

104TH CONGRESS  
1ST SESSION

# H. R. 2705

To provide that Federal contracts and certain Federal subsidies shall be provided only to businesses which have qualified profit-sharing plans.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 5, 1995

Mr. FATTAH introduced the following bill; which was referred to the Committee on Government Reform and Oversight, and in addition to the Committee on Economic and Educational Opportunities, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide that Federal contracts and certain Federal subsidies shall be provided only to businesses which have qualified profit-sharing plans.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “American Profit Shar-  
5 ing Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds that:

1           (1) Reducing income disparities will stimulate  
2           and stabilize the national economy.

3           (2) The best solutions to prevailing income dis-  
4           parities are structural changes in our income dis-  
5           tribution system.

6           (3) It is important that American corporations  
7           retain the flexibility to compete effectively in this  
8           global economy.

9           (4) It is equally important that the well-being  
10          of the American worker be protected in this chang-  
11          ing economic environment.

12          (5) The most effective incomes policy approach  
13          in such an environment is diversification of sources  
14          and types of income for the American worker.

15          (6) Return to capital in terms of interest, divi-  
16          dends, and capital gains have soared in recent years  
17          and is the single most robust source of income  
18          growth.

19          (7) A significant percentage of this increase in  
20          the return to capital has been a direct result of pub-  
21          lic policy and public investment.

22          (8) Our global competitors use profit sharing as  
23          a significant part of their employee compensation  
24          systems.

1           (9) In this country, profit sharing has been  
2 shown to contribute to increased productivity and  
3 profitability.

4           (10) It is appropriate that taxpayers participate  
5 in capital expansions created and financed with tax  
6 dollars.

7 **SEC. 3. PROVISION OF FEDERAL CONTRACTS AND CERTAIN**  
8 **FEDERAL SUBSIDIES ONLY TO BUSINESSES**  
9 **WITH QUALIFIED PROFIT-SHARING PLANS.**

10       (a) IN GENERAL.—Federal contracts and specified  
11 Federal subsidies may be provided only to businesses  
12 which have a stock bonus or profit-sharing plan which  
13 meets the requirements of section 401(a) of the Internal  
14 Revenue Code of 1986.

15       (b) EXCEPTION FOR START-UP SMALL BUSI-  
16 NESSES.—Subsection (a) shall not apply to any business  
17 for a year unless—

18           (1) such business has been in existence for at  
19 least 10 prior years,

20           (2) such business has more than 5 full-time em-  
21 ployees (or their equivalent) at any time during the  
22 year, and

23           (3) the gross income of the business for the  
24 year exceeds \$10,000,000.

1 Rules similar to the rules of paragraph (2), and subpara-  
2 graphs (B), (C), and (D) of paragraph (3), of section  
3 448(c) shall apply for purposes of the preceding sentence.

4 **SEC. 4. DEFINITIONS.**

5 (a) FEDERAL CONTRACT.—For purposes of this Act,  
6 the term “Federal contract” means any contract funded  
7 directly or indirectly with Federal funds.

8 (b) SPECIFIED FEDERAL SUBSIDY.—For purposes of  
9 this Act, the term “specified Federal subsidy” means any  
10 of the following Federal benefits which benefit the busi-  
11 ness:

12 (1) Any grant or other payment funded directly  
13 or indirectly with Federal funds.

14 (2) Any guaranteed loan if such guarantee is by  
15 any Federal agency or any payment under the guar-  
16 antee is directly or indirectly from Federal funds.

17 (3) Any loan the interest rate on which, or the  
18 other terms of which, are more favorable than loans  
19 otherwise available to the borrower from non-Federal  
20 sources if the more favorable interest rate or other  
21 terms are funded directly or indirectly by Federal  
22 funds.

23 Paragraphs (2) and (3) shall not apply to loans under dis-  
24 aster loan programs.

1 **SEC. 5. EFFECTIVE DATE.**

2       This Act shall take effect on the date of the enact-  
3 ment of this Act.

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