



AMENDMENT NO. _____ Calendar No. _____

Purpose: To establish the Employee Ownership Loan Program.

IN THE SENATE OF THE UNITED STATES—119th Cong., 1st Sess.**S. 1728**

To amend the Employee Retirement Income Security Act of 1974 to expand the membership of the Advisory Council on Employee Welfare and Pension Benefit Plans to include representatives of employee ownership organizations.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. SANDERS

Viz:

1 At the end, add the following:

2 **SEC. 3. EMPLOYEE OWNERSHIP FINANCING.**

3 (a) DEFINITIONS.—In this section:

4 (1) DIRECTOR.—The term “Director” means
5 the Director of the Office of Employee Ownership
6 appointed under subsection (b)(1)(B).

7 (2) ELIGIBLE WORKER-OWNED COOPERA-
8 TIVE.—The term “eligible worker-owned coopera-
9 tive” has the meaning given the term in section
10 1042(c)(2) of the Internal Revenue Code of 1986.

1 (3) EMPLOYEE STOCK OWNERSHIP PLAN.—The
2 term “employee stock ownership plan” has the
3 meaning given the term in section 4975(e)(7) of the
4 Internal Revenue Code of 1986.

5 (4) OFFICE.—The term “Office” means the Of-
6 fice of Employee Ownership established under sub-
7 section (b)(1)(B).

8 (5) SECRETARY.—The term “Secretary” means
9 the Secretary of Labor.

10 (b) OFFICE OF EMPLOYEE OWNERSHIP.—

11 (1) ESTABLISHMENT OF THE OFFICE OF EM-
12 PLOYEE OWNERSHIP.—

13 (A) IN GENERAL.—Not later than 90 days
14 after the date of enactment of this Act, the Sec-
15 retary shall establish the Office of Employee
16 Ownership in the Department of Labor, outside
17 of the Employee Benefits Security Administra-
18 tion.

19 (B) DIRECTOR.—The Secretary shall ap-
20 point the Director of the Office of Employee
21 Ownership to serve as the head of the Office at
22 the pleasure of the Secretary.

23 (C) STAFF.—The Director may select, ap-
24 point, and employ such employees as are nec-
25 essary to carry out the functions of the Office.

1 (2) FUNCTIONS.—The Director shall be respon-
2 sible for—

3 (A) carrying out the Employee Ownership
4 Initiative established under section 346 of the
5 SECURE 2.0 Act of 2022 (29 U.S.C. 3228);
6 and

7 (B) carrying out the Employee Ownership
8 Loan Program under subsection (c).

9 (c) EMPLOYEE OWNERSHIP LOAN PROGRAM.—

10 (1) DEFINITION OF ELIGIBLE ENTITY.—In this
11 subsection, the term “eligible entity”—

12 (A) means—

13 (i) an employee stock ownership plan;

14 (ii) an eligible worker-owned coopera-
15 tive; or

16 (iii) a qualified trust under section
17 401(a) of the Internal Revenue Code of
18 1986, or another entity, on behalf of an
19 employee stock ownership plan or eligible
20 worker-owned cooperative, which other en-
21 tity may include a company that sponsors
22 an employee stock ownership plan; and

23 (B) excludes any entity primarily owned by
24 a private equity firm, as defined by the Direc-
25 tor.

1 (2) LOAN PROGRAM.—

2 (A) IN GENERAL.—The Director shall es-
3 tablish and carry out an Employee Ownership
4 Loan Program to make loans, or loan guaran-
5 tees, to eligible entities satisfying the require-
6 ments under paragraph (3) in order to foster
7 increased employee ownership of United States
8 companies and greater employee participation
9 in company decision making throughout the
10 United States.

11 (B) LOANS.—

12 (i) IN GENERAL.—Each loan or loan
13 guarantee made by the Secretary to an eli-
14 gible entity under this subsection shall
15 be—

16 (I) to enable the eligible entity to
17 purchase the equity of a company—

18 (aa) that is not less than 51
19 percent employee-owned; or

20 (bb) that will become not
21 less than 51 percent employee-
22 owned through support from the
23 loan or loan guarantee;

24 (II) to allow a company that is
25 less than 51 percent employee-owned

1 to become not less than 51 percent
2 employee-owned;

3 (III) to allow a company that is
4 not less than 51 percent employee-
5 owned to increase the level of em-
6 ployee ownership at the company; or

7 (IV) to allow a company that is
8 not less than 51 percent employee-
9 owned to expand operations and in-
10 crease or preserve employment.

11 (ii) TERMS AND CONDITIONS FOR
12 LOANS AND LOAN GUARANTEES.—Notwith-
13 standing any other provision of law, a loan
14 that is made or guaranteed under this sub-
15 section shall—

16 (I) bear interest at an annual
17 rate that is the lesser of—

18 (aa) a rate that is sufficient
19 to cover an appropriate amount
20 of the cost of borrowing and
21 losses to the Department of
22 Labor for obligations of com-
23 parable maturity, as determined
24 by the Secretary in consultation
25 with the Director; or

1 (bb) a rate that is equal to
2 the current applicable market
3 rate for a loan of comparable ma-
4 turity, as determined by the Sec-
5 retary in consultation with the
6 Director;

7 (II) have a repayment period not
8 to exceed 15 years; and

9 (III) satisfy applicable require-
10 ments of the Internal Revenue Code
11 of 1986 and the Employee Retirement
12 Income Security Act of 1974 (29
13 U.S.C. 1001 et seq.).

14 (iii) SUBORDINATION.—A loan or loan
15 guarantee made under this subsection may
16 be subordinated to the interests of current
17 and former participants in the employee
18 stock ownership plan or eligible worker-
19 owned cooperative if an eligible entity files
20 for bankruptcy, if determined appropriate
21 by the Director.

22 (3) PRECONDITIONS.—An eligible entity seeking
23 a loan or loan guarantee under this subsection shall
24 submit to the Director, at such time, in such man-
25 ner, and containing such information as the Director

1 may reasonably require, a business plan (and follow-
2 up reporting on the business plan, as determined by
3 the Director) that—

4 (Δ) in the case of an eligible entity that is
5 an employee stock ownership plan or that is re-
6 ceiving the loan or loan guarantee on behalf of
7 such a plan, demonstrates that—

8 (i) not less than 51 percent of the eq-
9 uity of the company to be supported by the
10 loan or loan guarantee is or will be owned
11 by an employee stock ownership plan;

12 (ii) the trustee of the plan has full
13 voting rights for the shares and, under the
14 plan, such shares are voted in accordance
15 with section 409(e) of the Internal Rev-
16 enue Code of 1986;

17 (iii) not fewer than 2 of the members
18 of the board of directors of such company
19 are directors who are not employed by the
20 company, have no other business relation-
21 ship with the company, and are otherwise
22 independent from the company;

23 (iv) the company will establish a com-
24 mittee, of which not less than 50 percent
25 of the members are employees (but not of-

1 ficers) of the company, that will, not later
2 than 1 year after receipt of the loan or
3 loan guarantee, submit to the Director a
4 plan to establish a system of meaningful
5 employee involvement in any work-related
6 decisions of the company, including deci-
7 sions with respect to—

8 (I) increasing workplace democ-

9 racy;

10 (II) open-book management; and

11 (III) other forms of meaningful

12 employee engagement;

13 (v) the company offers a diversified

14 investment option for retirement for em-

15 ployees; and

16 (vi) all employees of the company will

17 receive basic information about company

18 progress on a quarterly basis as deter-

19 mined by the Director through regulations;

20 (B) in the case of an eligible entity that is

21 an eligible worker-owned cooperative or that is

22 receiving the loan or loan guarantee on behalf

23 of such a cooperative, demonstrates that the

24 board of directors of the company is or will be

25 elected, by members of the eligible worker-

1 owned cooperative on a 1 member to 1 vote
2 basis; and

3 (C) contains a study from an independent
4 third party with—

5 (i) a fair market valuation of the com-
6 pany; and

7 (ii) a positive determination that the
8 eligible entity should generate enough cash
9 flow to pay back the loan or loan guar-
10 antee within the repayment period required
11 under paragraph (2)(B)(ii)(II).

12 (4) LOAN PORTFOLIO.—

13 (A) EMPLOYEE OWNERSHIP LOAN PRO-
14 GRAM FUND.—

15 (i) ESTABLISHMENT.—There is estab-
16 lished in the Treasury of the United States
17 a fund to be known as the “Employee
18 Ownership Loan Program Fund”.

19 (ii) DEPOSITS.—Notwithstanding sec-
20 tion 3302 of title 31, there shall be depos-
21 ited in the Employee Ownership Loan Pro-
22 gram Fund any amount repaid or other-
23 wise received with respect to loans or loan
24 guarantees made under this subsection, in-
25 cluding from any collection effort.

1 (iii) AVAILABILITY OF AMOUNTS.—All
2 amounts deposited in the Employee Owner-
3 ship Loan Program Fund under clause (ii)
4 shall—

5 (I) be deposited as offsetting col-
6 lections into the Employee Ownership
7 Loan Program Fund;

8 (II) be available to the Director,
9 without further appropriation, to
10 make loans or loan guarantees under
11 this subsection and for the adminis-
12 trative costs of such loans and loan
13 guarantees; and

14 (III) remain available to the Di-
15 rector until expended.

16 (B) LIMITATION OF LOAN PORTFOLIO.—
17 The principal amount of outstanding loans and
18 loan guarantees made under this subsection (in-
19 cluding using amounts from the Employee
20 Ownership Loan Program Fund) shall not ex-
21 ceed, in the aggregate, \$500,000,000 at any
22 one time.

23 (d) EMPLOYEE RIGHT OF FIRST REFUSAL BEFORE
24 PLANT CLOSING.—

1 (1) IN GENERAL.—Section 3 of the Worker Ad-
2 justment and Retraining Notification Act (29 U.S.C.
3 2102) is amended by adding at the end the fol-
4 lowing:

5 “(e) EMPLOYEE STOCK OWNERSHIP PLANS AND EL-
6 IGIBLE WORKER-OWNED COOPERATIVES.—

7 “(1) OPPORTUNITY TO PURCHASE.—If an em-
8 ployer orders a plant closing that is a permanent
9 shutdown of an entire facility, the employer shall in-
10 clude in the notice required under subsection (a) an
11 offer for the affected employees of the employer to
12 purchase that plant or facility, or the company of
13 the plant or facility, through either of the following:

14 “(A) An employee stock ownership plan, as
15 defined in section 4975(e)(7) of the Internal
16 Revenue Code of 1986, sponsored by a company
17 that is not less than 51 percent employee-
18 owned.

19 “(B) An eligible worker-owned cooperative,
20 as defined in section 1042(c)(2) of such Code.

21 “(2) DETERMINATION OF VALUE.—

22 “(A) IN GENERAL.—The value of the
23 plant, facility, or company that is the subject of
24 the offer described in paragraph (1) shall be the
25 fair market value of the plant, facility, or com-

pany, respectively, as determined by an appraisal that is—

“(i) conducted by an independent third party selected in accordance with subparagraph (B); and

“(ii) paid for by the employer described in paragraph (1).

“(B) INDEPENDENT THIRD PARTY.—The independent third party described in subparagraph (A)(i) shall be—

“(i) in the case of a plant, facility, or company to be purchased through an employee stock ownership plan, selected by the trustee of the plan; and

“(ii) in the case of an eligible worker-owned cooperative, selected jointly by the employer described in paragraph (1) and the affected employees of that employer (or the designated representative of such employees).

“(C) DISCLOSURES.—For purposes of determining the value of a plant, facility, or company that is the subject of an employee stock ownership plan or eligible worker-owned cooperative described in paragraph (1), the offer re-

1 quired under such paragraph shall include, with
2 respect to the plant, facility, or company, a dis-
3 closure of—

4 “(i) any outstanding liabilities, includ-
5 ing any outstanding claims by creditors;

6 “(ii) copies of all recent financial
7 statements;

8 “(iii) securities filings or related dis-
9 closures;

10 “(iv) any legal claims filed against the
11 company;

12 “(v) any bankruptcy filings; and

13 “(vi) any other similar information
14 necessary to determine the full value and
15 financial viability of the plant, facility, or
16 company (and in the case of a plant or
17 company, any facilities of the plant or
18 company).

19 “(3) LIMITATION.—In the event that the af-
20 fected employees and employer described in para-
21 graph (1) (or the designated representatives of such
22 employees and employer) enter, in good faith and
23 during the 60-day period after the employer serves
24 the notice required under subsection (a), into nego-
25 tiations for the purchase of the plant, facility, or

1 company, the plant (and all facilities or operating
2 units at the plant), facility (and all operating units
3 at such facility), or company (and all facilities or op-
4 erating units at the company), as applicable, shall
5 remain open during such negotiations and for at
6 least the 30-day period following the closing date for
7 such purchase.”.

8 (2) EXEMPTION FROM PROHIBITED TRANS-
9 ACTIONS FOR PURCHASE DUE TO PLANT CLOSING.—

10 (A) IN GENERAL.—Section 408 of Em-
11 ployee Retirement Income Security Act of 1974
12 (29 U.S.C. 1108) is amended by adding at the
13 end the following:

14 “(i) PURCHASE AND OPERATION OF EMPLOYER
15 COMPANY, PLANT, OR FACILITY DUE TO PLANT CLOS-
16 ING.—Sections 406 and 407 shall not apply to the pur-
17 chase and operation of a company, plant, or facility
18 through an employee stock ownership plan (as that term
19 is defined in section 4975(e)(7) of the Internal Revenue
20 Code of 1986) pursuant to section 3(e) of the Worker Ad-
21 justment and Retraining Notification Act (29 U.S.C.
22 2102(e)).”.

23 (B) CONFORMING AMENDMENTS TO THE
24 INTERNAL REVENUE CODE OF 1986.—

1 (i) IN GENERAL.—Subsection (d) of
2 section 4975 of the Internal Revenue Code
3 of 1986 is amended by striking “or” at the
4 end of paragraph (24), by striking the pe-
5 riod at the end of paragraph (25) and in-
6 serting “, or”, and by adding at the end
7 the following new paragraph:

8 “(26) the purchase and operation of a company,
9 plant, or facility through an employee stock owner-
10 ship plan pursuant to section 3(e) of the Worker Ad-
11 justment and Retraining Notification Act (29 U.S.C.
12 2102(e)).”.

13 (ii) EXEMPTION FROM OWNER-EM-
14 PLOYEE RULES.—Subparagraph (A) of
15 section 4975(f)(6) of such Code is amend-
16 ed by striking “(9) and (12)” and insert-
17 ing “(9), (12), and (26)”.

18 (e) ADVISORY COUNCIL ON EMPLOYEE OWNER-
19 SHIP.—

20 (1) IN GENERAL.—

21 (A) ESTABLISHMENT.—There is hereby es-
22 tablished an Advisory Council on Employee
23 Ownership (hereinafter in this subsection re-
24 ferred to as the “Council”) consisting of 7
25 members appointed by the Secretary.

1 (B) MEMBERSHIP.—

2 (i) IN GENERAL.—Of the 7 members
3 of the Council—

4 (I) 4 shall be appointed to rep-
5 resent employees;

6 (II) 1 shall be appointed to rep-
7 resent companies that have estab-
8 lished an employee stock ownership
9 plan or eligible worker-owned coopera-
10 tive;

11 (III) 1 shall be appointed to rep-
12 resent employee stock ownership plan
13 providers; and

14 (IV) 1 shall be appointed to rep-
15 resent associations or other member-
16 ship organizations for employee stock
17 ownership plans or eligible worker-
18 owned cooperatives.

19 (ii) POLITICAL AFFILIATION.—Not
20 more than 4 members of the Council shall
21 be members of the same political party.

22 (C) TERMS.—Members of the Council shall
23 serve for terms of 2 years.

1 (D) APPOINTMENT; REAPPOINTMENT.—A
2 member of the Council may be reappointed to
3 serve additional terms.

4 (E) VACANCIES.—A member of the Coun-
5 cil appointed to fill a vacancy shall be appointed
6 only for the remainder of such term.

7 (F) QUORUM.—A majority of members of
8 the Council shall constitute a quorum and ac-
9 tion shall be taken only by a majority vote of
10 those present and voting.

11 (2) DUTIES AND FUNCTIONS.—

12 (A) IN GENERAL.—It shall be the duty of
13 the Council to advise the Secretary with respect
14 to the carrying out of the functions of the Sec-
15 retary under this section and to submit to the
16 Secretary recommendations with respect to car-
17 rying out such duties.

18 (B) MEETINGS.—The Council shall meet
19 at least 4 times each year and at such other
20 times as the Secretary requests.

21 (C) REPORT.—The Council shall annually
22 submit a report to the Secretary on the rec-
23 ommendations described in subparagraph (A).

24 (3) EXECUTIVE SECRETARY; SECRETARIAL AND
25 CLERICAL SERVICES.—The Secretary shall furnish to

1 the Council an Executive Secretary and such secre-
2 tarial, clerical, and other services as are determined
3 necessary to conduct the business of the Council.
4 The Secretary may call upon other agencies of the
5 Federal Government for statistical data, reports, and
6 other information which will assist the Council in
7 the performance of its duties.

8 (4) COMPENSATION.—

9 (A) IN GENERAL.—Members of the Council
10 shall each be entitled to receive the daily equiv-
11 alent of the annual rate of basic pay in effect
12 for level IV of the Executive Schedule under
13 section 5315 of title 5, United States Code for
14 each day (including travel time) during which
15 they are engaged in the actual performance of
16 duties vested in the Council.

17 (B) TRAVEL EXPENSES.—While away from
18 their homes or regular places of business in the
19 performance of services for the Council, mem-
20 bers of the Council shall be allowed travel ex-
21 penses, including per diem in lieu of subsist-
22 ence, in the same manner as persons employed
23 intermittently in the Government service are al-
24 lowed expenses under section 5703 of title 5,
25 United States Code.

1 (5) TERMINATION.—Section 1013 of title 5,
2 United States Code, relating to termination, shall
3 not apply to the Council.

4 (f) REGULATIONS OR GUIDANCE.—Not later than 1
5 year after the date of enactment of this Act, the Secretary
6 shall prescribe such regulations or guidance as are nec-
7 essary to implement subsections (b), (c), and (e).

8 (g) AUTHORIZATION OF APPROPRIATIONS.—

9 (1) LOAN PROGRAM.—There are authorized to
10 be appropriated to the Employee Ownership Loan
11 Program Fund established under subsection (c)—

12 (A) \$500,000,000 for fiscal year 2026, to
13 remain available until expended, to make loans
14 or loan guarantees under such subsection dur-
15 ing such fiscal year and subsequent fiscal years;

16 (B) \$5,000,000 for fiscal year 2026, to re-
17 main available until September 30, 2026, for
18 administrative costs in establishing the program
19 under such subsection; and

20 (C) such sums as may be necessary for fis-
21 cal year 2027, and each subsequent fiscal year,
22 for administrative costs in carrying out the pro-
23 gram during such fiscal years.

24 (2) ADDITIONAL AUTHORIZATIONS.—There are
25 authorized to be appropriated to the Secretary to

- 1 carry out this section, other than subsection (c),
- 2 such sums as may be necessary for each fiscal year.