



TESTIMONY OF BILL MCQUADE
GLOBAL VICE PRESIDENT AND HEAD OF REGULATORY AFFAIRS AND
SUSTAINABILITY

BALTIMORE AIRCOIL COMPANY

TO THE MARYLAND SENATE
COMMITTEE ON BUDGET AND TAXATION

SENATE BILL 653 - FAV

FEBRUARY 26, 2025

Chair Guzzone, Vice Chair Rosapepe, and members of the Senate Budget and Taxation Committee:

My name is Bill McQuade, and I am the Global Vice President and Head of Regulatory Affairs and Sustainability at Baltimore Aircoil Company (BAC). I am writing to convey BAC's support for Senate Bill 653, sponsored by Senator McCray, which establishes an Employee Stock Ownership Plan (ESOP) pricing preference program for certain procurements by the Maryland Stadium Authority and the University System of Maryland.

As a Maryland-based global manufacturer, BAC has been leading the HVAC, industrial, and refrigeration industries in developing innovative heat transfer and thermal storage solutions for over 85 years. BAC's mission is "to continually advance truly sustainable cooling—inspired by nature, powered by our people—for a world that depends on it to grow, succeed, and thrive." Our product offerings include cooling towers, evaporative condensers, dry coolers, ice thermal storage centers, adiabatic coolers, and immersion cooling systems for data centers.

BAC was founded in Baltimore in 1938 and has evolved into a global leader in cooling solutions, employing over 3,000 people worldwide, including more than 1,300 in the U.S. We employ more than 200 people at our global headquarters and R&D lab in Howard County, Maryland. As BAC continues to lead in sustainable cooling technology, we remain committed to our core values of innovation, environmental stewardship, and customer confidence. Through ongoing research, strategic partnerships, and a focus on sustainability, BAC is poised to shape the future of cooling for the built environment, data centers, and other critical industries.

Our parent company, Amsted Industries, utilizes an ESOP, which fuels innovation, drives results, and provides a pathway to secure retirement for our employees. An ESOP is a qualified defined contribution plan that provides workers with retirement savings through investments in their employer's stock at no cost to the worker. It is regulated under the federal Employee Retirement Income Security Act (ERISA), just like pension funds, 401(k) plans, and other qualified retirement plans. In fact, most employee-owned companies, like Amsted and BAC, offer an ESOP as a supplement to a more traditional 401(k).

The ESOP procurement pricing preference pilot program created by Senator McCray in Senate Bill 653, and its companion, House Bill 861, sponsored by Delegate Pam Guzzone, promotes sustainable businesses that remain locally owned and operated, preserving jobs within Maryland communities. ESOPs are also a powerful tool to help address economic disparities and build financial resilience for working families.

ESOPs provide employees with a direct stake in their company's success, fostering a culture of ownership and engagement. Employees benefit from ESOPs by accumulating wealth as the company grows, providing financial security and stability. Nationally, employee-owners have more than twice the average total retirement balance of Americans: \$170,326 compared to \$80,339. BAC has approximately 1,300 employees enrolled in Amsted's ESOP program, and since 2020, our share price has increased nearly 60%, benefiting all of our employees.

For business owners, ESOPs serve as a powerful tool for growth, succession planning, and employee motivation. Companies with ESOPs often experience improved financial performance due to higher employee engagement and commitment. Employees with ownership stakes are more likely to remain with the company, reducing turnover and recruitment costs. At BAC's headquarters in Maryland, we are proud to have a 96% retention rate and have welcomed over 100 new hires just in the last year. This demonstrates, in part, the shared value and purpose our ESOP program creates.

In conclusion, we encourage your support for SB 653 to foster employee ownership, build stronger businesses, empower workers, and drive economic growth across Maryland.

Thank you again for the opportunity to provide testimony. BAC looks forward to working with the General Assembly to promote employee-owned businesses and make a significant economic impact in the State of Maryland and around the globe.