

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. CON. RES. 98

Expressing the sense of the Congress regarding the accounting standards proposed by the Financial Accounting Standards Board.

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IN THE HOUSE OF REPRESENTATIVES

MAY 11, 1993

Ms. ESHOO submitted the following concurrent resolution; which was referred to the Committee on Energy and Commerce

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## CONCURRENT RESOLUTION

Expressing the sense of the Congress regarding the accounting standards proposed by the Financial Accounting Standards Board.

Whereas the Financial Accounting Standards Board is reconsidering the proper accounting treatment for stock compensation plans, including broad-based employee stock option plans and employee stock purchase plans;

Whereas the Board has suggested that stock options granted under stock compensation plans should be reported by companies on their income statements as expenses, similar to cash compensation or health benefits;

Whereas improved financial reporting and disclosure of employee compensation is of paramount importance;

Whereas all 6 of the largest accounting firms have urged that the current stock option accounting standards be left in place;

Whereas the potential distortion that may result from implementing the Board's proposal may detract from recent attempts to provide better and clearer information to the public;

Whereas new businesses in new-growth sectors, such as high-technology industries, often lack financial resources and must rely on stock options to attract qualified employees;

Whereas the Board's proposal will reduce incentives to grant stock options, thereby limiting an important element in the feasible compensation mix of these companies and posing a threat to entrepreneurship in general;

Whereas employee ownership in American companies has greatly expanded through the use of stock compensation plans, and a majority of the emerging growth companies distribute stock options to most or all of their employees;

Whereas a rule recently promulgated by the Securities and Exchange Commission increases the disclosure obligations of public companies, thereby improving financial reporting and disclosure of employee compensation, especially for high-level executives;

Whereas stock compensation plans have the potential to stimulate American productivity and enhance American competitiveness;

Whereas discouraging the use of stock options will reduce the ability of new businesses to obtain proper financing and reduce America's ability to compete in the world economy; and

Whereas one function of Congress is to discern how Federal policies affect the general public and to ensure that the general economic health of the country is not unduly harmed by these policies: Now, therefore, be it

1       *Resolved by the House of Representatives (the Senate*  
2 *concurring)*, That it is the sense of the Congress that—

3           (1) the accounting standards proposed by the  
4       Financial Accounting Standards Board will have  
5       grave economic consequences, particularly for busi-  
6       nesses in new-growth sectors, which rely heavily on  
7       entrepreneurship; and

8           (2) the Board should not change the current ac-  
9       counting rules under Accounting Principles Board  
10      Decision 25 by requiring that businesses deduct  
11      from profits the value of stock options.

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