



COOPERATIVE FUND OF THE NORTHEAST

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Testimony in support of LD 756 – An Act Creating and Sustaining Jobs Through the Development of Cooperatives and Employee-owned Businesses by Providing Tax Deductions for Certain Qualified Business Activities

Before the Committee on Taxation | March 11, 2025

Dear Senator Grohoski, Representative Cloutier, and Members of the Committee on Taxation,

The Cooperative Fund of the Northeast (CFNE) is a community loan fund (CDFI) working with cooperatives from all over Maine, tasked with supporting Mainers and Maine businesses to grow and thrive. We are concerned that many small business owners and farmers are approaching retirement without a succession plan. We know this will result in the closure of many healthy businesses.

CFNE has worked with selling or retiring business owners to explore exit planning options, particularly when selling to their employees is a good option. This can happen through an Employee Stock Ownership Plan (ESOP), such as Bull Moose, or an employee-owned cooperative, such as O'Donal's Nursery in Gorham. Our loan portfolio currently includes 14 loans, with commitments totaling \$6,268,150, to Maine small businesses that converted to employee-owned cooperatives.

LD756 would provide an added incentive to these business owners to consider the option of worker, producer, or community ownership to help preserve our critical business resources and jobs here in Maine. LD756 would also help establish and sustain a Maine Employee Ownership Center (MEOC), which would work closely and in a complementary way with our local service providers, like SBDC and SCORE, as we all help business and property owners transition to retirement. Working within our existing economic system and not being heavy handed, LD756 provides an incentive and advisory assistance to encourage owners to consider objectively local ownership for transitions.

We ask that you consider and ultimately support the passage of LD756. We would all be more than happy to answer any questions you may have.

Micha Josephy, Executive Director

Chris Linder, Loan Officer, Hampden