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GOVERNOR CUOMO SIGNS LEGISLATION WIDENING OWNERSHIP OF DESIGN FIRMS IN NEW YORK

ALBANY, Sept 26 – On Friday, September 23, Governor Andrew Cuomo signed into law Bill A.4581-A (Canestrari)/S.2987 (LaValle) allowing non-licensed professionals to hold a minority share of ownership in New York's engineering and architecture firms.

“Passage of the Canestrari/LaValle bill is a significant achievement for New York's design industry, and is the result of a collaborative effort by members of the American Council of Engineering Companies of New York (ACEC New York, www.acecnyc.org), the AIA, the New York Society of Professional Engineers, New York State Association of Professional Land Surveyors, and other trade and professional organizations, who have been working for years to amend the restrictive policies,” says Jay Simson, ACEC New York President. “This bill will help to keep companies' headquarters in New York and to recruit and retain talented non-licensed professionals at New York-based companies. It will provide firms with greater access to capital, further promoting creation and retention of jobs in the state. Today's action is a win for design professionals and for all those who live and work in the state.”

Ending one of the most restrictive ownership policies for design firms in the U.S., passage of the new law in New York State permits up to 25 percent ownership by employees other than licensed design professionals, such as corporate counsel, information technology and business development specialists. The majority, 75 percent, share of ownership remains in control of licensed professionals to safeguard against potential conflict of interest or breach of professional ethics.

Additional controls under the new law include: the single largest shareholder must be a licensed professional; at least 75 percent of the board of director seats must be held by licensed professionals; and the president, chief executive office, and chairman of the board of directors are required to be licensed professionals.

The new, broader, ownership policy primarily benefits firms founded after 1935, when the law requiring 100 percent licensed professional ownership took effect. Firms in existence prior to this date enjoyed grandfather status under the old law.

The American Council of Engineering Companies of New York (ACEC New York) is the state's premier organization for consulting engineering firms, representing 280 companies and over 20,000 employees in New York. The organization's mission is to further the business interests of its members through advocacy, networking, education and business services.