



State of Rhode Island
Lieutenant Governor Sabina Matos

March 25, 2026

Representative Mary Ann Shallcross Smith
Chair, House Committee on Small Business
82 Smith St, Room 101
Providence, RI 02903

Re: Letter of Opposition for H7570: An Act Relating To State Affairs And Government -- The Rhode Island Center For Employee Ownership

Dear Representative Shallcross Smith:

I write to you in enthusiastic support of H7570: An Act Relating To State Affairs And Government -- The Rhode Island Center For Employee Ownership. Introduced on my behalf by Representative Grace Diaz, this bill establishes the Rhode Island center for employee ownership to facilitate businesses in transitioning to an employee-owned business model.

Over half of all small business in the state of Rhode Island are owned by people aged 55 or older. Retirement represents the fastest-growing reason for small business closures nationwide. While in the past, businesses would be passed from one generation to the next, a survey conducted by Wells Fargo found that over half of small business owners don't want their children to inherit the business. Employee ownership represents an exciting opportunity to save these legacy small businesses from closing, sustaining healthy main streets throughout the state while also extending the benefits of small business ownership to a new generation of people who may never be able to own a business on their own.

This bill creates the Rhode Island Center of Employee Ownership (RICEO), which would consist of 1 FTE and would exist under the Small Business Development Center. The RICEO would work as follows: when a business owner is thinking of retiring, they call the Center confidentially to talk about their business and their timeline for retirement. If the owner agrees, the Center will work with them and their employees to develop an employee-owned succession plan in coordination with referred lawyers, accountants, and other state agencies. Importantly, the Center will neither require nor force any business owner to adopt an employee-owned succession plan. Instead, the Center will work to ensure business owners and employees are well-aware of their options so that the owner can both retire comfortably while also keeping their legacy intact.

This bill would require funding to be brought to fruition. The justification for this cost is obvious: the costs of continuing to let good businesses go under because the owner wants to retire will cost the state more in the long run than it would to invest in a Center for Employee Ownership. For these reasons, I urge you to vote this bill favorably out of committee.

Sincerely,

Sabina Matos
Rhode Island Lieutenant Governor
CC: Rep. Grace Diaz