

HOUSE BILL 849

By Powell

AN ACT to amend Tennessee Code Annotated, Title 4;
Title 49 and Title 67, relative to the expansion of
employee-owned businesses.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. This act is known and may be cited as the "Grow Jobs Through Employee Ownership Act."

SECTION 2. The purpose of this act is to support the growth and expansion of employee-owned businesses, which create jobs, wage increases, and economic growth.

SECTION 3. Tennessee Code Annotated, Title 49, Chapter 8, Part 6, is amended by adding the following as a new section:

(a) There is created a Center for Employee Ownership, which shall operate as a unit of the University of Memphis, to:

(1) Provide education and outreach to inform business owners about the benefits of employee ownership and employee ownership in succession planning;

(2) Organize workshops and conferences on employee ownership and employee ownership in succession planning;

(3) Prepare and distribute materials concerning employee ownership and employee ownership in succession planning with the goal of increasing and expanding employee-owned businesses;

(4) Provide consultation to business owners exploring the possibility of transferring full or partial ownership to employees;

(5) Provide a referral service to help business owners find legal, financial, and technical advice in connection with employee ownership successions;

(6) Partner with key organizations, such as professional and trade associations, financial institutions, unions, economic development organizations, and other nonprofit entities, to promote employee ownership successions;

(7) Conduct investigations, research, studies, and analyses on the subject of employee ownership;

(8) Support the growth of associations of employee-owned companies;

(9) Provide support and access in government relations, including providing access to information regarding rules and regulations that relate to employee ownership and develop proposals for changes in policies to promote employee ownership; and

(10) Ensure awareness in this state of the new availability of United States small business administration loans to employee-owned businesses and leverage and coordinate with small business development centers to ensure maximum growth of employee-owned businesses in this state.

(b) On or before January 1, 2023, the center shall submit a one-time report to the governor and members of the general assembly that assesses whether there is a need for additional low-interest loans to support employee-owned businesses in this state and includes findings and any legislative recommendations on expanding existing small business revolving loan funds to include employee-owned businesses. The report must be publicly available on the center's website.

(c) The department of economic and community development, in cooperation with the center established in subsection (a), shall, on or before January 1, 2022, submit a one-time report to the governor and members of the general assembly that assesses

whether there is a need for changes to the franchise and excise tax laws of this state to facilitate the creation or expansion of employee-owned businesses in this state, and if so, includes any findings and legislative recommendations. The report must be publicly available on the department's website.

SECTION 4. Tennessee Code Annotated, Section 67-4-2006(b)(2), is amended by adding the following as a new subdivision:

() Fifty percent (50%) of the amount of any gains from the sale of a business to employees or conversion of a business to employee ownership, if, after the transfer, employees or a qualified employee stock ownership plan own at least fifty percent (50%) of all outstanding securities issued by the corporation after completion of the transaction;

SECTION 5. This act takes effect upon becoming a law, the public welfare requiring it.