

SENATE BILL No. 277

By Committee on Education

1-16

1 AN ACT concerning the healing arts; relating to healing arts schools;
2 professional services performed thereby; authorization thereof;
3 amending K.S.A. 65-2877a, as amended by section 5 of chapter 52 of
4 the 2019 Session Laws of Kansas, and K.S.A. 2019 Supp. 17-2707 and
5 17-7668 and repealing the existing sections.
6

7 *Be it enacted by the Legislature of the State of Kansas:*

8 Section 1. K.S.A. 2019 Supp. 17-2707 is hereby amended to read as
9 follows: 17-2707. As used in this act, unless the context clearly indicates
10 that a different meaning is intended:

11 (a) "Professional corporation" means a corporation organized under
12 this act.

13 (b) "Professional service" means the type of personal service
14 rendered by a person duly licensed, registered or certified by this state as a
15 member of any of the following professions, each paragraph constituting
16 one type:

- 17 (1) A certified public accountant;
- 18 (2) an architect;
- 19 (3) an attorney-at-law;
- 20 (4) a chiropractor;
- 21 (5) a dentist;
- 22 (6) an engineer;
- 23 (7) an optometrist;
- 24 (8) an osteopathic physician or surgeon;
- 25 (9) a physician, surgeon or doctor of medicine;
- 26 (10) a veterinarian;
- 27 (11) a podiatrist;
- 28 (12) a pharmacist;
- 29 (13) a land surveyor;
- 30 (14) a licensed psychologist;
- 31 (15) a specialist in clinical social work;
- 32 (16) a licensed physical therapist;
- 33 (17) a landscape architect;
- 34 (18) a registered professional nurse;
- 35 (19) a real estate broker or salesperson;
- 36 (20) a clinical professional counselor;

- 1 (21) a geologist;
- 2 (22) a clinical psychotherapist;
- 3 (23) a clinical marriage and family therapist;
- 4 (24) a licensed physician assistant;
- 5 (25) a licensed occupational therapist;
- 6 (26) a licensed audiologist;
- 7 (27) a licensed speech-pathologist; and
- 8 (28) a licensed naturopathic doctor.

9 (c) "Regulating board" means the court, board or state agency ~~which~~
10 *that* is charged with the licensing, registering or certifying and regulation
11 of the practice of the profession ~~which that~~ the professional corporation is
12 organized to render.

13 (d) "Qualified person" means:

14 (1) Any natural person licensed, registered or certified to practice the
15 same type of profession ~~which that~~ any professional corporation is
16 authorized to practice;

17 (2) the trustee of a trust ~~which that~~ is a qualified trust under
18 ~~subsection (a) of~~ section 401(a) of the federal internal revenue code, as in
19 effect on January 1, 2004, or of a contribution plan ~~which that~~ is a
20 qualified employee stock ownership plan under ~~subsection (a) of~~ section
21 409A(a) of the federal internal revenue code, as in effect on January 1,
22 2004; ~~or~~

23 (3) the trustee of a revocable living trust established by a natural
24 person who is licensed, registered or certified to practice the type of
25 profession ~~which that~~ any professional corporation is authorized to
26 practice, if the terms of such trust provide that such natural person is the
27 principal beneficiary and sole trustee of such trust and such trust does not
28 continue to hold title to professional corporation stock following such
29 natural person's death for more than a reasonable period of time necessary
30 to dispose of such stock; *or*

31 (4) *a healing arts school clinic authorized to perform professional*
32 *services in accordance with K.S.A. 65-2877a, and amendments thereto.*

33 Sec. 2. K.S.A. 2019 Supp. 17-7668 is hereby amended to read as
34 follows: 17-7668. (a) Unless otherwise specifically prohibited by law, a
35 limited liability company may carry on any lawful business, purpose or
36 activity, whether or not for profit with the exception of the business of
37 granting policies of insurance, or assuming insurance risks or banking as
38 defined in K.S.A. 9-702, and amendments thereto.

39 (b) A limited liability company shall possess and may exercise all the
40 powers and privileges granted by this act or by any other law or by its
41 operating agreement, together with any powers incidental thereto,
42 including such powers and privileges as are necessary or convenient to the
43 conduct, promotion or attainment of the business, purposes or activities of

1 the limited liability company.

2 (c) A limited liability company organized and existing under the
3 Kansas revised limited liability company act or otherwise qualified to do
4 business in Kansas may have and exercise all powers ~~which~~ that may be
5 exercised by a Kansas professional association or professional corporation
6 under the professional corporation law of Kansas, including employment
7 of professionals to practice a profession, which shall be limited to the
8 practice of one profession, except as provided in K.S.A. 17-2710, and
9 amendments thereto.

10 (d) Only a qualified person may be a member of a limited liability
11 company organized to exercise powers of a professional association or
12 professional corporation. No membership may be transferred to another
13 person until there is presented to such limited liability company a
14 certificate by the licensing body, as defined in K.S.A. 74-146, and
15 amendments thereto, stating that the person to whom the transfer is made
16 or the membership issued is duly licensed to render the same type of
17 professional services as that for which the limited liability company was
18 organized.

19 (e) As used in the section, "qualified person" means:

20 (1) Any natural person licensed to practice the same type of
21 profession ~~which~~ that any professional association or professional
22 corporation is authorized to practice;

23 (2) the trustee of a trust ~~which~~ that is a qualified trust under
24 ~~subsection (a) of section 401(a) of the federal internal revenue code of~~
25 1986, as in effect; on July 1, 1999, or of a contribution plan ~~which~~ that is a
26 qualified employee stock ownership plan under ~~subsection (a) of section~~
27 409A(a) of the federal internal revenue code of 1986, as in effect; on July
28 1, 1999;

29 (3) the trustee of a revocable living trust established by a natural
30 person who is licensed to practice the type of profession ~~which~~ that any
31 professional association or professional corporation is authorized to
32 practice, if the terms of such trust provide that such natural person is the
33 principal beneficiary and sole trustee of such trust and such trust does not
34 continue to hold title to membership in the limited liability company
35 following such natural person's death for more than a reasonable period of
36 time necessary to dispose of such membership;

37 (4) a Kansas professional corporation or foreign professional
38 corporation in which at least one member or shareholder is authorized by a
39 licensing body, as defined in K.S.A. 74-146, and amendments thereto, to
40 render in this state a professional service permitted by the articles of
41 organization; ~~or~~

42 (5) a general partnership or limited liability company, if all partners
43 or members thereof are authorized to render the professional services

1 permitted by the articles of organization of the limited liability company
2 formed pursuant to this section and in which at least one partner or
3 member is authorized by a licensing authority of this state to render in this
4 state the professional services permitted by the articles of organization of
5 the limited liability company; or

6 (6) *a healing arts school clinic authorized to perform professional*
7 *services in accordance with K.S.A. 65-2877a, and amendments thereto.*

8 (f) Nothing in this act shall restrict or limit in any manner the
9 authority and duty of any licensing body, as defined in K.S.A. 74-146, and
10 amendments thereto, for the licensing of individual persons rendering a
11 professional service or the practice of the profession ~~which~~ *that* is within
12 the jurisdiction of the licensing body, notwithstanding that the person is an
13 officer, manager, member or employee of a limited liability company
14 organized to exercise powers of a professional association or professional
15 corporation. Each licensing body may adopt rules and regulations
16 governing the practice of each profession as are necessary to enforce and
17 comply with this act and the law applicable to each profession.

18 (g) A licensing body, as defined in K.S.A. 74-146, and amendments
19 thereto, the attorney general or district or county attorney may bring an
20 action in the name of the state of Kansas in quo warranto or injunction
21 against a limited liability company engaging in the practice of a profession
22 without complying with the provisions of this act.

23 (h) Notwithstanding any provision of this act to the contrary, without
24 limiting the general powers enumerated in subsection (b), a limited
25 liability company shall, subject to such standards and restrictions, if any,
26 as are set forth in its operating agreement, have the power and authority to
27 make contracts of guaranty and suretyship and enter into interest rate,
28 basis, currency, hedge or other swap agreements or cap, floor, put, call,
29 option, exchange or collar agreements, derivative agreements, or other
30 agreements similar to any of the foregoing.

31 (i) Unless otherwise provided in an operating agreement, a limited
32 liability company has the power and authority to grant, hold or exercise a
33 power of attorney, including an irrevocable power of attorney.

34 Sec. 3. K.S.A. 65-2877a, as amended by section 5 of chapter 52 of
35 the 2019 Session Laws of Kansas, is hereby amended to read as follows:
36 65-2877a. No provision of law prohibiting practice of the healing arts by a
37 ~~general corporation business organization~~ *business organization* shall apply to a healing arts
38 *school clinic under the supervision of a person licensed to practice the*
39 *same branch of the healing arts if such healing arts school is:*

40 (a) ~~Approved by the board if the healing arts school is;~~

41 (b) a non-profit entity under section 501(c)(3) of the internal revenue
42 code of 1986; ~~is;~~ *and*

43 (c) approved by the state board of regents; ~~and as part of its academic~~

1 ~~requirements provides clinical training to its students under the supervision~~
2 ~~of persons who are licensed to practice a branch of the healing arts in this~~
3 ~~state or exempt from such approval under K.S.A. 74-32,164, and~~
4 ~~amendments thereto.~~

5 Sec. 4. K.S.A. 65-2877a, as amended by section 5 of chapter 52 of
6 the 2019 Session Laws of Kansas, and K.S.A. 2019 Supp. 17-2707 and 17-
7 7668 are hereby repealed.

8 Sec. 5. This act shall take effect and be in force from and after its
9 publication in the statute book.