

*Bob Sanders**Sanders #3*

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                    (A) 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) ADVISORY COUNCIL ON EMPLOYEE OWNER-  
24 SHIP.—

25 (1) IN GENERAL.—

1           (A) ESTABLISHMENT.—There is hereby es-  
2           tablished an Advisory Council on Employee  
3           Ownership (hereinafter in this subsection re-  
4           ferred to as the “Council”) consisting of 7  
5           members appointed by the Secretary.

6           (B) MEMBERSHIP.—

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

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

11          (II) 1 shall be appointed to rep-  
12          resent companies that have estab-  
13          lished an employee stock ownership  
14          plan or eligible worker-owned coopera-  
15          tive;

16          (III) 1 shall be appointed to rep-  
17          resent employee stock ownership plan  
18          providers; and

19          (IV) 1 shall be appointed to rep-  
20          resent associations or other member-  
21          ship organizations for employee stock  
22          ownership plans or eligible worker-  
23          owned cooperatives.

1 (ii) POLITICAL AFFILIATION.—Not  
2 more than 4 members of the Council shall  
3 be members of the same political party.

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

6 (D) APPOINTMENT; REAPPOINTMENT.—A  
7 member of the Council may be reappointed to  
8 serve additional terms.

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

12 (F) QUORUM.—A majority of members of  
13 the Council shall constitute a quorum and ac-  
14 tion shall be taken only by a majority vote of  
15 those present and voting.

16 (2) DUTIES AND FUNCTIONS.—

17 (A) IN GENERAL.—It shall be the duty of  
18 the Council to advise the Secretary with respect  
19 to the carrying out of the functions of the Sec-  
20 retary under this section and to submit to the  
21 Secretary recommendations with respect to car-  
22 rying out such duties.

23 (B) MEETINGS.—The Council shall meet  
24 at least 4 times each year and at such other  
25 times as the Secretary requests.

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

4           (3) EXECUTIVE SECRETARY; SECRETARIAL AND  
5           CLERICAL SERVICES.—The Secretary shall furnish to  
6           the Council an Executive Secretary and such secre-  
7           tarial, clerical, and other services as are determined  
8           necessary to conduct the business of the Council.  
9           The Secretary may call upon other agencies of the  
10          Federal Government for statistical data, reports, and  
11          other information which will assist the Council in  
12          the performance of its duties.

13          (4) COMPENSATION.—

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

22           (B) TRAVEL EXPENSES.—While away from  
23           their homes or regular places of business in the  
24           performance of services for the Council, mem-  
25           bers of the Council shall be allowed travel ex-

1           penses, including per diem in lieu of subsist-  
2           ence, in the same manner as persons employed  
3           intermittently in the Government service are al-  
4           lowed expenses under section 5703 of title 5,  
5           United States Code.

6           (5) TERMINATION.—Section 1013 of title 5,  
7           United States Code, relating to termination, shall  
8           not apply to the Council.

9           (e) REGULATIONS OR GUIDANCE.—Not later than 1  
10          year after the date of enactment of this Act, the Secretary  
11          shall prescribe such regulations or guidance as are nec-  
12          essary to implement subsections (b), (c), and (d).

13          (f) AUTHORIZATION OF APPROPRIATIONS.—

14                 (1) LOAN PROGRAM.—There are authorized to  
15          be appropriated to the Employee Ownership Loan  
16          Program Fund established under subsection (c)—

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

21                         (B) \$5,000,000 for fiscal year 2026, to re-  
22                         main available until September 30, 2026, for  
23                         administrative costs in establishing the program  
24                         under such subsection; and

1                   (C) such sums as may be necessary for fis-  
2                   cal year 2027, and each subsequent fiscal year,  
3                   for administrative costs in carrying out the pro-  
4                   gram during such fiscal years.

5                   (2) ADDITIONAL AUTHORIZATIONS.—There are  
6                   authorized to be appropriated to the Secretary to  
7                   carry out this section, other than subsection (c),  
8                   such sums as may be necessary for each fiscal year.