



News from the Minnesota/Dakotas Chapter of the **ESOP** Association

Employee Ownership Moves America

Chapter Legislative Recap from the 37th Annual ESOP Conference

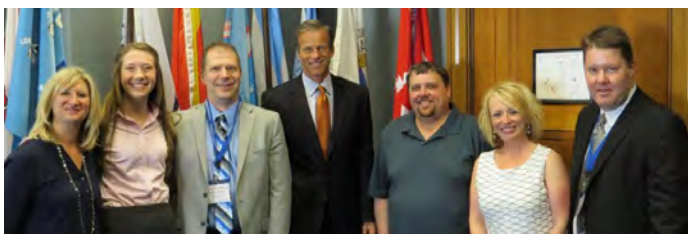
Company and professional members of the Minnesota / Dakotas Chapter attended a record number of legislative meetings at the 37th Annual ESOP Conference in Washington, D.C., May 8 and 9. Visits were arranged where employee owners met with legislators or their respective aides to gain additional support for ESOPs. A special thank you to the legislative staff and aides at all 16 MN, ND and SD congressional and senatorial offices for coordinating and participating in the meetings. *We appreciate your continued support and would be interested in hosting a company visit in your district!*



Congressman Cramer with the employees of Dakota Supply Group, Border States Electric and Gray Plant Mooty.



Senator Heidi Heitkamp with the employees of Dakota Supply Group, Walman Optical, Border States Electric and Alerus Financial.



Senator Thune with the employees of Dakota Supply Group, Alerus Financial and Redpath and Company.



Congressman Paulsen with the employees of Toll Company, Boulay and Walman Optical.

H.R. 4837 - The Promotion and Expansion of Private Employee Ownership Act of 2014

On June 11, 2014 H.R. 4837, The Promotion and Expansion of Private Employee Ownership Act of 2014 was introduced by Congressmen David G. Reichert (R-WA), Ron Kind (D-WI), Earl Blumenauer (D-OR), Charles W. Boustany, Jr. (R-LA), Richard E. Neal (D-MA), Bill Pascrell, Jr. (D-NJ), Erik Paulsen (R-MN), and Pat Tiberi (R-OH). H.R. 4837 is similar to S. 742, which was introduced in early 2013 by a bi-partisan group of Senators led by Senator Ben Cardin (D-MD). H.R. 4837 would amend the Internal Revenue Code of 1986 and the Small Business Act to expand the availability of employee stock ownership plans (ESOPs) in S corporations. For the full text of H.R. 4837 go to <https://www.govtrack.us/congress/bills/113/hr4837/text>

In Summary, H.R. 4837 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 and ESOP, and the workforce remains the same or nearly the same as before the establishment of the 50% ownership by employees through the ESOP.