STATE OF NEW YORK

5349

2017-2018 Regular Sessions

IN SENATE

March 22, 2017

Introduced by Sen. ALCANTARA -- read twice and ordered printed, and when printed to be committed to the Committee on Education

AN ACT to amend the education law, in relation to employee-owned enterprises; to amend the cooperative corporations law, in relation to creating an advisory panel on the viability of increasing employee-owned enterprises; and to amend the tax law, in relation to a capital gains exemption

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Paragraph (a) of subdivision 4 of section 3032 of the education law, as amended by chapter 683 of the laws of 1986, is amended to read as follows:

(a) Employer specific skill training grant programs shall be designed to support, supplement and contribute to the expansion and maintenance of the economy of the state. Local education agencies shall apply to the commissioner for grants for conducting employer specific skill training programs. Application for funds by local education agencies for training programs shall be in a manner consistent with the application process for business and industry specific training programs under the vocational education act of 1963 and the job training partnership act; the sum of such grants per region shall not exceed the total funds allocated or reallocated to the region for such purposes. Such programs shall provide retraining and upgrading to existing or potential personnel in order to improve technology, quality control, production efficiency, or to adapt to other changes in the labor market, or to provide unique training programs to meet the emerging needs and occupations of the state's business and industry or providing training to individuals to promote the successful management and/or operation of [~~a business purchased by such individuals to provide for their continued employment through the formation of a worker owned cooperative or an employee stock ownership plan~~] **employee-owned enterprises, as defined by subdivision**

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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five of section eighteen hundred thirty-six-b of the public authorities law, by such employees. No grant shall exceed fifty per centum of the total program cost. Eligible program cost may include employer wages paid to the employee for time spent in the training program. Applications for a grant by local education agencies shall be in a form prescribed by the commissioner.

§ 2. The cooperative corporations law is amended by adding a new section 95 to read as follows:

§ 95. Advisory panel on viability of increasing employee-owned enterprises. 1. An advisory panel is hereby created under the department of labor to investigate how the number of worker cooperatives and employee stock ownership plans can be increased to help keep local jobs within the state. The advisory panel shall also study the possibility of funding a state center for democratic employee ownership through section one hundred four-a of the economic development law, to promote employee-owned businesses, provide assistance to new companies, facilitate transfers from retiring business owners to new employee-owned enterprises, as defined by subdivision five of section eighteen hundred thirty-six-b of the public authorities law, and provide training to employees of worker cooperatives and employee stock ownership plans.

2. Such advisory panel shall be appointed by the commissioner of labor and such commissioner shall establish the number and composition of individuals to serve on such advisory panel.

3. Such panel members shall serve without compensation except that such members shall be entitled to reimbursement for actual and necessary expenses incurred in such service.

4. The advisory panel shall make an annual update and recommendations to the speaker of the assembly, temporary president of the senate and the governor regarding the findings of such investigation and study described in subdivision one of this section.

§ 3. Subsection (c) of section 612 of the tax law is amended by adding a new paragraph 42 to read as follows:

(42) One hundred percent of the capital gains from the sale of stock or member interest from a New York corporation to an employee-owned enterprise or a limited liability company, as defined by subdivision five of section eighteen hundred thirty-six-b of the public authorities law. In order to qualify for such modification as described in this paragraph, such employee-owned enterprise must have its commercial domicile in New York. If the employee-owned enterprise is an "employee stock ownership plan," it must comply with federal requirements as such plan as defined in 26 U.S.C. § 4975(e)(7).

§ 4. This act shall take effect immediately.