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Employee Stock Ownership Plans Gain Attention in Congress

Congress is paying more attention to Employee Stock Ownership Plans (ESOPs) this session, with two New York legislators shepherding through bills aimed at promoting this type of defined contribution plan.

The U.S. House of Representatives passed by voice vote [H.R. 5236](#), known as The Main Street Employee Ownership Act, on May 8. The bill, introduced in March by Rep. Nydia Velazquez (D-NY), eases rules to help the Small Business Administration (SBA) provide loans and other support to companies interested in creating an ESOP.

The bill's companion piece, [S. 2786](#), was introduced in late-April by Sen. Kirsten Gillibrand (D-NY). This bill gives \$500 million to the Small Business Administration for similar purposes. It was referred to the Committee on Small Business and Entrepreneurship.

Shortly after the voice vote, Velazquez tweeted that the bill "will help employee-owned businesses such as co-ops secure access to capital through [the SBA]. After seeing the popularity of food co-ops in NYC, this will help the business model expand to other sectors."

According to the National Association of Employee Ownership, there are nearly 7,000 ESOPs operating nationwide. To date, ESOPs hold about \$1.3 trillion in assets and have 14.4 million participants.

If you have questions about how current laws and regulations affect your company's defined benefit or defined contribution plans, please contact your representative.