

Date Sent: November 14, 2017

Subject Line: Tax Reform Update: Stock Options Wins in Senate Tax Bill



Good news, the provision taxing stock options at vesting has been dropped from the Senate bill. The modified bill just came out, and thanks to Senator Portman's (R-OH) amendment the entire provision governing non-qualified deferred compensation was removed from the tax reform bill. This means that we were successful in knocking the provision out of both the House bill and the Senate bill.

In other good news, language similar to the *Empowering Employees through Stock Ownership Act* was included as well in the modified Senate bill. This would allow a 5-year deferral for employees of private companies who are forced to exercise their options. **With this modified bill, the Senate has done a 180 degree turn on stock options, and now is where we have worked to get the House bill: a positive for stock options and employee ownership.**

We will continue to fight this issue should it raise its ugly head again. But now that we've gotten it removed from both the House and Senate bills during committee consideration, it's unlikely to come back in play.

As a recap, the defeated provision would have taxed stock options at vesting,

rather than exercise. This would have had a severe impact on the ability of startups to attract and retain talent, and devastate the model of shared gain in startup value creation.

