

106TH CONGRESS
1ST SESSION

H. R. 1600

To provide that Federal contracts and certain Federal subsidies shall be provided only to businesses which have qualified profit-sharing plans.

IN THE HOUSE OF REPRESENTATIVES

APRIL 28, 1999

Mr. FATTAH (for himself, Mr. FILNER, Mr. HASTINGS of Florida, Mr. MEEKS of New York, Mrs. CHRISTENSEN, Mr. SABO, Mr. HILLIARD, Mr. CUMMINGS, Mr. TOWNS, Mr. SANDERS, Mr. HINCHEY, Ms. BROWN of Florida, Mr. THOMPSON of Mississippi, Ms. MILLENDER-McDONALD, Mr. OWENS, Mr. CLAY, Mr. GUTIERREZ, and Ms. JACKSON-LEE of Texas) introduced the following bill; which was referred to the Committee on Government Reform, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide that Federal contracts and certain Federal subsidies shall be provided only to businesses which have qualified profit-sharing plans.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “American Profit Shar-
5 ing Act”.

1 **SEC. 2. FINDINGS.**

2 The Congress finds that—

3 (1) reducing income disparities will stimulate
4 and stabilize the national economy;

5 (2) the best solutions to prevailing income dis-
6 parities are structural changes in our income dis-
7 tribution system;

8 (3) it is important that American corporations
9 retain the flexibility to compete effectively in this
10 global economy;

11 (4) it is equally important that the well-being of
12 the American worker be protected in this changing
13 economic environment;

14 (5) the most effective incomes policy approach
15 in such an environment is diversification of sources
16 and types of income for the American worker;

17 (6) return to capital in terms of interest, divi-
18 dends, and capital gains have soared in recent years
19 and is the single most robust source of income
20 growth;

21 (7) a significant percentage of this increase in
22 the return to capital has been a direct result of pub-
23 lic policy and public investment;

24 (8) in this country, profit sharing has been
25 shown to contribute to increased productivity and
26 profitability; and

1 (9) it is appropriate that taxpayers participate
2 in capital expansions created and financed with tax
3 dollars.

4 **SEC. 3. PROVISION OF FEDERAL CONTRACTS AND CERTAIN**
5 **FEDERAL SUBSIDIES ONLY TO BUSINESSES**
6 **WITH QUALIFIED PROFIT-SHARING PLANS.**

7 (a) IN GENERAL.—Federal contracts and specified
8 Federal subsidies may be provided only to businesses
9 which have a stock bonus or profit-sharing plan which
10 meets the requirements of section 401(a) of the Internal
11 Revenue Code of 1986.

12 (b) EXCEPTION FOR START-UP SMALL BUSI-
13 NESSES.—Subsection (a) shall not apply to any business
14 for a year unless—

15 (1) such business has been in existence for at
16 least 10 prior years,

17 (2) such business has more than 5 full-time em-
18 ployees (or their equivalent) at any time during the
19 year, and

20 (3) the gross income of the business for the
21 year exceeds \$5,000,000.

22 Rules similar to the rules of paragraph (2), and subpara-
23 graphs (B), (C), and (D) of paragraph (3), of section
24 448(c) shall apply for purposes of the preceding sentence.

1 **SEC. 4. DEFINITIONS.**

2 (a) FEDERAL CONTRACT.—For purposes of this Act,
3 the term “Federal contract” means any contract funded
4 directly or indirectly with Federal funds.

5 (b) SPECIFIED FEDERAL SUBSIDY.—For purposes of
6 this Act, the term “specified Federal subsidy” means any
7 of the following Federal benefits which benefit the busi-
8 ness:

9 (1) Any grant or other payment funded directly
10 or indirectly with Federal funds.

11 (2) Any guaranteed loan if such guarantee is by
12 any Federal agency or any payment under the guar-
13 antee is directly or indirectly from Federal funds.

14 (3) Any loan the interest rate on which, or the
15 other terms of which, are more favorable than loans
16 otherwise available to the borrower from non-Federal
17 sources if the more favorable interest rate or other
18 terms are funded directly or indirectly by Federal
19 funds.

20 Paragraphs (2) and (3) shall not apply to loans under dis-
21 aster loan programs.

22 **SEC. 5. EFFECTIVE DATE.**

23 This Act shall take effect on the first day of the first
24 fiscal year beginning after the date of the enactment of
25 this Act.