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Bill Analysis
Legislative Service Commission

S.B. 186

123rd General Assembly
(As Introduced)

Sens. Herington, Furney, Fingerhut, DiDonato, Cupp, Mallory, Hagan

BILL SUMMARY

- Proposed to extend the expiration date of the Employee Ownership Assistance Program from December 31, 1999, to December 31, 2004.

CONTENT AND OPERATION

The Employee Ownership Assistance Program

The bill proposed to extend for another five years the Employee Ownership Assistance Program. Former law had provided that the program would expire on December 31, 1999, and indeed that sunset provision has taken effect.¹ The bill proposed to amend that sunset provision, Section 2 of Sub. H.B. 668 of the 120th General Assembly, *before* it was scheduled to take effect to extend the expiration date of the program to December 31, 2004. Under the now sunset program, the Director of Development was required to assist individuals, groups of individuals, employees, employees organizations, and local communities interested in establishing an employee-owned corporation (see **COMMENT**) as an alternative to the closing or relocation of a business establishment. (Section 1 of the bill; former R.C. 122.13, 122.131, 122.132, 122.133, 122.134, 122.135, and 122.136, not in the bill.)

¹ *Because the expiration date of the program has passed, the sections of the Revised Code that authorized and governed the program are repealed (R.C. 122.13, 122.131, 122.132, 122.133, 122.134, 122.135, and 122.136). Therefore, a favorable report of the Senate Economic Development, Technology, and Aerospace Committee must take the form of a substitute bill that reenacts these sections and establishes, if desired, in uncodified law a future "sunset" date.*

COMMENT

1. *Employee-owned corporation.* Former law defined an "employee-owned corporation" in part as a business operation controlled by a board of directors selected by the shareholders. Management rights had to be represented by voting stock owned solely by the business operation's employees, a nonprofit community development corporation, or a specified type of employee-owned stock ownership plan. An employee-owned corporation included a business in which at least 50% of each class of voting security was owned by an employee stock ownership trust established under a specified type of employee stock ownership plan, as defined in the Internal Revenue Code. (Former R.C. 122.13(B), not in the bill.)

2. *Assistance formerly available from the Department of Development.* Under former law, upon the request of an interested party affected by the closing or relocation of a business establishment, the Director of Development was authorized to conduct a study of the feasibility of establishing an employee-owned corporation to continue the operations of the affected establishment or to operate another business. In addition, the Director could hold an informational meeting of representatives of the local community, the corporation involved, representatives of any employee organization, and affected employees to explain the services available from the Department relative to the formation of an employee-owned corporation. Those services included the following (among others): providing technical assistance and counseling services for the formation and operation of an employee-owned corporation; assisting individuals in obtaining financing for the purchase and operation of an employee-owned corporation; and coordinating the efforts of local, state, federal, and private organizations to assist in the formation or operation of employee-owned corporations. (Former R.C. 122.132, 122.134, and 122.135, not in the bill.)

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	09-23-99	p. 1010

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