MN/Dakota’s Company of the Year - SJE-Rhombus

SJE-Rhombus, Detroit Lakes, MN – MN/Dakotas Chapter Company of the Year 2017

SJE-Rhombus started as a small manufacturing company headquartered in Detroit Lakes, MN, that has grown over the years to a total of seven US locations, $90 million in sales and approximately 400 employees. SJE-Rhombus has been an ESOP company since 1987 and 100% employee owned since 1998 (S-Corp).

From the time the ESOP was established in 1987, SJE-Rhombus has worked hard to educate employees, the community and other local organizations on what a positive impact the ESOP has been for the shareholders and the growth of the company.

You can read SJE’s award submission in its entirety on the MN/Dakotas Chapter website www.mndak-esop.org

Summary of House Bill 2092
Promotion and Expansion of Private Employee Ownership Act of 2017

On April 12, 2017, eight members of the U.S. House of Representatives introduced H.R. 2092, the “Promotion and Expansion of Private Employee Ownership Act of 2017.”

Summary of H.R. 2092’s substantive provisions:
1. Would extend the gain deferral provisions of Internal Revenue Code Section 1042 to sales of S corporation employer stock to ESOPs an option currently only available to C corporations.
2. Would allow banks to deduct 50% of the interest received with respect to loans made to finance the purchase of an S corporation’s stock by an ESOP.
3. Would mandate the establishment of an “S Corporation Employee Ownership Assistance Office” by the Secretary of the Treasury to foster increased employee ownership of S corporations.
4. Would permit an SBA-certified small business – C or S corporation – that is eligible for SBA loan, preference or other programs to maintain its eligibility after becoming majority-owned by an ESOP.

H.R. 2092 is a modest proposal that will not cost any significant tax revenues, and will build even larger account balances for retired employee-owners, who will pay more taxes on their ESOP distributions than the targeted tax expenditure. More ESOPs will be created, certain existing ESOP small businesses will qualify for SBA preference treatment for contracts and loans, and all S ESOP private companies will be able to access Treasury experts on the complex rules governing S ESOPs.

Your support of 2092 would be greatly appreciated.

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