

By: Flores

S.B. No. 1233

A BILL TO BE ENTITLED

AN ACT

relating to companies in which employees have ownership interests through employee stock ownership plans.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 301.004, Business Organizations Code, is amended to read as follows:

Sec. 301.004. AUTHORIZED PERSON. For purposes of this title, a person is an authorized person with respect to:

(1) a professional association if the person is a professional individual; ~~and~~

(2) a ~~[professional corporation or a]~~ professional limited liability company if the person is a professional individual or professional organization; and

(3) a professional corporation if the person is:

(A) a professional individual;

(B) a professional organization; or

(C) an employee stock ownership plan, as described by Section 303.0015, established by the corporation.

SECTION 2. Chapter 303, Business Organizations Code, is amended by adding Section 303.0015 to read as follows:

Sec. 303.0015. AUTHORIZED PERSON: EMPLOYEE STOCK OWNERSHIP PLAN. For purposes of this chapter, an employee stock ownership plan, as defined by Section 4975(e) of the Internal Revenue Code of 1986 (26 U.S.C. Section 4975(e)), established by a professional

1 corporation, is an authorized person if:

2 (1) all of the voting trustees of the plan are  
3 professional individuals who are licensed to provide at least one  
4 category of the professional services described in the  
5 corporation's certificate of formation; and

6 (2) the ownership interests in the plan are not  
7 directly issued to any person other than the plan trust or a  
8 professional individual licensed to provide at least one category  
9 of the professional services described in the corporation's  
10 certificate of formation.

11 SECTION 3. Subchapter B, Chapter 481, Government Code, is  
12 amended by adding Section 481.030 to read as follows:

13 Sec. 481.030. ESTABLISHMENT OF EMPLOYEE OWNERSHIP  
14 ASSISTANCE WEBSITE. The office shall establish and maintain an  
15 Internet website for employee-owned company information to serve as  
16 a source of:

17 (1) outreach and information dissemination for  
18 fostering increased awareness of employee stock ownership plans;  
19 and

20 (2) technical assistance to assist businesses in  
21 determining the feasibility of establishing an employee stock  
22 ownership plan.

23 SECTION 4. Subchapter B, Chapter 2161, Government Code, is  
24 amended by adding Section 2161.0611 to read as follows:

25 Sec. 2161.0611. RETENTION OF STATUS AS HISTORICALLY  
26 UNDERUTILIZED BUSINESS. (a) In this section, "employee stock  
27 ownership plan" has the meaning assigned by Section 4975(e),

1 Internal Revenue Code of 1986 (26 U.S.C. Section 4975(e)).

2 (b) Notwithstanding any other law, a historically  
3 underutilized business that establishes an employee stock  
4 ownership plan retains the business's status as a historically  
5 underutilized business after the business establishes the plan if a  
6 majority of members of the board of directors of the business are  
7 economically disadvantaged persons.

8 (c) If a business described by Section 2161.001(2) is  
9 certified as a historically underutilized business and the business  
10 establishes an employee stock ownership plan that causes the  
11 business to lose status as a historically underutilized business or  
12 eligibility for recertification as a historically underutilized  
13 business, the business retains that status or eligibility for a  
14 period of not more than 10 years after the date the business  
15 establishes the plan.

16 SECTION 5. This Act takes effect September 1, 2023.