

ASSEMBLY, No. 2285

STATE OF NEW JERSEY

220th LEGISLATURE

INTRODUCED FEBRUARY 7, 2022

Sponsored by:

Assemblyman ROY FREIMAN

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Assemblywoman BRITNEE N. TIMBERLAKE

District 34 (Essex and Passaic)

Assemblyman STERLEY S. STANLEY

District 18 (Middlesex)

Co-Sponsored by:

Assemblyman Auth and Assemblywoman DeFuccio

SYNOPSIS

Establishes process for formation of professional limited liability companies.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/24/2022)

1 AN ACT concerning professional limited liability companies and
2 supplementing P.L.2012, c.50 (C.42:2C-1 et seq.).
3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*
6

7 1. As used in this act:

8 "License" means a license, certificate of registration, or any other
9 evidence of the satisfaction of the requirements for the practice of a
10 profession issued by a licensing authority.

11 "Licensed person" means a person who is licensed by a licensing
12 authority to provide at least one of the categories of professional
13 services rendered by the professional limited liability company.

14 "Licensing authority" means a state, federal, or local board,
15 agency, or other entity that issues a license.

16 "Professional limited liability company" means a limited liability
17 company organized under this act for purposes that include
18 rendering one or more categories of professional services.

19 "Professional service" means a service that may be lawfully
20 rendered only by a licensed person or person otherwise authorized
21 by a licensing authority to render the service.
22

23 2. a. A person may form a professional limited liability
24 company by filing a certificate of formation with the filing office
25 that, in addition to the information required under section 18 of
26 P.L.2012, c.50 (C.42:2C-18), specifies:

27 (1) that the company is a professional limited liability company;
28 and

29 (2) the professional service or services that the professional
30 limited liability company is organized to provide.

31 b. A limited liability company organized under a law of this
32 State other than this act may elect professional limited liability
33 company status by amending its certificate of formation pursuant to
34 section 19 of P.L.2012, c.50 (C.42:2C-19), to comply with
35 subsection a. of this section and with section 6 of this act.
36

37 3. a. This act shall not alter the right of licensed persons to
38 perform professional services in any other business form allowed by
39 law.

40 b. This act shall not prohibit a professional limited liability
41 company from employing persons who are not licensed to perform
42 professional services that are rendered by the company if all of the
43 following apply:

44 (1) the unlicensed persons work at the direction or under the
45 supervision of licensed persons;

46 (2) the unlicensed persons do not hold themselves out to the
47 public generally as being authorized to perform the professional
48 services rendered by the company; and

1 (3) the unlicensed persons are not prohibited by the licensing
2 authority regulating any of the professional services rendered by the
3 professional limited liability company from being so employed.

4
5 4. Professional limited liability companies shall be governed by
6 the laws applicable to other limited liability companies, except as
7 those laws are limited or enlarged by or contrary to this act, this act
8 shall be controlling.

9
10 5. a. A professional limited liability company may render a
11 category of professional services in this State only through its
12 members, managers, officers, agents and employees who are
13 themselves licensed persons qualified in this State to perform that
14 category of professional services. This act shall not limit or restrict
15 the operation of any limited liability company or its members,
16 including any licensed person, to the extent the company is
17 otherwise authorized under applicable law administered by the
18 licensing authority to render professional services through a limited
19 liability company that is not subject to this act.

20 b. A professional limited liability company may issue a
21 transferable interest or admit as a member any person unless the
22 company is prohibited from doing so by the licensing authority.

23 c. A transferable interest in a professional limited liability
24 company may be transferred to any person unless the transfer is
25 prohibited by the licensing authority. A member that transfers a
26 transferable interest in violation of this subsection shall be deemed
27 to have dissociated as a member under section 46 of P.L.2012, c.50
28 (C.42:2C-46).

29
30 6. The name of a professional limited liability company
31 authorized to transact business in this State shall satisfy the
32 requirements of section 8 of P.L.2012, c.50 (C.42:2C-8), except that
33 the name shall contain the words "professional limited liability
34 company" or the abbreviation "P.L.L.C.", "P.L.C.", "PLLC" or
35 "PLC" in uppercase or lowercase letters.

36
37 7. This act shall not alter any law applicable to the relationship
38 between a person performing professional services and a person
39 receiving those services, including liability arising out of those
40 professional services.

41
42 8. a. A professional limited liability company shall not
43 perform any act that is prohibited to be performed by individuals
44 licensed to perform professional services that are rendered by the
45 company.

46 b. Each member, manager, officer, agent and employee of a
47 professional limited liability company who is a licensed person in
48 the jurisdiction in which the person performs professional services

1 is subject to the rules and regulations adopted by and the
2 disciplinary powers of the licensing authority or licensing
3 authorities regulating the professional services rendered by the
4 company in the jurisdiction in which the person performs
5 professional services.

6
7 9. This act shall take effect on the 180th day next following
8 enactment.

9
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11 STATEMENT

12
13 This bill establishes a process for the formation of professional
14 limited liability companies in New Jersey.

15 The bill provides that a person may form a professional limited
16 liability company by filing a certificate of formation with the filing
17 office that, in addition to the information required pursuant to the
18 "Revised Uniform Limited Liability Company Act," specifies:

19 (1) that the company is a professional limited liability company;
20 and

21 (2) the professional service or services that the professional
22 limited liability company is organized to provide.

23 A limited liability company organized under a law of this State
24 other than the bill may elect professional limited liability company
25 status by amending its certificate of formation.

26 The bill does not alter the right of licensed persons to perform
27 professional services in any other business form allowed by law.

28 The bill does not prohibit a professional limited liability
29 company from employing persons who are not licensed to perform
30 professional services that are rendered by the company if all of the
31 following apply:

32 (1) the unlicensed persons work at the direction or under the
33 supervision of licensed persons;

34 (2) the unlicensed persons do not hold themselves out to the
35 public generally as being authorized to perform the professional
36 services rendered by the company; and

37 (3) the unlicensed persons are not prohibited by the licensing
38 authority regulating any of the professional services rendered by the
39 professional limited liability company from being so employed.

40 Under the bill, professional limited liability companies are
41 governed by the laws applicable to other limited liability companies
42 except if those laws are limited or enlarged by or contrary to the
43 provisions of the bill, the provisions of the bill are controlling.

44 The bill provides that a professional limited liability company
45 may render a category of professional services in this State only
46 through its members, managers, officers, agents and employees who
47 are themselves licensed persons qualified in this State to perform
48 that category of professional services. The bill does not limit or

1 restrict the operation of any limited liability company or its
2 members, including any licensed person, to the extent the company
3 is otherwise authorized under applicable law administered by the
4 licensing authority to render professional services through a limited
5 liability company that is not subject to the provisions of the bill.

6 The bill allows a professional limited liability company to issue a
7 transferable interest or admit as a member any person unless the
8 company is prohibited from doing so by the licensing authority.

9 The bill provides that a transferable interest in a professional
10 limited liability company may be transferred to any person unless
11 the transfer is prohibited by the licensing authority. A member that
12 transfers a transferable interest in violation of this requirement is
13 deemed to have dissociated as a member of the company.

14 The bill requires the name of a professional limited liability
15 company authorized to transact business in this State to satisfy the
16 requirements of the "Revised Uniform Limited Liability Company
17 Act," except that the name must contain the words "professional
18 limited liability company" or the abbreviation "P.L.L.C.", "P.L.C.",
19 "PLLC" or "PLC" in uppercase or lowercase letters.

20 The bill does not alter any law applicable to the relationship
21 between a person performing professional services and a person
22 receiving those services, including liability arising out of those
23 professional services.

24 The bill prohibits a professional limited liability company from
25 performing any act that is prohibited from being performed by
26 individuals licensed to perform professional services that are
27 rendered by the company.

28 The bill provides that each member, manager, officer, agent and
29 employee of a professional limited liability company who is a
30 licensed person in the jurisdiction in which the person performs
31 professional services is subject to the rules and regulations adopted
32 by and the disciplinary powers of the licensing authority or
33 licensing authorities regulating the professional services rendered
34 by the company in the jurisdiction in which the person performs
35 professional services.