

116TH CONGRESS
2D SESSION

S. 4236

To establish a grant program to encourage the creation and expansion of employee stock ownership plans.

IN THE SENATE OF THE UNITED STATES

JULY 21, 2020

Mr. JOHNSON (for himself and Ms. BALDWIN) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To establish a grant program to encourage the creation and expansion of employee stock ownership plans.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Temporary Federal
5 ESOP Grant Program Act of 2020”.

6 **SEC. 2. GRANT PROGRAM.**

7 (a) ESTABLISHMENT.—Not later than 30 days after
8 the date of the enactment of this Act, the Secretary of
9 the Treasury shall establish the Temporary Federal Em-
10 ployee Stock Ownership Plan Program, or the “Tem-

1 porary Federal ESOP Program”, to provide grants to eli-
2 gible business concerns for purposes of—

3 (1) establishing; or

4 (2) increasing the percentage of the eligible
5 business concern owned by;

6 an employee stock ownership plan (as defined in section
7 4975(e)(7) of the Internal Revenue Code of 1986).

8 (b) ELIGIBLE BUSINESS CONCERN.—For purposes of
9 this section, the term “eligible business concern” means
10 a business concern that submits with the grant applica-
11 tion—

12 (1) a completed agreement signed by the busi-
13 ness concern and an employee stock ownership
14 trust—

15 (A) establishing an employee stock owner-
16 ship plan (as defined in section 4975(e)(7) of
17 the Internal Revenue Code of 1986) which is a
18 tax credit employee stock ownership plan meet-
19 ing the requirements of section 409 of the In-
20 ternal Revenue Code of 1986; or

21 (B) increasing the percentage of the busi-
22 ness concern owned by such a plan, if such plan
23 is already in existence;

24 (2) supporting documentation for the valuation
25 of the business concern as determined for purposes

1 of such agreement by an independent valuation ex-
2 pert utilizing generally accepted valuation ap-
3 proaches (as determined by the Secretary of the
4 Treasury), or by the trustee of the employee stock
5 ownership trust if such valuation is certified by such
6 an independent valuation expert, including filings to
7 the Internal Revenue Service or the Securities and
8 Exchange Commission, as applicable; and

9 (3) a certification that the grant funds will be
10 used toward the purchase of employer securities, and
11 that the reduction in cost to the business concern at-
12 tributable to the grant funds will be used for capital
13 investment in or replacement and maintenance of
14 fixed assets, including manufacturing equipment and
15 tools, computers, land, buildings, facilities, health
16 and safety equipment, and other similar investments.

17 (c) GRANT AWARDS.—Based on a determination
18 made within 15 business days from the date of submission
19 of an application meeting the requirements of subsection
20 (b), the Secretary of the Treasury shall award a grant
21 under the Temporary Federal ESOP Program to a busi-
22 ness concern in an amount not to exceed the sum of—

23 (1) \$20,000 per employee—

1 (A) who is a participant in the employee
2 stock ownership trust established by such busi-
3 ness concern; or

4 (B) whose ownership share in such busi-
5 ness concern by reason of an existing employee
6 stock ownership trust is increased;

7 (2) \$50,000 for any costs incurred by the busi-
8 ness concern and employee stock ownership trust,
9 and documented in the grant application, in devel-
10 oping the agreement required under subsection
11 (b)(1).

12 (d) TERMINATION.—No grant shall be awarded
13 under the Temporary Federal ESOP Program after Sep-
14 tember 30, 2022.

15 (e) AUTHORIZED TRANSFER OF APPROPRIATIONS.—
16 The Secretary of the Treasury may transfer any unobli-
17 gated amount of the appropriation under section 4027 of
18 the Coronavirus Economic Stabilization Act of 2020 for
19 the purposes of carrying out the Temporary Federal
20 ESOP Program.

21 (f) SECRETARY OF THE TREASURY.—For purposes
22 of this section, any reference to the Secretary of the
23 Treasury includes a reference to any delegate of such Sec-
24 retary.

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