

110TH CONGRESS
1ST SESSION

S. 1982

To provide for the establishment of the United States Employee Ownership Bank, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 2, 2007

Mr. SANDERS (for himself and Mr. LEAHY) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To provide for the establishment of the United States Employee Ownership Bank, and for other purposes.

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 “United States Em-
5 ployee Ownership Bank Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

8 (1) over the past 6 years, the United States has
9 lost more than 3,000,000 decent paying manufac-
10 turing jobs;

1 (2) at the end of 2006, the United States had
2 a record-breaking trade deficit of more than
3 \$763,000,000,000, including a \$232,000,000,000
4 trade deficit with China;

5 (3) preserving and increasing decent paying
6 jobs must be a top priority of the United States
7 Congress;

8 (4) providing loan guarantees, direct loans, and
9 technical assistance to employees to buy their own
10 companies will preserve and increase employment in
11 the United States; and

12 (5) just like the United States Export-Import
13 Bank was created in 1934 during the midst of the
14 Great Depression as a way to increase United States
15 jobs through exports, the time has come to establish
16 the United States Employee Ownership Bank within
17 the Department of the Treasury to preserve and ex-
18 pand jobs in the United States.

19 **SEC. 3. ESTABLISHMENT OF UNITED STATES EMPLOYEE**
20 **OWNERSHIP BANK WITHIN THE DEPART-**
21 **MENT OF THE TREASURY.**

22 (a) ESTABLISHMENT REQUIRED.—Before the end of
23 the 90-day period beginning on the date of enactment of
24 this Act, the Secretary of the Treasury (in this Act re-
25 ferred to as the “Secretary”) shall establish the United

1 States Employee Ownership Bank (in this Act referred to
2 as the “Bank”) to foster increased employee ownership
3 and greater employee participation in company decision-
4 making throughout the United States.

5 (b) DUTIES OF BANK.—The Bank shall provide—

6 (1) loans subordinated to the interests of all
7 other creditors and loan guarantees, to employees to
8 purchase a business through an employee stock own-
9 ership plan or eligible worker-owned cooperative,
10 which shall be at least 51 percent employee owned;
11 and

12 (2) grants to States and nonprofit and coopera-
13 tive organizations with experience in developing em-
14 ployee-owned businesses and worker-owned coopera-
15 tives—

16 (A) to provide education and outreach to
17 inform people about the possibilities and bene-
18 fits of employee ownership of companies, gain
19 sharing, and participation in company decision-
20 making, including some financial education;

21 (B) to provide technical assistance to assist
22 employee efforts to become business owners;

23 (C) to provide participation training to
24 teach employees and employers methods of em-

1 ployee participation in company decisionmaking;
2 and

3 (D) to conduct objective third party pre-
4 feasibility and feasibility studies to determine if
5 employees who would like to start up employee
6 stock ownership plans or worker cooperatives
7 would be able to create a sustainable business.

8 (c) PRECONDITIONS.—Before the Bank makes any
9 subordinated loan or loan guarantee under subsection
10 (b)(1), the employees shall submit to the Bank—

11 (1) a business plan that shows that—

12 (A) not less than 51 percent of all interests
13 in the company is owned or controlled by an
14 employee stock ownership plan or eligible work-
15 er-owned cooperative;

16 (B) the board of directors of the company
17 is elected by all of the participants in the em-
18 ployee stock ownership plan, as well as other
19 shareholders, or by the members of the eligible
20 worker-owned cooperative; and

21 (C) all employees receive basic information
22 about company progress and have the oppor-
23 tunity to participate in day-to-day operations;
24 and

1 (2) a feasibility study from an objective third
2 party with a positive determination that the em-
3 ployee stock ownership plan or eligible worker owned
4 cooperative will generate enough margin to pay back
5 any loan, subordinated loan, or loan guarantee that
6 was made possible through the Bank.

7 (d) INSURANCE OF SUBORDINATED LOANS AND
8 LOAN GUARANTEES.—

9 (1) IN GENERAL.—The Bank shall, with respect
10 to any subordinated loan or loan guarantee provided
11 under this Act, insure such loan or loan guarantee
12 against the nonrepayment of the outstanding bal-
13 ance of the loan.

14 (2) ANNUAL PREMIUMS.—The Bank shall fix
15 the annual premium for the insurance of each subor-
16 dinated loan or loan guarantee under this subsection
17 to be paid by the borrower, in such manner and in
18 such amount as to cover no more than the cost of
19 the insurance.

20 (3) PREMIUMS AND GUARANTEE FEES AVAIL-
21 ABLE TO COVER LOSSES.—The premiums collected
22 by the Bank from insurance issued under this sub-
23 section and the fees collected by the Bank for loan
24 guarantees issued under subsection (b) shall be de-
25 posited in a fund in the Treasury, and shall be avail-

1 able to the Bank to cover any losses incurred by the
2 Bank in connection with any such loan or loan guar-
3 antee.

4 (e) TERMS AND CONDITIONS FOR LOANS AND LOAN
5 GUARANTEES.—Notwithstanding any other provision of
6 law, a loan or loan guarantee under subsection (b)(1)
7 shall—

8 (1) bear interest at an annual rate of, as deter-
9 mined by the Secretary—

10 (A) in the case of a direct loan—

11 (i) the cost of borrowing to the De-
12 partment of the Treasury for obligations of
13 comparable maturity; or

14 (ii) 4 percent; and

15 (B) in the case of a guaranteed loan, the
16 current applicable market rate for a loan of
17 comparable maturity; and

18 (2) have a term not to exceed 12 years.

19 (f) TECHNICAL ASSISTANCE IN THE DISCRETION OF
20 THE SECRETARY.—In the case of activities under sub-
21 section (b)(2)(B), the Secretary may require the Bank—

22 (1) to provide for the targeting of key groups,
23 such as retiring business owners, unions, managers,
24 trade associations, and community organizations;

1 (2) to encourage cooperation in organizing
2 workshops and conferences;

3 (3) to provide for the preparation and distribu-
4 tion of materials concerning employee ownership and
5 participation; and

6 (4) to provide training workshops for personnel
7 of State, nonprofit, and cooperative technical assist-
8 ance organizations and to defray part of the costs of
9 an annual meeting of such organizations to share
10 their experience and best practices.

11 (g) PARTICIPATION TRAINING IN THE DISCRETION
12 OF THE SECRETARY.—In the case of activities under sub-
13 section (b)(2)(C), the Secretary may require the Bank—

14 (1) to provide for courses on employee partici-
15 pation; and

16 (2) to provide for the development and fostering
17 of networks of employee owned companies to spread
18 the use of successful participation techniques.

19 **SEC. 4. REGULATIONS.**

20 (a) IN GENERAL.—Not later than 90 days after the
21 date of enactment of this Act, the Secretary shall promul-
22 gate such regulations as are necessary to implement this
23 Act.

24 (b) CONTENT.—Regulations required by subsection
25 (a) shall include provisions—

1 (1) to ensure the safety and soundness of the
2 Bank; and

3 (2) to ensure that the Bank will not compete
4 with commercial financial institutions;

5 **SEC. 5. ORGANIZATION OF THE BANK.**

6 (a) **MANAGEMENT.**—There shall be at the head of the
7 Bank, a Director of the United States Employee Owner-
8 ship Bank (in this Act referred to as the “Director”), who
9 shall be appointed by, and serve at the pleasure of, the
10 Secretary.

11 (b) **STAFF.**—The Director may select, appoint, em-
12 ploy, and fix the compensation of such employees as are
13 necessary to carry out the functions of the Bank.

14 **SEC. 6. AUTHORIZATION OF APPROPRIATIONS.**

15 There are authorized to be appropriated to the Sec-
16 retary of the Treasury, \$100,000,000 for fiscal year 2008,
17 and such sums as may be necessary thereafter to carry
18 out this Act.

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