

March 2025

House Labor Committee  
82 Smith Street  
Providence, RI 02903

**Re: Support of H-5940, The Rhode Island Opportunity for Employee Ownership Act**

Dear Representative,

**I'm writing to urge you to support House Bill 5940, the Rhode Island Opportunity for Employee Ownership Act.** This legislation creates opportunities for small business owners to transfer ownership of businesses to their employees when the owner decides to sell. If passed, it could generate ownership and wealth-building opportunities for tens of thousands of Rhode Islanders while providing a strategy for Rhode Island to meet the challenges of thousands of small business owners retiring in coming years (a.k.a. 'Silver Tsunami'). According to data compiled by Project Equity, 56% of small business owners in Rhode Island are over the age of 55. Selling local businesses to the people already working at those businesses is a **common sense solution to keep wealth at the local level, controlled by our neighbors.**

House Bill 5940 would require certain qualified small businesses to give employees notice of the owner's intention to sell, and would then give workers thirty (30) days to initiate a process to potentially purchase the business as an employee group. Importantly, in the event that the business is sold to employees, owners are **EXEMPTED** from state capital gains tax on the first \$1,000,000 in gains from the sale.

House Bill 5940 represents a prudent investment for the Rhode Island economy that would pay dividends for years to come because **co-ops build wealth and last longer!** According to a 2017 study from the National Center for Employee Ownership, wages are 33% higher, median job tenure is 53% longer, and net worth increases 92% when workers have an ownership interest in the organizations in which they work. This money in higher wages and local wealth would go back into local spending, further boosting our economic activity.

**This bill could be a huge windfall for local business, workers and business owners. Let's create the opportunity for a thriving, small business community in the state. PLEASE SUPPORT BILL 5940.**

Sincerely,  
Eric Halvarson