

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1751 Session of  
2025

INTRODUCED BY FRIEL, INGLIS, MARCELL, GIRAL, GUZMAN, HILL-EVANS,  
FREEMAN, WAXMAN, OTTEN, KRAJEWSKI, McNEILL, WEBSTER, SANCHEZ,  
BRENNAN, RIVERA, GALLAGHER AND CEPEDA-FREYTIZ, JULY 21, 2025

REFERRED TO COMMITTEE ON COMMERCE, JULY 22, 2025

AN ACT

1 Establishing the Office of Employee Ownership within the  
2 Department of Community and Economic Development;  
3 establishing the Employee Ownership Advisory Board;  
4 establishing the Main Street Employee Ownership Grant  
5 Program; and providing technical and financial assistance to  
6 employee-owned enterprises.

7 The General Assembly of the Commonwealth of Pennsylvania  
8 hereby enacts as follows:

9 Section 1. Short title.

10 This act shall be known and may be cited as the Employee  
11 Ownership Assistance Program Act.

12 Section 2. Definitions.

13 The following words and phrases when used in this act shall  
14 have the meanings given to them in this section unless the  
15 context clearly indicates otherwise:

16 "Board." The Employee Ownership Advisory Board established  
17 under section 7(a).

18 "Department." The Department of Community and Economic  
19 Development of the Commonwealth.

1 "Employee-owned enterprise." One of the following:

2 (1) A business that meets one of the following  
3 conditions:

4 (i) The business is organized as:

5 (A) an eligible worker-owned cooperative as  
6 defined under 26 U.S.C. § 1042 (relating to sales of  
7 stock to employee stock ownership plans or certain  
8 cooperatives); or

9 (B) a corporation in which the employees own the  
10 stock of the corporation through an employee stock  
11 ownership plan, within the meaning of 26 U.S.C. §  
12 4975(e)(7) (relating to tax on prohibited  
13 transactions).

14 (ii) The following apply to voting rights and shares  
15 of the business:

16 (A) A majority of the voting rights of the  
17 business are held by employees and all employees who  
18 have stock allocated to them are entitled to vote.

19 (B) Shares of the business are voted in such a  
20 manner that the vote of the majority of the employees  
21 of the business controls the vote of the majority of  
22 shares.

23 (C) Voting rights on corporate matters for  
24 shares held in a trust for the employees of the  
25 business shall pass through to those employees, at  
26 least to the extent required by the pass-through  
27 voting requirements under 26 U.S.C. § 864(c)(4)(D)  
28 (relating to definitions and special rules).

29 (iii) The majority of the members of the board of  
30 directors of the business are elected by the employees.

1           (2) A business that is organized in a manner determined  
2       by the secretary to involve substantial employee  
3       participation.

4           (3) An employee-ownership trust.

5       "Employee-ownership group." A corporation or other entity,  
6       including a labor union formed by or on behalf of the current or  
7       former employees of an industrial or commercial firm or facility  
8       located in this Commonwealth for the purpose of assuming  
9       ownership or control of the firm or facility and operating it as  
10      an employee-owned enterprise.

11      "Employee-ownership trust." Company stock or profit sharing  
12      being held by a trustee on behalf of the company's employees  
13      with employees receiving a percentage of ongoing profits or  
14      401(k) retirement plans throughout employment without receiving  
15      an equity stake in the company.

16      "Local administrative agency." An organization that enters  
17      into a written agreement with the department to administer  
18      technical and financial assistance under this act, including:

19           (1) A municipality.

20           (2) A local development district of the Appalachian  
21      Regional Commission.

22           (3) A certified economic development organization  
23      certified by The Pennsylvania Industrial Development  
24      Authority under 64 Pa.C.S. § 1123 (relating to certification  
25      of economic development organizations).

26           (4) A nonprofit economic development organization  
27      designated by the secretary.

28      "Office." The Office of Employee Ownership established under  
29      section 3(a).

30      "Secretary." The Secretary of Community and Economic

1 Development of the Commonwealth.

2 Section 3. Office of Employee Ownership.

3 (a) Establishment and purpose.--

4 (1) The Office of Employee Ownership is established in  
5 the department.

6 (2) The office shall:

7 (i) Serve as an advocate for improving government  
8 knowledge and support for well-designed, broad-based  
9 profit-sharing and ownership stakes.

10 (ii) Increase awareness of how agency programs  
11 affect companies with profit-sharing and ownership stake  
12 programs.

13 (iii) Promote legislative or regulatory changes  
14 necessary to ensure that government policies encourage  
15 the adoption of existing and emerging sharing programs.

16 (b) Gubernatorial appointment.--The Governor shall appoint  
17 an employee ownership advocate. The employee ownership advocate  
18 shall be an individual who by reason of training, experience or  
19 attainment is qualified to represent the interest of employee-  
20 owned enterprises. The following apply to the employee ownership  
21 advocate:

22 (1) No individual who serves as an employee ownership  
23 advocate shall, while serving in the position, engage in any  
24 business, vocation or other employment, or have other  
25 interests, inconsistent with the individual's official  
26 responsibilities.

27 (2) The individual serving as an employee ownership  
28 advocate may not seek or accept employment or render  
29 beneficial services for compensation with any person or  
30 corporation, as defined in 66 Pa.C.S. § 102 (relating to

1 definitions), during the tenure of the appointment and for a  
2 period of two years after the appointment is served or  
3 terminated.

4 (3) An individual who is appointed to the position of  
5 employee ownership advocate may not seek election or accept  
6 appointment to any public office during the tenure as the  
7 employee ownership advocate.

8 (4) The employee ownership advocate shall oversee the  
9 office and the programs established in this act.

10 (c) Duties.--The office shall aid and guide businesses on  
11 the benefits and formation of an employee-owned enterprise by  
12 providing outreach, education and technical assistance. The  
13 office shall:

14 (1) Establish a robust and wide-reaching network of  
15 technical support for businesses wishing to convert to  
16 employee-owned enterprises.

17 (2) Prepare and make publicly accessible in print and on  
18 the office's publicly accessible Internet website information  
19 to educate and guide business owners and employees in this  
20 Commonwealth on the benefits and formation of employee-owned  
21 enterprises.

22 (3) Educate businesses and communities across this  
23 Commonwealth on the economic and community benefits of  
24 employee-owned enterprises.

25 (4) Identify barriers to the development and advancement  
26 of employee-owned enterprises and recommend State actions and  
27 resources to remove barriers.

28 (5) Gather and maintain statistics on all employee-owned  
29 enterprises in place across this Commonwealth.

30 (6) Evaluate and submit a report by December 31 of each

1 year to the Community, Economic and Recreational Development  
2 Committee of the Senate and the Commerce Committee of the  
3 House of Representatives. Each report must include:

4 (i) The results of the office's efforts, impacts and  
5 benefits.

6 (ii) A list of all employee-owned enterprises in  
7 this Commonwealth and the counties in which the employee-  
8 owned enterprises are located.

9 (iii) Recommendations on the most effective  
10 utilization of Commonwealth funding to encourage the  
11 formation of employee-owned enterprises.

12 (iv) Other information deemed necessary by the  
13 employee ownership advocate.

14 (7) Select and fund a Pennsylvania 501(c)(3) nonprofit  
15 organization defined under 26 U.S.C. § 501(c)(3) (relating to  
16 exemption from tax on corporations, certain trusts, etc.)  
17 with well-established knowledge of employee-owned enterprises  
18 to work with the office and the department to ensure the  
19 execution requirements under this act.

20 Section 4. Technical and financial assistance program.

21 The office shall establish a technical and financial  
22 assistance program to promote the development of employee-owned  
23 enterprises.

24 Section 5. Technical assistance.

25 (a) Authorization to allocate money.--The office may  
26 allocate or distribute money to local administrative agencies  
27 for the purpose of providing grants and loans to employee-  
28 ownership groups in industrial facilities and commercial  
29 facilities, as those terms are defined in section 3 of the act  
30 of August 23, 1967 (P.L.251, No.102), known as the Economic

1 Development Financing Law, for technical assistance to develop  
2 or improve an employee-owned enterprise.

3 (b) Eligibility.--

4 (1) An employee-ownership group shall be eligible for  
5 assistance if the employees in the employee-ownership group  
6 are employed by, formerly employed by or affiliated with one  
7 of the following:

8 (i) An existing firm facing a threat of substantial  
9 layoffs or a plant closing and investigating a  
10 reorganization of all or some portion of the firm's  
11 business activity, at sites located within this  
12 Commonwealth, as an employee-owned enterprise.

13 (ii) An existing firm, not necessarily facing a  
14 threat of substantial layoffs or a plant closing but  
15 considering a conversion to an employee-owned enterprise  
16 and seeking professional services to accomplish the  
17 conversion if conversion to employee ownership will  
18 create new jobs or retain existing jobs at sites in this  
19 Commonwealth.

20 (iii) An existing firm which currently has some form  
21 of employee ownership and requires professional services  
22 to ensure success of the employee-owned enterprise in the  
23 effort to create new jobs or retain existing jobs at  
24 sites in this Commonwealth.

25 (2) For purposes of this subsection, the term "existing  
26 firm" shall include an ongoing concern, the assets of an  
27 existing company or the assets of a company that has been  
28 closed for no more than one year as of the date of  
29 application for the feasibility study.

30 (c) Use of awarded money.--An employee-ownership group may

1 be awarded sums of money for the following purposes:

2 (1) Feasibility studies to investigate a reorganization  
3 or new incorporation as an employee-owned enterprise. At a  
4 minimum, the feasibility study shall:

5 (i) Assess the market value and demand for the  
6 product produced by the plant affected by the closing or  
7 layoff.

8 (ii) Assess the market value and demand for other  
9 products that could be manufactured or assembled at the  
10 plant affected by the closing or layoff.

11 (iii) Evaluate the production costs to be incurred  
12 if the plant were to be operated by the employee-  
13 ownership group.

14 (2) Professional services to implement a feasibility  
15 study and other professional services to develop or ensure  
16 the success of an employee-owned enterprise.

17 (d) Repayment of awarded money.--Money awarded to an  
18 employee-ownership group under subsection (c) is subject to the  
19 following repayment conditions:

20 (1) If the enterprise studied is purchased or improved  
21 by the employee-ownership group, the sum of money awarded  
22 will constitute a loan and the employee-ownership group shall  
23 repay the entire amount of the loan, with interest, in a lump  
24 sum at the closing of the purchase of the company or within  
25 one year after the date of the release of the loan by the  
26 office, whichever occurs later. The amount of the loan repaid  
27 shall be returned to the office for the purpose of issuing  
28 additional loans. The interest paid on the loan shall be used  
29 by the office for administrative costs associated with  
30 administering this act.



1           (2) If the enterprise studied is not purchased by the  
2 employee-ownership group within one year after the completion  
3 of the feasibility study, and the enterprise makes a good  
4 faith effort to pursue conversion, the money will constitute  
5 a grant.

6           (3) The office shall evaluate the employee-ownership  
7 group's final report under paragraph (2) to determine if  
8 repayment is feasible. If the office determines that the  
9 employee-ownership group is unable to repay the sum of  
10 awarded money, the amount of money that was awarded to the  
11 employee-ownership group will constitute a grant. If the  
12 office determines that the employee-ownership group is able  
13 to repay some or all of the money awarded, the amount of  
14 money that was awarded to the employee-ownership group will  
15 constitute a loan.

16       (e) Other conditions.--

17           (1) The applicant shall provide evidence that there is a  
18 prospect for recovery and future job growth or job retention  
19 in applications under subsection (b)(1)(i) or a substantial  
20 prospect of job growth or job retention in applications under  
21 subsection (b)(1)(ii) and (iii).

22           (2) Maximum State participation shall be 50% of the  
23 total cost of the technical assistance and the maximum loan  
24 or grant amount shall be \$35,000.

25 Section 6. Financial assistance.

26       (a) Authorization to allocate funds.--The office may  
27 allocate or distribute money to local administrative agencies  
28 for the purpose of providing loans and loan guarantees to  
29 employee-owned enterprises reorganizing industrial facilities,  
30 manufacturing facilities and agricultural enterprises as defined

1 in section 3 of the act of May 17, 1956 (1955 P.L.1609, No.537),  
2 known as the Pennsylvania Industrial Development Authority Act,  
3 for the development of employee-owned enterprises.

4 (b) Eligibility.--

5 (1) Eligibility for assistance shall be limited to  
6 reorganizing an existing enterprise being evaluated for  
7 conversion to an employee ownership group, an organization  
8 which is facing a threat of substantial layoffs or a plant  
9 closing which may be assisted by conversion to employee  
10 ownership, a start-up organization seeking formation as a  
11 worker cooperative business or an existing employee ownership  
12 enterprise seeking funding to grow the business to create new  
13 jobs.

14 (2) For purposes of this subsection, the term "existing  
15 enterprise" includes an ongoing concern, the assets of an  
16 existing company or the assets of a company which has been  
17 closed for no more than one year as of the date of completion  
18 of a feasibility study.

19 Section 7. Employee Ownership Advisory Board.

20 (a) Establishment.--The Employee Ownership Advisory Board is  
21 established within the department.

22 (b) Powers and duties.--The board shall have the following  
23 powers and duties:

24 (1) Raise awareness for employee-owned enterprises in  
25 this Commonwealth.

26 (2) Research methods to encourage the development and  
27 expansion of employee-owned enterprises in this Commonwealth.

28 (3) Make recommendations to the department and General  
29 Assembly on policies related to employee-owned enterprises.

30 (4) Develop proposed best practices for employee-owned

enterprises in this Commonwealth.

(5) Develop educational materials and outreach opportunities for the maintenance and development of employee-owned enterprises in this Commonwealth.

(c) Members.--The board shall be composed of the following members:

(1) The Employee Ownership Advocate.

(2) An employee owner.

(3) A certified public accountant.

(4) A representative from a worker-owned cooperative.

(5) A representative from a federation of labor unions.

(6) A representative from the banking industry or community development financial institution.

(7) A regional advocate for business development.

(8) A professor from an institution of higher education located in this Commonwealth with an expertise in employee ownership and labor relations.

(9) A representative from a law firm with expertise in employee ownership.

(10) A member of the Senate appointed by the President pro tempore of the Senate.

(11) A member of the House of Representatives appointed by the Speaker of the House of Representatives.

(d) Officers.--

(1) The Employee Ownership Advocate shall serve as the chairperson of the board.

(2) The board shall elect a vice chairperson from the members of the board.

(e) Term.--Except for the Employee Ownership Advocate, all members of the board shall serve a term of four years and may

1 serve on the board until a successor is appointed.

2 (f) Compensation.--Members of the board shall not receive  
3 compensation for service on the board but shall be reimbursed  
4 for expenses incurred in the performance of their duties under  
5 this act.

6 (g) Staff support.--The office shall provide staff support  
7 to the board.

8 (h) Meetings.--The board shall meet at least twice each year  
9 to consider issues related to employee-owned enterprises and  
10 make recommendations to the department and General Assembly.

11 (i) Reports.--

12 (1) No later than December 31, 2025, and each December  
13 31 thereafter, the board shall issue an annual report  
14 detailing recommendations and actions made by the board.

15 (2) Each annual report under this subsection shall be  
16 submitted to:

17 (i) The chairperson and minority chairperson of the  
18 Community, Economic and Recreational Development  
19 Committee of the Senate.

20 (ii) The chairperson and minority chairperson of the  
21 Commerce Committee of the House of Representatives.

22 Section 8. Main Street Employee Ownership Grant Program.

23 (a) Establishment.--The Main Street Employee Ownership Grant  
24 Program is established within the office to provide grants to  
25 businesses that are eligible under subsection (b).

26 (b) Eligibility.--A business is eligible for grants under  
27 this section if the business has fewer than 200 employees.

28 (c) Use of grant.--Grant money awarded may be used by an  
29 eligible business to:

30 (1) Establish a workers' cooperative in accordance with

1 15 Pa.C.S. Ch. 77 (relating to workers' cooperative  
2 corporations).

3 (2) Convert a business to an employee-owned enterprise.

4 (3) Provide support for technical assistance, such as  
5 the proper management of an employee-owned enterprise, best  
6 business practices or other assistance approved by the  
7 office.

8 (d) Limitation and approval.--Grant awards may not exceed  
9 \$35,000. If a business is approved for a grant under this  
10 section, the business shall have an automatic approval for  
11 financial assistance under section 6.

12 Section 9. Administration.

13 (a) Responsibility of local administrative agencies.--Local  
14 administrative agencies shall promote the employee ownership  
15 program and the Main Street Employee Ownership Grant Program by  
16 soliciting applications, evaluating applications and making  
17 preliminary decisions on both technical assistance and financial  
18 assistance. Not more than 2% of the money appropriated for the  
19 purpose of this act may be used by local administrative agencies  
20 for the purpose of administering these programs.

21 (b) Approval by employee ownership advocate.--The employee  
22 ownership advocate shall have full responsibility for final  
23 approval of all applications for assistance.

24 (c) Advances.--The office may make money advances to local  
25 administrative agencies for the purpose of making loans, loan  
26 guarantees or grants consistent with this act. Advances under  
27 this section must be repaid to the office when the loan or loan  
28 guarantee is repaid by the borrower.

29 (d) Rules and regulations.--The secretary may adopt and  
30 promulgate rules and regulations, statements of policy or forms,

1 guidelines and other procedures, forms and requirements  
2 necessary for the implementation and administration of this act.  
3 Section 10. Indicators of program impact.

4 (a) Report.--On March 1 of each year of the employee  
5 ownership program's and the Main Street Employee Ownership Grant  
6 Program's existence, the employee ownership advocate shall  
7 submit a report to the Secretary of the Senate and the Chief  
8 Clerk of the House of Representatives on the impact of the  
9 programs, including:

10 (1) Rules, guidelines or statements of policy used in  
11 administering the programs.

12 (2) The number of employee-ownership groups and firms  
13 applying for and receiving assistance.

14 (3) The number of feasibility studies which were  
15 actually implemented.

16 (4) The number of jobs retained or created and the  
17 number of jobs created or retained as a result of financial  
18 assistance.

19 (5) Other information deemed necessary by the employee  
20 ownership advocate.

21 (b) Information to office.--Recipients of assistance under  
22 these programs shall provide the office with the information  
23 needed to fulfill the reporting requirement under subsection  
24 (a).

25 Section 11. Nondiscrimination.

26 A loan, grant or other financial assistance may not be made  
27 to a recipient under this act unless the recipient certifies to  
28 the department, in a form satisfactory to the department, that  
29 the recipient will not discriminate against an employee or  
30 against an applicant for employment because of race, religion,

1 color, national origin, sex or age.

2 Section 12. Guidelines and regulations.

3 (a) One-year exemption from review.--In order to facilitate  
4 implementation of this act, the department may promulgate, adopt  
5 and use temporary guidelines that shall be transmitted as a  
6 notice to the Legislative Reference Bureau for publication in  
7 the next available issue of the Pennsylvania Bulletin. The  
8 guidelines shall not be subject to review under any of the  
9 following:

10 (1) Section 612 of the act of April 9, 1929 (P.L.177,  
11 No.175), known as The Administrative Code of 1929.

12 (2) Sections 201, 202, 203, 204 and 205 of the act of  
13 July 31, 1968 (P.L.769, No.240), referred to as the  
14 Commonwealth Documents Law.

15 (3) Section 204(b) of the act of October 15, 1980 (P.L.  
16 950, No.164), known as the Commonwealth Attorneys Act.

17 (4) The act of June 25, 1982 (P.L.633, No.181), known as  
18 the Regulatory Review Act.

19 (b) Expiration of exemption.--After the expiration of the  
20 one-year period, all guidelines shall expire and shall be  
21 replaced by regulations that shall have been promulgated,  
22 adopted and published as provided by law.

23 Section 13. Annual appropriation and funding sources.

24 (a) Estimate of expenditures.--Before November 1 of each  
25 year, the employee ownership advocate shall estimate the total  
26 expenditures for the office and submit the estimate to the  
27 Governor in accordance with section 610 of the act of April 9,  
28 1929 (P.L.177, No.175), known as The Administrative Code of  
29 1929. At the same time the office submits the estimate to the  
30 Governor, the office shall also submit the estimate to the

1 General Assembly. The following apply:

2 (1) The employee ownership advocate shall be afforded an  
3 opportunity to appear before the Governor, the Appropriations  
4 Committee of the Senate and the Appropriations Committee of  
5 the House of Representatives regarding the estimate.

6 (2) For each fiscal year, the office shall calculate the  
7 office's proposed appropriation by subtracting the unspent  
8 portion of the office's budget for the previous fiscal year  
9 from the total appropriation that was approved by the General  
10 Assembly. The remainder shall be allocated to the department  
11 for the next fiscal year.

12 (b) Allocation of assessment.--For each fiscal year, the  
13 office shall determine for the preceding calendar year the  
14 amount of its expenditures directly attributable to  
15 administering this act as follows:

16 (1) Expenditures of the office directly attributable to  
17 section 5.

18 (2) Expenditures of the office directly attributable to  
19 section 6.

20 (3) Expenditures of the office directly attributable to  
21 section 8.

22 (4) Expenditures of the office directly attributable to  
23 section 9.

24 (5) Total expenditures of the office directly  
25 attributable to administering this act.

26 (c) Funding sources.--Any of the following may be used as  
27 funding sources for the office for the purposes of this act:

28 (1) Money appropriated for the purposes of this act.

29 (2) Federal money appropriated or authorized for the  
30 purposes of this act.



1           (3) Money received from a State agency through an  
2           interagency agreement or memorandum of understanding.

3           (4) A gift or other contribution from a public or  
4           private source.

5           (5) Returns on money dedicated for the purposes of this  
6           act, including, but not limited to, interest on loans or loan  
7           guarantees.

8           (6) Any appropriation that was unspent by the end of a  
9           previous fiscal year.

10   Section 14. Effective date.

11       This act shall take effect in 60 days.