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.

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

SECTION 1. SHORT TITLE.  
This Act may be cited as the “Temporary Federal ESOP Grant Program Act of 2020”.

SEC. 2. GRANT PROGRAM.  
(a) Establishment.—Not later than 30 days after the date of the enactment of this Act, the Secretary of the Treasury shall establish the Temporary Federal Employee Stock Ownership Plan Program, or the “Tem-
porary Federal ESOP Program”, to provide grants to eligible business concerns for purposes of—

(1) establishing; or

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

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

(b) ELIGIBLE BUSINESS CONCERN.—For purposes of this section, the term “eligible business concern” means a business concern that submits with the grant application—

(1) a completed agreement signed by the business concern and an employee stock ownership trust—

(A) establishing an employee stock ownership plan (as defined in section 4975(e)(7) of the Internal Revenue Code of 1986) which is a tax credit employee stock ownership plan meeting the requirements of section 409 of the Internal Revenue Code of 1986; or

(B) increasing the percentage of the business concern owned by such a plan, if such plan is already in existence;

(2) supporting documentation for the valuation of the business concern as determined for purposes
of such agreement by an independent valuation expert utilizing generally accepted valuation approaches (as determined by the Secretary of the Treasury), or by the trustee of the employee stock ownership trust if such valuation is certified by such an independent valuation expert, including filings to the Internal Revenue Service or the Securities and Exchange Commission, as applicable; and

(3) a certification that the grant funds will be used toward the purchase of employer securities, and that the reduction in cost to the business concern attributable to the grant funds will be used for capital investment in or replacement and maintenance of fixed assets, including manufacturing equipment and tools, computers, land, buildings, facilities, health and safety equipment, and other similar investments.

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

(1) $20,000 per employee—
(A) who is a participant in the employee stock ownership trust established by such business concern; or

(B) whose ownership share in such business concern by reason of an existing employee stock ownership trust is increased;

(2) $50,000 for any costs incurred by the business concern and employee stock ownership trust, and documented in the grant application, in developing the agreement required under subsection (b)(1).

(d) TERMINATION.—No grant shall be awarded under the Temporary Federal ESOP Program after September 30, 2022.

(e) AUTHORIZED TRANSFER OF APPROPRIATIONS.—The Secretary of the Treasury may transfer any unobligated amount of the appropriation under section 4027 of the Coronavirus Economic Stabilization Act of 2020 for the purposes of carrying out the Temporary Federal ESOP Program.

(f) SECRETARY OF THE TREASURY.—For purposes of this section, any reference to the Secretary of the Treasury includes a reference to any delegate of such Secretary.