



Testimony of the Island Institute in Support of LD 1276, An Act to Create and Sustain Jobs and Affordable Housing Through the Development of Cooperatives and Employee-Owned Businesses

April 13, 2023

Senator Grohoski, Representative Perry, and members of the Tax Committee, my name is Nick Battista, and I am offering this testimony on behalf of the Island Institute generally in support of LD 1276, An act to Create and Sustain Jobs and Affordable Housing Through the Development of Cooperatives and Employee-owned Businesses.

The Island Institute is a 40-year-old nonprofit organization based in Rockland, Maine. We work to sustain Maine's island and coastal communities by building economic, climate, and community resilience. We have long, deep relationships with the people who work on the ocean and others who are leaders in the blue economy. Throughout the history of our organization, the Island Institute has partnered with coastal and island business owners, educators, researchers, policymakers, and other community stakeholders to leverage resources and technical expertise to support community resiliency.

We regularly interact with coops and employee-owned businesses through the Island Institute's programmatic work. We often find ourselves in Maine's smallest communities – 25% of the State's coastal communities have fewer than 800 residents. Many of the outer island communities have tiny year-round populations. The economics of running a business in these communities can be daunting, particularly capital-intensive businesses such as a lobster buying station, power company, ferry, or plane service. Some of these businesses are operated by entrepreneurs who don't mind not maximizing their income because they believe in the services they are providing to their community. Others are employee-owned or coops and generally have a set of values that extends to supporting the community as a whole.

A major transition in a business to a cooperative or employee-owned structure doesn't happen every day in the communities we work with. That said, we regularly hear concerns about the long-term future of critical businesses and, specifically whether future owners will have the same value set and stomach for operating without seeking to maximize profits fully. Taking steps to support these transitions and adding another tool to help support the ownership transition of businesses is sensible.

We generally support LD 1276. Please don't hesitate to reach out with questions.