

SB0144 2025 Co-Op Testimony_ Favorable.pdf

Uploaded by: Amanda DeStefano

Position: FAV

Greetings Honorable Chair and members of the Judicial Proceedings Committee,

I am writing to express my support for the Maryland Limited Worker Cooperative Association Act (SB0144). I've been a homeowner in Baltimore for nearly 6 years, and am a frequent patron of our city's wonderful worker cooperatives including Red Emma's Bookstore and Coffee, Mera Kitchen, Common Ground Cafe, and Metta Integrative Wellness. These businesses are vibrant, contributing members to their communities and go far beyond just operating to create a profit for the worker owners. They engage in efforts to feed the community, provide learning opportunities on a broad range of issues and interests, and offer sliding scale services so folks with limited income can still enjoy the benefits of their businesses.

I understand the Maryland Limited Worker Cooperative Association legislation will make it easier for more worker cooperatives to be created in Maryland and wholeheartedly support those efforts.

Thank you for your consideration of this bill. I look forward to its swift passage out of committee this year!

Respectfully,

Amanda DeStefano
410-259-6074

LCB-testimony_sb0144-2025.01.07.pdf

Uploaded by: Amber Jones

Position: FAV



TESTIMONY
SENATE BILL 0144 / HOUSE BILL 0015
MARYLAND LIMITED COOPERATIVE ASSOCIATION ACT
POSITION: FAVORABLE
JANUARY 7, 2024

Dear Members of the Judicial Proceedings Committee,

I am writing to urge your support of the Maryland Limited Cooperative Association Act to authorize the formation of limited worker cooperative associations and establish rules and procedures for the formation, governance, conversion, and dissolution of limited worker cooperative associations.

As a life-long resident of Baltimore City, I have seen many businesses and nonprofit organizations come and go, much to the disappointment of the communities that depend on them. This is due, in part, to the lack of statutory infrastructure in the State of Maryland to support the conversion of existing businesses to worker ownership or the formation of new cooperative businesses. Two of the cooperative organizations I am currently working with as a founding member, though they considered incorporating in Maryland, chose to form elsewhere due to the lack of statutory support for cooperative formation in Maryland.

If more non-agricultural entrepreneurs and community organizations knew that forming a cooperative entity was a viable option registering in the State of Maryland, there would be less emergency, rushed conversions of struggling, traditional businesses or nonprofits to worker-owned, worker-controlled entities. It would also prevent individual, low-income workers from having to assume personal liability, tax or otherwise, for a business that is principle rather than profit driven, making it easier for low-to-moderate income earners to prepare annual tax returns and receive pro bono tax assistance for which they'd otherwise be eligible.

Living Corners, a non-profit organization based in the State of Maryland, promotes health, equity, access, and longevity in Baltimore City neighborhoods through the ideation and creation of health-conscious and community-oriented businesses. We would benefit from the ability to establish a limited cooperative association for our business participants to share services and resources with each other.

Please make it easier to create and manage worker cooperatives in Maryland by voting in favor of Senate Bill 0144/HB 0015.

Sincerely,

Amber N. Jones

President

SB144 - PJC - Fav.pdf

Uploaded by: Amy Gellatly

Position: FAV



Amy Gellatly
Public Justice Center
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SB144: Corporations and Associations - Limited Worker Cooperative Associations - Authorization (Maryland Limited Worker Cooperative Association Act)

Hearing before the Senate Judicial Proceedings Committee, Jan 9, 2025

Position: FAVORABLE

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Workplace Justice Project supports workers' rights to fair compensation and dignified work. **The PJC supports SB144, which would allow workers to create worker-owned businesses—i.e., worker co-ops—using a corporate structure designed for them, solving a range of problems that arise when worker co-ops are created using LLCs or other corporate structures.**

The problem: Maryland has no corporate form designed to support worker-owned businesses, which makes it harder for worker co-ops to succeed.

- **There is no corporate form in Maryland that is designed for worker-owned businesses.** State law authorizes five types of cooperatives: agricultural, consumer, electric, transportation, and housing. But Maryland has no corporate form designed for worker-owned businesses.
- **Maryland's Limited Liability Company (LLC) law is a poor fit for many worker co-ops.** Maryland's LLC law was not designed to support businesses with multiple worker owners. For a variety of reasons, being incorporated as LLCs holds back the growth of Maryland's worker-owned businesses. Issues include:
 - (1) the exorbitant cost of workers' compensation when insurance providers treat worker-owners as if they own a far greater share of the business than they actually own;
 - (2) unnecessary barriers imposed by state and financial institutions when co-ops seek permits or financing; and
 - (3) difficulties accessing funding without relinquishing worker co-ops' core democratic values and governance structure.

SB144's solution: Create a corporate form that is both designed to support worker-owned businesses and modeled on successful legislation in other states.

- **SB144 is based on the common-sense idea that worker co-ops will do better when they have a corporate form designed for them.** The Maryland Limited Cooperative Association Act would create that form. While addressing the issues identified above, SB144 is not overly prescriptive; it allows worker co-owners the freedom that all business owners need to run and structure their business according to their identified goals economic realities.
- **SB144 is very similar to a successful Illinois law.** SB144 does not reinvent the wheel. It is a tested, successful model that has helped many dozens of worker-owned businesses thrive in other states, including Illinois.

- **SB144 creates a business structure that will enable workers of all races and genders to become business owners, build wealth and support their communities.** Worker-owners play an active role in developing and running a shared business. This level of engagement in the direction and success of their business provides dignified work and the potential for increased earnings. By facilitating the formation of new worker co-ops, SB144 provides entrepreneurial workers with a way to bridge the racial wealth gap, overcome historic barriers to development, and promote community stability and growth.

SB144 is the product an extraordinary degree of stakeholder input.

- Advocates held meetings for years with various stakeholders, including worker owners, lawyers familiar with worker cooperatives and business law, and labor leaders.
- These stakeholders' priorities and concerns shaped the final product of SB144.

SB144 does not diminish existing workers' rights.

- SB144 does not take away any existing rights Maryland employees have under the law. It merely expands the possibilities available to workers who want to establish a cooperative business as co-owners.

SB144 passed the Senate 45-0 in 2024.

- In 2024, the Senate unanimously passed SB85, identical in text to this year's SB144.
- Before its passage, Maryland's Comptroller proposed certain amendments to address potential tax issues. Those amendments were amended into the bill.

For the foregoing reasons, the PJC **SUPPORTS SB144** and urges a **FAVORABLE** report. Should you have any questions, please call Amy Gellatly, an attorney in the PJC's Workplace Justice Project, at 410-400-6943.

Anna's letter of support 2025.pdf

Uploaded by: Anna Evans-Goldstein

Position: FAV

January 8, 2025

My name is Anna Evans-Goldstein, and I encourage you to vote ***favorably*** for SB144/HB15.

I am a lifelong Marylander and have been a strong advocate for workers rights and economic justice my whole career. I currently work for the Baltimore Roundtable for Economic Democracy, and I have previously worked in the labor movement and grassroots social justice work.

Through the development of worker cooperatives, I have had a chance to see how much more resilient and more strategic businesses become as a result of being worker-owned and worker-governed. Worker cooperatives not only become leaders in their respective industries, they also become engaged in their neighborhoods, contribute to their communities through fundraising or in-kind donations, and advocate for their workers' rights and ability to own small businesses.

The absence of a worker co-op statute in Maryland has made the process of starting, converting, and running worker cooperatives much more difficult. Navigating state codes that are not crafted with worker cooperatives in mind, attempting to secure funds for their entrepreneurial enterprises, while juggling the nuances of workplace democracy make our current reality cumbersome for these businesses.

Worker co-ops in Maryland are enduring significant and unnecessary hardships due to the lack of a suitable statute and would greatly benefit from having one that is specifically crafted to support worker cooperatives. This has already taken place in states across the country, and Maryland must follow suit to stay a leader in small business.

This is why I believe that SB144/HB15 will significantly benefit these Maryland small businesses, especially those that economically disenfranchised people are seeking to start up, as a means of escaping generational poverty.

Thank you for your time and attention!

Anna Evans-Goldstein

Support of bill 0144.pdf

Uploaded by: Autumn Goodwin

Position: FAV

Dear Members of the Judicial Proceedings Committee,

My name is Autumn Goodwin. This is a favorable testimony for Senate bill SB0144: Corporations and Associations - Limited Worker Cooperative Associations - Authorization (Maryland Limited Cooperative Association Act). I am a business owner and startup founder of the company Vectech, a tech company located in Baltimore Maryland developing AI based technologies for gathering information on insects to support public health and environmental health. I have been working on the research that birthed Vectech since 2017, originally at Johns Hopkins University, and in 2019 my colleagues Tristan Ford, Margaret Glancey, and I co-founded Vectech. Since then, we have benefited greatly from Maryland state funding through the Maryland Innovation Initiative, among other programs offered by the state of Maryland and the federal government. This has allowed our team to grow to a current 23 employees, most of whom are based in Maryland.

We are a highly technical and incredibly collaborative team, enabling our success and growth which has been funded primarily with research and development grants and contracts. As Vectech has grown, it has become clear to me that we are building significant value. Yet given the current limitations in equity structures for corporate entities, this value is unequally distributed among those generating the value: the workers of Vectech. I work with a smart, agile, and highly skilled team. As a startup, we cannot always pay the most competitive salaries, but I hope to offer better compensation in the form of equity. A Limited Worker Cooperative Association would further ensure that the value generated by “my” business is not held in the wealth of a few founders, but shared in abundance with the people who make it a reality.

The Baltimore tech ecosystem is developing towards an inspiring vision of equitable innovation not bound by historically discriminative lines such as race, gender, and economic class. This has been embodied in the work of Upsurge, Baltimore Tracks, the Techstars Equitech accelerator now entering its fourth year, Innovation Works, OpensWorks and the work of many others focused on enabling economic equity in Baltimore. While inspiring, the legal frameworks available to equitably minded founders is currently limited. But by creating a clear pathway for making a worker cooperative, we not only enable collaborative worker-run coffee shops, book stores, breweries and farms, but also further advance the vision of an equitable tech city, creating a vastly more diverse landscape of those who call themselves tech business owners.

I am convinced that worker cooperatives are an essential missing ingredient to creating a vibrant equitable tech ecosystem in Baltimore and the surrounding area. While I would love to convert my business to a limited worker cooperative association in Maryland. The passing of SB0085 would provide a clearer pathway for this conversion, and would at minimum provide a pathway for the formation of a tech focused worker cooperative in my future after I move on from the work of Vectech. For these reasons, I ask you to support this bill.

With hope and sincerity,

Autumn Goodwin

Co-Founder and Chief Technology Officer of Vectech, Inc - a public benefit corporation
Baltimore, MD

SB0114 Testimony.pdf

Uploaded by: Caitlin O'Connor

Position: FAV

I'm Caitlin O'Connor, one of the worker-owners of The Wine Source in Baltimore and I am submitting favorable testimony for SB 0114. I have been an employee of The Wine Source for 14 years. When the former owner announced he was retiring and putting the business up for sale, I and many of my co-workers worried about the future of the company and our role in it. We partnered with Baltimore Roundtable for Economic Democracy (BRED) to pursue purchasing the store and converting it into an employee-owned co-op, which we did successfully in September 2024.

At the beginning of this process, I considered a co-op conversion as the most logical way for us to retain the store as we knew it and to secure our jobs. As I learned more about creating and running a co-op, I began to see what a positive impact such a business model can have- an impact that can extend far beyond the company itself. Being able to purchase the store has been the opportunity of a lifetime for many of us. The co-op model allows for a more democratic approach to running a business that utilizes the talents and experience of all the worker-owners.

I can say with certainty that if we had not converted to a worker-owned co-op, this store would have changed in ways that would not have benefited the staff, the community and our customers. We have been able to implement changes that positively benefit the community, and put the health and needs of the workers over profits. Many of us live in the area, where we frequent other locally owned businesses and maintain strong relationships with members of the community.

We have also seen a sharp increase in the number of job applications to the store, and almost all of them have cited the conversion to worker ownership as a selling point. People in the city are hungry for a work environment that offers equity and transparency, and I believe anything that can be done to pave an easier path for co-operatives will only benefit the city and its neighborhoods.

SB144_RMC_Support Testimony.pdf

Uploaded by: Charlotte Davis

Position: FAV



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Susan O'Neill, Chair

Charlotte Davis, Executive Director

POSITION STATEMENT

SENATE BILL 144 Corporations and Associations - Limited Worker Cooperative Associations - Authorization
(Maryland Limited Cooperative Association Act)
Senate Judicial Proceeding Committee
January 9, 2025

The Rural Maryland Council **SUPPORTS** Senate Bill 144- Corporations and Associations - Limited Worker Cooperative Associations - Authorization (Maryland Limited Cooperative Association Act). The bill authorizes the formation of a limited worker cooperative association.

While Maryland statute recognizes the formation of cooperatives such as electric cooperatives and housing cooperatives, it does not specifically authorize worker cooperatives. Cooperatives are often a solution to many rural challenges to make up for a lack of population density and create economies of scale. As rural Maryland's population is aging, transitioning to the next generation is of concern particularly aging business owners and farmers. As these aging owners wish to retire, converting to a worker-owned cooperative could retain needed businesses and jobs in areas desperate in need.

There are *Seven Cooperative Principles*:

- **Voluntary and Open Membership**
- **Democratic Member Control**
- **Member Economic Participation**
- **Autonomy and Independence**
- **Education, Training and Information**
- **Cooperation among Cooperatives**
- **Concern for Community**

Worker cooperatives are value-driven businesses that put the worker and community benefits as the core of their purpose. More than half of worker cooperatives in the United States today were designed to improve low-wage jobs and build wealth in communities most directly affected by inequality, helping vulnerable workers build skills and earning potential, household income and assets.

Worker cooperatives are different from Employee Stock Ownership Plans (ESOPs) as outlined in the attached chart. An ESOP is a federally-regulated employee benefit plan that gives ownership interest to workers by allocating shares from the ESOP trust. A worker cooperative is a member-owned business entity in which worker-owners have a controlling interest, and who elect the governing body on a one-member-one-vote basis.

Three other types of employee ownership exist: Employee Ownership Trust (EOTs), which is a perpetual purpose trust that holds some or all of the shares of a company on behalf of the employees, equity compensation grants and direct ownership options through stock options or offers. An EOT ensures employees have a share in profits, a voice in governance and that the mission of the business—and its jobs—can be preserved for generations to come.

The Committee voted to support this bill last year, SB 85. This legislation will support the retention and creation of jobs across the State. The Rural Maryland Council requests a favorable report of SB 144.

The Rural Maryland Council (RMC) is an independent state agency governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county, and municipal governments, as well as the for-profit and nonprofit sectors. We bring together federal, state, county, and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic or regulatory solutions.

“A Collective Voice for Rural Maryland”

| | <i>ESOPs</i> | <i>Worker Coops</i> | <i>EOTs</i> | <i>Equity Grants</i> | <i>Direct Ownership</i> |
|---|---|--|--|--|--|
| What kinds of companies typically use these plans? | Established companies with owners looking to do a partial or complete ownership transition. A minority of plans are used by companies simply to share the wealth employees help create. Companies must be C corporations, S corporations, or LLCs taxed as a C or S corporation. | Typically, smaller companies with a philosophical commitment to democratic corporate governance. Companies looking for a lower cost way to set up an employee ownership plan and/or get employee investment up front. | Companies looking to do a business transition that want to give legal protection for preserving legacy, community benefit, or social and environmental goals, or that do not want to comply with the rules and costs of an ESOP and are willing to trade off the tax benefits of ESOPs to do so. Trusts can be designed to be permanent in order to prevent a sale to another buyer. | Often used by newer companies looking to grow or by larger private companies. Most private companies using these plans intend to be sold in the medium term, but some provide liquidity through company redemptions and stay private. | Companies of various sizes and stages seeking a low-cost, gradual, flexible ownership transition. Typical goals for these plans include employee engagement and the creation or maintenance of a strong ownership culture. Companies are typically S corporations or C corporations. |
| Primary uses | 1. To be a new owner of the business, often when the current owner wants to retire. 2. Providing incentives and rewards broadly to the workforce. | 1. Starting up a new company, often with a social mission. 2. Business transitions in very small closely held companies. | 1. Preserving the culture, protecting the work force, or maintaining a values-based decision-making process. 2. Business transitions in closely held companies. | 1. Providing incentives and rewards to selected workers or, less often, more broadly. 2. Conserving cash in startup companies. | 1. Recruiting, retaining, and incentivizing employees. 2. Providing liquidity for owners, either gradually or, in the case of a leveraged transaction, more quickly. 3. Providing a tool for a gradual & flexible ownership transition and leadership succession. |
| Tax benefits to owners of companies | 1. Sellers can defer capital gains taxes on a sale an ESOP if the sales meets certain requirements. 2. The purchase of shares by the ESOP can be funded with pretax dollars out of future profits. Stock redemptions outside of ESOPs must be funded with after-tax dollars. | 1. Sellers can defer capital gains taxes on a sale to a worker cooperative if the sale meets certain requirements. This provision is the same for ESOPs and worker cooperatives. | None | None | None for the sale. Combined with a stock donation program, capital gains tax on the donated stock is potentially eliminated. Such donations likely qualify for a deduction in the year of the donation. |
| Governance | The ESOP trust is the legal shareholder. The trustee is appointed by the board. The trustee votes the shares. Employees have limited voting rights. | Each cooperative member has one vote, and coop members elect the board of directors. | Companies can choose the control rights the trust exercises and whether employees have any say. | Employees generally have no role in governance as a result of the equity shares. | Shares of company stock are typically voting shares. 1 share = 1 vote. Owners elect the board of directors. |



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Susan O'Neill, Chair

Charlotte Davis, Executive Director

BRED_favorable_JPR25.pdf

Uploaded by: Christa Daring

Position: FAV



SB85 - Maryland Limited Cooperative Association Act
Hearing of the Senate House Economic Matters Committee
January 8, 2025
2 p.m.

FAVORABLE

Baltimore Roundtable for Economic Democracy (BRED) **strongly urges a favorable finding on SB144/HB15 - the Maryland Limited Cooperative Association Act, approved unanimously by the Senate during the General Assembly Session 2024, and we support this bill in its current form.** We're very excited by the prospect of this legislation becoming code and worker cooperatives in Maryland having ease of formation and governance. The cooperative landscape in Maryland is diverse and touches many and this legislation will bolster this growing sector of entrepreneurship. **The broad-based support for this bill reflects the need for this crucial piece of legislation to support cooperative small business.**

The Maryland Limited Cooperative Association Act 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.¹ 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.

¹ 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>)

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 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.² 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

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

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.³ 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.⁴ Worker cooperatives also provide social innovation, are dedicated to environmental sustainability as a matter of 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.⁵

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.

SB144/HB15 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

³ Abell, H. (2014). *Worker cooperatives: Pathways to scale*. <https://project-equity.org/wp-content/uploads/2023/06/Worker-Cooperatives-Pathways-to-Scale.pdf>

⁴ 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>

⁵ 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>

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. The bill as unanimously passed by the Senate reflects the amendments made in response to the MD Comptroller's office and MD business attorney feedback. 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 SB144/HB15**. If you have any questions about this testimony, please reach out at christa@baltimoreroundtable.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
Cajou Creamery

SB0144 Written Testimony-Patterson.pdf

Uploaded by: Deanna Patterson

Position: FAV

Tuesday, January 7, 2025

Favorable Testimony

SB0144: Corporations and Associations - Limited Worker Cooperative Associations - Authorization (Maryland Limited Worker Cooperative Association Act)

To whom it may concern:

My name is Deanna Patterson. I have been a member-owner at the Catonsville Cooperative Market since October of 2020, having served on its Board of Directors in 2022, with plans to return to the Board in the future. I have also been a member of the Catonsville Cooperative Preschool since July of 2021, and I have served on its Board of Directors since May 2024, with plans to continue for at least the next 2 years. Cooperative Organizations are a core component of my community, my daily life, my family's daily life, my childrens' education, and my family's diet and health.

When we moved to Catonsville in May of 2020, the Covid Pandemic was an all-consuming part of our lives, affecting every decision we made, and having a significant impact on the establishment of our new community and our place within it. This time also brought a renewed focus on where we decided to spend our money and how we managed our health. In deciding how to best proceed for our family, we learned about the Catonsville Cooperative Market, a small food market that partnered with local farms and vendors to supply organic, seasonal, healthy food and home care options at an affordable price. By joining CCM, we were not only gaining access to potential profits through its cooperative model, but we were also joining a community of like minded people, gaining access to healthy options for our family, connecting with local businesses and creators, and keeping our money in our community and our spending within our values.

When it came time for our oldest child to enter preschool, we again were met with another list of decisions to be made guided by our community, our values, Covid procedures, and cost. We learned about the Catonsville Cooperative Preschool, a small, local, non-profit preschool that emphasized family participation in children's education, and in conjunction, kept tuition costs low by involving families in the backend work required to run and maintain an educational organization (with staffed, certified teachers, of course). We loved having the opportunity to be deeply immersed in our child's entrance into an educational setting, and to be available for them as they transitioned out of being home full-time in Covid quarantines. We appreciated having the chance to be involved in the decision making of the school, to get to know some of the behind the scenes of what that entails, and to, again, be supporting our community by keeping our

money local. While CCP is not a cooperative in the sense of profit sharing at the end of the year (all profits go back into the school for classroom supplies, upgrades, field trips and special guests, events, teacher salaries, and continued education), it is a cooperative in the sharing of the workload and community building. My oldest has since graduated from the preschool, but it is now time for my youngest to enter, and we again chose the Catonsville Cooperative Preschool.

The Catonsville Cooperative Preschool, along with the Toddler Cooperative of Baltimore County, was featured in the Baltimore Banner just this week. The article can be found at:

<https://www.thebaltimorebanner.com/education/early-childhood/cooperative-preschool-baltimore-county-7QQPYKNCLBCWVIEGEETHFLSWZI/> .

The Catonsville Cooperative Market was featured in an interview hosted by OCA Mocha, a local community driven coffee shop in partnership with UMBC. The interview video can be viewed at:

https://www.youtube.com/watch?v=UR_5CztJucg&t=1s

The cooperative model, in the many forms in which it can be found, is a valuable and important model. In a time when people's rights and autonomy are being threatened, when large corporations are monopolizing the options available to us in so many spheres, and when community support is all the more vital, Cooperatives give the people their power back. Cooperatives allow people a chance to have a real say, to keep their money where it matters, to spend their time where it matters, and to then get to reap the benefits of that.

My life, my childrens' lives, have been so positively impacted by cooperatives. Having been on the Board of Directors for two cooperative organizations, I've also seen, first hand, the challenges faced by those organizations as they try to work through a system that is not created for their success. SB0144 is an important step in evening the playing field for these organizations and allowing them a fighting chance at making good change for the people and economy of our state.

Thank you for your time, and I hope you, too, will support Cooperatives by voting in favor of SB0144.

Deanna Patterson

FAVORABLE TESTIMONY SB144_HB15 - Jan 2025.pdf

Uploaded by: Emily Lerman

Position: FAV



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

Testimony for SB 00144.pdf

Uploaded by: John Duda

Position: FAV

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

SB144_HB15 Testimony (Maryland).pdf

Uploaded by: Kate Khatib

Position: FAV

SEED COMMONS

January 7, 2025

To the Judicial Proceedings Committee,

I am submitting this testimony in support of SB144 today, as the Co-Executive Director of Seed Commons, one of the nation's largest CDFI lenders dedicated solely to the support of worker-owned businesses across the country, and as a co-founder of Red Emma's Bookstore Coffeehouse, Baltimore City's oldest and largest worker-owned cooperative. I am in strong support of the Maryland LCA Act, because I believe that it removes many of the barriers that cooperative entrepreneurs like myself face as we strive to build democratic workplaces that exemplify the principles of cooperation and collective management. In a worker-owned cooperative, there is no one single owner who calls the shots - all of the workers work together to ensure the growth and success of the business, to share in the day to day responsibilities of operating the business, and, when times are good, to share equally in the profits that the business generates.

I believe that the LCA designation is a critical tool for cooperative entrepreneurs, developers, and educators. It removes many of the barriers to cooperative formation by giving us a clear and consistent way to start new cooperatives and convert existing businesses into cooperatives, without forcing us to jump through legal hoops and hack something together that approximates democracy, while at the same time, forcing us to continually justify our ownership structure. We have one of the fastest-growing cooperative ecosystems in the country here in Maryland. This Act will establish a standard legal form for those cooperatives, and provide a new level of clarity for those looking to start democratic workplaces or convert an existing business.

At Red Emma's, we struggled for years trying to make the existing options work, cobbling together a legal form that at best approximated the simple principles of cooperation and self-management we wanted to embody. We faced significant challenges around employee/employer taxation regulations, because we incorporated as an LLC with all of our workers as members; we faced significant hurdles around obtaining workers compensation insurance at rates that matched the actual labor costs of our business - at one point incurring a \$28,000 workers compensation insurance bill for a single year, for a business that paid, at that time, less than \$300,000 in wages. We went through an expensive and inelegant conversion from an LLC to a corporation, so that we could have the ability to bring in much-needed investment to fuel our business growth, in a way that didn't conflict with securities law or limit our ability to raise capital on the terms that worked for our needs. As a cooperative educator and

SEED COMMONS

developer, working across the state, I have seen countless projects stumble on these same issues.

In Maryland, a core focus of cooperative development and a key site of growth is in the communities who have historically had the least access to economic resources. Removing these barriers by streamlining the process of worker cooperative formation is an essential step we can take towards a more democratic economy.

The Maryland Limited Cooperative Association Act, if enacted, would provide a powerful tool for cooperative entrepreneurs, developers, and educators, by outlining a template grounded in best practices and hard-won lessons for anyone starting a worker cooperative to adopt and follow, whether that cooperative wanted to use more traditional management structures or operate in a more directly democratic way.

The Act would also crucially make sure that cooperatives can access the investments from their communities that they need to start, scale, and grow, without compromising their democratic principles. This simple and streamlined way to unlock more community investment for cooperatives is also designed to make these communities more invested in their success—a win for everyone.

Additionally, the Act would also remove a disproportionate financial burden faced by some worker cooperatives like my own when they try to protect their worker-owners with a workers compensation policy, by providing the educational guidance insurers need to properly account for broad-based democratic ownership.

By establishing a standard default legal form for worker cooperatives in the State of Maryland, this Act will provide a new level of clarity for those looking to start democratic workplaces or convert their existing business to democratic ownership, accelerating the already exciting growth we see in the state's cooperative sector today.

Thank you for your consideration,

Kate Khatib

Co-Executive Director, Seed Commons | Worker-Owner, Red Emma's

SB0144 Testimony.pdf

Uploaded by: Michael Berardi

Position: FAV

Michael Berardi
01/07/2025
Testimony for SB0144

My name is Michael Berardi and I am submitting a favorable testimony in support of SB0144. Cooperatives have been extremely important to me for years, I have been a member-owner of the Catonsville Cooperative Market since February 2019. I have also worked alongside Cooperative Community Development, inc and The Baltimore Roundtable for Economic Democracy (BRED). I have worked to increase education around coops in community and entrepreneurial spaces. I've done this work because I believe in the power of local cooperation and organization. I am also a co-founder of OCA Mocha, a community center and coffee shop in Baltimore County that is partnered with the University of Maryland, Baltimore County (UMBC). Just last year we were holding conversations about converting into a cooperative structure, however the lack of clarity and support from the state made it challenging for the team and ultimately those efforts were tabled. Having SB0144 passed would mean more opportunities for folks like us to have clear guidelines and processes for working in cooperative structures. True economic power and community sustainability comes from banding together and supporting our local economy. Cooperatives are a clear structure for achieving this in an equitable and just manner. I am currently one semester away from earning my master's degree in Community Leadership at UMBC and have spent time during my studies exploring the cooperative model and the increasing success of co-ops in Baltimore. Witnessing this growth over the past several years inspires me to continue investing in and supporting co-ops that uplift many of the values we share as Marylanders. Making it easier for people to create worker cooperatives has a clear benefit to the people of Maryland as well as the state institutions. Thank you for your thoughtful consideration.

SB0144-JPR-FAV.pdf

Uploaded by: Nina Themelis

Position: FAV



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

SB0144

January 9, 2025

TO: Members of the Senate Judicial Proceedings Committee

FROM: Nina Themelis, Director of Mayor's Office of Government Relations

RE: Senate Bill 0144 – Maryland Limited Cooperative Association Act

POSITION: FAVORABLE

Chair Smith, Vice Chair Waldstreicher, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 144.

SB144 is directly aligned with Baltimore City's Comprehensive Economic Development Strategy, "Baltimore Together," which delineates sector-specific strategies to invest in social innovation entrepreneurs and bolster the growth of Baltimore City hospitality and creative industries' small businesses. Baltimore Development Corporation (BDC), the City's economic development agency, participates in the Business Assistance Support and Equity (BASE) Network, where many of its partners support SB144. BDC sees this effort and legislation directly tied to the health and vitality of the small business community of Baltimore City.

A cooperative is a business or nonprofit organization owned and operated by the people who either use or provide its services. Currently the Internal Revenue Service provides special rules for taxing cooperatives under Subchapter T of the Internal Revenue Code. However, these rules apply to taxation from the Federal Government. There are already more than 30 worker cooperatives operating in Maryland. Currently in Maryland, a business entity is taxed as either a pass-through entity or a corporation, making it challenging for Maryland cooperatives to determine their proper tax structure. SB144 seeks to further define and clarify how worker cooperatives incorporate, pay taxes, get loans, or run their business in compliance with Maryland state law.

SB144 will also help create pipelines of funding for cooperatives as it can be very difficult to secure outside funding via the traditional avenues. Many banks and investors do not understand the unique nature of worker cooperatives, and a concrete tax structure will facilitate access to capital.

For these reasons, the BCA respectfully requests a **favorable** report on SB144.

KDC in favor of MD SB144-HB15 2025.pdf

Uploaded by: Noemi Giszpenc

Position: FAV



Keystone Development Center

1631 North Front Street

Harrisburg, PA 17102

Tel 717-792-2163

info@kdc.coop

www.kdc.coop

January 7, 2025

RE: SB144/HB15 - Limited Worker Cooperative Associations - Authorization - Favorable

Judicial Proceedings Committee

To: Chair, William C. Smith, Jr., Vice Chair, Jeff Waldstreicher, and members of the Committee

I strongly support SB 144, which unanimously passed the Senate last year. This proposed statute would clarify the way in which a worker cooperative could form in the state of MD, be treated, and attract investors. It is a needed structure for supporting and strengthening worker cooperatives in the state.

I am the Executive Director of the Keystone Development Center, a regional nonprofit formed in 1999 serving MD, PA, NJ and DE and providing technical assistance for the formation and strengthening of cooperatives. I have personally been working with employee-owned firms including worker cooperatives since 2002.

A worker cooperative is a business owned and democratically controlled by the people who work in it. Worker cooperatives are laboratories of democracy, teaching their members important skills in civics, entrepreneurship, and community participation. In addition to this role, cooperatives also allow greater economic security and stability for their members, as well as enhanced workplace conditions. In certain industries, the presence of worker cooperatives acts as a "high road" element that brings up wages and improves working conditions for all workers.

In the state of Maryland, worker cooperatives have been developing due to these beneficial aspects. Worker co-ops in MD offer work opportunities to returning citizens, contribute to climate change mitigation through plant-based foods, natural building, and bicycle repair, foster knowledge building through book sales and events, secure the continuation of legacy and high tech businesses, and promote fair trade with farmers in the Global South. But they have also been encountering difficulties, challenges, and roadblocks that significantly slow the expansion of this form of business. Five issues in particular have been hindering the development of worker cooperatives, and the proposed statute addresses each of these.

Incorporation. Many aspiring worker-owners have experienced confusion when it comes to legal incorporation, filing documents, naming stipulations, and entity selection when they are starting their business. In other states, worker cooperatives

statutes are clear about incorporation and how to file with the state. The Limited Worker Cooperative Association statute would provide clear guidelines.

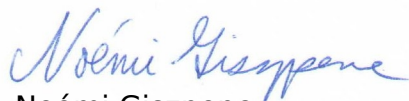
Workers Compensation. Businesses must pay for workers compensation in case of injury on the job that leads to a worker not being able to work. But businesses owned by the workers sometimes have to pay exorbitant workers comp insurance as if the workers are highly-paid bosses. Electing to be an LWCA would signal to insurance companies that the business should be treated differently.

Taxation. Navigating taxation as a worker cooperative can be difficult and cumbersome. The Maryland tax code is based on a default understanding of business with one business owner. Updating Maryland's tax code can go a long way towards easing the burden on worker cooperatives.

Transition to worker ownership. As more baby boomers retire and seek to sell their business to their workers, we must have an easy process for them to do so. A clear process to turn established businesses into worker cooperatives will preserve jobs and create new business leaders. The proposed LWCA statute allows a very clear way to elect a new business form.

Values-aligned funding. It can be very difficult to secure outside funding for a worker cooperative from traditional avenues. Many banks and investors do not understand the unique nature of worker cooperatives. Policy that preserves the values of economic democracy and co-ownership governance begins to address the issue. The Limited Worker Cooperative Association provides a clear way for lenders and retiring business owners to lend money to a worker co-op while preserving the democratic ownership and control of the co-op.

By enacting this bill, you improve our existing laws and allow Maryland residents to come together to gain the benefits from greater cooperative effort. Please support.



Noémi Giszpenc
Executive Director
Keystone Development Center
noemi@kdc.coop
717-792-2163

Anytime Taxi letter of support for worker co-op st

Uploaded by: Peter Ibik

Position: FAV

I'm Peter Ibik, President of Anytime Taxi in Montgomery County, Maryland. I'm submitting testimony in favor of SB0144.

Anytime Taxi is a driver-owned cooperative in Montgomery County, organized as an LLC in 2015, and operational since 2018. We currently have a fleet of 12 wheelchair-accessible taxicabs.

Our co-op was created by taxi drivers, with two distinct intentions: (1) to offer significantly improved transportation options for people with disabilities, and (2) to provide taxi drivers with fair and equitable fees and services.

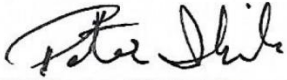
The transportation options for people with disabilities are very limited and difficult to utilize. Ride-sharing services such as Uber and Lyft do not provide transportation to people with disabilities. Taxi drivers formed this co-op as a way of providing high-quality, dignified options for transportation for people with disabilities.

Many taxi drivers are impoverished and are not in a position to acquire their own vehicles and licenses. Taxi companies have traditionally charged exorbitant fees to lease vehicles and licenses, and provide dispatching, insurance, and other services to taxi drivers. Driver-owned taxi co-ops are directly accountable to their driver-members, and operate on a not-for-profit basis, thus they charge much less and drivers can take home much more of their hard-earned fares.

The absence of a dedicated worker-owner cooperative statute in Maryland has been a major financial hardship for our cooperative. Worker-owned co-ops organized as LLCs in Maryland are seriously overcharged for their workers compensation premiums, since their members are presumed to be executive-level employees with relatively high salaries. Passing SB0144 will solve this problem by providing worker co-ops with their own statute that is better suited to their needs.

Thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink that reads "Peter Ibik". The signature is written in a cursive style with a large initial "P".

Peter Ibik

President, Anytime Taxi

Testimony Worker Cooperative Bill.pdf

Uploaded by: ron hantz

Position: FAV



**Network for Developing Conscious Communities
28 46th Place North East
Washington, DC 20019**

January 7, 2025

Dear Members of the Committee,

I am writing to express my strong support for the Worker Cooperative Statute SB144/HB15, which aims to create a legal framework that enables the formation and operation of worker cooperatives within our state. Worker cooperatives are businesses that are owned and operated by their workers, offering a democratic structure that empowers individuals and fosters community development. The passage of this statute will provide crucial support for workers looking to establish cooperatives as a means of promoting economic stability, job security, and shared prosperity.

Key Benefits of the Worker Cooperative Statute:

1. **Empowerment and Economic Justice:** This legislation will empower workers by granting them the ability to take collective ownership of their workplace, allowing them to have a say in decision-making processes. This not only promotes economic justice but also fosters a sense of community and collaboration among workers.
2. **Job Creation and Economic Resilience:** Worker cooperatives have been shown to create stable, sustainable employment opportunities. By supporting the formation of these businesses, we can drive job creation in our communities and enhance economic resilience, particularly in times of economic uncertainty.

3. **Encouragement for Entrepreneurship:** The proposed statute will encourage entrepreneurship among workers who may not have access to traditional business ownership pathways. It creates a supportive environment for individuals to innovate and contribute to local economies.
4. **Alignment with Community Values:** Worker cooperatives align with the values of equity, inclusiveness, and sustainability. By endorsing this statute, we can build a stronger, more equitable economy that benefits everyone in our communities.
5. **Long-Term Success:** Research indicates that worker cooperatives have higher survival rates than traditional businesses. The legal protections and framework provided by this statute will enhance their long-term viability and success.

In conclusion, passing the Worker Cooperative Statute SB144/HB15 is a transformative step toward fostering economic democracy in our state. It reflects our commitment to creating jobs, empowering workers, and building a more just and equitable economy. I urge the committee to support this important legislation.

Thank you for your attention to this matter and for your commitment to advancing policies that benefit workers and our communities.

Sincerely,

Ron Hantz
Executive Director
Network for Developing Conscious Communities

Testimony- Councilman Ryan Dorsey.pdf

Uploaded by: Ryan Dorsey

Position: FAV



BALTIMORE CITY COUNCIL

RYAN DORSEY, 3rd District

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Room 523
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Ryan.Dorsey@BaltimoreCity.gov

January 7, 2025

The Honorable William C. Smith Jr., Chair
The Honorable Jeff Waldstricher, Vice-Chair
Members of the Senate Judicial Proceedings Committee
2 East
Miller Senate Office Building
Annapolis, Maryland

**RE: Requesting Favorable Report – SB114 - Maryland Limited Worker
Cooperative Association Act**

Dear Chairman Smith, Vice Chairman Waldstricher, and Members of the Senate Judicial Proceedings Committee,

I am writing to urge you to issue a favorable report for **SB114 - Maryland Limited Worker Cooperative Association Act**, which would create a corporate entity for limited worker cooperative associations that is designed to address the unique challenges that these enterprises face.

Presently, Maryland lacks a dedicated worker cooperative statute, resulting in significant impediments in the formation, governance, and financing of these enterprises. The existing corporate structures fail to adequately accommodate the cooperative business model. SB114 seeks to correct this by introducing provisions modeled after successful frameworks implemented in 30 other states.

Worker cooperatives play a crucial role in fostering economic resilience and inclusivity. Empowering worker owned cooperatives can lead to higher wages and benefits, enhanced job security, increased worker control, and greater community engagement. It is imperative that we acknowledge the important role these cooperatives will play in the future business landscape.

Your favorable report for SB114 is essential for promoting a more equitable business landscape. Thank you for considering my testimony.

Sincerely,

Councilman Ryan Dorsey
Baltimore City Council, 3rd District