The Role of Economic and Community Development

• Help Maine companies start, expand or relocate in order to add good jobs for Mainers and build sustainable communities that can host these companies
  – Provide technical assistance so companies and entrepreneurs can be more productive, innovative and competitive
  – Provide financial assistance and tax incentives so companies can invest in new products, processes, equipment and communities can invest in infrastructure
  – Market Maine to build demand for Maine products and destinations
Economic Development in Maine

- Maine spends approximately $200 to $250 million of state, federal, and private funds each year on economic development.
- Four lead agencies:
  - Department of Economic and Community Development
  - Finance Authority of Maine
  - Maine Revenue Services
  - Department of Agriculture
- Types of assistance:
  - tax incentives
  - loans/grants/equity
  - business/community/technical assistance.
Share of Economic Development Funds by Agency (2007 Program Expenditures)

- MRS, 84.25%
- DECD, 12.02%
- FAME, 3.29%
- MCCS, 0.44%
Key Points

• Economic and community development is the most important investment that a state can make to ensure future economic prosperity.
• At 42 employees and $14 million general funds, DECD is the smallest cabinet-level department.
• DECD general funds leverage over $35 million in federal funds, and $825 million in matching funds from our investments.
• Companies and communities that work with DECD grow faster and are more successful than the average.
DECD Budget in Context

- DECD GF appropriation as a percent of total GF for FY2009, before curtailment.

All State Govt: $3,136,652,244 (99.55%)
DECD: $14,197,859 (0.45%)
DECD FY2009 Budget

- Total budget for FY2009 is $48,889,168; $14,197,859 from General Funds (29 percent) (before curtailment)
- Uses of funds shown on right
  - 96% of Community Development are federal funds
  - 100% of Tourism are special revenue funds
- Does not show bond proceeds
- Supplemental budget cut is $765,395 and flat headcount (42)
- FY10-11 budget contains cuts of $1,391,891 each year and 4 less headcount (38)
DECD Statutory Mission

• Encourage economic and community planning and development policies and programs of the State and to coordinate these programs and policies within the context of a state economic development strategy.

• Work with municipalities and regional planning and economic development organizations to build strong local and regional economies and to implement programs and services through these local and regional organizations.

• Encourage the creation and retention of quality jobs through increased private sector investment.

• Enhance the quality of life for all by assisting local governments to plan and implement comprehensive community planning and development strategies.
DECD Strategies for 2009-11

• Support *innovation, entrepreneurship and access to capital* initiatives to diversify the economy and raise productivity.

• Support and encourage *“green” initiatives* to reduce energy costs, increase our productivity and take advantage of emerging market trends.

• Create a plan to *attract and retain a* multi-generational, multi-cultural, *skilled workforce* to address our aging population.

• *Expand international trade* to increase exports.

• *Strengthen Maine’s communities through sustainable economic development* that balances the creation of new economic opportunity with the preservation of quality of place.
Working Group to Increase
The Efficiency and Effectiveness
of the State Economic Delivery System

• Recommendations
  – A single economic development strategy
  – A unified budget
  – A single marketing message
  – Regional service delivery
  – Industry council to advise the Commissioner
  – Consider further consolidation into single agency
PL 2007 §434 Progress

✓ Plan for comprehensive evaluation of state investments in economic development completed January 2008

✓ Inventory of all economic development programs with Maine Development Foundation completed January 2008

✓ Proposal to amend statutory definition of “economic development incentives” included in LD1163 last year, reintroduced this year

✓ Proposed portfolio coordinator role to BRED completed January 2008

✓ Evaluation was funded through DAFS May 2008; report March 2009
Washburn-Doughty

State and Community work together....

• In 60 days employees back to work
• No loss of contracts
• Currently in contract discussions to nearly double their business
• Could hire 35 to 40 new people.

• DECD assisted every step of the way from crisis management to project management.

Lee Smith, COO

Photo: Bridgett Brown for the NY Times
Richmond

Town of Richmond Revitalization….

- $2.5 million + in grants, business assistance
- Downtown revitalized
- Hodgdon and other new businesses recruited
- “DECD was our partner in change to not just sustainability, but thrive-ability”
  Darryl Sterling, Town of Richmond.
$ 6 million in economic impact.

- 250 teams from Maine to Virginia
- 5500 players.
- 25,000 hotel room nights
- Generated business in multiple regions.
- June lodging taxes up 13%
- June restaurant taxes up 6%.
- 15,000 people over 5 days
Kenway Corporation

Transforming Manufacturing with New Technology

- 16 new jobs
- MEP Manufacturer of the Year
- 2007 CBDG Project of the Year
- Acquired Maritime Skiff from out of state
- Diversified product line
- Just won national Award for Composites Excellence
Cianbro revitalizes Eastern Fine Paper Mill in Brewer

- 200 Jobs
- $9.6 Million payroll
- $19 million anticipated investment.
Biddeford & Saco

Biddeford / Saco
Redevelopment & Revitalization

- Mill Redevelopment
- Downtown Revitalization “Main Street” Designation
- State model for future revitalization and preservation
- Maine Historic Preservation tax credit
- Quality of Place
Engineered products in Lewiston - a local success story

- Employee owned following bankrupt parent company
- Global Distribution
- 20 New Jobs
- $2.3 million in investment
Worldwide leader in innovative products for veterinary, food & water applications

• Westbrook Expansion

• 1800 Maine employees

• Hired 600 employees in 2 years
Northern Maine Floods

May ’08 Aroostook County experience major floods --the worst in 35 years

- Governor’s Office appoints Office of Business Development & Office of Community Development to be one stop shop for economic & community resource center.

- Staff spends 2 days meeting w/ local officials

- Coordinate with Federal resources

- Tourism provides post flood marketing support
Catch a Piece of Maine

An innovative way to sell Maine lobster.

National “Young Entrepreneurs of the Year” for SBA

• MITC assists w/ the Brussels seafood show & other international activity.
• Marketing assistance through:
  - Maine Made
  - Tourism’s “Taste of Maine” event in NYC.
  - Office of Business Development Specialists.
University of Maine

**Applied Engineering Wood Composites Center.**

- 5 MTI cluster awards to develop composites
- MTI’s support helps secure R&D funding of $30 million in boat building & composites.
- MTI’s Maine Asset Technology Fund assists in nanocomposites & renewable energy
- DECD’s support of boat building
- MBB, MMTA & MCA.
- MITC markets AEWC Globally
Energy Ocean Conference

**Maine to host the premiere global Energy Ocean conference**

- June 16, 17, 18 at the Samoset.
- Ocean Energy Cluster project; Ocean Energy Task Force will showcase Maine assets in this emerging technology area.
Fortune Magazine stresses Exports as key to success of boosting our national economy and features Maine.

“Urge States and Regions to work together....Maine is aggressively doing this with its boat building industry giving it the resources to compete worldwide.

Last year a Maine delegation traveled to Shanghai for the China International Boat show. Without a coordinated effort this never would have happened.”
Commissioner’s Office

Mission

– Ensure day to day operations of DECD
– Coordinate the administration’s economic development legislative activities
– Create and implement the state’s economic development strategy
  • Develop policy in conjunction with Governor’s office and Maine Legislature
– Represent the administration on various boards, commissions, and task forces
– Administer tax incentive programs
  • Pine Tree Development Zone (PTDZ)
  • Tax Increment Financing (TIF)
  • Employment Tax Increment Financing (ETIF)
Commissioner’s Office

Accomplishments

- Approved and certified
  - 31 TIF districts, total planned investment exceeding $593 million
  - 85 companies under the Employment Tax Increment Financing program for 3,995 quality jobs created; average cost per quality job created = $1,179
  - 47 PTDZ businesses with 2,105 anticipated jobs and planned investment exceeding $182 million
    - Since 2004, 214 businesses certified with 6,685 anticipated jobs and over $684 million in planned investment
- Co-chaired and staffed the Governor’s Working Group to Increase the Efficiency and Effectiveness of the State Economic Development Delivery System
- Co-chaired Governor’s Business Roundtable on Early Childhood Investment, supporting its direct correlation to economic development
- Conducted one on one visits with a diverse population of businesses to directly determine priorities and needed services
Commissioner’s Office

Plans for 2009

- Assist Governor’s office with legislation to expand the Pine Tree Development Zone program
- Advise interested parties on legislative changes to the Tax Increment Financing program which would allow for tourism and transportation related activities
- Implement the recommendations from the Governor’s Working Group to Increase the Efficiency and Effectiveness of the State Economic Development Delivery System
Mission

• Lead the maintenance and establishment of quality jobs for Maine people by supporting the expansion, creation, retention, and location of businesses in Maine

• Team effectively within the office and across regional districts to support businesses in a responsive, resourceful, and considerate manner
  – The office supports 8 business development specialists located throughout the state

• Market Maine businesses, products & business leaders locally, nationally & internationally
Accomplishments

• Administered over $2.6M in contracts and grants to various economic development organizations, partner agencies and vendors

• Awarded over $1 million in Governor’s Training Initiative funds to 11 Maine companies, which leveraged $10 million in company contributions
  – 911 new hires and 1,800 incumbent workers

• Proactively contacted and assisted over 500 companies and economic development organizations via Business Development Specialist network
  – marketed and assisted with company access to tax incentive programs
  – prepared and presented 15 customized business assistance proposals to companies seeking to expand their operations in Maine

• Welcomed an additional 130 companies to the Maine Products Marketing Program (total membership exceeds 2,000)

• Fielded 13,000+ requests for information on starting and operating a business via Business Answers service
Plans for 2009

• Pro-actively support Maine’s business community through the Business Development Specialist Network
  – Identify additional opportunities for business assistance programs such as Pine Tree Zones, Business Answers, Governor’s Training Initiative, and Maine Made Products
• Plan, coordinate and host the Energy Ocean Conference to keep Maine at the forefront of this emerging growth sector
• Continue to enhance and expand the database system established in 2008 by supporting related organizations and economic development programs to ensure ongoing access to timely information for decision-makers and interested parties
Office of Community Development

Mission

• Administer the HUD funded Community Development Block Grant (CDBG) and other State and Federal funds
• Ensure all CDBG funded activities meet 1 of 3 National Objectives
  – Benefit to low and moderate income persons
  – Prevention and elimination of slum and blight conditions
  – Meeting community development needs having a particular urgency
• Assist local governments, via CDBG, to implement programs which
  – Are part of a long-range community strategy
  – Improve deteriorated districts and local economic conditions
  – Provide the conditions and incentives for further investments
  – Foster partnerships in order to address common community and economic development problems
  – Minimize development of sprawl and support the revitalization of downtown areas
Accomplishments

- Distributed and administered:
  - $12,374,476 of CDBG funds in 10 programs to 56 communities leveraging $23,376,579 in local and private resources
  - $5,000,000 in Riverfront Community Development Bond funds to 14 communities leveraging $41,788,839
  - $1,500,000 in Municipal Investment Trust Funds to 8 communities leveraging $6,513,034
  - $3,200,000 for the Federal DOL in 5 New England Manufacturing Extension Partnerships
- Submitted an action plan to distribute and administer an additional $19.6 million in CDBG funds under HUD’s Neighborhood Stabilization Program
- Provided, with regional partners, technical assistance and capacity building to over 94 Maine communities
Office of Community Development

Plans for 2009

• Continue to efficiently administer the CDBG, Riverfront Community Development and Municipal Investment Trust Fund programs throughout the State of Maine

• Implement under the required time constraints the $19.6 million Neighborhood Stabilization Program

• Submit an action plan to HUD, under the Disaster Recovery legislation, to distribute and administer $2,187,000 to Federally Declared Disaster Areas affected by the spring 2008 floods

• Seek an active role as a partner in the Northern Border Commission to improve rural communities
Office of Innovation

Mission

• Encourage and coordinate the state’s R&D activities
  – Science and Technology Action Plan
  – Maine Innovation Economy Advisory Board
• Science Advisor to the Governor
• Promote, evaluate and support R&D
  – Annual R&D evaluation
• Oversee Maine Technology Institute and Technology Centers
• Jointly administer EPSCoR* activities with University of Maine

*EPSCoR – a federal set aside program for states that have less federally funded research and development
Accomplishments

• R&D community contributed more than $2 billion in economic impact to the state, leverages state investment 1:12
• Maine was awarded $3,738,419 new EPSCoR Funds in 2008
• Worked closely with MTI on implementation of Maine Technology Asset Fund ($50 million R&D Bond) and new Cluster program
• Awarded competitive grants to three Technology Centers
• Won (with MDOL) $2 million BRAC-IT grant
• Reports:
  – 2007 Evaluation of Maine’s Public Investment in R&D
  – 2008 Innovation Index
  – Maine’s Technology Sectors and Clusters (with MTI)
  – Clean Tech: An Opportunity for Maine
• Managed the Inventory of Economic Development Programs (with MDF) and Coordinated the Comprehensive Economic Development Evaluation
Office of Innovation

Plans for 2009

• Develop a new Science and Technology Action Plan by January 2010
  – Grassroots effort with sector trade associations
• Institute a revised Technology Centers Program
• Coordinate Ocean Energy Cluster Initiative
• Serve on and staff Governor’s Task Force on Ocean Energy, especially economic development subcommittee
• State expects to receive a major (approx $15 million) NSF EPSCoR Award on Sustainability Science
• With MTI
  – Administer the 2nd Round of the Maine Technology Asset Fund
  – Introduce Technology Transfer Fund
  – Possible new SBIR matching program(s)
• Coordinate and consolidate economic development evaluation efforts
Maine Technology Institute

Mission

• Fund technology development projects at Maine companies in the state’s seven targeted technology sectors. These projects bring new products, services, and processes to the market, sustaining and generating quality jobs in Maine

• Enhance the competitive position of Maine’s technology clusters

• Overseen by a Governor-appointed board of directors made up of industry leaders and key public agencies

• Independent evaluation report to be issued January 2009
Maine Technology Institute

Accomplishments

• Funded 165 technology development projects in all 16 counties, totaling over $7 million, leveraging an additional $16 million in matching funds
  
  – Seed Grants: 126 grants totaling $1.4 million and matched by over $2.3 million
  – Development Awards: 13 awards totaling $4.5 million and matched by nearly $11 million in matching funds
  – Accelerated Commercialization Fund: investment of $233,000 in 3 companies
  – Phase 0: 18 awards approved, totaling nearly $85,000 matched by company contributions over $124,000

• Reviewed 66 applications requesting $112 million from the competitive Maine Technology Asset Fund. In August, 14 awards were approved, totaling almost $30 million

Historically, every $1 of MTI awards, approximately $12 in private and public financing is leveraged
Maine Technology Institute

Plans for 2009

• Support promising technologies by funding research and development projects at Maine companies

• Administer expanded cluster initiative program, launched last fall, to boost Maine’s high-potential tech clusters.

• Review and fund more than $20 million Maine Technology Asset Fund awards supporting equipment and facilities at Maine companies, universities and nonprofit research institutions

• Expand technology transfer funding via MTI’s seed grant and development award programs in order to accelerate moving new technologies from Maine research institutions to the market.

• Plan for launch of renewable energy technology funding program, resulting from bill passed last session allocating funds to MTI from PUC later this year
Maine International Trade Center

Mission

- MITC is a public/private 501C3 organization funded through DECD and member companies to promote the expansion of Maine’s economy through increased international trade in goods, services, and related activities.
- Provides international trade assistance and consulting services to Maine’s businesses, educates Maine companies through its Trade Education Series of seminars and workshops, and helps Maine industries develop their international sales and linkages through State of Maine trade and industry missions.
- MITC has a staff of 9 consisting of 6 trade specialists with 60+ years of international trade experience, fluency in six languages, and business experience in over 28 countries, servicing Maine’s businesses state-wide.
- Offers global exposure to Maine’s small and medium sized businesses.
Maine International Trade Center

Accomplishments

- Expanded state exports by 9.7% (through Oct. 08)
- Hosted 14 statewide trade education programs with 639 attendees participating including Maine International Trade Day in Portland
- Responded to over 1,100 individual Maine inquiries for international market research and trade assistance
- Led 4 overseas trade events in China, Europe, and Canada with 25 Maine participants resulting in a record $12 million in export sales
- Coordinated the State of Maine Trade Mission to Canada including:
  - Participation of 20 Maine businesses and educational institutions
  - 75+ business matchmaking meetings resulting in $6.5 mil. in sales
  - A successful Executive Briefing for potential Canadian investors
Maine International Trade Center

Plans for 2009

• *Gulfood* and UAE Matchmaking Mission (February)
  bringing three food processing companies to the *Gulfood* show and 6 Maine companies from diverse industries to Dubai & Abu Dhabi to exhibit and participate in export matchmaking meetings

• Organizing Maine booths at *Techno Meuble* in Guadalajara, Mexico in June and *Vietnamwood 09* in September for wood products industry

• State of Maine Trade Mission (Oct/November) destination tba

• Hosting a number of critical Trade programs including:
  – International Opportunities for Educational Institutions
  – New Technologies in Canadian Alternative Energy
  – Maine International Trade Day: *World Economic Outlook 2009*
Office of Tourism

Mission

• Serve as the state’s customer focused travel marketing organization with a core responsibility of presenting the activities and amenities of Maine that are most integral to the target markets’ decision making process
• Position Maine as a world-class, four season tourist destination
• Maximize the value of each visitor by encouraging longer trips with deeper excursions into the less traveled areas of the state
• Return at least $2 in tax revenue for every $1 invested in tourism
• Increase Maine’s share of the New England travel market and secure it by maintaining positive awareness and high levels of repeat visitors
• Expand Office of Tourism-private industry partnerships
Accomplishments

- Assisted 52 U.S. and international media and travel trade familiarization tours
- New research methodology includes real-time tracking and prospect data
- Distributed a total of $756,000 in dedicated marketing funds to the 8 tourism regions, supporting regional tourism promotional efforts
- Hosted 50 members of the Society of American Travel Writers during their Northern Chapter meeting
  - Generated nearly $7 million in print media advertising equivalency
- Increased the number of visitors to the award winning www.visitmaine.com, by 15%
- More strategic approach to participation in trade & travel shows including improved exposure with new state-of-the-art exhibit
Office of Tourism

Plans for 2009

• Continue to enhance [www.visitmaine.com](http://www.visitmaine.com) focusing on a unique and quality content strategy
• Continue to examine and expand social media structures
• Develop targeted marketing with a specific focus on follow-up through personalized direct and email program
• Work with partner organizations and agencies to create long-term communication programs and fulfillment materials that increase conversion rate of potential visitors, provide tracking and conversion data
• Evaluate state visitor information/service areas
• Guide the development of a hospitality training program and work with the education infrastructure in Maine
Maine Film Office

Mission

• Enhance our economy by facilitating and promoting film, television, photographic and emerging-media production in Maine
• Market Maine as a location for film, television, photographic and emerging-media projects
• Help producers find the right locations, crews, equipment and public assistance for their projects; prepare communities and property owners for upcoming productions
• Produce an extensive online service including the Maine Film Office Online Production Guide, an interactive website of information, services and production professionals (www.filminmaine.com)
• Work to improve and expand Maine's indigenous visual-media production industry
Maine Film Office

Accomplishments

• Managed the Maine Attraction Film Incentives program, which leveraged $2.8 million worth of media-production spending in Maine with a payout of less than $130,000

• Commissioned a detailed study that proved Maine's visual-media industry brings $371 million annually to the state and is a significant force of Maine's Creative Economy

• Worked with at least 70 media productions including feature films, film commercials, catalogs and commercial photography projects

• Created a new online service that allows producers and location scouts to search for information and photographs of hundreds of Maine locations

• Planned and organized a unique educational program that will match veteran film, TV and photographic professionals with accomplished Maine students
Maine Film Office

Plans for 2009

• Oversee the Maine Attraction Film Incentive Program and help local and out-of-state companies use the incentives
  – Assist and track production companies with upcoming or proposed productions in Maine.
• Develop Reel Scout photographic files to reflect current images of Maine towns and specific locations
• Supply statistics and support to the visual media production sector, working to create more competitive production incentives for Maine.
• Assist Maine filmmakers in finding exposure for their work through festivals competitions and other programs
• Create public relation projects and advertisements to enhance Maine’s position as a visual media production location
Additional Background Materials
Definition of Economic and Community Development

- Working with businesses and communities to improve the economy of Maine and increase our global competitiveness
Theories of Economic and Community Development

- Conventional: Attract new companies or expansions through large tax breaks: “Do deals”
- Neoclassical: Lower tax rates and regulatory burdens, do not favor one sector over another
- Populism: help workers, not companies. Work on education, infrastructure, environment
- Innovation Economics: support innovation, R&D and entrepreneurship
- In Maine, we do a little of all of these!

Source: Information Technology and Innovation Foundation and the Kauffman Foundation
Best Practices in Economic and Community Development

- Integrated budgets
- Performance measures and accountability
- Industrial cluster approach
- Regional development focus
- Balance of attraction, retention and entrepreneurship (growth from within)

Source: National Council of State Legislators
DECD Budget
General Funds FY2004-08

- All Other (General Funds)
- Personal Service (General Fund)
DECD Headcount FY 2004-09
(before curtailment)
DECD Board Seats
(selected list)

• Finance Authority of Maine
• Loring Redevelopment Authority
• Maine Film Commission
• Maine Rural Development Authority
• Maine Small Business and Entrepreneurship Commission
• Maine Innovation Economy Advisory Board
• Maine Economic Growth Council
• Maine International Trade Center
• Maine Technology Institute
• Maine Tourism Commission
• Midcoast Regional Redevelopment Authority
• Small Enterprise Growth Council
• Maine Built Boats
Category of Focus

Share of Economic Development Funds by Category of Focus

- Agriculture: 79.0%
- Community: 7.0%
- General Business: 2.5%
- Research and Development: 10.0%
- Project-Specific: 1.5%
Type of Assistance

Share of Economic Development Funds by Type of Assistance

- Loans-Grants-Equity: 15.0%
- Taxes: 81.0%
- Business-Technical-Workforce Assistance: 4.0%
## All Economic Development Programs

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Growth in Establishments 2005-2007

- Almost all new establishments in Maine were home-grown
- Only 0.07% of growth came from companies relocating here
Most job growth came from Maine companies that were expanding.

Job losses came from companies that closed – only 0.07% came from companies moving out of state.
Per Capita Income Growth Rates 2000-2007

Millions of Current $
New Business Start-up Rates, 2007

- Idaho: 6.1%
- Nebraska: 4.1%
- New Brunswick: 3.4%
- New Mexico: 3.4%
- Rhode Island: 3.0%
- South Dakota: 2.1%
- United States: 1.9%
- Maine: 1.8%
- Nova Scotia: 0.5%
- New England: 0.4%
- New Hampshire: 0.7%
- West Virginia: -1.2%

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John Richardson, Commissioner
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