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## Appropriations Committee

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### HB 2047

**Brief Description:** Eliminating the Washington employee ownership program.

**Sponsors:** Representatives Richards, Parshley, Macri and Gregerson.

**Brief Summary of Bill**

- Eliminates the Washington Employee Ownership Program administered by the Department of Commerce, which supports efforts of businesses considering a sale to an employee ownership structure.

**Hearing Date:** 4/3/25

**Staff:** Jessica Van Horne (786-7288).

**Background:**

Employee ownership refers to the arrangement where no one person has the most shares or control over an organization. The most common form of employee ownership in the United States is the Employee Stock Ownership Plan, which provides tax benefits in return for sharing ownership with employees. Other types of employee ownership include cooperatives, which are member-owned business entities in which worker-owners have a controlling interest, and employee ownership trusts, where a business is owned or partially owned by a perpetual trust from which employees may receive certain financial benefits and governance rights.

During the 2023 Legislative Session, the Legislature created the Washington Employee Ownership Program (Program) within the Department of Commerce (Commerce) to support efforts of businesses considering a sale to an employee ownership structure. Commerce must implement the Program through activities including, but not limited to: (1) creating a network of technical support and service providers for businesses; (2) partnering with relevant organizations

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to promote employee ownership benefits and succession models; (3) providing a referral service to help qualified business owners find appropriate legal, financial, and technical employee ownership resources and services; and, (4) subject to the successful award of federal funding, establishing a revolving loan program to assist existing small businesses to finance a transition to employee ownership.

The Legislature also created the Washington Employee Ownership Commission (Commission) to develop rules and guidelines for administration of the Program in consultation with the Director of Commerce, and to conduct market research to support a future application for federal funding.

The Employee Ownership Revolving Loan Program Account (Account) is a nonappropriated account created to support the Program. Expenditures may only be used for costs to implement the Program. Revenues consist of sources including, but not limited to, legislative appropriations or transfers, repayments of loans under the revolving loan program, and private contributions. No funding was appropriated or transferred into the Account in the 2023-25 fiscal biennium.

**Summary of Bill:**

The Program, Commission, and Account are all eliminated effective June 30, 2025. Any residual balance of funds remaining in the Account shall be transferred by the State Treasurer to the State General Fund.

**Appropriation:** None.

**Fiscal Note:** Requested on March 25, 2025.

**Effective Date:** The bill contains an emergency clause and takes effect on June 30, 2025.