

# BRED

**BALTIMORE ROUNDTABLE FOR ECONOMIC DEMOCRACY**

BALTIMOREROUNDTABLE.ORG

**SB85 - Maryland Limited Cooperative Association Act**  
**Hearing of the Senate Judicial Proceedings Committee**  
**February 7, 2024**  
**2 p.m.**

**FAVORABLE**

Baltimore Roundtable for Economic Democracy (BRED) **strongly urges a favorable report for SB85 - Maryland Limited Cooperative Association Act**, which creates a corporate entity for limited worker cooperative associations and establishes rules and procedures for formation, governance, conversion, and dissolution of said entities. With this legislation, Maryland will join 30 other states that have worker cooperative statutes, building on best practices from the legacy of worker-owned small businesses in this country and a thriving worker cooperative ecosystem.<sup>1</sup> The Maryland Limited Cooperative Association Act will address the distinct needs of worker cooperatives, solving various pain points and recognizing this growing small business ownership model. It is common-sense legislation that grows our small business community.

**BRED is uniquely positioned to speak to the needs of worker cooperatives in Maryland.** BRED is a nonprofit organization that provides technical assistance and small business financing to worker-owned cooperatives. We assist startups and established businesses interested in converting to worker cooperatives. A founding member of the national community wealth cooperative Seed Commons, we connect investment to local cooperative development through nonextractive financing. Our funding prioritizes inclusion and equity, unlocking impactful investment opportunities for local Maryland small businesses that are worker-owned. Our funding has assisted Maryland worker cooperatives for almost 10 years, building a more democratic and equitable economy by focusing resources in marginalized communities frequently excluded from traditional lending avenues. We've committed almost \$10 million in patient capital for worker cooperatives across Maryland since our launch in 2015.

**Maryland does not currently have a worker cooperative statute.** Despite Maryland's worker cooperatives leading the way nationally to bring services, products, education, and more to our communities, frequently drawing attention for their business acumen and dedication to

---

<sup>1</sup> The Democracy at Work Institute notes there are more than 900 worker cooperatives in the United States generating more than \$550 million in annual revenues (see <https://institute.coop/what-worker-cooperative>)

economic democracy, no corporate entity recognizes the unique structure of this small business model. It is essential that Maryland law respond to the growing worker cooperative ecosystem, creating a worker cooperative statute that provides clarity regarding formation and governance, protects essential elements of the democratic business model, and codifies the corporate entity such that governmental and financial institutions recognize this model's distinctive needs. Many worker-owners have been needlessly deterred as they navigate a corporation and association code that does not include or recognize the core values of worker cooperatives in both organization and operation.

**The current corporate structures do not meet the needs of worker cooperatives.**

Maryland's LLC law hinders worker cooperatives' ability to do business. Pain points include (1) confusion surrounding legal incorporation, filing documents, naming stipulations, and entity selection; (2) exorbitant workers' compensation fees; (3) difficulty navigating taxation; (4) confusion regarding the process of converting established businesses into worker-owned cooperatives; and (5) accessing funding without relinquishing core economic democracy values.<sup>2</sup> At its worst, the current law regulating workers compensation allows insurance companies to treat worker-owners as *both* employees and owners, thus making assumptions about their income and treating them as if their income is far greater than the reality. This assumption often prevents a worker cooperative from breaking even. Rather than adding a new article to the code, SB85 creates specific amendments to the current LLC law that would provide worker cooperatives with more clarity, ease the burden of high workers' compensation fees, and protect the integrity of worker-owners' voting rights when soliciting investments.

**Worker cooperatives are beneficial for workers, their industry, and their community: We should be making it easier to incorporate as a worker cooperative, not harder.** Worker cooperatives provide many benefits for worker members and the industries in which they operate.<sup>3</sup> Worker-owners have increased earnings and access to benefits, wealth, skill building, control over their working conditions and business decisions, and dignity in the workplace. For the industries and small business environments in which they operate, they enhance growth and productivity, reduce employee turnover, and provide a more sustainable business model. Indeed, the U.S. Federation of Worker Cooperatives has noted that worker cooperatives are better able to adapt in times of crisis, with workers more likely to have kept their jobs during recent crises like the 2008 financial crisis and the COVID-19 pandemic.<sup>4</sup> Worker cooperatives also provide social innovation, are dedicated to environmental sustainability as a matter of

---

<sup>2</sup> Haag, M., & Lucido, J. J. (2021). *Cooperative legal landscape reports: Traditional and limited cooperatives*. University of Baltimore School of Law.

<sup>3</sup> Abell, H. (2014). *Worker cooperatives: Pathways to scale*.

<https://project-equity.org/wp-content/uploads/2023/06/Worker-Cooperatives-Pathways-to-Scale.pdf>

<sup>4</sup> Manklang, M., & Trenholm, Z. (2021). *Worker co-ops: Weathering the storm of COVID-19 and beyond*. Democracy at Work Institute & U.S. Federation of Worker Cooperatives.

<https://institute.coop/resources/worker-co-ops-weathering-storm-covid-19>

principle, and correlate with a wealth of social benefits including bridging the racial wealth gap, overcoming historic barriers to development, and promoting community stability and growth.<sup>5</sup>

Worker cooperatives undoubtedly are a benefit to the small business community and catalyze remarkable gains for worker-owners. The health of our state's cooperative ecosystem; the benefits to industry, workers, and economic development; and the protection of long-standing small businesses necessitate the codification of a worker cooperative statute. It is essential that Maryland join the majority of states in our nation with similar legislation that addresses the unique business needs of worker cooperatives by passing the Maryland Limited Cooperative Association Act.

**SB85 is the result of years of research, analysis, experience, and stakeholder conversations on limited worker cooperative associations.** All components of SB85 were determined through the careful determination of best practices from previous legislation passed by other state legislatures; interviews and analysis conducted by University of Baltimore law students retained by the Baltimore Development Corporation with key local and national worker cooperative stakeholders, including Co-Executive Director Kate Khatib of the worker cooperative CDFI Seed Commons; and the University of Baltimore Community Development Clinic supervised by Professors Jaime Lee and Peter Norman. During the last year, BRED has met with numerous stakeholders in the legal and economic justice fields, including the Public Justice Center and members of the Maryland Bar Association Business Law Section Council. This well-crafted legislation addresses the formation, governance, taxation, conversion, and dissolution of worker cooperatives in keeping with the values and principles of the International Cooperative Alliance while adhering to the Maryland Code. BRED is confident that this legislation will solve current worker cooperative pain points and facilitate the formation and sustainability of future small businesses.

BRED and the following Maryland-based worker cooperative signatories urge the committee to issue a **FAVORABLE report for SB85**. If you have any questions about this testimony, please reach out at [christa@baltimorroundtable.org](mailto:christa@baltimorroundtable.org).

*Worker Cooperative Signatories:*

Red Emma's Bookstore and Coffeehouse  
Mera Kitchen Collective  
Cross Atlantic Chocolate Collective  
Anytime Taxi  
Metta Integrative Wellness  
Appalachian Field Services  
Earthbound Building

Thread Coffee Roasters  
Taharka Brothers Ice Cream  
Common Ground Cooperative  
The Greener Kitchen  
EnviroCollab  
Cajour Creamery

---

<sup>5</sup> Nembhard, J. G. (2014). *Benefits and impacts of cooperatives*. Howard University Center on Race and Wealth and John Jay College of Criminal Justice.  
<https://geo.coop/sites/default/files/0213-benefits-and-impacts-of-cooperatives.pdf>

# Hampden's Common Ground cafe to reopen as worker-owned cooperative

Christina Tkacik

8/25/2023 1:14 p.m. EDT



Hampden's Common Ground coffee shop has permanently closed. (Cody Boteler)

Ex-employees of Hampden coffee shop Common Ground announced on Friday plans to reopen the business as a worker-owned enterprise next month.

An exact opening date has not been set, but “we are aiming for early September,” said Nic Koski, who was a barista at Common Ground when it



closed and is spearheading the reopening efforts.

Koski had floated plans to relaunch as a worker-owned cooperative back in July, when [the shop was abruptly closed](#) after 25 years by owner Michael Krupp. Koski said employees had been exploring the possibility of unionization when the cafe was shut down. Krupp did not respond to a request for comment or provide a reason for the closure.

Twenty-two of the previous staff members will lead the soft opening, with 19 acting as “worker-owners.” The initial menu will offer coffee and muffins, with more to come in the ensuing weeks, according to a release.

“It’s been a lengthy and stressful process, but we are so happy to finally be able to tell you, our customers, the exciting news,” worker-owner Sierra Allen said in a statement. “Get ready to not only come back to your favorite gathering place but to finally gorge yourselves on coffee and baked goods once again.”

### More from The Banner

- [‘In Baltimore, everybody’s unionizing’: Workers weigh in on wave of labor organizing campaigns](#)
- [Busboys and Poets closes Charles Village location](#)
- [The Dish: 8 new restaurants are opening in Hampden. Yes, you read that right.](#)

The relaunch of Common Ground cafe comes as several Baltimore businesses have taken steps towards becoming worker-owned, including Taharka Brothers, Joe Squared and various Ace Hardware stores.

[Red Emma’s](#), the worker-owned bookstore and cafe now located on Greenmount Avenue, was an early pioneer of the model. The shop’s co-founder, Kate Khatib, later helped launch Seed Commons and its local

offshoot, the Baltimore Roundtable for Economic Democracy. Both organizations assist businesses making the jump to worker-owned, and both worked with the staff at Common Ground on the cafe's relaunch efforts.

"I think it's awesome that Baltimore is becoming a co-op town," said Khatib, noting that the model has become particularly popular in the food service industry. "There's something unique and special about Baltimore city that has allowed co-op businesses to grow and thrive."

Khatib called Common Ground's transition "incredibly exciting" and said "it really has come together incredibly quickly." The relaunch shows transitioning to a worker-owned cooperative model can be an alternative to closure in cases where employees are interested in keeping a small business going, she said.

Hurdles remain. The new worker-owners will have to transfer all existing permits out of Krupp's name, which can be a cumbersome process for any business. But staff have negotiated a deal with Krupp that will allow them to reopen the business before the permitting process has been finalized. Koski and Allen have organized a GoFundMe with a fundraising goal of \$50,000 to help cover wages, rent supplies and other costs.

During its quarter-century in operation, Common Ground developed a devoted following among regulars in the North Baltimore neighborhood and beyond. In a Facebook post announcing the reopening, staff thanked longtime patrons for their assistance since the shutdown: "From helping our coworkers pay rent and buy food, we truly don't know what we would've done without you all."

[christina.tkacik@thebaltimorebanner.com](mailto:christina.tkacik@thebaltimorebanner.com)

---

## Christina Tkacik

christina.tkacik@thebaltimorebanner.com



Christina Tkacik is the food reporter for The Baltimore Banner. A former Baltimore Sun reporter, she has covered the city's dining scene as well as crime and politics.





🕒 This article was published more than **2 years ago**

## The Washington Post

*Democracy Dies in Darkness*

# Amid food-industry upheaval, Baltimore businesses are handing workers the keys

By Lisa Elaine Held

December 13, 2021 at 12:00 p.m. EST

BALTIMORE — On a recent fall morning, despite the chill in the air, workers at Taharka Brothers Ice Cream were packing a freezer truck and a van with pints of honey graham, peanut butter cup and pistachio. In the office, business metrics on retail performance, catering and home delivery moved across a screen on the wall. “It’s a really busy day,” said Detric McCoy. “Even right now, I don’t think I could run it by myself.”

He doesn’t have to.

In December 2020, Taharka officially became a worker-owned cooperative, and McCoy shares responsibilities that would typically fall on one person’s shoulders with four other worker-owners.

The structure has become almost commonplace among the city’s food businesses, whether they’re churning sweet treats, making vegan sandwiches or roasting coffee. In November 2020, popular pizzeria Joe Squared reopened after a covid-19 hiatus with 13 new worker-owners. This fall, the plant-based dessert shop Cajou Creamery also became a cooperative. And in early December, Union Craft Brewing announced it had added six longtime employees as owners and in the future would offer ownership to all employees after five years with the company.

All of this is happening at a time of turmoil in the food industry, for restaurant owners and workers alike. While many exceptions exist, workers in food-service jobs earn notoriously low wages, and benefits are rare. Historically, restaurants have been places where power imbalances — between the front and back of the house, star chefs and kitchen staff, servers and customers — were tolerated. The industry also disproportionately depends on the labor of people from marginalized groups — including people of color and undocumented immigrants. During the pandemic, those realities were laid bare, as workers were laid off due to shuttered restaurants, or continued working and risked exposure.

“Historically, co-ops have always emerged and scaled during crises,” said Tori Kuper, the operations coordinator at the New Economy Coalition who is also on the board of the U.S. Federation of Worker Cooperatives. After the 2008 recession, Kuper said, the number of coops in the U.S. skyrocketed, and the spirit of mutual aid that arises during an economic downturn can also lead to interest in what the coalition calls “the solidarity economy.”

“The primary goal is ... to create dignified jobs and economic security for members, which also structurally addresses the deep inequity and exploitation that covid really revealed,” she said.

Now, across the country, as restaurants struggle with labor shortages and workers reimagine their participation in food service, interest in worker-owned structures is growing. But while other cities may just be lighting a spark, Baltimore has been tending the fire of its solidarity economy for years, and many look to it as a model, Kuper said. “In Baltimore, this is something that is being built right now. It is being tested and is performing well.”

Much of the story can be traced back to 2004 and Red Emma’s, a vegan cafe and bookstore that grew out of an anarchist bookstore called Black Planet Books. The seven founders set out to create a space for the city’s radical left and thought adding food and coffee to the bookstore would bring in more people, said Kate Khatib, who was one of those originals and is still a worker-owner.

Worker cooperatives operate in many different ways, and Red Emma’s structure is entirely non-hierarchical. Everyone who is hired starts at the same hourly wage regardless of experience or background and is put on a track to ownership. If all goes well and they pass certain benchmarks over a set period of time, they join a team of worker-owners who share equal decision-making power and profits. Wages increase with time worked, but the highest-paid worker can never make more than twice the lowest. “Over the years, we became much more focused on and serious about the workplace democracy aspect,” she said. “We really started drilling down into: What does it mean for a business in this sector to be sustainable? And ... how do we create jobs that are sustainable?”

One answer was that they needed capital to buy a space, but traditional banks weren’t set up to lend to a group, and choosing the person with the best credit to take on the loan went against their operating values, since it strengthened the economic power of the most well-resourced owner over others. Red Emma’s began working with other cooperative organizations to fix that issue, which led to a nationwide cooperative lending network and then a local outfit that could provide both funding and technical assistance to worker coops. Today, that organization, the Baltimore Roundtable for Economic Democracy (BRED), connects the city’s growing patchwork of cooperatives.

Emily Lerman, a project officer at BRED, is also one of the founders of Mera Kitchen Collective, which began as a group of friends hosting pop-up dinners and grew into a catering business that showcases the dishes of chefs from around the world. When events were canceled due to covid-19 in March 2020, the team quickly raised funds and began cooking free hot meals for food-insecure residents. Now, Mera is running another GoFundMe campaign to open its first solo restaurant space before the end of the year. On a recent evening, a soft-opening menu taped to the window included a chicken tinga quesadilla and mutubal (a Syrian eggplant dip); An “opening soon” sign promised “story-worthy food from around the world.”



But even with Lerman's technical expertise, Mera has struggled to structure its business as a true cooperative. Immigration and visa issues have gotten in the way, as they do for many co-ops, so Lerman and her co-founders have focused on ensuring collective decision-making and on using the expansion to eventually put everyone on the team on salary and start profit-sharing. "We are tripping and learning," said Aishah Alfadhlah, a co-founder. "We are just people who are really trying to do the best and as much as we can. It's not perfect."

Another challenge for worker-owned cooperatives in food service is becoming profitable enough to pay well. Red Emma's starts workers at \$15 per hour, which, in progressive circles where fighting for a living wage is also a common goal, might sound like a near failure of the model. In other words, shouldn't shared ownership equal shared economic security? But Lerman and Khatib said worker co-ops are simply dealing with the same economic realities all small restaurants are.

Worker-owners, they said, attribute incalculable value to the ability to participate in ownership and engage with a community of people committed to treating each other with dignity and equality, and covid-19 amplified that aspect. "People want to do something they believe in that isn't just going to benefit some corporation," said Okan Arabacioglu, the general manager and a worker-owner of Joe Squared. "And they want to learn. When you're a server or bartender, you just learn to be a server or bartender. When you're a chef or a cook, you just learn to be a chef or a cook. When you are part of a co-op, you learn how to do pretty much everything."

That's what Khatib has always counted on: Red Emma's as a space to educate new business owners in the solidarity economy and incubate new co-ops, such as Thread Coffee, which now runs its own roastery and sells its coffee throughout Baltimore and Washington, D.C.

At Taharka, McCoy said he learned on the job, starting right out of high school. Taharka's founder, Sean Smeeton, created the company as a vehicle for social entrepreneurship for young men from Baltimore's low-income neighborhoods, where opportunities for employment were few and far between, and McCoy started packing pints and working the ice cream truck at events, went to college for accounting, and now runs sales and marketing. Sharing in ownership has pushed his business goals even further. "I kind of stepped up," he said.

Just a few miles away, Nicole Foster and Dwight Campbell of Cajou Creamery started selling ice cream, made from scratch with cashews instead of cows' milk in such flavors as horchata, baklava and Mexican cacao, out of a new storefront on Howard Street in August. As they got up and running and planned further expansions, they worked with BRED to finalize a cooperative structure with an even more targeted goal: to create opportunity for formerly incarcerated people returning home. "You tell somebody that you served time, and people started touching their pocketbooks or walking away. You don't feel like a whole person," Campbell said. "We want to give people a chance to show that they are much more than just somebody who served time. We want to give people the ability to dream about a future, to have ownership instead of thinking 'I am just a drone. I'm here to work for a paycheck.'"

They're now working to bring on workers with Pivot, a Baltimore organization that helps women released from the corrections system rebuild their lives, and they're inspired to make an impact in a majority Black city. As they embark on the path Red Emma's paved nearly 20 years ago, both acknowledge that operating as a worker cooperative will likely be harder than running a traditional business, but Foster said she couldn't imagine doing it another way. "It's not in our nature to have a business that would only benefit us," she said.