

March 25, 2026

Representative Mary Ann Shallcross Smith
Chair, House Committee on Small Business
82 Smith Street
Providence, RI 02903

RE: Letter of Support for HB7570

Dear Representative Shallcross Smith:

I write to you on behalf of Co-op Rhody in strong support HB7570: An Act Relating to State Affairs and Government -- The Rhode Island Center For Employee Ownership. Co-op Rhody is a grassroots cooperative organizing hub that works with cannabis workers to form and launch worker-owned dispensaries.

This legislation comes at a time when over half of all business owners in the state are approaching retirement age. Retirement is the fastest growing reason for small business closures nationwide according to the Small Business Administration. Employee ownership represents an exciting opportunity to not only save these legacy small businesses, but to also extend the wealth-building opportunities of small business ownership to many who, on their own, might not be able to afford to buy a business. Over 20 other states already have Centers for Employee Ownership, and this bill builds off of the work done across the country to expand access to succession planning resources.

Additionally, employee ownership produces meaningful benefits for workers in our state. Our best estimates for the impact on wages of worker ownership suggest that workers earn 33% more on average when they own the business they work in. This is a result not only of fair wages (which workers tend to provide for themselves when they have the ability to do so as Board members and internal decision-makers), but also the distribution of surplus profits to workers based on the number of hours they work, which is a key element of how a cooperative works.

However, there are significant challenges and gaps in the available technical assistance for employee ownership conversions. In our work organizing cannabis workers into cooperatives, we struggled to identify Rhode Island lawyers who understand cooperative corporate structure, accountants who can advise on the tax implications of patronage dividends, and business mentors who can provide financial literacy and corporate governance support to first-time worker-owners. As an organizer with the RI Worker Co-op Alliance, I've participated in efforts to map and convene the resources for cooperatives that are already available in Rhode Island, and I can report that those resources are scarce and scattered. Many owners and workers don't even know that employee ownership is an option. A Center for Employee Ownership would coordinate these resources, engage with retiring business owners, and equip them to convert their business to employee ownership if they so choose.

With 56% of Rhode Island small business owners over the age of 55, I believe that it's incredibly important for our state to invest in strategic succession planning at scale. We need to be proactive about meeting this "silver tsunami" so that rather than thousands of businesses shuttering their doors or being sold to out of state owners in the upcoming decades, more of our small businesses are preserved as local assets that produce wealth for Rhode Island workers.

For these reasons, I urge you to report HB7570 favorably out of committee.

Best,

Emma Karnes
Board Member
Co-op Rhody