



New York Governor Approves Amendment to the Design Professional Service Corporation Legislation

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By: Carol J. Patterson, Esq. and Eric R. Morgenweck, Esq.

On Wednesday, October 3, 2012, Governor Cuomo signed Bill A10281-2011 which amends the Business Corporation Law §1503 to permit an existing Professional Corporation (a "P.C.") in good standing, to convert to a Design Professional Service Corporation ("D.P.C.") without the formal mechanisms of dissolution and re-incorporation. This Amendment takes effect immediately. However, there have not yet been any announcements on how the actual conversion from a P.C. to a D.P.C. will be accomplished with the New York State Education Department and the New York State Secretary of State, or when the applications for conversion will be accepted for filing.

The D.P.C. entity form allows for up to 24.9% of a firm's ownership to be held by unlicensed employees, with the remaining 75.1% of the ownership being held by licensed design professionals. Initially, a D.P.C. could only be created by the formation of a new D.P.C. entity. This limitation created problems for existing P.C.'s that wanted to have the benefits of D.P.C. ownership. For example, a newly formed D.P.C. could not have the exact same name as the existing P.C. As a result of this

change in the law, an existing P.C. will not have to dissolve and re-incorporate as a D.P.C. to take advantage of the benefits available to a D.P.C.

ATTORNEYS

Carol J. Patterson