

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.

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. EQUITY PAYMENTS TO EMPLOYEES WHILE RE-**
4 **CEIVING FEDERAL AID.**

5 (a) IN GENERAL.—Any major corporation that re-
6 ceives Federal aid related to COVID–19 shall, until the
7 date on which all such Federal aid is repaid to the Federal

1 Government, make an annual grant of equity to the em-
2 ployees of the corporation as provided under this section.

3 (b) PAYMENT AMOUNT.—

4 (1) TOTAL AMOUNT.—

5 (A) IN GENERAL.—The aggregate number
6 of shares of stock granted by a corporation
7 under this section with respect to a year shall,
8 as a percentage of the corporation’s total shares
9 outstanding, be equal to or greater than the
10 prior annual stock grant percentage.

11 (B) PRIOR ANNUAL STOCK GRANT PER-
12 CENTAGE.—In this paragraph, the term “prior
13 annual stock grant percentage” means the aver-
14 age, over the 3 years preceding January 1,
15 2020, of the annual total number of shares of
16 stock in any equity plans of the corporation and
17 shares underlying any stock option plans of the
18 corporation, taken together, as a percent to the
19 corporation’s total shares outstanding.

20 (2) INDIVIDUAL AMOUNTS.—The equity grant
21 for each individual employee shall be at least in pro-
22 portion to a formula taking into account that em-
23 ployee’s salary adjusted for tenure with each year of
24 tenure counting equally, and with a wage limit of
25 \$137,700.

1 (c) OTHER REQUIREMENTS AND AUTHORITIES.—

2 (1) FORM OF GRANT.—A grant of equity under
3 this section shall be a grant of whole shares of stock
4 through a restricted stock plan, a leveraged or non-
5 leveraged Employee Stock Ownership Plan, or a
6 stock bonus plan.

7 (2) PROHIBITION ON CONDITIONS.—A grant of
8 equity to an employee under this section may not be
9 conditioned on the purchase of company stock or
10 any employee performance evaluations of any kind.

11 (3) VOTING AND DIVIDEND RIGHTS.—Equity
12 granted under this section shall be equal, in terms
13 of voting rights and dividend rights, to the class of
14 securities of the corporation other than those issued
15 under this section that carry the highest voting
16 rights and dividend rights.

17 (4) RIGHT TO USE FEDERAL AID.—In the case
18 of a leveraged Employee Stock Ownership Plan, the
19 Federal aid related to COVID–19 may be used by
20 the corporation to finance the Employee Stock Own-
21 ership Plan.

22 (d) SENSE OF CONGRESS.—It is the sense of the
23 Congress that annual grants of equity made under this
24 section should not substitute for any wages or benefits of

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

3 (e) RULEMAKING; ENFORCEMENT.—The Securities
4 and Exchange Commission shall issue such rules as may
5 be necessary to carry out this section and may enforce
6 the requirements of this section.

7 (f) DEFINITIONS.—In this Section:

8 (1) EMPLOYEE.—The term “employee”—

9 (A) means any full-time or part-time em-
10 ployee in good standing working for the cor-
11 poration on the date of the receipt of Federal
12 aid related to COVID–19; and

13 (B) does not include—

14 (i) any individual who owns more than
15 5 percent of the voting shares of the cor-
16 poration;

17 (ii) a Named Executive Officer; and

18 (iii) any management employee par-
19 ticipating in an equity compensation plan
20 before the corporation received the Federal
21 aid related to COVID–19.

22 (2) FEDERAL AID.—The term “Federal aid”
23 means any emergency lending provided under section
24 13(3) of the Federal Reserve Act or any Federal fi-

1 nancial support in the form of a grant, loan, or loan
2 guarantee.

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

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

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

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

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

17 (5) SECURITIES TERMS.—The terms “issuer”,
18 “national securities exchange”, and “security” have
19 the meaning give those terms, respectively, under
20 section 3 of the Securities Exchange Act of 1934
21 (15 U.S.C. 78c).

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