

Testimony for SB 0144

Corporations and Associations - Limited Worker Cooperative Associations - Authorization
(Maryland Limited Cooperative Association Act)

Position: FAV

Dear members of the Judicial Proceedings Committee:

I am writing as a co-founding worker owner of Red Emma's Cooperative Corporation in Baltimore, and as someone who has worked for over a decade at a national research institute (The Democracy Collaborative, originally based at the University of Maryland) on the benefits inclusive democratic ownership brings to workers and communities.

The Maryland Limited Cooperative Association Act addresses a key stumbling block in the formation of worker cooperatives; namely, that none of the current options for business entities map neatly onto the realities and best practices of democratically owned and managed workplaces. This means that in addition to all the other challenges of starting a business and building an internal culture of democracy and self-management, cooperative worker-owners have to navigate a confusing menu of options for business formation, none of which really model the structure they want.

The Act provides a sensible default for worker cooperatives in formation, incorporating many best practices around how to build effective democratic workplaces, structure worker-owner equity, and manage investment in the business. I know from experience helping start Red Emma's twenty years ago that this template for a worker cooperative would have been invaluable—rather than spending years muddling through trying to find the appropriate legal structure and develop the right operating agreements or bylaws, the availability of the LWCA as a sensible default template to adopt would have meant that we could get it right, right from the start.

Additionally, providing a basic legal standard for worker cooperatives will help the growing ecosystem of technical support in Maryland better advance and scale the democratic workplace sector by making education and peer learning much more effective.

Worker cooperatives are a powerful economic strategy to ensure workers participate equitably in the success of the business that employs them, and to guarantee that workers have a real say over conditions in their workplace. With the cooperative sector growing rapidly in Maryland, passage of the Maryland Limited Cooperative Association Act can make sure that this exciting opportunity for equitable and democratic economic development is not hindered by unnecessary obstacles and friction in the process of business entity formation.

Sincerely,
John Duda