



2022 South Dakota Legislature
House Bill 1229
ENROLLED

AN ACT

ENTITLED An Act to authorize the formation of corporations and limited liability companies by physical therapists, occupational therapists, and speech-language pathologists.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That chapter 47-11G be amended with a NEW SECTION:

As used in this chapter:

- (1) "Articles of incorporation," includes the articles of organization of a limited liability company;
- (2) "Corporation," includes both corporations under the South Dakota Business Corporations Act and limited liability companies under the South Dakota Limited Liability Company Act;
- (3) "Director" or "officer," includes any manager of a limited liability company or the members of a limited liability company that does not have managers;
- (4) "Incorporation," includes the organization of a limited liability company;
- (5) "Shareholders," includes the members of a limited liability company; and
- (6) "Shares," includes membership interests in a limited liability company.

Section 2. That chapter 47-11G be amended with a NEW SECTION:

One or more physical therapists licensed pursuant to chapter 36-10, occupational therapists licensed pursuant to chapter 36-31, speech-language pathologists licensed pursuant to chapter 36-37, or any combination of such licensees, may form a corporation under the South Dakota Business Corporation Act. The articles of incorporation must contain provisions complying with the requirements of this chapter.

Section 3. That chapter 47-11G be amended with a NEW SECTION:

A corporation formed pursuant to this chapter may:

- (1) Be organized for the purpose of conducting the practice of physical therapy, occupational therapy, or speech-language pathology, or any combination of such practices; and
- (2) Exercise the powers and privileges conferred upon corporations by the laws of this state.

Section 4. That chapter 47-11G be amended with a NEW SECTION:

The name of a corporation formed pursuant to this chapter must contain the words, professional company or professional corporation or abbreviations thereof, such as Prof. Co., Prof. Corp., P.C., or PC.

The name of a limited liability company formed under this chapter must contain the words, professional limited liability company, or the abbreviation, Prof. L.L.C., Prof. LLC, P.L.L.C., or PLLC.

Section 5. That chapter 47-11G be amended with a NEW SECTION:

All shareholders of a corporation formed pursuant to this chapter must be persons duly licensed by this state and actively engaged in the practice of physical therapy, occupational therapy, or speech-language pathology and must, at all times, own their shares in their own right.

A revocable trust may be a shareholder in a corporation organized under this chapter, for so long as the grantor of the revocable trust is living and is eligible to be a shareholder. After the death of the grantor, the shares owned by a revocable trust are subject to any divestiture and redemption provisions of this chapter, as if the shares were directly owned by the grantor of the trust.

Any shareholder who ceases to be an eligible shareholder must dispose of all shares either to the corporation or to a person who is qualified to be a shareholder.

Section 6. That chapter 47-11G be amended with a NEW SECTION:

The president of a corporation formed pursuant to this chapter must be a shareholder and director. To the extent possible, all other directors and officers must be persons having the qualifications set forth in section 2 of this Act. Lay directors and officers may not exercise any authority over professional matters.

Section 7. That chapter 47-11G be amended with a NEW SECTION:

An obligation of a corporation formed pursuant to this chapter, whether arising in contract, tort, or otherwise, is the obligation of the corporation and the individual whose act or omission gives rise to the obligation. No shareholder, director, officer, member, or manager is personally liable, directly or indirectly, by way of contribution or otherwise, for the obligation based solely on the person's capacity as a shareholder, director, officer, member, or manager.

The limitation of liability does not extend to amounts owed to this state or its political subdivisions for any taxes, or any penalty or interest on such taxes.

Section 8. That chapter 47-11G be amended with a NEW SECTION:

A copy of the articles of incorporation, certified by the secretary of state, must be filed with the licensing board of each shareholder, together with a certified copy of any amendments. The corporation shall also file the names and addresses of each shareholder and the names and addresses of all persons who are not shareholders but are employed by the corporation and licensed to practice physical therapy, occupational therapy, or speech-language pathology in this state.

The respective licensing board must be notified within ten days if any information required by this section changes.

Section 9. That chapter 47-11G be amended with a NEW SECTION:

A corporation formed pursuant to this chapter may adopt a pension profit-sharing, a health and accident, an insurance, or a welfare plan for all or some of its employees, including lay employees, if the plan does not require or result in the sharing of specific or identifiable fees with lay employees, and if any payments made to lay employees or into any such plan on behalf of lay employees are based on their compensation, their length of service, or both, rather than the amount of fees or income received.

Section 10. That chapter 47-11G be amended with a NEW SECTION:

The corporation may not do anything which, if done by a physical therapist, occupational therapist, or speech-language pathologist, would violate the standards of conduct established for those professions.

Nothing in this chapter diminishes or changes the obligation of each physical therapist, occupational therapist, or speech-language pathologist to conduct his or her

practice in accordance with the professional standards established by the respective licensing boards.

An Act to authorize the formation of corporations and limited liability companies by physical therapists, occupational therapists, and speech-language pathologists.

I certify that the attached Act originated in the:
House as Bill No. 1229

Received at this Executive Office this ____ day of _____, 2022 at _____ M.

Chief Clerk

By _____ for the Governor

Speaker of the House

The attached Act is hereby approved this _____ day of _____, A.D., 2022

Attest:

Chief Clerk

Governor

STATE OF SOUTH DAKOTA,

ss.

Office of the Secretary of State

President of the Senate

Attest:

Filed _____, 2022 at _____ o'clock __ M.

Secretary of the Senate

Secretary of State

House Bill No. 1229
File No. _____
Chapter No. _____

By _____
Asst. Secretary of State