



Proposed legislation would promote ESOPs for small business

TAX AND BENEFITS CHALLENGES | AUG 02, 2017

U.S. Senators Gary Peters (D-MI) and Jim Risch (R-ID) recently introduced the Small Business Employee Ownership Promotion Enhancement Act, which is intended to educate small business owners on the value of employee stock ownership plans (ESOPs). ESOPs are benefit plans that allow employees to share in a business' profits through employee ownership of the business.

Under the proposed legislation, SCORE Association, a nonprofit outreach organization, will be responsible for providing general and technical information that will assist businesses with the establishment of ESOPs. SCORE will also provide technical assistance to small business looking to form ESOPs or implement other strategies that promote employee ownership. While many states have legislation and education programs promoting ESOPs, the assistance in this proposed legislation would be available nationally.

"ESOPs are the perfect transition solution for many successful closely held companies, benefiting both employees and owners. But despite their many tax, planning, and legacy benefits, few owners know that this is even a possibility. The outreach program proposed in this bill would be a very cost effective way to address this issue," said Corey Rose, founder of the National Center for Employee Ownership