

2026 -- H 7964

LC005164

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO LABOR AND LABOR RELATIONS -- THE RHODE ISLAND  
OPPORTUNITY FOR EMPLOYEE OWNERSHIP ACT

Introduced By: Representatives Stewart, Potter, Cruz, Kislak, Cotter, Morales, Furtado,  
McEntee, Tanzi, and Donovan

Date Introduced: February 27, 2026

Referred To: House Labor

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 28 of the General Laws entitled "LABOR AND LABOR RELATIONS"

2 is hereby amended by adding thereto the following chapter:

3 CHAPTER 61

4 THE RHODE ISLAND OPPORTUNITY FOR EMPLOYEE OWNERSHIP ACT

5 **28-61-1. Definitions.**

6 As used in this chapter, the following words shall have the following meanings unless the  
7 context clearly requires otherwise:

8 (1) "Owner" means the owner(s) of a qualified business prior to a qualified business sale.

9 (2) "Qualified business" means an entity that:

10 (i) Has operated a principal place of business in Rhode Island for at least one year;

11 (ii) Is a taxpayer subject to Rhode Island taxes pursuant to title 44 including, but not limited

12 to, a C corporation, S corporation, limited liability company, partnership, limited liability  
13 partnership, or a sole proprietorship;

14 (iii) Is a privately held business;

15 (iv) Has at least three (3) employees not including the owner, or other similar pass-through  
16 entity;

17 (v) Meets the relevant size standards for a small business by industry, as set forth by the  
18 U.S. Small Business Administration in 13 CFR§ 121.201;

1           (vi) Is not a publicly traded company; and  
2           (vii) Is not an exempt business as defined by one of the following circumstances: the sale  
3 or transfer of ownership to a family member; the sale or transfer of the business is necessitated by  
4 death or medical condition; the sale or transfer is compelled by court order; the sale or transfer of  
5 the business is necessitated in the event of deployment, natural disaster, or other emergency  
6 circumstance

7           (3) "Worker cooperative business" means:

8           (i) A workers' cooperative corporation organized under chapter 6.2 of title 7; or

9           (ii) A limited liability company (LLC) or limited liability partnership (LLP), in either case,  
10 whose bylaws, operating agreement or partnership agreement, as applicable, meets the following  
11 requirements:

12           (A) All persons who meet the definition of employee-owner ("worker-owner") according  
13 to the bylaws, operating agreement or partnership agreement of the business are voting members  
14 of the company, and have equal voting rights in all decisions brought before the membership; and

15           (B) Any profits distributed to said worker-owners by the company are distributed on the  
16 basis of their patronage in the company, with patronage measured based on the labor supplied to  
17 the company.

18           (4) "Worker cooperative business resource list" means a list of local and regional entities  
19 qualified to offer guidance, support, and/or technical assistance with starting, converting, or  
20 maintaining an employee-owned business. This resource list shall be created and maintained by the  
21 Rhode Island small business development center, or its designee, publicly visible and searchable  
22 on their website and updated on a regular basis.

23           **28-61-2. Notifying current employees about the sale of a qualified business.**

24           (a) In the event the owner of a qualified business decides to sell the qualified business, the  
25 owner shall notify all current full-time and part-time employees at the business.

26           (b) The notice shall be posted on the date listed in the notice in a prominent location to  
27 which all employees have access, or if no such place exists, via an existing electronic medium used  
28 to communicate with employees.

29           (c) The notice shall communicate:

30           (1) Date of the notice;

31           (2) The owner's intent to sell the business;

32           (3) A date thirty (30) days from date of the written notice within which employees have an  
33 exclusive opportunity to officially initiate a process to potentially purchase the business as a worker  
34 cooperative. After this date, the qualified business owner may share the intent to sell publicly;

1           (4) Information about the worker cooperative business resource list, including the URL or  
2 website; and

3           (5) Any price the owner of the qualified business proposes for the business sale.

4           **28-61-3. Electronic notification of requirements.**

5           Notification of the provisions of this chapter shall be included in the worker cooperative  
6 business resource list and communicated to potential qualifying businesses by the Rhode Island  
7 commerce corporation established pursuant to § 42-64-4.

8           **28-61-4. Rules and regulations.**

9           The commerce corporation may issue reasonable rules and regulations consistent with this  
10 chapter to carry out the implementation of the responsibilities of this chapter.

11           SECTION 2. This act shall take effect January 1, 2027.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO LABOR AND LABOR RELATIONS -- THE RHODE ISLAND  
OPPORTUNITY FOR EMPLOYEE OWNERSHIP ACT

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1           This act would establish an opportunity for employee ownership and the process whereby,  
2 if the owner of a qualified business decides to sell said qualified business, the owner would notify  
3 all current full-time and part-time employees and provide them with a thirty (30) day window in  
4 which to initiate a process to potentially purchase the business as a workers' cooperative.

5           This act would take effect January 1, 2027.

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