



Cameron Reny
Senator, District 13

THE MAINE SENATE
132nd Legislature

3 State House Station
Augusta, Maine 04333

Testimony of Sen. Cameron Reny supporting
**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 Joint Standing Committee on Taxation
March 12, 2025 at 10:00 a.m.

Senator Grohoksi, Representative Cloutier, and honorable members of the Joint Standing Committee on Taxation, I am Senator Cameron Reny, and I represent District 13, which includes most of Lincoln County and the towns of Washington and Windsor. Today, I am here to introduce 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."

This bill is a previous companion of the bill that I introduced last week, LD 554, which would support resident ownership of housing developments and mobile home parks. This bill, through a capital gains tax deduction, among other measures, supports employee ownership of businesses.

Above all, this is a bill to preserve and create Maine jobs and strengthen Maine businesses. It will help to preserve small businesses in rural areas, especially as their owners age out and retire. It will also support our farms, ensuring that they will continue to operate after their current owners step down.

Employee and cooperative ownership provide additional options to young workers and young people in Maine, helping to prevent brain drain. The expanded opportunity afforded by employee or cooperative ownership can help encourage young people to stay in their communities or even attract new people looking for opportunities. This is a tool to keep businesses that would otherwise shut down open, and employees that would be laid off employed.

Specifically, LD 756 will use a capital gains tax credit to incentivize business owners to sell or transfer their businesses to their employees or to a cooperative. Up to \$750,000 from a sale would be exempted from Maine capital gains tax. Additionally, it exempts from Maine income tax the interest from loans used to fund the employee or cooperative acquisition. These measures help make a sale to employees or a cooperative an acceptable, or even attractive, option for business owners. They also provide mechanisms to make the purchase more affordable to the cooperative or employees.

Furthermore, LD 756 directs the Department of Economic and Community Development to develop and manage the Maine Employee Ownership Center to provide information and programs to assist businesses in the transition to employee or cooperative ownership. One of the most difficult hurdles

in transferring a business to a co-op or ESOP is navigating the legal and structural requirements. This Employee Ownership Center would offer the needed technical assistance. It can also help connect employees, cooperatives, and owners with the financing they need for these transactions.

This legislation also provides for the evaluation of the tax incentive to ensure that it is achieving its goals. It directs the Maine Employee Ownership Center to work with the Office of Program Evaluation and Government Accountability to collect and review data on the number of these transactions and the jobs preserved or created.

There will be testimony following from different industries and individuals, as well as the Cooperative Development Institute, so I will close my testimony here. Thank you for your time and consideration, and I am happy to answer any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Cameron Reny". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Cameron Reny

State Senator, District 13

Representing Lincoln County and the towns of Washington and Windsor

Creating an Ownership Economy in Maine

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

Sponsored by: Senator Cameron Remy (D-Lincoln County)

Co-sponsored by: Senators Curry (D-Waldo County), Moore (R-Washington County), and Tipping (D-Penobscot County); Representatives Eaton (D-Deer Isle), Geiger (D-Rockland), Hepler (D-Woolwich), Stover (D-Boothbay)

- ***Preserve and grow jobs, businesses, and farms.***
- ***Attract and retain more young Maine workers.***
- ***Strengthen local ownership and control.***
- ***Promote economic and community development.***

What would LD 756 do?

LD 756 would incentivize the conversion of business assets to cooperative or employee ownership, and reduce the cost of financing the sale. It would:

1. Make the sale of any business or farm exempt from capital gains tax, up to \$750,000, if sold to a Employee Stock Ownership Plan (ESOPs) or a worker, producer or consumer cooperative.
2. Make interest income earned from financing these transactions tax exempt for sellers and Maine-based lenders.
3. Expand education and training opportunities and technical assistance for business owners and their workers interested in pursuing employee ownership.

Why do we need LD 756?

- **Strengthen local economies.**

The most recent US Census data shows Maine has over 7,000 small businesses, employing 120,000 workers, where the owner is nearing retirement age. Many different business surveys show only around 15% of owners have a documented exit plan. The smaller and more rural the business, the less likely it will find a buyer and the more likely the business will be liquidated and closed when the owner retires.

- **Preserve and create Maine jobs.**

Employee ownership can help stem Maine's "brain drain" and attract and retain more young workers. Research shows that young workers in employee-owned companies are in much better financial shape, with 33% higher wages, 92% higher household wealth, and 53% higher job tenure.

- **Support our seniors.**

For most business owners and farmers, the value of their business assets are the only retirement savings they have. Selling to employees and consumers can often provide the best chance for an efficient and cost-effective exit that keeps the business running.

- **Support existing and future farmers.**

Up to 400,000 acres of farmland in Maine will soon change hands, and many farmers over 65 do not have identified successors. Maine farming and food production is enjoying a renaissance, but the cost of entry for young farmers is throttling potential growth in this sector.

Where else have ideas like LD 756 been implemented?

- 25 states have established Employee Ownership Centers, and twelve of those receive public funding to support the outreach, education and technical assistance they provide.
- Over a dozen states have funded similar tax incentives and technical assistance services to support cooperative and employee ownership.
- Since 1984, sellers of larger C Corporations have been able to benefit from substantial federal tax incentives when their business is sold to employees as an ESOP or worker cooperative. However, because of the benefit's complexity, the vast majority of small Maine businesses can't use it.

Support for cooperative and employee ownership from across the political spectrum:

"As they prepare for retirement, many older business owners are concerned about what will happen to the enterprise they created and nurtured with so much time and effort. Employee ownership helps to ensure that the business will continue to thrive with a loyal workforce that is literally invested in its future."

- **Maine Senator Susan Collins**

"We need to provide assistance to workers who want to purchase their own businesses. Study after study shows that when workers have an ownership stake in the businesses they work for, productivity goes up, absenteeism goes down and employees are much more satisfied with their jobs."

- **Vermont Senator Bernie Sanders**

***Read the full text of LD 756, An Act to Create and Sustain Jobs and Affordable Housing through Development of Cooperatives and Employee-owned Businesses, at www.legislature.maine.gov
Learn more about cooperative and employee-owned businesses in Maine at www.Maine.coop***



BANGOR DAILY NEWS



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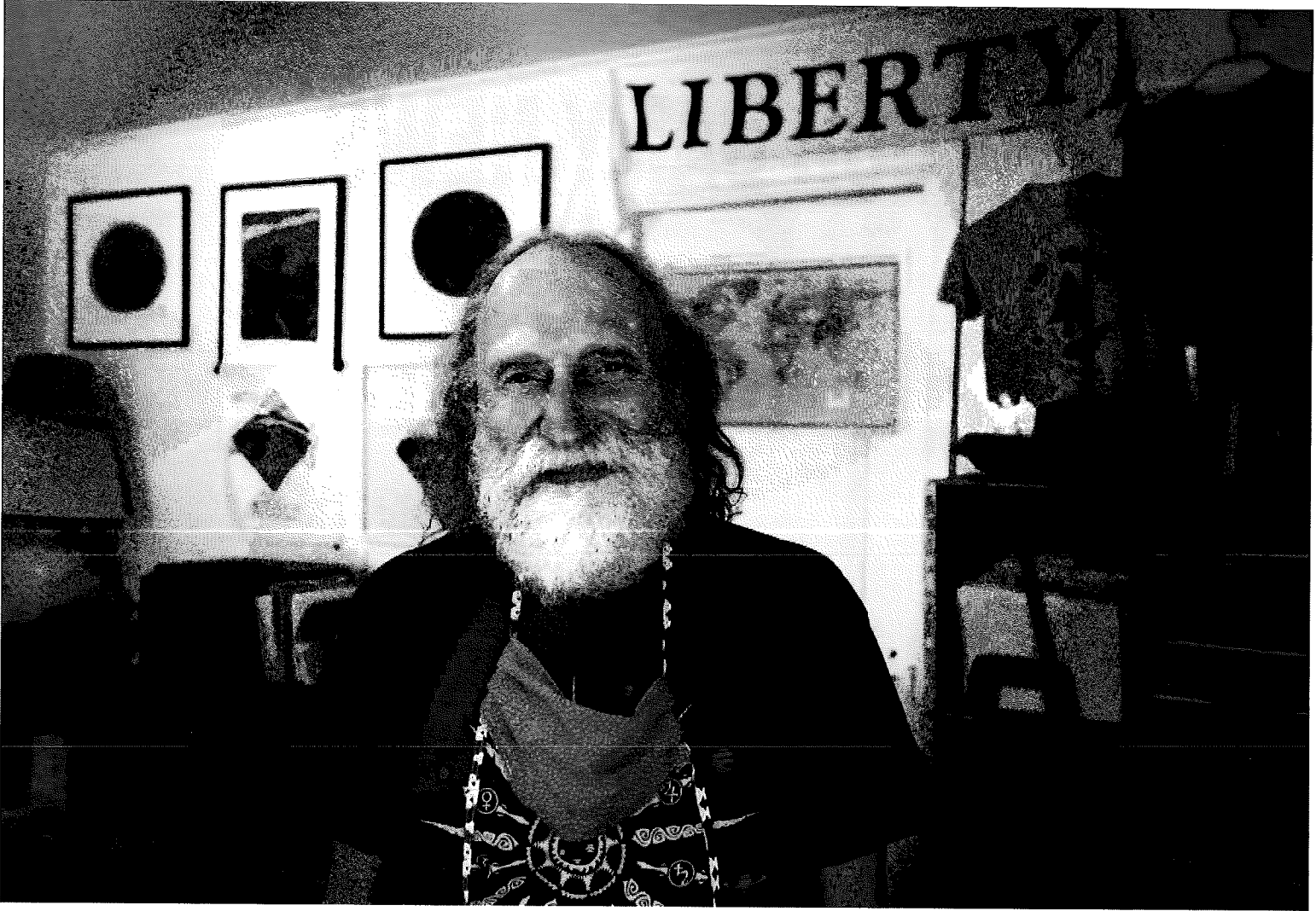
Bangor

Employees purchase iconic Maine T-shirt company

by Abigail Curtis

May 12, 2021





Tom Oppen founded Liberty Graphics in the 1970s and this month, he has finalized the sale of the company to his employees. Liberty Graphics, a T-shirt company based in the village of Liberty, is known for its vividly-colored designs. Credit: Linda Coan O'Kresik / BDN

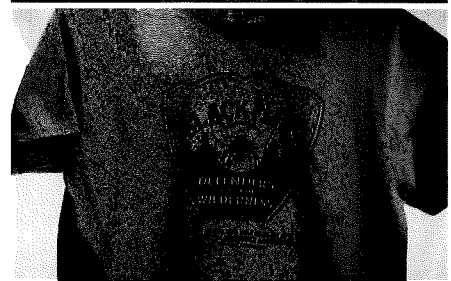
LIBERTY, Maine — Laurie Foy, the longtime manager of the Liberty Graphics retail outlet in downtown Liberty, is good at warmly greeting customers and welcoming them to the old-fashioned store.

But as of two weeks ago, Foy's welcome comes with a brand-new feeling: ownership and pride. Foy, who has worked for the T-shirt printing company for 26 years, just became one of its owners. She belongs to a worker-owned cooperative that purchased the business from founder Tom Oppen.

"It's very exciting," Foy said. "I think it feels freeing, in a way, once you become an owner of something. We now steer our own ship."

Lots of people may know Liberty Graphics best for the high-quality T-shirts printed with glow-in-the-dark celestial designs, geometric patterns made up of sea kayaks and canoe paddles, intricately drawn turtles, salamanders, monarch butterflies and much more. The brightly colored T-shirts line the walls of the retail outlet, located in a former general store and gas station in the heart of Liberty village.

Opper, 77, and the company he started in the 1970s as an entrepreneurial member of the back-to-the-land movement, are both Liberty institutions. The rural, lakeside community may seem like an unusual place for a nationally known T-shirt printing company to put down roots, but after talking to Opper, it all becomes clear.



From left (clockwise): Traditional screen printing presses are used to make the T-shirts at Liberty Graphics, a company that has used only water-based ink in their printing process since they began in the 1970s; Customers enjoy rummaging through shirts at Liberty Graphics retail outlet in downtown Liberty; A black fly T-shirt made by Liberty Graphics.
Credit: Linda Coan O'Kresik | BDN

Or as clear as the eccentric, usually barefoot Opper gets, anyway.

The Connecticut native moved to Maine 50 years ago, part of a wave of young people who were seeking a different way of life. He found it. He settled on land in Liberty and became something of a jack-of-all trades.

"I dug graves, did a little carpentry, hayed in the summer. I was a longshoreman," he said.

When local folks asked him if he would run a craft fair in Liberty, he agreed. That's how he learned there was a niche that needed to be filled.

"I was looking for someone to make T-shirts for the craft fair," he said. "I couldn't find anyone. So I decided to do it myself."

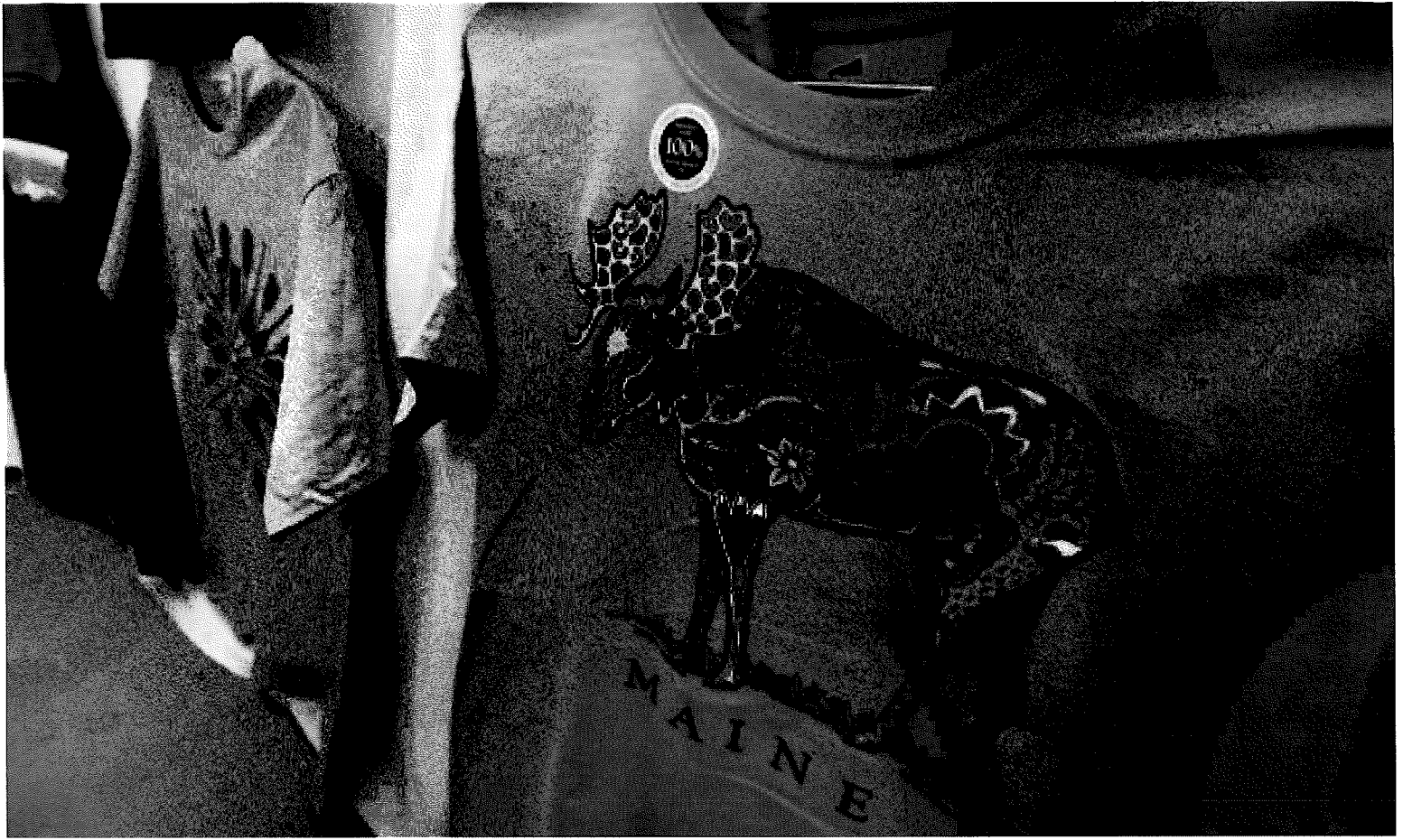
Opper wasn't an artist, but he knew a lot of people who were, including Beverly Kocenko, a back-to-the-lander who co-founded the company with him. One of the first shirts they made was for the town of Liberty's sesquicentennial in 1977. "150 Years of Liberty and Still Going Strong," it read, with a graphic of a green fir tree on a bold yellow background. The shirt still hangs in his office.

“I recognized an outlet through which to express creativity,” he wrote earlier this spring in a brief company history.

So, he and up to a dozen of his artist friends would gather every Thursday night in his kitchen, talking and sketching designs. They made T-shirts for the Belfast Broiler Fest, for the Montville Field Day — a simple design of naked feet in tall grass — and more. Soon, he and Kocenko were on the road every weekend, hawking their shirts across the state and even beyond.

“We were filled with the excitement of hitting the market and running back to Liberty to replenish and repeat,” Oppen said.

The company was different because their shirts showcased Maine events and happenings. But it was also unique because of the printing process they used. Liberty Graphics calls itself America’s original water-based ink T-shirt printer, and that distinction is important to Oppen. Water-based ink doesn’t need solvents and is better for the environment and the people who make the shirts.



Liberty Graphics, a T-shirt company based in the village of Liberty, is known for its vividly-colored designs. Credit: Linda Coan O'Kresik / BDN

“Ben Franklin wouldn’t believe this is a print shop,” he said. “Because it doesn’t smell.”

The nascent T-shirt business had the energy of capitalism and the egalitarian spirit of the 1960s, he said. And it started to take off. By the 1980s, they were selling shirts at national wholesale shows. Oppen was filled with pride when the American Museum of Natural History in New York City, one of his favorite places to visit as a child, became the company’s first notable customer.

Then came the 1990s, which were big, especially for a little Waldo County outfit. The Nature Company, a Berkeley, California-based chain of retail stores that sold scientific toys, fossils, books, clothing and more, discovered Liberty Graphics. Oppen also supplied shirts to other big clients including the San Diego Zoo, the Monterey Bay Aquarium and Yosemite National Park. The employee roll grew to 50 and they expanded the factory.

“The ’90s rocked,” he said.

Still, even with that growth, the company stayed put in Liberty. That wasn't by accident.

"As we grew in a changing world, our home base had the stabilizing consistency of unchanging neighbors," Oppen said. "The neighbors were great. They encouraged our industriousness, gave us long term use of space when needed, and pitched in, helping us produce at times in the early years."

But then the retail landscape began to change. The Nature Company was bought in 1996 by the Discovery Channel, which then closed those stores about a decade later. Other major clients outsourced their gift shops to for-profit ventures that changed their buying patterns.

Liberty Graphics was in a contraction period.

But as befits the company's scrappy roots, they fought to remain profitable. A decade ago, Kocenko had the idea to open a second company store in Portland's Old Port, which has been a good location, Oppen said. The company sells an average of 100,000 T-shirts a year, mostly through wholesale retailers.



From left (clockwise): Tom Opper founded Liberty Graphics in the 1970s and this month, he has finalized the sale of the company to his employees; A squeegee lays on a test print of frog metamorphosis at Liberty Graphics; Sam Bartlett, general manager of Liberty Graphics, pulls out a screen used on a T-shirt made at Liberty Graphics. A different screen is used for each color in a design, with a maximum of ten per design. Credit: Linda Coan O’Kresik | BDN

Nearly two years ago, Liberty Graphics employees began to talk to Opper about the potential of buying the company through a worker cooperative. Of the 25 current employees, lots have been with the company for decades, according to Rob Brown, the director of Business Ownership Solutions at the Northampton, Massachusetts-based Cooperative Development Institute. He has been working with Opper and employees on the transition.

If they hadn’t been able to purchase the company, it seems likely to him that another buyer would not have had the same loyalty to Liberty or even to Maine.

“They’d be buying it for a brand, and a client list and the reputation,” Brown said. “They have a national reputation. Liberty Graphics could be anywhere, literally anywhere, in the country.”

But thanks to the worker cooperative, the company will stay in Liberty, where its roots are.

“This is a great opportunity to have such an iconic business with a national reputation remain here in the region,” he said.

Opper, who does not intend to just put his feet up in retirement, will retain ownership of Liberty Organics, which makes blank T-shirts from American-grown and American-grown organic cotton.

"I think businesses often should be continued as they have been," he said of selling the company to the workers. "I couldn't ask for a better situation. I wouldn't have wanted a different group of people."

One of those is Sam Bartlett, the general manager, who began working there as a high school student in the summer of 1986. He's weathered highs and lows, including the COVID-19 pandemic, which has taken a toll on the business. But an upcoming high is the fact that Liberty Graphics is about to open another retail store, this one in downtown Camden. He's excited to begin the ownership transition, which he said will make people feel even more invested in the company.

"You've got to get through it, and once you get through it, you can look to the future," Bartlett said.

