



### **ESOP Association Endorses “Temporary Federal ESOP Grant Program Act of 2020”**

#### **Thanks Sen. Johnson (R-WI) For Leadership; Encourages inclusion in COVID “Phase Four”**

WASHINGTON, DC, July 21, 2020 – The Temporary Federal ESOP Grant Program Act of 2020, introduced Tuesday by long-time ESOP advocate, Senator Ron Johnson (R-WI) would provide struggling U.S. businesses with liquidity grants in exchange for the establishment or expansion of Employee Stock Ownership Plans (ESOPs). ESOPs are a form of employee ownership that give employees the opportunity to own shares in the companies where they work through a federally regulated retirement plan.

Johnson’s groundbreaking legislation will provide:

- Grants of up to \$20,000 per employee for qualified businesses that seek to establish a new ESOP, or expand the employee ownership share in an existing ESOP;
- Requires the grant recipient to certify that capital investments equal to the grant will be made toward fixed assets including manufacturing equipment and tools, computers, land, buildings, facilities, health and safety equipment, and other similar investments;
- For purposes of establishing fair market value for the shares to be held by the ESOP trust, the Department of Treasury shall determine the proper method of business valuation based upon an independent valuation using generally accepted valuation approaches;
- The Grant program will continue for two years, until September 30, 2022.

“On behalf of the ESOP Association’s membership, I want to express our gratitude to Senator Johnson for recognizing the important role ESOPs can play in our nation’s economic recovery from the COVID-19 pandemic,” said James Bonham, President and CEO of The ESOP Association. “We strongly support this legislation and call for leaders of both parties to include it in the next round of COVID relief. The bill would provide vital liquidity for businesses, greater economic and job security for employees, and an invaluable economic stimulus through investment in fixed assets, equipment replacement or maintenance, or other similar investments. This type of stimulus is exactly what this country needs to get our economy moving again.”

Full text of the legislation can be found [here](#).

#### About Employee Stock Ownership Plans (ESOPs)

ESOPs are a retirement plan that provides employees with a chance to share in the profits they help create. ESOPs typically have no out of pocket expense for employees. ESOP companies excel at creating engaging workplace cultures, and are less likely to lay off their employees, according to national research. These plans benefit the business, the founders/owners, the employees, and the communities in which ESOPs are found.

#### About The ESOP Association

Formed in 1979, [The ESOP Association](#) is the leading national trade association representing more than 6,200 ESOP companies, 10.6 million employee owners, and the professionals who provide services to them, such as attorneys, accountants, financial advisors, and professional fiduciaries/trustees.