

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2285

STATE OF NEW JERSEY

DATED: MARCH 14, 2022

The Assembly Commerce and Economic Development Committee reports favorably Assembly Bill No. 2285.

This bill would provide for the formation of professional limited liability companies in New Jersey. Under the bill, a person may form a professional limited liability company by filing a certificate of formation with the filing office that, in addition to the information required pursuant to the "Revised Uniform Limited Liability Company Act," specifies:

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

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

A limited liability company organized under another New Jersey law would be able to elect professional limited liability company status by amending its certificate of formation.

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

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

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

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

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

Under the bill, professional limited liability companies would be governed by the laws applicable to other limited liability companies unless those other laws are limited or enlarged by or contrary to the provisions of the bill. The provisions of this bill would control.

The bill provides that a professional limited liability company may render a category of professional services in this State only through its members, managers, officers, agents and employees who are

themselves licensed persons qualified in this State to perform that category of professional services. The bill would not limit or restrict the operation of any limited liability company or its members, including any licensed person, to the extent the company is otherwise authorized under applicable law administered by the licensing authority to render professional services through a limited liability company that is not subject to the provisions of the bill.

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

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

The bill would require the name of a professional limited liability company to satisfy the requirements of the "Revised Uniform Limited Liability Company Act," except that the name must contain the words "professional limited liability company" or the abbreviation "P.L.L.C.", "P.L.C.", "PLLC" or "PLC" in uppercase or lowercase letters.

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

The bill would prohibit a professional limited liability company from performing any act that is prohibited from being performed by individuals licensed to perform professional services that are rendered by the company.

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

The bill would take effect on the 180th day next following enactment.