
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE RESOLUTION

No. 408 Session of
2014

INTRODUCED BY GREENLEAF, SOLOBAY, RAFFERTY, ERICKSON AND COSTA,
JUNE 13, 2014

REFERRED TO COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,
JUNE 13, 2014

A RESOLUTION

1 Urging the Department of Community and Economic Development to
2 establish an employee ownership program to promote business
3 retention and growth in this Commonwealth.

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

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

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

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

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

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

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

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

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

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

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

20 RESOLVED, That the Senate urge the Department of Community
21 and Economic Development to establish an employee ownership
22 program to promote business retention and growth in this
23 Commonwealth; and be it further

24 RESOLVED, That the program should include:

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

28 (2) technical assistance to assist efforts to form and
29 transition to employee-owned businesses, to enable employers
30 and employees to explore and assess the feasibility of

1 transferring full or partial ownership to employees and to
2 encourage employees and employers to start new employee-owned
3 businesses;

4 (3) training employees and employers with respect to
5 methods of employee participation in such open-book
6 management, work teams, committees and other approaches for
7 seeking greater employee input; and

8 (4) developing partnerships with the State System of
9 Higher Education, State-related universities and a business
10 and industry trade association in order to host educational
11 events to promote awareness and understanding of employee
12 ownership of businesses.