

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 582
Second Edition Engrossed 4/16/91

Short Title: Clarify Spin-Off Rule.

(Public)

Sponsors: Representative Abernethy.

Referred to: Judiciary III.

April 3, 1991

A BILL TO BE ENTITLED

1 AN ACT TO CLARIFY THAT SPIN-OFFS OF PROFESSIONAL CORPORATIONS
2 ARE ALLOWED ONLY IF CARRIED OUT IN ACCORDANCE WITH
3 FEDERAL LAW AS IT MAY BE AMENDED.
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5 The General Assembly of North Carolina enacts:

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

7 "(b) A professional corporation formed pursuant to this Chapter may issue one
8 hundred percent (100%) of its capital stock to another professional corporation in order
9 for that corporation (the distributing corporation) to distribute the stock of the controlled
10 corporation to one or more shareholders of the distributing corporation in accordance
11 with section 355 of the Internal Revenue Code of ~~1986~~ 1986, as amended. The
12 distributing corporation shall distribute the stock of the controlled corporation within 30
13 days after the stock was issued to the distributing corporation. A share of stock of the
14 controlled corporation that has not been transferred to a licensee more than 30 days after
15 it was issued to the distributing corporation is void."

16 Sec. 2. This act becomes effective October 1, 1991.