



# NEBRASKA ACCOUNTING FIRM BECOMES 100% EMPLOYEE OWNED

Employee ownership, and more specifically, Employee Stock Ownership Plans (ESOPs), are gaining in popularity not only as a succession planning and transition vehicle, but also as a means to empower the employees to think and act like an owner. Employee ownership is viable in all industries, but hasn't been as prevalent in the accounting, legal and medical industries due to specific industry ownership requirements. This is because of state laws that require majority ownership by the licensed practitioners of the firm. For public accounting firms, most states have laws that limit non-licensed CPAs to 49-percent ownership in any CPA firm. There are accounting firms throughout the United States that have minority ESOPs, owning up to 49 percent of the firm, but there are only a handful that are 100-percent employee owned, including SC&H in Maryland and Glen Burdette in California. Recently, Bland & Associates, an accounting firm in Omaha, Nebraska, worked to change the rules in Nebraska in order to become a 100-percent ESOP owned firm.

Bland & Associates had their eyes set on becoming a 100-percent ESOP for quite a while and worked behind the scenes to change the laws in Nebraska to allow 100-percent ownership of a public accounting firm by an ESOP. The bill, LB 49, was passed by a 47-0 vote and signed into law on March 6, 2019. It became effective in September of 2019. The Nebraska Public Accountancy Act previously allowed only a natural person, a partnership, an LLC or a corporation to own a public accounting firm. The new law now allows for 100-percent ESOP ownership in a public accounting firm if both CPAs and non-licensed employees participate in the plan. The only caveat is that collectively, the non-CPA participants cannot exceed 49-percent ownership of the shares.

The BDO ESOP advisory group works with business owners as they look to sell their business or if they are looking for estate planning or liquidity solutions. We provide an indication of fair market value and analyze different scenarios and the respective tax implications for the owner or owners based on liquidity needs, timeline and estate planning considerations. Once engaged on a transaction, the ESOP advisory group represents the owner as we negotiate all deal points and structure and, if necessary, raise debt financing for cash at the closing table.

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