
OLR Bill Analysis

SB 3

AN ACT ESTABLISHING AN EMPLOYEE OWNERSHIP PROGRAM TO PROMOTE BUSINESS RETENTION AND GROWTH.

SUMMARY:

This bill requires the Department of Economic and Community Development (DECD), in consultation with the Department of Labor (DOL), to issue a request for proposals (RFP) to economic or community development corporations or other nonprofits to develop and administer a program to encourage employee stock ownership plans (ESOPs) and other types of employee ownership of businesses. DECD must issue the RFP by January 1, 2015.

By April 1, 2015, the DECD, in consultation with DOL, must evaluate the proposals and may approve one. The approved program must provide education, outreach, technical assistance, and training regarding ESOPs and other forms of employee-owned businesses. The departments must give preference to proposals with certain features. DECD must report on the program to the Commerce Committee by October 1, 2016.

The bill requires DECD to provide a grant of up to \$500,000 to the approved program. The bill authorizes using \$500,000 in bond proceeds from previously authorized Manufacturing Assistance Act bonds for the grant.

EFFECTIVE DATE: October 1, 2014

PROGRAM REQUIREMENTS

The program established under this bill must provide:

1. education and outreach to employees, employers, and entrepreneurs about the benefits of employee ownership, business ownership succession planning, and employee

participation in decision-making, including information about financial education, open-book management principles that give employees business performance information, and other ways that employees can contribute ideas to help their business succeed;

2. technical assistance in forming and transitioning to employee-owned businesses, including assessments of the feasibility of transitioning to such ownership models and starting new businesses based on them;
3. training employees and employers on methods of employee participation in open-book management, work teams, and other ways to increase employee input; and
4. educational events through partnerships with the University of Connecticut, Connecticut State University System, and industry trade associations that promote awareness of employee ownership.

In selecting a proposal, the departments must give preference to programs that:

1. provide feasibility assessments for employee ownership or fund third-party assessments and preliminary business valuations;
2. establish a database to help employees find legal, financial, and technical advice about business ownership; or
3. create a fee structure for technical assistance so that the program may be self-sustaining in the future without long-term state subsidies.

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 17 Nay 0 (03/20/2014)