



### **Legislation Eliminating Iowa Retirement Income Tax, Including ESOPs, Signed Into Law**

Des Moines Iowa, March 1, 2022 –Today Iowa Governor Kim Reynolds returned to Library Binding Services (LBS Inc.), a 100% employee-owned business, to sign into law legislation to eliminate state taxes on retirement income, including taxes on Employee Stock Ownership Plans (ESOP) distributions. This important change has the power to motivate more Iowa business owners to sell their businesses to their employees as a business succession plan.

“Earlier this month Governor Reynolds joined the employee owners of LBS in Des Moines, along with employee owners from other ESOP companies, and laid out the case for the important provisions that eliminate state taxes on retirement income. Today on this matter she can proudly claim that ‘promises made’ have been ‘promises kept,’” said James Bonham, President of The ESOP Association.

Bonham continued, “Importantly, the Governor’s efforts and support for employee ownership helps Iowa address the coming ‘silver tsunami’ of business succession with the baby boom generation departing the workforce.”

More than 28,000 Iowa businesses are owned by a baby boomer, representing more than 311,000 Iowa jobs and \$75 billion in business revenues. More than 65% of these businesses have no succession plan. This legislation incentivizes these businesses to convert to an ESOP at a time when 2.5 million businesses nationwide are seeking succession plans. To learn more about ESOPs as a business succession option please [visit our website](#).

“While the retirement income provisions were part of broader tax reform legislation, the successful passage of the bill by the Iowa state legislature with some bipartisan support shows the continued broad support for employee ownership from both parties. Governors and state legislators of both parties have worked on initiatives that support employee ownership, which has historically received bipartisan support in the U.S. Congress as well. We believe this trend is just beginning as other legislatures and governors embrace the benefits of employee ownership,” Bonham concluded.

### **ESOPs in Iowa**

According to the most recent US Department of Labor data, there are now 172 companies in Iowa owned partially or fully by an Employee Stock Ownership Plan (ESOP). In 2018, Iowa ESOPs distributed \$606,748,460 to employees who had retired or otherwise left their companies. These distributions help local communities, workers, and businesses thrive.

### **About the ESOP Association**

The ESOP Association is the largest organization in the world supporting employee-owned companies, the more than 10 million U.S. employees who participate in an ESOP, and the professionals who provide services to them. Headquartered at the International Employee Ownership Center in Washington, DC and operating as a 501(c)6 organization with the affiliated Employee Ownership Foundation, The ESOP Association conducts and funds academic research, provides more than 160 annual conferences and events attended by nearly 15,000 individuals, and advocates on behalf of employee owners and their businesses to federal and state lawmakers.

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