THE TEXAS MENTORSHIP & CAPITAL EQUITY ACT

The Texas TEEA ACT

(Texas Equity & Entrepreneurial Advancement)

A policy to combat income equality & build generational wealth by enabling & encouraging broader participation by Texans in free market capitalism without government welfare.

Texas. as America's leading economic engine, built on low taxes and rugged entrepreneurship seeks to apply the national Mentorship and Capital Equity Act for added benefit of Texans. For too many aspiring, underserved Texans, a massive impediment to the American Dream still remains; **it takes capital to acquire capital.** It's hard to be a capitalist success, without capital. Traditional government programs offer broken, binary choices:

- **The Worker Trap:** Workforce credits only reward hiring individuals as hourly W-2 employees. This provides a paycheck, but fails to build long-term asset ownership.
- **The Control Paradox:** Federal minority-ownership quotas force inexperienced partners into 51% management roles. This introduces extreme operational risk and scares away veteran business mentors.

THE SOLUTION: The Qualified Mentorship Partnership (QMP)

This Act creates a third way—a Texas way. It allows an experienced business founder (**Majority Owner**) and an eligible underserved individual (**Minority Partner**) to form a joint enterprise.

The law protects the business by allowing the veteran owner to retain **100% of managerial, voting, and operational control.** In exchange for sharing financial upside, the investor unlocks targeted state business tax incentives.

💰 Pro-Growth Investor Incentives (Texas Style)

Because Texas has no state income tax, the Act leverages existing state business taxes to reward participating mentors:

- **Franchise Tax Margin Super-Deduction:** Majority Owners can deduct **200% of the capital** they personally risk to launch or expand a certified QMP from their Texas franchise tax margin.
- **Profit-Sharing Match:** For every dollar of net profit distributed to the Minority Partner, the business receives a bonus deduction against its Texas franchise tax liability.
- **Local Property Tax Abatements:** Local cities and counties are authorized to grant enhanced property tax flexibility on commercial real estate and equipment owned by a QMP.

🚜 Universal Industry Impact

This framework is built for **every single industry** in the Texas economy. Any established business owner can utilize this tool, including:

- Energy, Aerospace & Advanced Tech
- Agriculture, Construction & Real Estate
- Healthcare, Life Sciences & Biotech
- Logistics, Retail, Hospitality & Entertainment
- Professional Services, IT & Finance

🚀 The Texas-Sized Wealth Exit

Texas already features a 0% state capital gains tax, meaning the Minority Partner faces no state tax burden upon a successful business exit. To accelerate their transition into independent business ownership, the Act adds a **Sales Tax Holiday for Reinvestment**:

- If the Minority Partner sells their stake, they receive a **100% exemption on Texas state sales and use taxes** for any equipment, inventory, or commercial property purchased to launch their next independent Texas business within 24 months.

🛑 Strict Anti-Abuse Guardrails (The Five-Gate Test)

To ensure the program targets genuine economic need and cannot be used as a wealthy tax shelter, the Minority Partner must pass a strict eligibility check. They must have a personal net worth under $50,000 (parental under $250,000) and meet at least one of the following:

- **Skilled Workforce Gate:** Enrolled full-time at a Texas public university, community college, or Texas State Technical College (TSTC).
- **Debt-Trap Gate:** Possess at least $30,000 in non-cancelable student loan debt.
- **Enterprise Zone Rule:** Resided in a state-designated Texas Enterprise Zone or federal Opportunity Zone for 3 of the past 5 years.
- **Systemic Barrier Check:** Automatic eligibility for justice-impacted individuals, youth aging out of foster care, or individuals with documented permanent disabilities.
- *Note: Anti-nepotism clauses apply. All incentives sunset once the Minority Partner receives $500,000 in total distributions.*

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