Amendment Submitted by LIEBERMAN (D-CT) to S. 783, Amendment No. 1668
[CR page S-5084, 64 lines]
Attributed to LIEBERMAN (D-CT)

LIEBERMAN (AND OTHERS) AMENDMENT NO. 1668

Mr. LIEBERMAN (for himself and Mr. Mack, Mrs. Boxer, Mr. Gramm, Mr. Bradley, Mrs. Feinstein, Mr. Bingaman, Mr. DeConcini, Mr. Wellstone, Mr. Gorton, Mr. Shelby, Mr. Bennett, Mr. Faircloth, Mrs. Hutchison, Mr. Lautenberg, and Mr. Robb) proposed an amendment to the bill S. 783, supra; as follows:

At the appropriate place insert:

SECTION 1. FINDINGS.

(a) The Financial Accounting Standards Board (FASB) is currently considering changing the Generally Accepted Accounting Principle relating to employee stock options plans and stock purchase plans;

(b) FASB's proposal that would require the use of complex mathematical formulas to estimate a value for employee stock options at the date of grant and requires those estimated values be deducted from earnings on companies' income statements;

(c) FASB has just completed an extended review of its proposal which included a public comment period, numerous field hearings and a field test;

(d) FASB's proposal has generated opposition which is unprecedented in both its intensity and universality;

(e) The accounting profession, as represented by the American Institute of Certified Public Accountants and each of the 6 largest national accounting firms, oppose FASB's proposal;

(f) Individual investors, as represented by the United Shareholders Association, oppose FASB's proposal;

(g) Institutional investors and pension funds, as represented by the Council of Institutional Investors, oppose FASB's proposal;

(h) Both the Secretary of the Treasury and the Secretary of Commerce have raised serious concerns about FASB's proposal: "Most troubling is the possibility that implementation of the proposal might result in more volatile
and less accurate and consistent financial statements because of the extreme
difficulty of valuing long-term, non-marketable, forfeitable stock options;"

(i) There is a broad consensus among those who have studied the FASB
proposal it will diminish and not improve either the integrity or
comparability of information available to investors;

(j) The National economic policy implications of FASB's proposal are
substantial because small, growth-oriented companies often lack capital and
therefore regularly rely on broad-based employee stock options to attract
employees and large business provide employee stock options and broad-based
employee stock purchase plans to help motivate their employees and improve
productivity; and

(k) The FASB proposal will diminish the ability of small companies to raise
capital and attract employees and it will curtail, not enhance broad-based
employee ownership.

SEC. 2. SENSE OF THE SENATE.

It is the Sense of the Senate that

(a) the new accounting treatment of employee stock options and employee
stock purchase plans, proposed by the Financial Accounting Standards Board,
will have grave economic consequences particularly for businesses in new-
growth sectors which rely heavily on employee entrepreneurship;

(b) the new accounting treatment of employee stock options and employee
stock purchase plans, proposed by the Financial Accounting Standards Board,
will diminish rather than expand broad-based employee stock option plans; and

(c) the Financial Accounting Standards Board should not at this time change
the current generally accepted accounting treatment of stock options and
stock purchase plans contained in Accounting Principles Board Decision 25.

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