

Subject: Support for Bill H-5940

Dear Chair Corvese,

I write to express strong endorsement of Bill H-5940, The **Rhode Island Opportunity for Employee Ownership Act**, which creates structured pathways for employees to purchase businesses when owners decide to sell.

As the former Director of the **Women's Business Center** in Rhode Island, I've firsthand witnessed the concerning gap in exit planning that threatens small business sustainability. Too often, business owners reach retirement age or face unexpected circumstances without a clear exit or succession plan, resulting in closures that eliminate jobs and vital community resources.

The proposed legislation offers a solution by providing a framework for employees to continue the businesses they've invested their time and talent in. This approach preserves jobs, keeps wealth circulating locally, creates more democratic workplaces with equitable profit-sharing, and provides business owners with a fair exit strategy while preserving their legacy.

The tax incentives in this bill will encourage more business owners to consider employee ownership as a viable succession/exit plan option. Recent data proves this approach works: a 2022 Rutgers University study found that employee-owned companies were **4 times less likely** to lay off employees during the COVID-19 pandemic compared to conventional businesses.<sup>1</sup> And, according to Project Equity (2023), converting to employee ownership increases business survival rates by 30% over three years.<sup>2</sup> Again - data clearly demonstrates why employee ownership models have been successful across various industries.

Notably, with small businesses comprising 98% of Rhode Island's economy, many lack formal succession/exit plans. The **Opportunity for Employee Ownership Act** offers a sustainable solution that benefits our entire economic ecosystem.

Thank you for your attention to this matter. I hope you consider the importance of advancing Bill **H-5940** for the benefit of our state's small business community.

Sincerely,



Lindsey Ramirez - Small Business Advocate  
Former Director Rhode Island Women's Business Center

<sup>1</sup>Rutgers Institute for the Study of Employee Ownership and Profit Sharing (2022). <https://smlr.rutgers.edu/faculty-research/institute-study-employee-ownership-and-profit-sharing> <sup>2</sup>Project Equity (2023). Business Continuity Through Employee Ownership. <https://project-equity.org/impact/annual-reports/>