

HR 3574

Stock Option Accounting Reform Act

Congress: 108 (2003–2005, Ended)

Chamber: House

Policy Area: Taxation

Introduced: Nov 21, 2003

Current Status: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

Latest Action: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (Sep 7, 2004)

Official Text: <https://www.congress.gov/bill/108th-congress/house-bill/3574>

Sponsor

Name: Rep. Baker, Richard H. [R-LA-6]

Party: Republican • **State:** LA • **Chamber:** House

Cosponsors (131 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Cantor, Eric [R-VA-7]	R · VA		Nov 21, 2003
Rep. Dreier, David [R-CA-26]	R · CA		Nov 21, 2003
Rep. Eshoo, Anna G. [D-CA-14]	D · CA		Nov 21, 2003
Rep. Honda, Michael M. [D-CA-15]	D · CA		Nov 21, 2003
Rep. Kennedy, Mark R. [R-MN-6]	R · MN		Nov 21, 2003
Rep. Lofgren, Zoe [D-CA-16]	D · CA		Nov 21, 2003
Rep. Tauscher, Ellen O. [D-CA-10]	D · CA		Nov 21, 2003
Rep. Brady, Kevin [R-TX-8]	R · TX		Jan 21, 2004
Rep. Burr, Richard [R-NC-5]	R · NC		Jan 21, 2004
Rep. Hayworth, J. D. [R-AZ-5]	R · AZ		Jan 21, 2004
Rep. Hooley, Darlene [D-OR-5]	D · OR		Jan 21, 2004
Rep. John, Christopher [D-LA-7]	D · LA		Jan 21, 2004
Rep. Shadegg, John B. [R-AZ-3]	R · AZ		Jan 21, 2004
Rep. Blumenauer, Earl [D-OR-3]	D · OR		Jan 27, 2004
Rep. Crowley, Joseph [D-NY-7]	D · NY		Jan 27, 2004
Rep. Dooley, Calvin M. [D-CA-20]	D · CA		Jan 27, 2004
Rep. Doolittle, John T. [R-CA-4]	R · CA		Jan 27, 2004
Rep. Houghton, Amo [R-NY-29]	R · NY		Jan 27, 2004
Rep. Inslee, Jay [D-WA-1]	D · WA		Jan 27, 2004
Rep. McGovern, James P. [D-MA-3]	D · MA		Jan 27, 2004
Rep. Capuano, Michael E. [D-MA-8]	D · MA		Feb 4, 2004
Rep. Carter, John R. [R-TX-31]	R · TX		Feb 4, 2004
Rep. Flake, Jeff [R-AZ-6]	R · AZ		Feb 4, 2004
Rep. McIntyre, Mike [D-NC-7]	D · NC		Feb 4, 2004
Rep. Souder, Mark E. [R-IN-3]	R · IN		Feb 4, 2004
Rep. Biggert, Judy [R-IL-13]	R · IL		Feb 11, 2004
Rep. Boucher, Rick [D-VA-9]	D · VA		Feb 11, 2004
Rep. Davis, Artur [D-AL-7]	D · AL		Feb 11, 2004
Rep. Davis, Lincoln [D-TN-4]	D · TN		Feb 11, 2004
Rep. Davis, Tom [R-VA-11]	R · VA		Feb 11, 2004
Rep. Gonzalez, Charles A. [D-TX-20]	D · TX		Feb 11, 2004
Rep. Goodlatte, Bob [R-VA-6]	R · VA		Feb 11, 2004
Rep. Hefley, Joel [R-CO-5]	R · CO		Feb 11, 2004
Rep. Hinojosa, Ruben [D-TX-15]	D · TX		Feb 11, 2004
Rep. Moore, Dennis [D-KS-3]	D · KS		Feb 11, 2004
Rep. Putnam, Adam H. [R-FL-12]	R · FL		Feb 11, 2004
Rep. Ross, Mike [D-AR-4]	D · AR		Feb 11, 2004
Rep. Sessions, Pete [R-TX-32]	R · TX		Feb 11, 2004
Rep. Smith, Lamar [R-TX-21]	R · TX		Feb 11, 2004
Rep. Thompson, Mike [D-CA-1]	D · CA		Feb 11, 2004
Rep. Bachus, Spencer [R-AL-6]	R · AL		Feb 24, 2004

Cosponsor	Party / State	Role	Date Joined
Rep. English, Phil [R-PA-3]	R · PA		Feb 24, 2004
Rep. Harman, Jane [D-CA-36]	D · CA		Feb 24, 2004
Rep. Herger, Wally [R-CA-2]	R · CA		Feb 24, 2004
Rep. Pearce, Stevan [R-NM-2]	R · NM		Feb 24, 2004
Rep. Blunt, Roy [R-MO-7]	R · MO		Mar 2, 2004
Rep. Carson, Brad [D-OK-2]	D · OK		Mar 2, 2004
Rep. Grijalva, Raúl M. [D-AZ-7]	D · AZ		Mar 2, 2004
Rep. Harris, Katherine [R-FL-13]	R · FL		Mar 2, 2004
Rep. Isakson, Johnny [R-GA-6]	R · GA		Mar 2, 2004
Rep. Meeks, Gregory W. [D-NY-6]	D · NY		Mar 2, 2004
Rep. Menendez, Robert [D-NJ-13]	D · NJ		Mar 2, 2004
Rep. Otter, C. L. (Butch) [R-ID-1]	R · ID		Mar 2, 2004
Rep. Pelosi, Nancy [D-CA-8]	D · CA		Mar 2, 2004
Rep. Reynolds, Thomas M. [R-NY-26]	R · NY		Mar 2, 2004
Rep. Royce, Edward R. [R-CA-40]	R · CA		Mar 2, 2004
Rep. Scott, David [D-GA-13]	D · GA		Mar 2, 2004
Rep. Wu, David [D-OR-1]	D · OR		Mar 2, 2004
Rep. Brown-Waite, Ginny [R-FL-5]	R · FL		Mar 3, 2004
Rep. Crane, Philip M. [R-IL-8]	R · IL		Mar 3, 2004
Rep. Israel, Steve [D-NY-2]	D · NY		Mar 3, 2004
Rep. Issa, Darrell E. [R-CA-49]	R · CA		Mar 3, 2004
Rep. McCarthy, Karen [D-MO-5]	D · MO		Mar 3, 2004
Rep. Meehan, Martin T. [D-MA-5]	D · MA		Mar 3, 2004
Rep. Ryun, Jim [R-KS-2]	R · KS		Mar 3, 2004
Rep. Cunningham, Randy (Duke) [R-CA-50]	R · CA		Mar 9, 2004
Rep. Farr, Sam [D-CA-17]	D · CA		Mar 9, 2004
Rep. Kind, Ron [D-WI-3]	D · WI		Mar 9, 2004
Rep. Matheson, Jim [D-UT-2]	D · UT		Mar 10, 2004
Rep. Miller, Gary G. [R-CA-42]	R · CA		Mar 10, 2004
Rep. Moran, James P. [D-VA-8]	D · VA		Mar 10, 2004
Rep. Sanchez, Loretta [D-CA-47]	D · CA		Mar 10, 2004
Rep. Cardoza, Dennis A. [D-CA-18]	D · CA		Mar 17, 2004
Rep. Filner, Bob [D-CA-51]	D · CA		Mar 17, 2004
Rep. McInnis, Scott [R-CO-3]	R · CO		Mar 17, 2004
Rep. Smith, Adam [D-WA-9]	D · WA		Mar 17, 2004
Rep. Thornberry, Mac [R-TX-13]	R · TX		Mar 17, 2004
Rep. Walden, Greg [R-OR-2]	R · OR		Mar 17, 2004
Rep. Bonilla, Henry [R-TX-23]	R · TX		Mar 25, 2004
Rep. Fossella, Vito [R-NY-13]	R · NY		Mar 25, 2004
Rep. Gephardt, Richard A. [D-MO-3]	D · MO		Mar 25, 2004
Rep. Miller, Brad [D-NC-13]	D · NC		Mar 25, 2004
Rep. Sandlin, Max [D-TX-1]	D · TX		Mar 25, 2004

Cosponsor	Party / State	Role	Date Joined
Rep. Tancredo, Thomas G. [R-CO-6]	R · CO		Mar 25, 2004
Rep. Vitter, David [R-LA-1]	R · LA		Mar 25, 2004
Rep. Boehner, John A. [R-OH-8]	R · OH		Mar 31, 2004
Rep. Feeney, Tom [R-FL-24]	R · FL		Mar 31, 2004
Rep. Garrett, Scott [R-NJ-5]	R · NJ		Mar 31, 2004
Rep. Hart, Melissa A. [R-PA-4]	R · PA		Mar 31, 2004
Rep. Ose, Doug [R-CA-3]	R · CA		Mar 31, 2004
Rep. Sensenbrenner, F. James, Jr. [R-WI-5]	R · WI		Mar 31, 2004
Rep. Turner, Jim [D-TX-2]	D · TX		Mar 31, 2004
Rep. Weller, Jerry [R-IL-11]	R · IL		Mar 31, 2004
Rep. Bell, Chris [D-TX-25]	D · TX		Apr 2, 2004
Rep. Boehlert, Sherwood [R-NY-24]	R · NY		Apr 2, 2004
Rep. Cannon, Chris [R-UT-3]	R · UT		Apr 2, 2004
Rep. Cooper, Jim [D-TN-5]	D · TN		Apr 2, 2004
Rep. Dicks, Norman D. [D-WA-6]	D · WA		Apr 2, 2004
Rep. Hensarling, Jeb [R-TX-5]	R · TX		Apr 2, 2004
Rep. Musgrave, Marilyn N. [R-CO-4]	R · CO		Apr 2, 2004
Rep. Carson, Julia [D-IN-7]	D · IN		Apr 20, 2004
Rep. Cox, Christopher [R-CA-48]	R · CA		Apr 20, 2004
Rep. Manzullo, Donald A. [R-IL-16]	R · IL		Apr 20, 2004
Rep. Wilson, Heather [R-NM-1]	R · NM		Apr 20, 2004
Rep. Jones, Walter B., Jr. [R-NC-3]	R · NC		Apr 22, 2004
Rep. Lantos, Tom [D-CA-12]	D · CA		Apr 22, 2004
Rep. Green, Gene [D-TX-29]	D · TX		Apr 28, 2004
Rep. Case, Ed [D-HI-2]	D · HI		May 19, 2004
Rep. Pombo, Richard W. [R-CA-11]	R · CA		May 19, 2004
Rep. Rogers, Mike J. [R-MI-8]	R · MI		May 19, 2004
Rep. Schiff, Adam B. [D-CA-29]	D · CA		May 19, 2004
Rep. Nethercutt, George R., Jr. [R-WA-5]	R · WA		Jun 1, 2004
Rep. Nunes, Devin [R-CA-21]	R · CA		Jun 1, 2004
Rep. Price, David E. [D-NC-4]	D · NC		Jun 3, 2004
Rep. Hall, Ralph M. [R-TX-4]	R · TX		Jun 8, 2004
Rep. McCollum, Betty [D-MN-4]	D · MN		Jun 8, 2004
Rep. Chandler, Ben [D-KY-6]	D · KY		Jun 9, 2004
Rep. Franks, Trent [R-AZ-2]	R · AZ		Jun 9, 2004
Rep. Bilirakis, Michael [R-FL-9]	R · FL		Jun 15, 2004
Rep. Cramer, Robert E. (Bud), Jr. [D-AL-5]	D · AL		Jun 15, 2004
Rep. Foley, Mark [R-FL-16]	R · FL		Jun 15, 2004
Rep. Wilson, Joe [R-SC-2]	R · SC		Jun 15, 2004
Rep. Ehlers, Vernon J. [R-MI-3]	R · MI		Jun 23, 2004
Rep. Dunn, Jennifer [R-WA-8]	R · WA		Jun 24, 2004
Rep. Blackburn, Marsha [R-TN-7]	R · TN		Jul 7, 2004

Cosponsor	Party / State	Role	Date Joined
Rep. Granger, Kay [R-TX-12]	R · TX		Jul 7, 2004
Rep. Jackson-Lee, Sheila [D-TX-18]	D · TX		Jul 7, 2004
Rep. Simpson, Michael K. [R-ID-2]	R · ID		Jul 7, 2004
Rep. Sullivan, John [R-OK-1]	R · OK		Jul 7, 2004
Rep. Kennedy, Patrick J. [D-RI-1]	D · RI		Jul 14, 2004
Rep. Hoekstra, Peter [R-MI-2]	R · MI		Jul 15, 2004

Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Referred To	Sep 7, 2004
Energy and Commerce Committee	House	Discharged From	Jul 16, 2004
Financial Services Committee	House	Reported by	May 12, 2004

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

Bill	Relationship	Last Action
108 HRES 725	Procedurally related	Jul 20, 2004: Motion to reconsider laid on the table Agreed to without objection.
108 S 1890	Identical bill	Nov 19, 2003: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

(This measure has not been amended since it was reported to the House on July 15, 2004. The summary of that version is repeated here.)

Stock Option Accounting Reform Act - (Sec. 2) Amends the Securities Exchange Act of 1934 to require an issuer of registered securities to show as an expense in its annual report the fair value of all stock purchase options granted after December 31, 2004, to: (1) all individuals serving as the chief executive officer of an issuer, or acting in a similar capacity, during the most recent fiscal year, regardless of compensation level; and (2) the four most highly compensated executive officers (other than a chief executive officer) that were serving as executive officers of an issuer at the end of the most recent fiscal year ("named executive officer").

Defines the fair value of an option to purchase such stock.

Exempts small business issuers from the Act's requirement.

(Sec. 3) Amends the Securities Act of 1933 to prohibit the Securities and Exchange Commission (SEC) from recognizing as "generally accepted" any accounting principle relating to the expensing of stock options unless it complies with both: (1) specified expense recomputation requirements; and (2) a required joint study by the Secretaries of Commerce and of Labor of the economic impact of the mandatory expensing of employee stock options.

Requires the recomputation and re-reporting of the expense of a stock purchase option that is exercised, to equal the difference between the price of the underlying stock and the exercise price.

Requires the re-reporting as a reduction of the total expense originally required to be reported if the option expires or is forfeited.

(Sec. 4) Directs the SEC to require each issuer to include in its periodic report more detailed information regarding stock option plans, stock purchase plans, and other arrangements involving an employee acquisition of an equity interest in the company, including: (1) a discussion, written in accordance with the Plain English Handbook published by the SEC Office of Investor Education and Assistance on the dilutive effect of stock option plans; (2) expanded disclosure of the dilutive effect of employee stock options on the issuer's earnings per share; (3) prominent placement and increased comparability and uniformity of all stock option related information; (4) the number of outstanding stock options; (5) the weighted average exercise price of all outstanding stock options; and (6) the estimated number of stock options outstanding that will vest in each year.

Actions Timeline

- **Sep 7, 2004:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
- **Jul 21, 2004:** Received in the Senate.
- **Jul 20, 2004:** Rule H. Res. 725 passed House.
- **Jul 20, 2004:** Considered under the provisions of rule H. Res. 725. (consideration: CR H6001-6022; text of measure as reported in House: CR H6011-6012)
- **Jul 20, 2004:** Rule provides for consideration of H.R. 3574 with 1 hour of general debate. Previous question shall be considered as ordered without intervening motions except motion to recommit with or without instructions. Measure will be considered read. Specified amendments are in order.
- **Jul 20, 2004:** House resolved itself into the Committee of the Whole House on the state of the Union pursuant to H. Res. 725 and Rule XVIII.
- **Jul 20, 2004:** The Speaker designated the Honorable Tom Latham to act as Chairman of the Committee.
- **Jul 20, 2004:** GENERAL DEBATE - The Committee of the Whole proceeded with one hour of general debate on H.R. 3574.
- **Jul 20, 2004:** DEBATE - Pursuant to House Resolution 725, the Committee of the Whole proceeded with ten minutes of debate on the Oxley amendment.
- **Jul 20, 2004:** DEBATE - Pursuant to House Resolution 725, the Committee of the Whole proceeded with ten minutes of debate on the Sherman amendment.
- **Jul 20, 2004:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Sherman amendment, the Chair put the question on adoption of the amendment and by voice vote, announced that the noes had prevailed. Mr. Sherman demanded a recorded vote and the Chair postponed further proceedings on the question of adoption of the amendment until later in the legislative day.
- **Jul 20, 2004:** DEBATE - Pursuant to House Resolution 725, the Committee of the Whole proceeded with ten minutes of debate on the Maloney amendment.
- **Jul 20, 2004:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Maloney amendment, the Chair put the question on adoption of the amendment and by voice vote, announced that the noes had prevailed. Mrs. Maloney demanded a recorded vote and the Chair postponed further proceedings on the question of adoption of the amendment until later in the legislative day.
- **Jul 20, 2004:** DEBATE - Pursuant to House Resolution 725, the Committee of the Whole proceeded with twenty minutes of debate on the Kanjorski amendment in the nature of a substitute.
- **Jul 20, 2004:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Kanjorski amendment, the Chair put the question on adoption of the amendment and by voice vote, announced that the noes had prevailed. Mr. Kanjorski demanded a recorded vote and made a point of no quorum. The Chair postponed further proceedings on the question of adoption of the amendment until later in the legislative day and the point of no quorum was considered as withdrawn.
- **Jul 20, 2004:** The House rose from the Committee of the Whole House on the state of the Union to report H.R. 3574.
- **Jul 20, 2004:** The previous question was ordered pursuant to the rule.
- **Jul 20, 2004:** The House adopted the amendment in the nature of a substitute as agreed to by the Committee of the Whole House on the state of the Union.
- **Jul 20, 2004:** Passed/agreed to in House: On passage Passed by the Yeas and Nays: 312 - 111 (Roll no. 397).
- **Jul 20, 2004:** On passage Passed by the Yeas and Nays: 312 - 111 (Roll no. 397).
- **Jul 20, 2004:** Motion to reconsider laid on the table Agreed to without objection.
- **Jul 20, 2004:** The Clerk was authorized to correct section numbers, punctuation, and cross references, and to make other necessary technical and conforming corrections in the engrossment of H.R. 3574.
- **Jul 19, 2004:** Rules Committee Resolution H. Res. 725 Reported to House. Rule provides for consideration of H.R. 3574 with 1 hour of general debate. Previous question shall be considered as ordered without intervening motions except motion to recommit with or without instructions. Measure will be considered read. Specified amendments are in order.
- **Jul 16, 2004:** Committee on Energy and Commerce discharged.
- **Jul 16, 2004:** Committee on Energy and Commerce discharged.
- **Jul 16, 2004:** Placed on the Union Calendar, Calendar No. 367.
- **Jul 15, 2004:** Reported (Amended) by the Committee on Financial Services. H. Rept. 108-609, Part I.
- **Jul 15, 2004:** Reported (Amended) by the Committee on Financial Services. H. Rept. 108-609, Part I.

Jul 15, 2004: Referred sequentially to the House Committee on Energy and Commerce for a period ending not later than July 16, 2004 for consideration of such provisions of the bill and amendment as fall within the jurisdiction of that committee pursuant to clause 1(f), rule X.

- **Jun 25, 2004:** Mr. Boehlert asked unanimous consent that the Committee on Financial Services have until midnight on July 2 to file a report on H.R. 3574. Agreed to without objection.
- **Jun 15, 2004:** Committee Consideration and Mark-up Session Held.
- **Jun 15, 2004:** Ordered to be Reported (Amended) by the Yeas and Nays: 45 - 13.
- **Jun 3, 2004:** Committee Consideration and Mark-up Session Held.
- **May 12, 2004:** Subcommittee Consideration and Mark-up Session Held.
- **May 12, 2004:** Forwarded by Subcommittee to Full Committee (Amended) by Voice Vote.
- **Mar 3, 2004:** Subcommittee Hearings Held.
- **Dec 2, 2003:** Referred to the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises.
- **Nov 21, 2003:** Introduced in House
- **Nov 21, 2003:** Introduced in House
- **Nov 21, 2003:** Referred to the House Committee on Financial Services.