

* * * Employee Ownership * * *

Sec. M.1. 32 V.S.A. § 5828a is added to read:

§ 5828a. CREDIT FOR SALE TO EMPLOYEE STOCK OWNERSHIP

PLAN OR WORKER COOPERATIVE

(a) As used in this section:

(1) “Employee stock ownership plan” means an employee stock ownership plan as defined in 26 U.S.C. § 4975(e)(7).

(2) “Qualifying business” means a privately held business with 500 or fewer employees.

(3) “Worker cooperative” means:

(A) an eligible worker-owned cooperative as defined in 26 U.S.C. § 1042(c);

(B) a worker cooperative organized under 11 V.S.A. chapter 8; or

(C) an organization that meets the following criteria:

(i) employees of the organization constitute a majority of its membership;

(ii) members of the organization hold a majority of the voting power;

(iii) members of the organization have the authority to elect a majority of the board of directors on the basis of one person, one vote; and

(iv) the organization allocates a majority of its allocated earnings and losses to members on the basis of:

(I) patronage;

(II) capital contributions; or

(III) a combination of (I) and (II).

1 (b)(1) A taxpayer of this State may claim a credit against the tax imposed under
2 section 5822 or 5832 of this title for 50 percent of the net capital gain from the sale or
3 exchange to an employee stock ownership plan or worker cooperative of 30 percent or
4 more of the capital assets of a qualifying business in which the taxpayer has an interest.

5 (2) The taxpayer may claim a credit pursuant to this section for the year in which
6 the sale occurred and may carry forward unused credit for the next three years.

7 Sec. M.2. EXPANDING EMPLOYEE OWNERSHIP; FEASIBILITY

8 STUDIES FOR EMPLOYEE STOCK OWNERSHIP PLANS AND

9 WORKER COOPERATIVE CONVERSIONS; APPROPRIATION

10 (a) The amount of \$50,000.00 is appropriated from the General Fund to the Agency of
11 Commerce and Community Development in fiscal year 2017 to support feasibility studies
12 for the creation of an employee stock ownership plan or worker cooperative, for up to
13 one-half of the cost of the study, with a maximum of \$25,000.00 per company.

14 (b) On or before January 1, 2018, the Agency shall submit a report to the General
15 Assembly and the Governor detailing the expenditure of sums appropriated pursuant to
16 this section and evaluating the success of the assistance and promotion program.