

## SENATE RESOLUTION No. 35

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### DIGEST OF INTRODUCED RESOLUTION

A SENATE RESOLUTION urging the legislative council to assign the topic of Employee Stock Ownership Plans to an appropriate study committee.

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## Crane

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March 4, 2019, read first time and referred to Committee on Commerce and Technology.

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Introduced

First Regular Session 121st General Assembly (2019)

## SENATE RESOLUTION No. 35

MADAM PRESIDENT:

I offer the following resolution and move its adoption:

1           A SENATE RESOLUTION urging the legislative council  
2 to assign the topic of Employee Stock Ownership Plans to an  
3 appropriate study committee.

4           *Whereas, The 2016 Annual Survey of Entrepreneurs found*  
5 *that more than 21,000 Indiana business owners have no*  
6 *succession plan for when they decide to retire;*

7           *Whereas, Employee Stock Ownership Plans ("ESOPs") are*  
8 *considered "tax-qualified" plans under the Internal Revenue*  
9 *Code and "employee pension benefit plans" under the*  
10 *Employee Retirement Income Security Act, and are similar to*  
11 *a 401(k) plan;*

12           *Whereas, If a small business adopts an ESOP, the*  
13 *employees of the business purchase the company from the*  
14 *selling owners, utilizing company earnings, in a tax advantaged*  
15 *transaction;*

16           *Whereas, ESOPs allow companies to share beneficial*  
17 *ownership with employees without requiring employees to*  
18 *invest their own money;*



1           *Whereas, Encouraging broader use of ESOPs is a highly*  
 2 *cost-effective way to retain and create jobs, increase wealth for*  
 3 *a broad sector of workers, strengthen communities, and expand*  
 4 *economic growth; and*

5           *Whereas, The sale of a business to its employees offers fair*  
 6 *compensation to retiring business owners, while also rooting*  
 7 *companies in Indiana and providing their employee-owners*  
 8 *with the opportunity to earn a secure and prosperous*  
 9 *retirement: Therefore,*

10                           *Be it resolved by the Senate of the*  
 11                           *General Assembly of the State of Indiana:*

12           SECTION 1. That the legislative council is urged to assign  
 13 to the appropriate study committee the topic of employee stock  
 14 ownership plans, including:

15           (1) Whether the State of Indiana should provide a gross  
 16 income tax exclusion for capital gains from the sale of  
 17 employer securities of a non-publicly traded business with  
 18 fewer than 500 employees to an employee stock ownership  
 19 plan.

20           (2) The feasibility and desirability of promoting and  
 21 growing employee owned companies and employee stock  
 22 ownership plans in Indiana.

23           SECTION 2. That the study committee, if assigned the  
 24 topic, shall issue to the legislative council a final report  
 25 containing the study committee's findings and recommendations  
 26 in an electronic format under IC 5-14-6 not later than  
 27 November 1, 2019.

