CHAPTER 319B

PROFESSIONAL FIRMS

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319B.01 PROFESSIONAL FIRMS ACT; CITATION.

Sections 319B.01 to 319B.12 may be cited as the "Minnesota Professional Firms Act."

History: *1997 c 22 art 1 s 1*

319B.02 DEFINITIONS.

Subdivision 1. **Scope.** For the purposes of sections 319B.01 to 319B.12, the terms defined in this section have the meanings given them.

Subd. 2. **Board.** "Board" means an agency of the state of Minnesota which has jurisdiction to grant a license to furnish professional services of a category within subdivision 19, except that in the case of a professional firm that provides legal services, "board" means the Board of Professional Responsibility.

Subd. 3. **Certificate of authority.** "Certificate of authority" means:

(1) with respect to a foreign firm that is a corporation, the certificate of authority required under sections 303.01 to 303.24 and any notice filed under section 303.115 in connection with that certificate; and

(2) with respect to a foreign firm that is a limited liability company, the certificate of authority referred to in sections 322C.0802 to 322C.0804 and any notice filed in connection with that certificate.

Subd. 4. **Disqualified.** "Disqualified" means to have a license to provide pertinent professional services:

(1) suspended, unless by its terms the suspension will automatically end less than 90 days after it takes effect; or

(2) revoked.

The disqualification occurs when the suspension or revocation first takes effect.

Subd. 5. **Firm.** "Firm" includes a corporation, limited liability company, and limited liability partnership, wherever incorporated, organized, or registered.

Subd. 6. **Foreign firm.** "Foreign firm" means a corporation incorporated, limited liability company organized, or limited liability partnership registered under the laws of a state other than Minnesota.

Subd. 7. **Foreign professional firm.** "Foreign professional firm" means a foreign firm that has in effect an election under section 319B.04, subdivision 2.

Subd. 8. **Generally applicable governing law.** "Generally applicable governing law" of a firm means:

(1) with respect to a firm that is a corporation, the state statute under which the corporation is incorporated;

(2) with respect to a firm that is a limited liability company, the state statute under which the limited liability company is organized; and

(3) with respect to a firm that is a limited liability partnership, the state statute under which the limited liability partnership obtains its status as a limited liability partnership;

plus any other law that is generally relevant to the structure, governance, operations, or other internal affairs of the firm.

Subd. 9. **Governance authority.** "Governance authority" means the authority and responsibility to:

(1) determine important policies for a professional firm;

(2) superintend the professional firm's overall operations; and

(3) maintain general, active management of and ultimate control over all matters involving professional judgment.

Subd. 9a. **License.** "License" includes any license, certificate, registration, or other authority referred to in subdivision 17 or 19.

Subd. 10. **Minnesota firm.** "Minnesota firm" includes a corporation organized under chapter 302A or 317A, limited liability company organized under chapter 322C, and limited liability partnership that has an effective statement of qualification under section 323A.1001.

Subd. 11. **Minnesota professional firm.** "Minnesota professional firm" means a Minnesota firm that has in effect an election under section 319B.03, subdivision 2.

Subd. 12. **Organizational document.** "Organizational document" means:

(1) with respect to a corporation organized under chapter 302A or 317A, that corporation's articles of incorporation;

(2) with respect to a limited liability company organized under chapter 322C, that limited liability company's articles of organization; and

(3) with respect to a limited liability partnership that has an effective statement of qualification under section 323A.1001, that statement of qualification.

Subd. 13. **Owner.** "Owner" means:

(1) with respect to a professional firm that is a corporation, except a nonprofit corporation, an owner of shares in the corporation;

(2) with respect to a professional firm that is a limited liability company, a member in the limited liability company; and

(3) with respect to a professional firm that is a limited liability partnership, a partner in the limited liability partnership.

Subd. 14. **Ownership interest.** "Ownership interest" means:

(1) with respect to a professional firm that is a corporation, except a nonprofit corporation, shares in the corporation;

(2) with respect to a professional firm that is a limited liability company, a membership interest in the limited liability company; and

(3) with respect to a professional firm that is a limited liability partnership, a partnership interest.

Subd. 15. **Partial right.** "Partial right" means a right in or with respect to an ownership interest where the right is by itself insufficient to make the right's holder an owner.

Subd. 16. **Pertinent professional services.** "Pertinent professional services" means, with respect to a professional firm, the category or categories of professional services specified by the firm in its election under section 319B.03, subdivision 2, or 319B.04, subdivision 2.

Subd. 17. **Professional.** "Professional" means a natural person who is licensed by the laws of the state of Minnesota or similar laws of another state to furnish one or more of the categories of professional services listed in subdivision 19. Professional includes a natural person who is licensed or otherwise authorized to practice law under the laws of a foreign nation.

Subd. 18. **Professional firm.** "Professional firm" means both Minnesota professional firms and foreign professional firms.

Subd. 19. **Professional services.** "Professional services" means services of the type required or permitted to be furnished by a professional under a license, registration, or certificate issued by the state of Minnesota to practice medicine and surgery under sections 147.01 to 147.22, as a physician assistant pursuant to sections 147A.01 to 147A.27, chiropractic under sections 148.01 to 148.105, registered nursing under sections 148.171 to 148.285, optometry under sections 148.52 to 148.62, psychology under sections 148.88 to 148.98, social work under chapter 148E, marriage and family therapy under sections 148B.29 to 148B.39, professional counseling under sections 148B.50 to 148B.593, dentistry and dental hygiene under sections 150A.01 to 150A.12, pharmacy under sections 151.01 to 151.40, podiatric medicine under sections 153.01 to 153.25, veterinary medicine under sections 156.001 to 156.14, architecture, engineering, surveying, landscape architecture, geoscience, and certified interior design under sections 326.02 to 326.15, accountancy under chapter 326A, or law under sections 481.01 to 481.17, or under a license or certificate issued by another state under similar laws. Professional services includes services of the type required to be furnished by a professional pursuant to a license or other authority to practice law under the laws of a foreign nation.

Subd. 20. **State.** "State" means a state of the United States and the District of Columbia.

Subd. 21. **Statement of foreign qualification.** "Statement of foreign qualification" means with respect to a limited liability partnership that has an effective statement of foreign qualification under section 323A.1102, that statement of foreign qualification.

Subd. 21a. **Surviving spouse.** "Surviving spouse" means a surviving spouse of a deceased professional as an individual, as the personal representative of the estate of the decedent, as the trustee of an inter vivos or testamentary trust created by the decedent, or as the sole heir or beneficiary of an estate or trust of which the personal representative or trustee is a bank or other institution that has trust powers.

Subd. 22. **Update.** "Update" means:

(1) with respect to a Minnesota professional firm that is either a Minnesota corporation or a Minnesota limited liability company, amend the organizational document;

(2) with respect to a foreign professional firm that is a foreign corporation, file a notice under section 303.115 in connection with the foreign corporation's certificate of authority;

(3) with respect to a foreign firm that is a limited liability company, file an amended certificate of authority;

(4) with respect to a Minnesota professional firm that is a limited liability partnership and has an effective statement of qualification under section 323A.1001, amend that statement of qualification; and

(5) with respect to a foreign professional firm that is a limited liability partnership and has an effective statement of foreign qualification under section 323A.1102, amend that statement of foreign qualification.

History: *1997 c 22 art 1 s 2; 1998 c 309 s 5-7; 1999 c 85 art 3 s 1-4,17; 2000 c 260 s 53; 2001 c 42 s 2; 2001 c 109 art 2 s 4; 2005 c 147 art 1 s 69; 2005 c 153 s 1; 2007 c 123 s 132; 2009 c 148 s 2; 2009 c 178 art 1 s 56; 2014 c 157 art 2 s 25,26,29,31; 2016 c 135 art 4 s 13,14; 2016 c 158 art 1 s 170; 2019 c 50 art 1 s 102*

319B.03 AUTHORITY OF MINNESOTA FIRMS TO FURNISH PROFESSIONAL SERVICES; ELECTION TO INVOKE THE ACT.

Subdivision 1. **Authority under this act and under other law.** (a) A Minnesota firm that has in effect an election under subdivision 2 may furnish professional services within Minnesota as provided in sections 319B.01 to 319B.12. A Minnesota firm may furnish professional services within Minnesota without making an election under subdivision 2 only if:

(1) no Minnesota statute, Minnesota rule, or tenet of Minnesota common law requires the Minnesota firm to make that election in order to furnish professional services within Minnesota; and

(2) no Minnesota statute, Minnesota rule, or tenet of Minnesota common law precludes the Minnesota firm from furnishing professional services within Minnesota in the absence of that election.

(b) A Minnesota professional firm may provide professional services and exercise the ancillary powers permitted under section 319B.06, subdivision 1, paragraph (c), in another state if:

(1) the Minnesota professional firm is authorized to provide the services and exercise the powers within Minnesota;

(2) the Minnesota firm's organizational document does not prohibit the Minnesota professional firm from providing the services or exercising the powers in the other state;

(3) in the case of a Minnesota professional firm that is a limited liability partnership, the partnership agreement does not prohibit the Minnesota professional firm from providing the services or exercising the powers in the other state; and

(4) the Minnesota professional firm complies with all applicable laws of that other state regulating the furnishing of professional services and exercising of ancillary powers in that state.

Subd. 2. **Election to invoke this act.** To elect to become a Minnesota professional firm and be authorized to furnish professional services according to sections 319B.01 to 319B.12, a Minnesota firm must in its organizational document:

(1) state that the Minnesota firm elects to operate under those sections;

(2) acknowledge that the Minnesota firm is subject to those sections; and

(3) specify from the list stated in section 319B.02, subdivision 19, the category or categories of professional services the Minnesota firm is authorized to provide.

The statement, acknowledgment, and specification may be made when a Minnesota firm initially files the organizational document or may be added at a later time by updating that document.

Subd. 3. **Rescission and amendment of election.** (a) A Minnesota professional firm may rescind its election by updating its organizational document to delete the statement, acknowledgment, and specification required by subdivision 2.

(b) A Minnesota professional firm may update its organizational document to change the specification required by subdivision 2, clause (3).

Subd. 4. **Relationship of this act and generally applicable governing law.** If a Minnesota firm has an election under subdivision 2 in effect and the Minnesota firm's generally applicable governing law conflicts with sections 319B.01 to 319B.12, sections 319B.01 to 319B.12 govern.

History: *1997 c 22 art 1 s 3*

319B.04 AUTHORITY OF FOREIGN FIRMS TO FURNISH PROFESSIONAL SERVICES; ELECTION TO INVOKE THE ACT.

Subdivision 1. **Authority under this act and under other law.** A foreign firm that has in effect an election under subdivision 2 may furnish professional services within Minnesota as provided in sections 319B.01 to 319B.12. A foreign firm may furnish professional services within Minnesota without making an election under subdivision 2 only if:

(1) no Minnesota statute, Minnesota rule, or tenet of Minnesota common law requires the foreign firm to make that election in order to furnish professional services within Minnesota; and

(2) no Minnesota statute, Minnesota rule, or tenet of Minnesota common law precludes the foreign firm from furnishing professional services within Minnesota in the absence of that election.

Subd. 2. **Election to invoke authority under this act.** To elect to become a foreign professional firm and be authorized to furnish professional services according to sections 319B.01 to 319B.12, a foreign firm must in its certificate of authority or statement of foreign qualification:

(1) state that the firm elects to operate under sections 319B.01 to 319B.12;

(2) acknowledge that the firm is subject to those sections;

(3) state that, to the extent its generally applicable governing law conflicts or differs with those sections, the foreign firm has made the necessary changes to the agreements and other documents controlling its structure, governance, operations, and internal affairs so as to comply with those sections; and

(4) specify from the list stated in section 319B.02, subdivision 19, the category or categories of professional services the foreign firm is authorized to provide within Minnesota.

The statements, acknowledgment, and specification may be made when the foreign firm initially files for a certificate of authority or statement of foreign qualification or may be added at a later time by updating that document.

Subd. 3. **Rescission and amendment of election.** (a) A foreign firm may rescind its election by updating its certificate of authority or statement of foreign qualification to delete the statements, acknowledgment, and specification required by subdivision 2.

(b) A foreign firm may update its certificate of authority or statement of foreign qualification to change the specification required by subdivision 2, clause (4).

History: *1997 c 22 art 1 s 4; 1999 c 85 art 3 s 5,6*

319B.05 FIRM NAME.

Subdivision 1. **No implication of superiority.** The name of a professional firm must not imply or be used to imply superiority.

Subd. 2. **Required name endings.** The name of a professional firm must end:

(1) in the case of a corporation, with any one of the following phrases, words, or abbreviations: "Professional Corporation"; "Professional Service Corporation"; "Service Corporation"; "Professional Association"; "Chartered"; "Limited"; "P.C."; "P.S.C."; "S.C."; "P.A."; or "Ltd.";

(2) in the case of a limited liability company, with any one of the following phrases or abbreviations: "Professional Limited Liability Company"; "Limited Liability Company"; "P.L.L.C."; "P.L.C."; or "L.L.C."; or

(3) in the case of a limited liability partnership, with any one of the following phrases or abbreviations: "Professional Limited Liability Partnership"; "Limited Liability Partnership"; "P.L.L.P."; or "L.L.P."

A permitted abbreviation may include or omit periods.

History: *1997 c 22 art 1 s 5*

319B.06 FURNISHING SERVICES.

Subdivision 1. **Categories of service.** (a) A professional firm may provide professional services within Minnesota in one of the categories listed in section 319B.02, subdivision 19, if:

(1) the professional firm's election under section 319B.03, subdivision 2, or 319B.04, subdivision 2, specifies that category; and

(2) each of the professional firm's owners meet the requirements of section 319B.07 with regard to that category.

(b) A professional firm may provide professional services within Minnesota in more than one of the categories listed in section 319B.02, subdivision 19, if:

(1) the professional firm's election under section 319B.03, subdivision 2, or 319B.04, subdivision 2, specifies those categories;

(2) each of the professional firm's owners meet the requirements of section 319B.07 with regard to at least one of those categories; and

(3) the relevant licensing statutes, as listed in section 319B.02, subdivision 19, or rules in effect under those statutes, specifically authorize those categories of services to be practiced in combination.

(c) A professional firm may exercise any powers accorded it by its generally applicable governing law, so long as the professional firm exercises those powers solely to provide the pertinent professional services or to accomplish tasks ancillary to providing those services.

(d) A professional firm may not conduct any other business or provide any other services beyond those authorized in this subdivision, either within or outside of Minnesota.

(e) A professional firm may not adopt, implement, or follow a policy, procedure, or practice that would give a board grounds for disciplinary action against a professional who follows, agrees to, or acquiesces in the policy, procedure, or practice.

Subd. 2. **Manner of furnishing services.** (a) A professional firm may furnish professional services within Minnesota only through professionals licensed or otherwise authorized by the state of Minnesota to furnish the pertinent professional services. Firm owners who are properly licensed professionals may provide professional services on a professional firm's behalf, and a professional firm may also hire or retain properly licensed professionals as employees, nonemployee agents, or independent contractors to furnish professional services on the professional firm's behalf.

(b) If a professional firm is authorized under subdivision 1, paragraph (b), to furnish more than one category of professional services, a professional furnishing professional services on behalf of the professional firm is required to be licensed or authorized only with respect to the category or categories of services which the professional actually furnishes.

Subd. 3. **Relationship to person served.** (a) Sections 319B.01 to 319B.12 do not alter any law applicable to the relationship between a person furnishing professional services and a person receiving the professional services, including liability arising out of the professional services and the confidential relationship and privilege of communications between the person furnishing professional services and the person receiving the professional services.

(b) Sections 319B.01 to 319B.12 do not alter any law applicable to the relationship between a professional firm furnishing professional services and a person receiving the professional services, including liability arising out of the professional services and the confidential relationship and privilege of communications between the professional firm furnishing professional services and the person receiving the professional services.

(c) Whether a professional firm's owners and persons who control, manage, or act for the firm are personally liable for the firm's debts and obligations is determined according to the firm's generally applicable governing law.

History: *1997 c 22 art 1 s 6; 1997 c 174 art 12 s 65*

319B.07 OWNERSHIP INTERESTS.

Subdivision 1. **Ownership of interests restricted.** Ownership interests in a professional firm may not be owned or held, either directly or indirectly, except by any of the following:

(1) professionals who, with respect to at least one category of the pertinent professional services, are licensed and not disqualified;

(2) general partnerships, other than limited liability partnerships, authorized to furnish at least one category of the professional firm's pertinent professional services;

(3) other professional firms authorized to furnish at least one category of the professional firm's pertinent professional services;

(4) a voting trust established with respect to some or all of the ownership interests in the professional firm, if (i) the professional firm's generally applicable governing law permits the establishment of voting trusts, and (ii) all the voting trustees and all the holders of beneficial interests in the trust are professionals licensed to furnish at least one category of the pertinent professional services;

(5) an employee stock ownership plan as defined in section 4975(e)(7) of the Internal Revenue Code of 1986, as amended, if (i) all the voting trustees of the plan are professionals licensed to furnish at least one category of the pertinent professional services, and (ii) the ownership interests are not directly issued to anyone other than professionals licensed to furnish at least one category of the pertinent professional services; and

(6) sole ownership by a surviving spouse of a deceased professional who was the sole owner of the professional firm at the time of the professional's death, but only during the period of time ending one year after the death of the professional.

Subd. 2. **Issuance and transfer of ownership interests restricted.** A professional firm may not sell, grant, give, allocate, issue, or otherwise transfer an ownership interest except to persons who meet the requirements of subdivision 1. No owner may transfer an ownership interest except to persons who meet the requirements of subdivision 1. These restrictions apply regardless of whether a purported sale, grant, gift, allocation, issuance, or other transfer:

(1) is voluntary or involuntary;

(2) constitutes a present transfer or an undertaking to make future transfer or to allow the transferee to cause a future transfer to occur; or

(3) is permanent or subject to defeasement.

Subd. 3. **Issuance and transfer of partial rights restricted.** (a) Except as permitted by this paragraph, no professional firm may sell, grant, give, allocate, issue, or otherwise transfer a partial right. Unless prohibited by its generally applicable governing law or some provision of a document or agreement permitted by its generally applicable governing law, a professional firm may:

(1) subject to section 319B.08, subdivision 3, sell, grant, give, allocate, issue, or otherwise transfer an option to acquire an entire ownership interest to a person who meets the requirements of subdivision 1; and

(2) subject to its licensing law, undertake to make payments, in the nature of separation, retirement, or death benefits, on account of a former owner who has died, become disqualified, or for any other reason has ceased to be an owner.

(b) Except as permitted by this paragraph, no owner may transfer any partial right. Unless prohibited by the professional firm's generally applicable governing law or some provision of a document or agreement authorized by the professional firm's generally applicable governing law, an owner may, subject to section 319B.09:

(1) enter into an agreement with other owners of the professional firm regarding voting rights and other aspects of management; and

(2) grant a proxy to a person who meets the requirements of subdivision 1.

(c) Except as permitted by paragraphs (a) and (b), no person may hold or transfer a partial right. These restrictions apply regardless of whether a purported transfer:

(1) is voluntary or involuntary;

(2) constitutes a present transfer or an undertaking to make a future transfer or to allow the transferee to cause a future transfer to occur; or

(3) is permanent or subject to defeasement.

Subd. 4. **Improper issuance and transfers void.** A sale, grant, gift, allocation, issuance, undertaking, creation, pledge, or other transfer in violation of this section is void.

Subd. 5. **Further transfer restrictions permitted.** If permitted by its generally applicable governing law, a professional firm may further restrict the transfer of ownership interests and partial rights.

Subd. 6. **Nonapplication of securities regulation provisions.** Chapter 80A does not apply to or govern a transaction relating to an ownership interest of a professional firm.

History: *1997 c 22 art 1 s 7; 2009 c 148 s 3; 2009 c 178 art 1 s 57*

319B.08 EFFECT OF DEATH OR DISQUALIFICATION OF OWNER.

Subdivision 1. **Acquisition of interests or automatic loss of professional firm status.** (a) If an owner dies or becomes disqualified to practice all the pertinent professional services, then either:

(1) within 90 days after the death or the beginning of the disqualification, all of that owner's ownership interest must be acquired by the professional firm, by persons permitted by section 319B.07 to own the ownership interest, or by some combination; or

(2) at the end of the 90-day period, the firm's election under section 319B.03, subdivision 2, or 319B.04, subdivision 2, is automatically rescinded, the firm loses its status as a professional firm, and the authority created by that election and status terminates.

An acquisition satisfies clause (1) if all right and title to the deceased or disqualified owner's interest are acquired before the end of the 90-day period, even if some or all of the consideration is paid after the end of the 90-day period. However, payment cannot be secured in any way that violates sections 319B.01 to 319B.12.

(b) If automatic rescission does occur under paragraph (a), the firm must immediately and accordingly update its organizational document, certificate of authority, or statement of foreign qualification. Even without that updating, however, the rescission, loss of status, and termination of authority provided by paragraph (a) occur automatically at the end of the 90-day period.

Subd. 2. **Terms of acquisition.** (a) If:

(1) an owner dies or becomes disqualified to practice all the pertinent professional services;

(2) the professional firm has in effect a mechanism, valid according to the professional firm's generally applicable governing law, to effect a purchase of the deceased or disqualified owner's ownership interest so as to satisfy subdivision 1, paragraph (a), clause (1); and

(3) the professional firm does not agree with the disqualified owner or the representative of the deceased owner to set aside the mechanism,

then that mechanism applies.

(b) If:

(1) an owner dies or becomes disqualified to practice all the pertinent professional services;

(2) the professional firm has in effect no mechanism as described in paragraph (a), or has agreed as mentioned in paragraph (a), clause (3), to set aside that mechanism; and

(3) consistent with its generally applicable governing law, the professional firm agrees with the disqualified owner or the representative of the deceased owner, before the end of the 90-day period, to an arrangement to effect a purchase of the deceased or disqualified owner's ownership interest so as to satisfy subdivision 1, paragraph (a), clause (1),

then that arrangement applies.

(c) If:

(1) an owner of a Minnesota professional firm dies or becomes disqualified to practice all the pertinent professional services;

(2) the Minnesota professional firm does not have in effect a mechanism as described in paragraph (a);

(3) the Minnesota professional firm does not make an arrangement as described in paragraph (b); and

(4) no provision or tenet of the Minnesota professional firm's generally applicable governing law and no provision of any document or agreement authorized by the Minnesota professional firm's generally applicable governing law expressly precludes an acquisition under this paragraph,

then the firm may acquire the deceased or disqualified owner's ownership interest as stated in this paragraph. To act under this paragraph, the Minnesota professional firm must within 90 days after the death or beginning of the disqualification tender to the representative of the deceased owner's estate or to the disqualified owner the fair value of the owner's ownership interest, as determined by the Minnesota professional firm's governance authority. That price must be at least the book value, as determined in accordance with the Minnesota professional firm's regular method of accounting, as of the end of the month immediately preceding the death or loss of license. The tender must be unconditional and may not attempt to have the recipient waive any rights provided in this section. If the Minnesota professional firm tenders a price under this paragraph within the 90-day period, the deceased or disqualified owner's ownership interest immediately transfers to the Minnesota professional firm regardless of any dispute as to the fairness of the price. A disqualified owner or representative of the deceased owner's estate who disputes the fairness of the tendered price may take the tendered price and bring suit in district court seeking additional payment. The suit must be commenced within one year after the payment is tendered. A Minnesota professional firm may agree with a disqualified owner or the representative of a deceased owner's estate to delay all or part of the payment due under this paragraph, but all right and title to the owner's ownership interests must be acquired before the end of the 90-day period and payment may not be secured in any way that violates sections 319B.01 to 319B.12.

Subd. 3. **Expiration of firm-issued option on death or disqualification of holder.** If the holder of an option issued under section 319B.07, subdivision 3, paragraph (a), clause (1), dies or becomes disqualified, the option automatically expires.

Subd. 4. **One-year period for surviving spouse of sole owner.** For purposes of this section, each mention of "90 days," "90-day period," or similar term shall be interpreted as one year after the death of a

professional who was the sole owner of the professional firm if the surviving spouse of the deceased professional owns and controls the firm after the death.

History: *1997 c 22 art 1 s 8; 1999 c 85 art 3 s 7; 2009 c 148 s 4; 2009 c 178 art 1 s 58*

319B.09 GOVERNANCE.

Subdivision 1. **Governance authority.** (a) Except as stated in paragraph (b), a professional firm's governance authority must rest with:

(1) one or more professionals, each of whom is licensed to furnish at least one category of the pertinent professional services; or

(2) a surviving spouse of a deceased professional who was the sole owner of the professional firm, while the surviving spouse owns and controls the firm, but only during the period of time ending one year after the death of the professional.

(b) In a Minnesota professional firm organized under chapter 317A and in a foreign professional firm organized under the nonprofit corporation statute of another state, at least one individual possessing governance authority must be a professional licensed to furnish at least one category of the pertinent professional services.

(c) Individuals who possess governance authority within a professional firm may delegate administrative and operational matters to others. No decision entailing the exercise of professional judgment may be delegated or assigned to anyone who is not a professional licensed to practice the professional services involved in the decision.

(d) An individual whose license to practice any pertinent professional services is revoked or suspended may not, during the time the revocation or suspension is in effect, possess or exercise governance authority, hold a position with governance authority, or take part in any decision or other action constituting an exercise of governance authority. Nothing in this chapter prevents a board from further terminating, restricting, limiting, qualifying, or imposing conditions on an individual's governance role as board disciplinary action.

(e) A professional firm owned and controlled by a surviving spouse must comply with all requirements of this chapter, except those clearly inapplicable to a firm owned and governed by a surviving spouse who is not a professional of the same type as the surviving spouse's decedent.

Subd. 2. **Voting and management rights restricted.** (a) The restrictions stated in section 319B.07 apply to the holding and exercise of:

(1) any proxy relating to the voting right of any ownership interest in a professional firm; and

(2) any other right to vote or participate in the management of a professional firm where the right derives from or is on account of an ownership interest in the professional firm.

Except as stated in paragraphs (b) and (c), this paragraph applies to rights a representative of a deceased or incompetent owner might otherwise have.

(b) If a Minnesota professional firm is deciding whether to rescind its election under section 319B.03, subdivision 3, the representative of a deceased or incompetent owner has authority to vote the deceased or incompetent owner's ownership interest on that issue to the same extent the owner would have had the right to vote but for the death or incompetency.

(c) If a foreign professional firm is deciding whether to rescind its election under section 319B.04, subdivision 3, and the foreign professional firm's generally applicable governing law provides the representative of a deceased or incompetent owner authority to vote the deceased or incompetent owner's ownership interest on that issue, nothing in sections 319B.01 to 319B.12 limits the representative's authority.

History: *1997 c 22 art 1 s 9; 2009 c 148 s 5; 2009 c 178 art 1 s 59*

319B.10 MERGERS AND OTHER REORGANIZATIONS.

Subdivision 1. **Reorganization permitted.** A professional firm may enter into a merger, consolidation, exchange of ownership interests, conversion, or any other reorganization permitted by its generally applicable governing law.

Subd. 2. **Effect on participating professional firm.** (a) If a professional firm participates in and survives a reorganization but the reorganization causes the surviving firm to be out of compliance with section 319B.07 or 319B.09, or both:

(1) the surviving firm's election under section 319B.03, subdivision 2, or 319B.04, subdivision 2, is automatically rescinded;

(2) the surviving firm immediately loses its status as a professional firm and the authority created by that election and status terminates; and

(3) the surviving firm must immediately and accordingly update its organizational document, certificate of authority, or statement of foreign qualification. Even without that amendment, however, the rescission, loss of status, and termination of authority occur automatically when the reorganization takes effect.

(b) If, before a reorganization takes effect, the 90-day deadline established in section 319B.07, subdivision 1, has been triggered but has not yet elapsed with regard to an ownership interest in a professional firm participating in the reorganization, the surviving firm is not out of compliance with sections 319B.07 and 319B.09 merely because the reorganization accords a comparable ownership interest in the surviving firm to the disqualified owner or the representative of the deceased owner's estate. The original 90-day deadline applies to the comparable ownership interest and the surviving firm.

Subd. 3. **Filings with secretary of state.** (a) For a Minnesota professional firm involved in a merger, the document filed with the secretary of state to effectuate the merger must state whether that Minnesota professional firm will survive the merger, and if so, whether that Minnesota professional firm will remain a Minnesota professional firm once the merger takes effect.

(b) For a foreign professional firm involved in a merger, the certificate filed with the secretary of state under section 303.11 or 322C.1004 must be accompanied by a statement as to whether that foreign firm will survive the merger, and if so, whether that foreign professional firm will remain a foreign professional firm once the merger takes effect.

Subd. 4. **Status of newly created firm.** If a reorganization involves the creation of a new firm, that firm may make an election under section 319B.03, subdivision 2, or 319B.04, subdivision 2, and become a professional firm if the firm meets the requirements of sections 319B.01 to 319B.12.

History: *1997 c 22 art 1 s 10; 1999 c 85 art 3 s 8; 2014 c 157 art 2 s 27,29,31*

319B.11 PROFESSIONAL REGULATION.

Subdivision 1. **Boards' powers.** Each board may make whatever rules are necessary to carry out sections 319B.01 to 319B.12. Except as stated in this section, nothing in sections 319B.01 to 319B.12 restricts or limits in any manner the authority or duty of a board with respect to persons furnishing professional services within the jurisdiction of the board, even if the person is an owner, director, governor, officer, manager, employee, agent, or independent contractor of a professional firm and furnishes professional services through that firm.

Subd. 2. **Liability shield.** (a) Except as stated in paragraph (b), no board may directly or indirectly require a person providing professional services through a professional firm to assume greater liability for the firm's debts and obligations than is contemplated by section 319B.06, subdivision 3.

(b) Paragraph (a) does not prevent the board from requiring a professional to assume personal liability for specified obligations or categories of obligations as a term or requirement of board disciplinary or corrective action concerning the professional.

Subd. 3. **Filing of organizational document and report information.** (a) No professional firm may furnish professional services within Minnesota until the firm files with each board having jurisdiction over the pertinent professional services:

(1) a copy of the firm's organizational document, certificate of authority, or statement of foreign qualification;

(2) a report containing the same information as required by subdivision 4; and

(3) except as stated in paragraph (b), a fee of $100.

(b) If a firm has previously been organized under sections 319A.01 to 319A.22, that firm is not required to pay the filing fee under paragraph (a).

Subd. 4. **Annual report.** (a) Every professional firm must file annually on or before January 1 with the board or boards having jurisdiction over the pertinent professional services a report containing the following:

(1) the name and address of the professional firm;

(2) the contents of any amendment made to the firm's organizational document, certificate of authority, or statement of foreign qualification since the filing of the most recent report under subdivision 3 or this subdivision;

(3) a designation of the position or positions within the firm that have governance authority;

(4) the name and address of each owner of an ownership interest and each person occupying a position with governance authority;

(5) a statement as to whether all employees, agents, and independent contractors furnishing professional services within Minnesota on behalf of the professional firm are professionals authorized to furnish at least one category of the pertinent professional services;

(6) except in the case of a professional firm that is organized under chapter 317A or the nonprofit corporation statute of another state, a statement as to whether all owners and persons occupying a position with governance authority are professionals authorized to furnish at least one category of the pertinent professional services;

(7) in the case of a professional firm that is organized under chapter 317A or the nonprofit corporation statute of another state, a statement as to whether at least one person occupying a position with governance authority is a professional authorized to furnish at least one category of the pertinent professional services; and

(8) any additional information as the board may by rule prescribe as appropriate to assist in determining whether a professional firm is complying with sections 319B.01 to 319B.12.

The statement required by clauses (5), (6), and (7) must be made and signed under oath by a professional who is an owner or employee of the professional firm, licensed in at least one category of the pertinent professional services and duly authorized to make the statement on behalf of the professional firm.

(b) For filing each annual report under paragraph (a), each firm must pay a fee of $25 to each board with which the report is filed.

Subd. 5. **Report of owner's death or disqualification.** (a) Except as stated in paragraph (b), within 30 days after the death or disqualification of an owner, the professional firm must report the death or disqualification to each board having jurisdiction over any of the pertinent professional services.

(b) A professional firm need not report a disqualification to a board which took the action that caused the disqualification.

Subd. 6. **Examination by board.** (a) A board, or an employee or agent designated by a board, may inspect at all reasonable times all books and records of a professional firm and may summon and examine under oath the owners, directors, governors, officers, managers, persons occupying a position with governance authority, and employees of the firm in all matters concerning the operations of the professional firm that are governed by sections 319B.01 to 319B.12, the rules of the board, or the professional firm's generally applicable governing law. This subdivision does not authorize anyone to have access to or to compel anyone to testify with respect to books, records, or information of any type subject to a privilege recognized by law.

(b) Any information obtained by a board as a result of an examination authorized by paragraph (a) is confidential, immune from subpoena, and inadmissible as evidence at a trial, hearing, or proceeding before a court, board, or commissioner except a proceeding under subdivision 8.

(c) A professional firm subject to an examination under paragraph (a) may request in writing that the board under whose authority the examination is being or has been conducted provide the professional firm with a copy of all or any specified parts of the sworn testimony taken or received during the examination as well as all or any specified exhibits provided as part of that testimony. The board must comply promptly with the request and may charge the requesting firm the reasonable cost of making and providing the copies.

Subd. 7. **Status of information.** Except as stated in subdivision 6, information filed by a professional firm under this section is public data under chapter 13.

Subd. 8. **Involuntary dissolution and rescission of professional firm status.** A board, through the attorney general, may institute proceedings in a district court of this state or a contested case proceeding under chapter 14 to involuntarily rescind a professional firm's election under section 319B.03, subdivision 2, or 319B.04, subdivision 2, to impose restrictions or conditions on that election or to reprimand the professional firm due to a violation of sections 319B.01 to 319B.12, the relevant licensing statute as listed in section 319B.02, subdivision 19, or the rules of the board. A board, through the attorney general, may institute proceedings in a district court of this state to have a Minnesota professional firm involuntarily dissolved, or a foreign professional firm's certificate of authority or statement of foreign qualification revoked on those grounds, as well as on any other grounds provided by Minnesota law. A board may seek reprimands,

restrictions, conditions, involuntary rescission, and, as appropriate, dissolution or revocation within a single proceeding in a district court of this state. After a court enters a decree imposing rescission, dissolution, or revocation upon a professional firm, a board shall cause a certified copy of the decree to be filed with the secretary of state. The secretary of state shall not charge a fee for filing the decree. A board's claim against a professional firm for involuntary dissolution or revocation does not abate simply because the professional firm has rescinded its election under section 319B.03, subdivision 2, or 319B.04, subdivision 2. A voluntary rescission does abate a board's claim to obtain reprimands, restrictions, conditions, or involuntary rescission.

Subd. 9. **Fees.** All fees paid under this section are for the board to which they are due.

History: *1997 c 22 art 1 s 11; 1999 c 85 art 3 s 9-11*

319B.12 TRANSITION PROVISIONS.

Subdivision 1. **Special definitions.** As used in this section:

(1) "professional corporation" has the meaning given in section 319A.02, subdivision 4;

(2) "foreign professional corporation" has the meaning given in 319A.02, subdivision 5; and

(3) "corporation" has the meaning given in section 319A.02, subdivision 7.

Subd. 2. **New use of chapter 319A precluded.** Beginning July 1, 1997, no Minnesota firm may organize under chapter 319A and no foreign firm may begin to operate under chapter 319A.

Subd. 3. **Early election into this chapter by chapter 319A organizations.** (a) At any time before January 1, 1999, a professional corporation organized under chapter 319A and a foreign professional corporation governed by chapter 319A may elect to be governed by sections 319B.01 to 319B.12. To make that election, the professional corporation or foreign professional corporation must:

(1) comply with section 319B.03, subdivision 2, or 319B.04, subdivision 2, whichever is applicable; and

(2) amend, to the extent necessary to comply with sections 319B.01 to 319B.12, its organizational document, certificate of authority, or statement of qualification, as well as any agreements and other documents controlling the corporation's structure, governance, operations, and internal affairs.

(b) Regardless of the date an electing professional corporation or foreign professional corporation actually makes its election under this subdivision, the electing professional corporation or foreign professional corporation may make the election effective as of January 1, 1997. Except as allowed by this paragraph, an election under this subdivision is effective on the date the electing professional corporation or foreign professional corporation complies with paragraph (a).

(c) The law and documents that govern the structure, governance, operations, and other internal affairs of a professional corporation or foreign professional corporation when the corporation is deciding whether, when, and as of when to make an election under this subdivision control the manner of making those decisions.

Subd. 4. **All use of chapter 319A ended; deemed election for Minnesota professional firms.** (a) Beginning January 1, 1999:

(1) no professional corporation may operate under chapter 319A and no foreign professional corporation may operate under chapter 319A; and

(2) chapter 319A ceases to apply to professional corporations and foreign professional corporations.

(b) On January 1, 1999, a Minnesota professional corporation that has not elected to be governed by sections 319B.01 to 319B.12 will be considered to have made that election, and the professional corporation's purposes, as stated under section 319A.03, clause (2), will be considered to be the specification required by section 319B.03, subdivision 2, clause (3).

Subd. 5. **Acts during transition.** The continuation or completion of an act by a professional firm that had been a professional corporation or foreign professional corporation but elected to become a professional firm governed by this chapter and the continuation or performance of any executed or wholly or partially executory contract, conveyance, or transfer to or by the professional firm shall, if otherwise lawful before the professional firm became governed by this chapter, remain valid, and may be continued, completed, consummated, enforced, or terminated as required or as permitted by a statute applicable to the contract, conveyance, or transfer before January 1, 1997.

History: *1997 c 22 art 1 s 12*

319B.40 PROFESSIONAL HEALTH SERVICES.

(a) Individuals who furnish professional services pursuant to a license, registration, or certificate issued by the state of Minnesota to practice medicine pursuant to sections 147.01 to 147.22, as a physician assistant pursuant to sections 147A.01 to 147A.27, chiropractic pursuant to sections 148.01 to 148.106, registered nursing pursuant to sections 148.171 to 148.285, optometry pursuant to sections 148.52 to 148.62, psychology pursuant to sections 148.88 to 148.98, social work pursuant to chapter 148E, marriage and family therapy pursuant to sections 148B.29 to 148B.39, dentistry pursuant to sections 150A.01 to 150A.12, pharmacy pursuant to sections 151.01 to 151.40, or podiatric medicine pursuant to sections 153.01 to 153.26 are specifically authorized to practice any of these categories of services in combination if the individuals are organized under this chapter.

(b) This authorization does not authorize an individual to practice any profession, or furnish a professional service, for which the individual is not licensed, registered, or certified, but otherwise applies regardless of any contrary provision of a licensing statute or rules adopted pursuant to that statute, related to practicing and organizing in combination with other health services professionals.

History: *1997 c 76 s 2; 1998 c 309 s 8; 2001 c 42 s 3; 2005 c 147 art 1 s 70; 2005 c 153 s 2; 2025 c 20 s 246*