



## **The ESOP Association** *News Release*

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### **The ESOP Association Hails Introduction of the “Promotion and Expansion of Private Employee Ownership Act of 2011”**

**March 30, 2011 (Washington, DC)** – The ESOP Association expresses strong support for H.R. 1244, the “Promotion and Expansion of Private Employee Ownership Act of 2011,” introduced March 29, 2011 by a bi-partisan group of key members of the House Ways and Means Committee: Congressmen David G. Reichert (R-WA), Ron Kind (D-WI), Charles W. Boustany, Jr. (R-LA), Earl Blumenauer (D-OR), Erik Paulsen (R-MN), and Bill Pascrell (D-NJ).

“This bi-partisan declaration of support for employee ownership through the ESOP (employee stock ownership plan) model among privately held companies, especially by the popular S corporation business model, is very impressive,” stated ESOP Association President J. Michael Keeling.

Also endorsing and pledging to work for the passage of H.R. 1244 is the Employee-Owned S Corporations of America or ESCA, <http://www.esca.us/>.

“ESCA provides a focus in our national policy debate for S corporations sponsoring ESOPs, and the benefits these corporations provide to employee owners. ESCA’s work on this legislation will be important in expanding the number of members of Congress supporting H.R. 1244,” said Keeling.

H.R. 1244 will: 1.) permit owners of S stock to sell the stock to an ESOP and defer the capital gains tax on his/her gain if the proceeds are reinvested in the equities of U.S. operating corporations as owners of C corporations stock have done under IRC 1042 since 1984; 2.) permit lenders to S corporations with 50% or more ownership through an ESOP to exclude 50% of the interest from the loan if used to acquire stock for the ESOP; 3.) establish an office in the Department of Treasury to provide technical assistance to S corporations with ESOPs; 4.) provide that a small business, S or C, eligible for one of the many programs provided by the Small Business Administration to remain eligible for SBA programs if the company becomes owned 50% or more by an ESOP, and the workforce remains the same or nearly the same as before the establishment of the 50% ownership by employees through the ESOP.

For additional information about H.R. 1244, please visit The ESOP Association’s website, <http://www.esopassociation.org/> and the Employee Ownership Blog, <http://www.esopassociation.org/blog/default.asp>.

The core cause of The ESOP Association is the belief that employee ownership will improve American competitiveness, increase productivity through greater employee participation, and strengthen our free enterprise economy. More information - <http://www.esopassociation.org/>.

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