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Your letter to Congressman Tejeda was forwarded to me since I represent you in Congress. I apologize for the delay in getting back to you.

You mentioned your concerns about a Financial Accounting Standards Board (FASB) proposal to regard employee stock options as a corporate expense item. Recently, H.R. 2759, the "Equity Expansion Act," was introduced to override this proposal.

By amending the Internal Revenue Code of 1986, H.R. 2759 would allow corporations to issue performance stock options to their employees. Additionally, the bill would amend the Securities Exchange Act of 1934 to prohibit these stocks from being taxed as income. On July 27, 1993, H.R. 2759 was referred to the House Ways and Means and Education and Labor Committees.

Like you, I have some concerns about the FASB and its proposals which would greatly reduce the earnings of many businesses. And while I'm currently studying H.R. 2759, I want you to know that I support many of its goals, including the exclusion of stock options from taxable income. You can be sure that I'll keep your views in mind when this bill comes to the House floor for a vote.

Again, thanks for contacting me. If there is anything I can do for you in the future, please let me know.

Respectfully yours,

DICK ARMEY
Member of Congress