

## Nebraska Professional Corporation Act

### Steps to incorporate in Nebraska

All filings and correspondence to:  
Nebraska Secretary of State  
Corporations Office  
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Lincoln, NE 68509  
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### **21-2201. Act, how cited.**

Sections [21-2201](#) to [21-2222](#) shall be known and may be cited as the Nebraska Professional Corporation Act.

**Source:**Laws 1969, c. 121, § 1, p. 555; Laws 1994, LB 488, § 1.

### **21-2202. Terms, defined.**

For purposes of the Nebraska Professional Corporation Act, unless the context otherwise requires:

(1) Certificate of registration or registration certificate from or by the regulating board means either a document prepared and issued by the regulating board or the electronic accessing of the regulating board's licensing records by the Secretary of State;

(2) Professional corporation means a corporation which is organized under the act for the specific purpose of rendering professional service and which has as its shareholders only individuals who themselves are duly licensed or otherwise legally authorized within this state to render the same professional service as the corporation;

(3) Professional service means any type of personal service to the public which requires as a condition precedent to the rendering of such service the obtaining of a license or other legal authorization and which, except for the services of a real estate broker, prior to the passage of the act and by reason of law could not be

performed by a corporation, including, but not limited to, personal services rendered by a certified public accountant, public accountant, dentist, osteopathic physician, physician and surgeon, veterinarian, real estate broker, associate real estate broker, real estate salesperson, or attorney at law. For purposes of the act, those professions pertaining to the diagnosis, care, and treatment of humans shall be considered to be of the same profession; and

(4) Regulating board means a board which is charged with the licensing and regulating of the practice or profession which the professional corporation is organized to render.

**Source:**Laws 1969, c. 121, § 2, p. 555; Laws 1980, LB 893, § 1; Laws 1989, LB 342, § 1; Laws 1995, LB 406, § 2.

### **21-2203. Powers, benefits, and privileges.**

Except as the Nebraska Professional Corporation Act shall otherwise require, professional corporations shall enjoy all the powers, benefits, and privileges and be subject to all the duties, restrictions, and liabilities of a business corporation under the Business Corporation Act and sections [21-301](#) to [21-325](#).

**Source:**Laws 1969, c. 121, § 3, p. 556; Laws 1995, LB 109, § 208.

#### **Cross References**

**Business Corporation Act**, see section [21-2001](#).

### **21-2204. Articles of incorporation; certificate of registration; filing.**

(1) One or more individuals residing within the State of Nebraska, each of whom is licensed or otherwise legally authorized to render the same professional service, may, by filing articles of incorporation and a certificate of registration with the Secretary of State, organize and become a shareholder in a professional corporation. The articles of incorporation shall conform to the requirements of section [21-2018](#) and the certificate of registration shall conform to the requirements of sections [21-2216](#) to [21-2218](#).

(2) In addition to the requirements of subsection (1) of this section, the articles of incorporation shall contain a statement of the profession to be practiced by the corporation.

**Source:**Laws 1969, c. 121, § 4, p. 556; Laws 1995, LB 109, § 209; Laws 2004, LB 16, § 1.

### **21-2205. Professional services that may be rendered.**

A professional corporation shall render only one type of professional service and such services as may be ancillary thereto and shall not engage in any other profession. No corporation organized and incorporated under the Nebraska Professional Corporation Act may render professional services except through its officers, employees, and agents who are duly licensed or otherwise legally authorized to render such professional services within this state. This section shall not be interpreted to include in the term employee, as used in the act, clerks, secretaries, bookkeepers, technicians, and other assistants who are not usually and ordinarily considered by custom and practice to be rendering professional services to the public for which a license or other legal authorization is required.

A professional corporation may own real and personal property necessary or appropriate for rendering the type of professional services it was organized to render and may invest its funds in real estate, mortgages, stocks, bonds, and any other type of investments.

**Source:**Laws 1969, c. 121, § 5, p. 556; Laws 1997, LB 622, § 57.

### **21-2206. Corporate name.**

The corporate name of a corporation organized under sections [21-2201](#) to [21-2222](#) shall contain the word professional corporation, or P.C. The use of the word company, corporation, incorporated, or any other word, abbreviation, affix or prefix indicating that it is a corporation in the corporate name of a corporation organized under sections [21-2201](#) to [21-2222](#), other than the words professional corporation, or the abbreviation P.C. is specifically prohibited.

**Source:**Laws 1969, c. 121, § 6, p. 557.

### **21-2207. Offices; designate in articles of incorporation; change; duties.**

A professional corporation shall have only those offices which are designated by street address in the articles of incorporation, and shall not change any such office or offices without amendment of the articles of incorporation.

**Source:**Laws 1969, c. 121, § 7, p. 557.

**21-2208. Shares of capital stock; issuance; transfer; conditions; violation; effect.**

A professional corporation may issue shares of its capital stock only to persons who are duly registered in Nebraska to render the same professional service as that provided in its articles of incorporation. A shareholder in a professional corporation may voluntarily transfer his shares only to a person who is duly licensed to render the same professional service as that for which the corporation was organized. No shares shall be issued by or transferred upon the books of the professional corporation unless there has been filed with the Secretary of State a certificate by the regulating board stating that the person to whom the shares are to be issued or transferred is duly licensed to render the same professional service as that for which the corporation was organized. Any share transferred or issued in violation of this section shall be null and void.

**Source:**Laws 1969, c. 121, § 8, p. 557.

**21-2209. Provision of services in another jurisdiction; license required, when; foreign corporation; requirements.**

(1) A professional corporation may provide professional services in another jurisdiction if such corporation complies with all applicable laws of such jurisdiction regulating the rendering of professional services. Notwithstanding any other provision of the Nebraska Professional Corporation Act, no shareholder, director, officer, employee, or agent of a professional corporation shall be required to be licensed to render professional services in this state or to reside in this state if such shareholder, director, officer, employee, or agent does not render professional services in this state and is licensed in one or more states, territories of the United States, or the District of Columbia to render a professional service described in the professional corporation's articles of incorporation.

(2) A foreign professional corporation shall not transact business in this state unless it renders one of the professional services specified in subdivision (3) of section [21-2202](#) and complies with the provisions of the act, including, without limitation, registration with the appropriate regulating board in this state as provided in sections [21-2216](#) to [21-2218](#). A foreign professional corporation shall not transact business in this state if the laws of the jurisdiction under which such

foreign professional corporation is incorporated do not allow for a professional corporation incorporated under the laws of this state to transact business in such jurisdiction.

(3)(a) A foreign professional corporation shall (i) apply for a certificate of authority in the same manner as a foreign business corporation pursuant to sections [21-20,168](#) to [21-20,181](#) and (ii) file with the Secretary of State a current certificate of registration as provided in sections [21-2216](#) to [21-2218](#).

(b) Except as otherwise provided in the Nebraska Professional Corporation Act, foreign professional corporations shall enjoy all the powers, benefits, and privileges and shall be subject to all the duties, restrictions, and liabilities of a foreign business corporation under sections [21-301](#) to [21-325](#) and the Business Corporation Act.

(c) A foreign professional corporation shall not be required as a condition to obtaining a certificate of authority to have all of its shareholders, directors, and officers licensed to render professional services in this state if all of its shareholders, directors, and officers, except the secretary and assistant secretary, are licensed in one or more states or territories of the United States or the District of Columbia to render a professional service described in its articles of incorporation and any shareholder, director, officer, employee, or agent who renders professional services within this state on behalf of the foreign professional corporation is licensed to render professional services in this state.

(d) A foreign professional corporation shall not be required to obtain a certificate of authority to transact business in this state unless it maintains or intends to maintain an office in this state for the conduct of business or professional practice.

(4) For purposes of this section, foreign professional corporation shall mean a corporation which is organized under the law of any other state or territory of the United States or the District of Columbia for the specific purpose of rendering professional services and which has as its shareholders only individuals who are duly licensed or otherwise legally authorized to render the same professional services as the corporation.

**Source:**Laws 1994, LB 488, § 2; Laws 1995, LB 109, § 210; Laws 1995, LB 406, § 3; Laws 2004, LB 16, § 2.

## **Cross References**

**Business Corporation Act**, see section [21-2001](#).

### **21-2210. Professional relationship and liabilities.**

Nothing contained in sections [21-2201](#) to [21-2222](#) shall be interpreted to abolish, repeal, modify, restrict or limit the law now in effect in this state applicable to the professional relationship and liabilities between the person furnishing the professional services and the person receiving such professional services or to the standards of professional conduct. Any officer, shareholder, agent or employee of a corporation organized under sections [21-2201](#) to [21-2222](#) shall remain personally and fully liable and accountable for any negligent or wrongful act or misconduct committed by him, or by any person under his direct supervision and control, while rendering professional service on behalf of the corporation to the person for whom such professional services were being rendered. The corporation shall be liable up to the full value of its property for any negligent or wrongful acts or misconduct committed by any of its officers, agents or employees while they are engaged on behalf of the corporation.

**Source:**Laws 1969, c. 121, § 10, p. 558.

### **21-2211. Regulating board; powers.**

Nothing in sections [21-2201](#) to [21-2222](#) shall restrict or limit in any manner the authority and duty of a regulating board in registering individuals licensed to perform professional services or the practice of the profession which is within the jurisdiction of such board, notwithstanding the fact that such individual is an officer, director, shareholder or employee of a professional corporation and renders such professional service or engages in the practice of such profession through the professional corporation.

**Source:**Laws 1969, c. 121, § 11, p. 558.

### **21-2212. Death or disqualification of shareholder; purchase or redemption of shares; death or disqualification of last remaining shareholder; powers of successor in interest.**

(1) The articles of incorporation or the bylaws of the professional corporation shall provide for the purchase or redemption of the shares of any shareholder upon his or her death or disqualification to render the professional services of the professional corporation within this state.

(2) Unless otherwise provided in the articles of incorporation or the bylaws of the professional corporation, upon the death or disqualification of the last remaining shareholder of a professional corporation, a successor in interest to such deceased or disqualified shareholder may dissolve the corporation and wind up and liquidate its business and affairs, notwithstanding the fact that such successor in interest could not have become a shareholder of the professional corporation. The successor in interest may file articles of dissolution with the Secretary of State in accordance with section [21-20,153](#). Thereafter, the successor in interest may wind up and liquidate the corporation's business and affairs in accordance with section [21-20,155](#) and notify claimants in accordance with sections [21-20,156](#) and [21-20,157](#).

**Source:**Laws 1969, c. 121, § 12, p. 558; Laws 2010, LB759, § 1.  
**Effective Date: July 15, 2010**

### **21-2213. Officer, shareholder, agent, or employee; legally disqualified; effect.**

If any officer, shareholder, agent, or employee of a corporation organized under sections [21-2201](#) to [21-2222](#) who has been rendering professional service to the public becomes legally disqualified to render such professional service within this state, or accepts employment that, pursuant to existing law, places restrictions or limitations upon his continued rendering of such professional services, he shall sever all employment with, and financial interests in, such corporation forthwith. A corporation's failure to require compliance with this provision shall constitute a ground for the forfeiture of its articles of incorporation and its dissolution.

**Source:**Laws 1969, c. 121, § 13, p. 558.

### **21-2214. Secretary of State; names of corporations; certify to Attorney General; legally disqualified officer, shareholder, agent, or employee; action for dissolution.**

The Secretary of State shall certify to the Attorney General, from time to time, the names of all corporations organized pursuant to the provisions of sections [21-](#)

[2201](#) to [21-2222](#) which have failed to comply with the provisions of section [21-2213](#). Whenever the Secretary of State shall certify the name of the corporation to the Attorney General as having given cause for dissolution, the Secretary of State shall concurrently mail to the corporation at its registered office a notice that such certification has been made. Upon the receipt of such certification, the Attorney General shall file an action in the name of the state against such corporation for its dissolution.

**Source:**Laws 1969, c. 121, § 14, p. 559.

### **21-2215. Involuntary dissolution; procedure.**

Every action for the involuntary dissolution of a corporation failing to comply with the provisions of section [21-2213](#) shall be commenced by the Attorney General either in the district court of the county in which the registered office of the corporation is situated or in the district court of Lancaster County. Summons shall issue and be served as in other civil actions. If process is returned not found, the Attorney General shall cause publication to be made as in other civil cases in some newspaper published in the county where the last-known registered office of the corporation is situated, containing a notice of pendency of such action, the title of the court, the title of the action, and the date on and after which default may be entered. The Attorney General shall cause a copy of such notice to be mailed to the corporation at its last-known registered office or mailing address within ten days after the first publication thereof. The certificate of the Attorney General of the mailing of such notice shall be prima facie evidence thereof. Such notice shall be published at least once each week for two successive weeks, and the first publication thereof may begin at any time after the summons has been returned. Unless a corporation shall have been served with summons, no default shall be taken against it earlier than thirty days after the first publication of such notice.

**Source:**Laws 1969, c. 121, § 15, p. 559.

### **21-2216. Regulating board; certificate of registration; contents; filing; fee; display; electronic access; Secretary of State; duty; corporate suspension or dissolution; when.**

(1) No corporation shall open, operate, or maintain an establishment or do business for any purposes set forth in the Nebraska Professional Corporation Act without (a) filing with the Secretary of State a certificate of registration from the

regulating board of the particular profession for which the professional corporation is organized to do business, which certificate shall set forth the name and residence addresses of all shareholders as of the last day of the month preceding such filing, and (b) certifying that all shareholders, directors, and officers, except the secretary and the assistant secretary, are duly licensed to render the same professional services as those for which the corporation was organized. Application for a certificate of registration shall be made by the professional corporation to the regulating board in writing and shall contain the names of all officers, directors, shareholders, and professional employees of the professional corporation, the street address at which the applicant proposes to perform professional services, and such other information as may be required by the regulating board.

(2) If it appears to the regulating board that each shareholder, officer, director, and professional employee of the applicant, except the secretary and the assistant secretary, is licensed to practice the profession of the applicant and that each shareholder, officer, director, or professional employee is not otherwise disqualified from performing the professional services of the applicant, such regulating board shall certify, in duplicate upon a form bearing its date of issuance and prescribed by such regulating board, that such proposed or existing professional corporation complies with the provisions of the act and of the applicable rules and regulations of such regulating board. Each applicant for such registration certificate shall pay such regulating board a fee of twenty-five dollars for the issuance of such duplicate certificate.

(3) One copy of such certificate shall be prominently exposed to public view upon the premises of the principal place of business of each professional corporation organized under the act, and one copy shall be filed by the professional corporation with the Secretary of State who shall charge a fee of twenty-five dollars for filing the same. The certificate from the regulating board shall be filed in the office of the Secretary of State together with the articles of incorporation. A registration certificate bearing an issuance date more than twelve months old shall not be eligible for filing with the Secretary of State.

(4) When licensing records of regulating boards are electronically accessible, the Secretary of State shall access the records. The access shall be made in lieu of the certificate of registration or registration certificate being prepared and issued by the regulating board. The professional corporation shall file with the Secretary of State an application setting forth the name and residence addresses of all officers, directors, shareholders, and professional employees as of the last day of the month preceding the date of the application and shall file with the Secretary of State an

annual update thereafter. Each application shall be accompanied by a licensure verification fee of fifty dollars. The Secretary of State shall verify that all of the directors, officers, shareholders, and professional employees listed on the application, except for the secretary and assistant secretary, are duly licensed or otherwise legally authorized to render the same professional service or an ancillary service as those for which the professional corporation was organized. Verification shall be done by electronically accessing the regulating board's licensing records. If any director, officer, shareholder, or professional employee is not licensed or otherwise legally authorized to perform the professional service that the professional corporation was organized to render, the corporation will be suspended. The biennial report and tax cannot be filed and paid in the office of the Secretary of State until the corporation attests in writing that the director, officer, shareholder, or professional employee is licensed or otherwise legally authorized to practice, which shall be verified by the Secretary of State, or is no longer a director, officer, shareholder, or professional employee of the corporation. When the biennial report and the tax become delinquent, the corporation shall be dissolved for nonpayment of taxes in compliance with section [21-323](#).

**Source:**Laws 1969, c. 121, § 16, p. 560; Laws 1971, LB 489, § 1; Laws 1973, LB 157, § 4; Laws 1976, LB 749, § 1; Laws 1982, LB 928, § 16; Laws 1992, LB 1019, § 27; Laws 1995, LB 406, § 4; Laws 2003, LB 524, § 18; Laws 2008, LB379, § 20.

**21-2217. Registration certificate; term; filing; failure to file; effect; not transferable.**

Each registration certificate issued to each applicant shall expire by its own terms one year from the date of issuance and may not be renewed. Each professional corporation must annually apply to its regulating board for a registration certificate in the manner provided in section [21-2216](#). A certificate from the regulating board as provided in section [21-2216](#) must annually be filed with the Secretary of State within thirty days of the expiration date of the last certificate on file in the office of the Secretary of State or such corporation shall be suspended. If the corporation is suspended, the biennial report and tax cannot be filed and paid in the office of the Secretary of State until the certificate from the regulating board is filed in the office of the Secretary of State. If the report is not filed, the tax paid, and the certificate filed by April 16 of the current year, when the report and tax become delinquent, the corporation shall be dissolved for nonpayment of taxes in compliance with section [21-323](#). Registration certificates shall not be transferable or assignable.

**Source:**Laws 1969, c. 121, § 17, p. 561; Laws 1971, LB 489, § 2; Laws 1973, LB 157, § 5; Laws 1987, LB 186, § 2; Laws 2003, LB 524, § 19.

**21-2218. Regulating board; certificate of registration; revoke or suspend; procedure.**

The regulating board may, upon a form prescribed by it, suspend or revoke any certificate of registration of any professional corporation, upon the revocation or suspension of the license to render professional service of any officer, director, shareholder, or professional employee of a holder of a certificate of registration. Notice of such revocation shall be provided the professional corporation affected by sending by certified or registered United States mail a certified copy of such revocation to the professional corporation at its principal place of business set forth in the registration certificate so revoked. At the same time, the regulating board shall forward by regular United States mail a certified copy of such revocation to the Secretary of State who shall thereupon remove the revoked registration certificate from his file and deliver the same to such regulating board.

**Source:**Laws 1969, c. 121, § 18, p. 561.

**21-2219. Merger or consolidation.**

A professional corporation organized under the provisions of the Nebraska Professional Corporation Act may consolidate or merge with another domestic professional corporation organized under the act to render the same professional service or a foreign professional corporation admitted or which would qualify to be admitted under the act to render the same professional service in this state.

**Source:**Laws 1969, c. 121, § 19, p. 561; Laws 1994, LB 488, § 3.

**21-2220. Sections; attorneys at law; applicability.**

The provisions of sections [21-2201](#) to [21-2222](#) shall be applicable to attorneys at law only to the extent and under such terms and conditions as the Supreme Court of the State of Nebraska shall determine to be necessary and appropriate. Articles of incorporation of professional corporations organized to practice law shall contain such provisions as may be appropriate to comply with applicable rules of the court.

**Source:**Laws 1969, c. 121, § 20, p. 561.

### **21-2221. Sections; when not applicable.**

Sections [21-2201](#) to [21-2222](#) shall not apply to any individual or group of individuals within this state who prior to December 25, 1969, were permitted to organize a corporation and perform personal services to the public by the means of a corporation, and sections [21-2201](#) to [21-2222](#) shall not apply to any corporations organized by such individual or group of individuals prior to December 25, 1969; *Provided*, any such individual or group of individuals or any such corporation may bring themselves and such corporation within the provisions of sections [21-2201](#) to [21-2222](#) by amending the articles of incorporation in such a manner as to be consistent with all the provisions of sections [21-2201](#) to [21-2222](#) and by affirmatively stating in the amended articles of incorporation that the shareholders have elected to bring the corporation within the provisions of sections [21-2201](#) to [21-2222](#).

**Source:**Laws 1969, c. 121, § 21, p. 562.

### **21-2222. Rights of natural persons.**

Nothing contained in the Nebraska Professional Corporation Act is intended to alter the right of natural persons licensed to provide professional service to organize as a partnership, a limited liability company, an unincorporated association, a business trust, or any other lawful form of business organization.

**Source:**Laws 1969, c. 121, § 22, p. 562; Laws 1993, LB 121, § 158.