

By: Guillen

H.B. No. 4171

A BILL TO BE ENTITLED

AN ACT

relating to the state designation of employee owned corporations.

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

SECTION 1. Title 10, Subtitle D, 2161, Subchapter A, Section 2161.001, Government Code, is amended to read as follows:

Sec. 2161.001. DEFINITIONS. In this chapter:

(1) "Goods" means supplies, materials, or equipment.

(2) "Historically underutilized business" means an entity with its principal place of business in this state that is:

(A) a corporation formed for the purpose of making a profit in which 51 percent or more of all classes of the shares of stock or other equitable securities are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the corporation's control, operation, and management;

(B) a sole proprietorship created for the purpose of making a profit that is completely owned, operated, and controlled by an economically disadvantaged person;

(C) a partnership formed for the purpose of making a profit in which 51 percent or more of the assets and interest in the partnership are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the partnership's control, operation, and management;

1 (D) a joint venture in which each entity in the
2 venture is a historically underutilized business, as determined
3 under another paragraph of this subdivision; or

4 (E) a supplier contract between a historically
5 underutilized business as determined under another paragraph of
6 this subdivision and a prime contractor under which the
7 historically underutilized business is directly involved in the
8 manufacture or distribution of the goods or otherwise warehouses
9 and ships the goods.

10 (F) an employee owned company that the majority
11 of the company's stock is held by an employee stock ownership plan
12 (ESOP) created under Section 4975(e)(7), Internal Revenue Services
13 Code and has 500 employees or less.

14 (a) A business designated as a historically underutilized
15 business under Section 2 retains its status if it converts to a
16 corporation under subsection (F).

17 SECTION 2. (a) The legislature shall establish a joint
18 interim committee to study the feasibility and desirability of
19 promoting and growing employee owned companies and employee stock
20 ownership plans in Texas.

21 (b) The committee is composed of:

22 (1) the members of the standing committee of the
23 senate that has primary jurisdiction over business and industry;

24 (2) the members of the standing committee of the house
25 of representatives that has primary jurisdiction over business and
26 industry;

27 (3) two members of the senate appointed by the

1 lieutenant governor, each of whom demonstrates experience in
2 employee owned companies; and

3 (4) two members of the house of representatives
4 appointed by the speaker of the house of representatives, each of
5 whom demonstrates experience in employee owned companies.

6 (c) The lieutenant governor and the speaker of the house of
7 representatives shall jointly designate a chair or, alternatively,
8 designate two co-chairs from among the committee membership.

9 (d) The committee may adopt rules necessary to carry out the
10 committee's duties under this section.

11 (e) Not later than December 1, 2018, the committee shall
12 report to the governor and the legislature the findings of the study
13 and any recommendations developed by the committee under this
14 section.

15 SECTION 3. This Act takes effect September 1, 2017.