

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 341

Short Title: Professional Corporation Spin-off.

(Public)

Sponsors: Representative Abernethy.

Referred to: Commerce.

February 23, 1989

A BILL TO BE ENTITLED

AN ACT TO PROVIDE THAT A PROFESSIONAL CORPORATION MAY FORM A WHOLLY-OWNED SUBSIDIARY PROFESSIONAL CORPORATION PURSUANT TO A SPIN-OFF OF PART OF THE BUSINESS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 55B-6 reads as rewritten:

"§ 55B-6. Capital stock.

A (a) Except as provided in subsection (b), a professional corporation may issue shares of its capital stock only to a licensee as hereinabove defined, defined in G.S. 55B-2, and such shareholders a shareholder may voluntarily transfer such shares of stock issued to him only to another such licensee. No share or shares of any stock of such corporation shall be transferred upon the books of the corporation unless and until the corporation has received a certification of the appropriate licensing board that the transferee of such shares is a licensee as here defined. licensee. Provided, it shall be lawful in the case of professional corporations rendering services as defined in Chapters 83, 83A, 89A and 89C, for non-licensed employees of such corporation to own not more than one third one-third of the total issued and outstanding shares of such corporation. Upon the transfer of any shares of such corporation to a non-licensed employee of such corporation, the corporation shall inform the appropriate licensing board of the name and address of the transferee and the number of shares issued to such nonprofessional transferee. Any share of stock of such corporation issued or transferred in violation of this section shall be null and void. No shareholder of a professional corporation shall enter into a voting trust agreement or any other type of agreement vesting in another person the authority to exercise the voting power of any or all of his stock.

1 **(b)** A professional corporation formed pursuant to this Chapter may issue one
2 hundred percent (100%) of its capital stock to another professional corporation in order
3 for that corporation (the distributing corporation) to distribute the stock of the controlled
4 corporation to one or more shareholders of the distributing corporation in accordance
5 with section 355 of the Internal Revenue Code of 1986. The distributing corporation
6 shall distribute the stock of the controlled corporation within 30 days after the stock was
7 issued to the distributing corporation. A share of stock of the controlled corporation
8 that has not been transferred to a licensee more than 30 days after it was issued to the
9 distributing corporation is void."

10 Sec. 2. This act shall become effective July 1, 1989.