



Physical Therapy Board of California

STATE AND CONSUMER SERVICES AGENCY - GOVERNOR EDMUND G BROWN JR.

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Briefing Paper

AGENDA ITEM 20 A

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Prepared for: Senate Business, Professions and Economic Development Committee
Physical Therapy Board of California (PTBC) Board members

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SUBJECT: Certificate of Registration for Physical Therapy Professional Corporations required by
Corporations Code Section 13401(b)

Purpose: To provide information regarding the history and requirement for the issuance of a certificate of registration for a professional physical therapy corporation.

Background: Section 13401 of the Corporations Code requires the issuance of a certificate of registration by the governmental agency regulating the profession for a professional corporation. The statute provides that a professional corporation providing professional services by persons duly licensed by Medical Board of California, or any examining committee under the jurisdiction of the board, shall not be required to obtain a certificate of registration.

The regulations regarding the application and issuance of certificates of registration were repealed in 1981 and 1983.

The Physical Therapy Board of California was previously named the Physical Therapy Examining Committee until the name was changed by Chapter 829, Statutes of 1996 (AB3473). This bill continued the relationship of the renamed board being “under the jurisdiction” of the Medical Board of California.

Chapter 991, Statutes of 1998 (SB1980), established the Physical Therapy Board of California separate from the Medical board of California.

The PTBC staff was not aware of the requirements of Section 13401 of the Corporations Code until an attorney for a physical therapist recently contacted the PTBC asking how to obtain a certificate of registration.

Analysis: While PTBC staff has not been able to review changes which may have occurred since 1981 to

While the rulemaking files from 1981 and 1983 do not document the reasons for the repeal of the regulations regarding the certificate of registration, it appears it was done since the then Physical Therapy Examining Committee was exempted from the requirement. As I was involved in the legislation where the name was changed, and the PTBC was established as an entity separate from the Medical Board of California, I can state that not including an exemption for PTBC in the Corporations Code was a result of my not being aware of the section. There was not an intent to reestablish the requirement.

PTBC staff can not identify any purpose or need for the registration of physical therapy professional corporations with PTBC. Implementation of the requirement would require additional staff and place an unnecessary burden on businesses, the cost of which would likely be passed on the citizens of California.

The amendment of the Corporations Code should not be controversial, however it should be noted the issue of professional corporation, and Assembly Bill 783 has generated considerable discussion on professional medical corporations.

Action Requested: The Senate Business and Professions Committee is respectfully requested to consider the insertion of the following amendment to the Corporations Code into an appropriate bill:

13401. As used in this part:

(a) "Professional services" means any type of professional services that may be lawfully rendered only pursuant to a license, certification, or registration authorized by the Business and Professions Code, the Chiropractic Act, or the Osteopathic Act.

(b) "Professional corporation" means a corporation organized under the General Corporation Law or pursuant to subdivision (b) of Section 13406 that is engaged in rendering professional services in a single profession, except as otherwise authorized in Section 13401.5, pursuant to a certificate of registration issued by the governmental agency regulating the profession as herein provided and that in its practice or business designates itself as a professional or other corporation as may be required by statute. However, any professional corporation or foreign professional corporation rendering professional services by persons duly licensed by the Medical Board of California or any examining committee under the jurisdiction of the board, the Osteopathic Medical Board of California, the Dental Board of California, the California State Board of Pharmacy, the Veterinary Medical Board, the California Architects Board, The Physical Therapy Board of California the Court Reporters Board of California, the Board of Behavioral Sciences, the Speech-Language Pathology and Audiology Board, the Board of Registered Nursing, or the State Board of Optometry shall not be required to obtain a certificate of registration in order to render those professional services.

(c) "Foreign professional corporation" means a corporation organized under the laws of a state of the United States other than this state that is engaged in a profession of a type for which there is authorization in the Business and Professions Code for the performance of professional services by a foreign professional corporation.

(d) "Licensed person" means any natural person who is duly licensed under the provisions of the Business and Professions Code, the Chiropractic Act, or the Osteopathic Act to render the same professional services as are or will be rendered by the professional corporation or foreign professional corporation of which he or she is or intends to become, an officer, director, shareholder, or employee.

(e) "Disqualified person" means a licensed person who for any reason becomes legally disqualified (temporarily or permanently) to render the professional services that the particular professional corporation