

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE RESOLUTION

No. 408 Session of 2014

INTRODUCED BY GREENLEAF, SOLOBAY, RAFFERTY, ERICKSON, COSTA, SMITH, SCHWANK, DINNIMAN AND BREWSTER, JUNE 13, 2014

SENATOR WARD, COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT, AS AMENDED, SEPTEMBER 23, 2014

A RESOLUTION

1 Urging the Department of Community and Economic Development to
2 establish PROMOTE an employee ownership program to promote <--
3 INITIATIVE FOR THE PURPOSE OF ENCOURAGING business retention <--
4 and growth in this Commonwealth.

5 WHEREAS, In the Employee Retirement Income Security Act of
6 1974 (Public Law 93-406, 88 Stat. 892), the United States
7 Congress codified a technique of corporate finance which
8 utilizes employee stock ownership, officially named an Employee
9 Stock Ownership Plan (ESOP); and

10 WHEREAS, ESOPs serve the dual purpose of providing retirement
11 savings and stock ownership for employees as well as being a
12 financing method for businesses; and

13 WHEREAS, According to the National Center for Employee
14 Ownership (NCEO), there are about 12,000 ESOP-owned companies or
15 similar trust-based plans that cover 11 million participants;
16 and

17 WHEREAS, It is estimated that Pennsylvania has 500 companies
18 with ESOPs or similar trust-based plans covering about 900,000

1 participants; and

2 WHEREAS, Research shows that employee ownership increases
3 employment, productivity, wages and sales; and

4 WHEREAS, Employee ownership keeps businesses and jobs in
5 state, and

6 WHEREAS, According to NCEO, ESOP companies are 25% more
7 likely to stay in business and employee-owners are four times
8 less likely to be laid off during the recent recession; and

9 WHEREAS, ESOPs have a number of tax benefits including making
10 company contributions and dividend payments tax-deductible; and

11 WHEREAS, Business owners may be unaware of ESOPs or lack
12 clear understanding about such plans, how they operate and the
13 advantages associated with them; and

14 WHEREAS, ESOPs could provide an effective tool for companies
15 going through ownership transition by preserving their companies
16 and jobs through employee ownership rather than closing or
17 selling them to out-of-state or foreign buyers; and

18 WHEREAS, Increased use of employee ownership plans can
19 substantially increase the income and financial security of the
20 citizens of Pennsylvania; therefore be it

21 RESOLVED, That the Senate urge the Department of Community
22 and Economic Development to ~~establish~~ PROMOTE an employee <--
23 ownership ~~program to promote~~ INITIATIVE FOR THE PURPOSE OF <--
24 ENCOURAGING business retention and growth in this Commonwealth;
25 and be it further

26 RESOLVED, That the ~~program~~ INITIATIVE should include: <--

27 (1) education and outreach to inform employees,
28 employers and entrepreneurs about the possibility and benefit
29 of employee ownership;

30 (2) technical assistance OR ASSISTANCE IN IDENTIFYING <--

1 OTHER RESOURCES THAT MAY PROVIDE TECHNICAL ASSISTANCE to
2 assist efforts to form and transition to employee-owned
3 businesses, to enable employers and employees to explore and
4 assess the feasibility of transferring full or partial
5 ownership to employees and to encourage employees and
6 employers to start new employee-owned businesses; AND <--
7 ~~(3) training employees and employers with respect to~~ <--
8 ~~methods of employee participation in such open book~~
9 ~~management, work teams, committees and other approaches for~~
10 ~~seeking greater employee input; and~~
11 ~~(4) (3) developing partnerships with FOSTERING~~ <--
12 COOPERATION AMONG the State System of Higher Education,
13 State-related universities ~~and a~~, OTHER STATE AGENCIES AND <--
14 business and industry trade ~~association~~ ASSOCIATIONS AND <--
15 OTHER ECONOMIC DEVELOPMENT ORGANIZATIONS in order to host
16 educational events to promote awareness and understanding of
17 employee ownership of businesses.