

## House Committee on Small Business

### Member Day Hearing – November 30, 2023

#### Testimony of Congressman Blake Moore (UT-01)

Chairman Williams, Ranking Member Velázquez, and Members of the House Committee on Small Business, thank you for the opportunity to testify before you today on the critical issues over which this committee has jurisdiction.

The state of Utah is the proud home of over 330,000 small businesses that employ more than 600,000 Utahns across a variety of industries.

I'm grateful for the work this committee does on behalf of our nation's small businesses.

I'd like to speak briefly about bipartisan and bicameral legislation that I am proud to co-lead – H.R. 3383, the *Employee Equity Investment Act of 2023*.

I was joined by Representatives Dean Phillips, Dusty Johnson, and Chrissy Houlahan in introducing this vital legislation that will support small business owners who aim to pursue employee-owned arrangements.

The Senate companion was introduced by Senators Marco Rubio and Chris Van Hollen.

According to the most recent Department of Labor data, there were nearly 6,500 companies with employee stock ownership plans, or ESOPs, in the U.S. as of 2021, including 59 ESOPs with approximately 22,000 workers in my home state of Utah.

Utah-based ESOPs distributed more than \$200 million to employee owners in 2021, bringing greater financial security to these Utah families.

Going forward, expanding these arrangements would be a good thing for workers and businesses alike.

The *Employee Equity Investment Act* would do just that by leveraging the Small Business Administration's Small Business Investment Company to provide loan guarantees for investment funds committed to expanding employee ownership, such as through ESOPs or worker cooperatives.

These investment funds would provide financing for owners selling a company to their employees, while also helping maintain current employee-owned companies – it would achieve this on a no-subsidy basis on behalf of the taxpayer.

Access to the capital necessary for ESOP conversion has been a major barrier to establishing more employee-owned companies.

This legislation would provide a meaningful opportunity to expand employee ownership structures. As I have noted, this will benefit local economies.

Research shows that ESOPs outperform competitors, create higher quality jobs that retain employees at a higher rate, provide greater job security for workers during economic downturns, and improve the retirement security of employee owners.

As almost 50 percent of private businesses in the U.S. are owned by individuals approaching retirement age, bolstering employee ownership could help prevent businesses from shuttering and keep economic activity in our local communities.

In Utah, this so-called “Silver Tsunami” could affect 25,300 firms, representing roughly 280,000 employees and \$52.4 billion in revenue.

Lastly, we are proud that the *Employee Equity Investment Act* has the support of over 20 industry and community stakeholders.

I look forward to working with Members of this committee to advance this important policy.

Thank you, again, Chairman Williams and Ranking Member Velázquez for the opportunity to testify today on the critical issues affecting our nation’s small businesses.