners and dentists to join in a professional corporation.

The bill is retroactive to the effective date of the Professional Service Corporation Act.

S 1232 (1980)

SENATE LABOR, INDUSTRY AND
PROFESSIONS COMMITTEE

STATEMENT TO

SENATE, No. 1232

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STATE OF NEW JERSEY

DATED: DECEMBER 7, 1981

As amended by the Senate Labor, Industry, and Professions Committee, this bill would permit (a) architects, professional engineers, land surveyors, and land planners, and (b) persons who practice any branch of medicine and surgery, and dentists, to organize professional corporations.

The Professional Service Corporation Act (P. L. 1969, c. 232) permits one or more persons, each of whom is duly licensed or otherwise legally authorized to render the same professional service within the state, to organize a professional corporation. This bill, as amended, establishes an exception to this general provision by allowing certain closely allied professional services to organize professional corporations. "Closely allied professional service" is limited by the bill's definition to (a) the practice of architecture, professional engineering, land surveying and land planning, and (b) the practice of any branch of medicine and surgery, and dentistry.

The Senate Labor, Industry and Professions Committee also made technical amendments to the bill.