



Date: January 7, 2025

To: Judicial Proceedings Committee

Subject: **Favorable** testimony for SB144/HB15 Corporations and Associations - Limited Worker Cooperative Associations - Authorization (Maryland Limited Cooperative Association Act)

Dear Committee Members,

My name is Emily Lerman, and I am a worker-owner and co-founder at Mera Kitchen Collective. We're a restaurant and catering business in Baltimore, Maryland and my fellow workers are from Syria, Kuwait, Burkina Faso, Mexico, Nigeria, Honduras, Guatemala and their cuisines are reflected on our menu.

I am writing to express support for a favorable decision on SB144/HB15 Corporations and Associations - Limited Worker Cooperative Associations - Authorization (Maryland Limited Cooperative Association Act).

I am supportive of the bill as presented

In 2017, a group of us came together with a desire to bring people together over the shared experience of enjoying a meal. The worker-cooperative model appealed to us so that we could share in both the risks and rewards of ownership and decision making.

We were eager to start our cooperative activities. We reached out to BRED for assistance and we learned we'd have to decide whether we would elect to be an LLC or corporation. We were stuck, consulted a lawyer and still weren't sure of the best path, so we elected to be an LLC since that was quick and easy and decided we'd figure it out "later".

We knew we'd have to resolve the workers compensation issue once we had more than five owners, which would have resulted in us paying unreasonably high workers compensation rates that were not actually reflective of compensation paid to worker owners.

As we grew, we realized it was going to be even more difficult to course correct. We engaged another lawyer who began to explain the process of converting to a corporation. This process is still underway and is incredibly burdensome. Because there's no cooperative statute here, there are few lawyers and accountants in Maryland who understand worker coops, and as a result, most will try to talk you out of even becoming one.

As a restaurant, we have to be mindful of how to change our entity structure, so that we don't lose our catering and liquor licenses. Had we formed a new entity during Covid, we wouldn't have been eligible to receive the grant relief that kept our business afloat.

Worker-cooperatives function for the benefit of its workers, we make decisions centered on the well being of our team. And as a result, we've sustained and grown our business, and have been able to consistently raise wages and improve benefits.

However, the financial and administrative burden we've faced in determining and our legal structure has taken away time that could be spent investing even more in our team and our business.

I urge the committee to vote favorably in support of this bill which will create better pathways for more worker cooperatives. Thanks to support and technical assistance from BRED, Baltimore boasts a thriving cooperative economy. We all work together for the benefit of our community, our customers and our team. We supported each other before, during and after the pandemic. We constantly confer on how we can create better and more inclusive workspaces with higher wages. This benefits us all.

Being a worker coop has allowed us to break the mold when it comes to doing business. When we lost all of our catering gigs during the pandemic, we pivoted to start a community meal program. We've cooked and served over 215,000 meals for our Baltimore neighbors. Two-hundred meals went to Brooklyn/Curtis Bay this morning.

I thank you for your time and hope Maryland can be the state leading the way for thriving democratic businesses.

Sincerely,

Emily Lerman
Co-Founder/Worker-Owner
Mera Kitchen Collective