



SIERRA CLUB

MAINE CHAPTER

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To: Committee On Taxation
From: Nathan Davis, Ph.D., Sierra Club Maine
Date: April 11, 2023
Re: **Testimony in Support of L.D. 1276: An Act to Create and Sustain Jobs and Affordable Housing Through the Development of Cooperatives and Employee-owned Businesses**

Senator Grohoski, Representative Perry, and members of the Committee On Taxation, my name is Nathan Davis, and I write on behalf of Sierra Club Maine, representing over 22,000 supporters and members statewide. Founded in 1892, Sierra Club is one of our nation's oldest and largest environmental organizations. We work diligently to amplify the power of our 3.8 million members nation-wide as we work towards combating climate change and promoting a just and sustainable economy. To that end, we urge you to vote "ought to pass" on L.D 1276: An Act to Create and Sustain Jobs and Affordable Housing Through the Development of Cooperatives and Employee-owned Businesses.

The Sierra Club has a long history of solidarity with the labor and economic justice movements.¹ In addition, an attitude towards economic justice is implicit in the second line of our mission statement: "To practice and promote the responsible use of the earth's ecosystems and resources". That economic inequality contributes to environmental destruction is well-documented. A 2018 Scientific American article makes this plain: "Power imbalances facilitate environmental degradation - and the poor suffer the consequences."² One way to tilt this power imbalance back towards the workers whose labor drives our economy is to do what we can to promote cooperatives and employee-owned businesses.

The most robust research of which we are aware concerning the economic impact of cooperatives comes from a 2009 study conducted by the University of Wisconsin Center for Cooperatives.³ Even then, the economic impact was enormous: "Nearly 30,000 U.S. cooperatives operate at 73,000 places of business throughout the U.S. These cooperatives own >\$3T in assets, and generate >\$500B in revenue and >\$25B in wages. Extrapolating from the sample to the entire population, the study estimates that cooperatives account for nearly \$654B in revenue, >2M jobs, \$75B in wages and benefits paid, and a total of \$133.5B in value-added income."

L.D. 1276 would establish tax incentives to encourage the sale of businesses to employees and cooperatives (including consumer cooperatives and cooperative affordable housing corporations) and assist in the financing of such sales. It would also create a Maine Employee

¹ <https://www.sierraclub.org/labor>

² <https://www.scientificamerican.com/article/how-economic-inequality-harms-the-environment/>

³ https://resources.uwcc.wisc.edu/Research/REIC_FINAL.pdf

Ownership Center to advise and assist in the formation and financing of employee-owned businesses. Finally, it would establish policy objectives such as job retention and the expansion of affordable housing, as well as performance measures to ensure that the tax incentives achieve these policy objectives.

We believe that this bill is likely to increase the number and strength of cooperative enterprises in Maine, and we support it strongly. We encourage you to vote "ought to pass" on L.D. 1276. Thank you for your time and consideration.

Sincerely,
Nathan Davis, Ph.D.
Sierra Club Maine
Legislative Team member