

SB 561 Oral Statement:

Mr. Chairman and Committee, thank you for this opportunity to weigh in with my support of SB 561. My name is Christopher Croft. I am the Executive Director of the Maryland Center for Employee-Ownership. I was recently a professor of Sustainable Communities and Research Fellow at the University of Baltimore.

I have submitted written testimony for the record, but I want to emphasize the importance of this bill in a larger context. Chairman Guzzone, as a previous sponsor of this bill in 2019, I know you appreciate the opportunities this bill can create.

What the bill does is simple, when a business owner is ready to retire, the State of Maryland will waive the capital gains tax if the owner sells to the employees; thereby, keeping the jobs and revenues in Maryland. This opportunity is an *option*, not a mandate. The [state of Iowa](#) has had a 50% cap gains tax exemption for several years.

Looking at a larger picture, the following developments tell an important story:

- A recent study by the National Center for Employee Ownership shows that employee-owned businesses have [fared better during this pandemic](#) than other forms of business.
- Yet, past Labor Secretary, Robert Reich, has sounded the alarm that while working Americans are losing financial ground, “[during the first 19 months of the pandemic, US billionaires added \\$2.1 trillion dollars to their collective wealth and that number continues to rise](#)”.
- The 2021, the [Pandora papers](#) revealed how the top 1 percent continue to avoid taxation through overseas havens.
- Recently the [Rand Corporation study](#) on the transfer of wealth over the last forty years from the working classes to the top 1 percent is in the order of [50 Trillion Dollars](#).

When I was born, the American middle class was the envy of the world. Today, too many are struggling to survive paycheck to paycheck and, according to [Noam Chomsky](#), even trivial social safety net efforts are impossible to get through the US Congress. It’s time to help working- and middle-class Marylanders.

Our fiscal and policy note says that there will be a one-time expenditure increase of \$68,000 in fiscal 2023, but it will come at a higher cost to our treasury when venture capitalists buy Maryland companies, strip them of their assets, lay off workers, and pocket the profits.

Let’s give more Marylanders a *chance* at business ownership and an *opportunity* to build community wealth through passage of this bill. I urge you to vote favorably for SB 561.

Thank you -