116TH CONGRESS
2D Session

H. R. 6851

To require major corporations receiving Federal aid related to COVID–19 to make annual payments of equity to employees of the corporation while such aid is outstanding, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 13, 2020

Ms. OCASIO-CORTEZ introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To require major corporations receiving Federal aid related to COVID–19 to make annual payments of equity to employees of the corporation while such aid is outstanding, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EQUITY PAYMENTS TO EMPLOYEES WHILE RECEIVING FEDERAL AID.

(a) In General.—Any major corporation that receives Federal aid related to COVID–19 shall, until the date on which all such Federal aid is repaid to the Federal
Government, make an annual grant of equity to the employees of the corporation as provided under this section.

(b) Payment Amount.—

(1) Total Amount.—

(A) In General.—The aggregate number of shares of stock granted by a corporation under this section with respect to a year shall, as a percentage of the corporation’s total shares outstanding, be equal to or greater than the prior annual stock grant percentage.

(B) Prior Annual Stock Grant Percentage.—In this paragraph, the term “prior annual stock grant percentage” means the average, over the 3 years preceding January 1, 2020, of the annual total number of shares of stock in any equity plans of the corporation and shares underlying any stock option plans of the corporation, taken together, as a percent to the corporation’s total shares outstanding.

(2) Individual Amounts.—The equity grant for each individual employee shall be at least in proportion to a formula taking into account that employee’s salary adjusted for tenure with each year of tenure counting equally, and with a wage limit of $137,700.
(c) Other Requirements and Authorities.—

(1) Form of Grant.—A grant of equity under this section shall be a grant of whole shares of stock through a restricted stock plan, a leveraged or non-leveraged Employee Stock Ownership Plan, or a stock bonus plan.

(2) Prohibition on Conditions.—A grant of equity to an employee under this section may not be conditioned on the purchase of company stock or any employee performance evaluations of any kind.

(3) Voting and Dividend Rights.—Equity granted under this section shall be equal, in terms of voting rights and dividend rights, to the class of securities of the corporation other than those issued under this section that carry the highest voting rights and dividend rights.

(4) Right to Use Federal Aid.—In the case of a leveraged Employee Stock Ownership Plan, the Federal aid related to COVID–19 may be used by the corporation to finance the Employee Stock Ownership Plan.

(d) Sense of Congress.—It is the sense of the Congress that annual grants of equity made under this section should not substitute for any wages or benefits of

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any kind that were part of the total compensation of an employee in the year before such grants are received.

(e) Rulemaking; Enforcement.—The Securities and Exchange Commission shall issue such rules as may be necessary to carry out this section and may enforce the requirements of this section.

(f) Definitions.—In this Section:

(1) Employee.—The term “employee”—

(A) means any full-time or part-time employee in good standing working for the corporation on the date of the receipt of Federal aid related to COVID–19; and

(B) does not include—

(i) any individual who owns more than 5 percent of the voting shares of the corporation;

(ii) a Named Executive Officer; and

(iii) any management employee participating in an equity compensation plan before the corporation received the Federal aid related to COVID–19.

(2) Federal Aid.—The term “Federal aid” means any emergency lending provided under section 13(3) of the Federal Reserve Act or any Federal fi-
nancial support in the form of a grant, loan, or loan

guarantee.

(3) **MAJOR CORPORATION.**—The term “major
corporation” means any issuer—

(A) the securities of which are traded on a
national securities exchange;

(B) the securities of which are required to
be registered with the Securities and Exchange
Commission under section 12(g) or 15(d) of the
Securities Exchange Act of 1934; or

(C) that is an accelerated filed, as defined
in section 240.12b–2 of title 17, Code of Fed-
eral Regulations.

(4) **MANAGEMENT EMPLOYEE.**—The term
“management employee” means any employee who
supervises another employee.

(5) **SECURITIES TERMS.**—The terms “issuer”,
“national securities exchange”, and “security” have
the meaning give those terms, respectively, under
section 3 of the Securities Exchange Act of 1934