

110TH CONGRESS
1ST SESSION

S. _____

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

IN THE SENATE OF THE UNITED STATES

Mr. SANDERS introduced the following bill; which was read twice and referred to the Committee on _____

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 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 employee stock ownership plan or eligible
14 worker-owned cooperative is owned or controlled
15 by employees;

16 (B) the board of directors of the employee
17 stock ownership plan or eligible worker-owned
18 cooperative is elected by all of the employees or
19 members; and

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

24 (2) a feasibility study from an objective third
25 party with a positive determination that the em-

1 ployee stock ownership plan or eligible worker owned
2 cooperative will generate enough margin to pay back
3 any loan, subordinated loan, or loan guarantee that
4 was made possible through the Bank.

5 (d) INSURANCE OF SUBORDINATED LOANS AND
6 LOAN GUARANTEES.—

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

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

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

1 Bank in connection with any such loan or loan guar-
2 antee.

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

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

9 (A) in the case of a direct loan—

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

13 (ii) 4 percent; and

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

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

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

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

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

1 (3) to provide for the preparation and distribu-
2 tion of materials concerning employee ownership and
3 participation.

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

7 (1) to provide for courses on employee partici-
8 pation; and

9 (2) to provide for the development and fostering
10 of networks of employee owned companies to spread
11 the use of successful participation techniques.

12 **SEC. 4. REGULATIONS.**

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

17 (b) CONTENT.—Regulations required by subsection
18 (a) shall include provisions—

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

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

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

24 (a) MANAGEMENT.—There shall be at the head of the
25 Bank, a Director of the United States Employee Owner-

1 ship Bank (in this Act referred to as the “Director”), who
2 shall be appointed by, and serve at the pleasure of, the Sec-
3 retary.

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

7 **SEC. 6. AUTHORIZATION OF APPROPRIATIONS.**

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