

March 24, 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 in strong support HB7570: An Act Relating to State Affairs and Government -- The Rhode Island Center For Employee Ownership (RICEO). This bill would establish the Rhode Island Center for Employee Ownership to facilitate businesses transitioning to employee-ownership.

The Cooperative Fund of the Northeast (www.coopfund.coop) is a US Treasury-certified Community Development Financial Institution that has been lending to cooperatives, including, but not limited to, worker-owned cooperatives, since 1975. Over the years, we have disbursed more than \$51 million in loans across the northeast. In 2025 alone, our borrowers created or sustained 663 jobs, 307 affordable housing units and thousands of business ownership opportunities for consumers in food cooperatives. In recent years we have financed the purchase of dozens of businesses by employees from retiring owners across New England and New York State.

This legislation comes at a time when over half of all business owners in Rhode Island are approaching retirement age. We have all seen businesses that were important to our communities close, leaving workers unemployed and visible gaps in commercial districts. This does not have to be inevitable.

According to the Small Business Administration, retirement is the fastest growing reason for small business closures nationwide. Employee ownership represents an exciting opportunity to save these legacy small businesses, the jobs they provide, and the tax revenue with which they support our cities and states. It also offers a chance to extend the wealth-building opportunities of small business ownership to many who, on their own, are unlikely to be able to afford to buy a business.

Over 20 other states already have Centers for Employee Ownership; this bill builds on the work done across the country to expand access to succession planning resources. One example of the impact these Centers can have is the work of the Vermont Employee Ownership Center (<https://www.veoc.org/>), which has provided a crucial role in that state in promoting and supporting co-op conversions (the sales of businesses by retiring owners to their employees), making Vermont one of the strongest states in the country for worker-ownership conversions.

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

Sincerely,



Micha Josephy, Executive Director