STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS
ROOM 101/107/135
STATE HOUSE STATION 13
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TEL.: (207) 289-1670

September 16, 1991

TO: Members and Staff of the Committee on Economic and Physical Infrastructure

FROM: Karen L. Hruby, OPLA Karen

RE: Committee Staff Update

The draft committee notes from September 6th and 11th are not yet complete for your review. I will fax them to you no later than Friday the 20th. In this mailing you will find the following items:

- Items that you requested from Sandra Goolden:
  - two different types of sample financial impact statements. She sent multiple samples in each style which I will be glad to send you if you would like to review them. For mailing purposes I have enclosed the ones that seemed to have the most to say from a private sector point of view.
  - the results of a NFIB/Maine survey regarding Maine's business climate.
  - copies of last session's LD 1310 which was sponsored by Rep. Foss for the Chamber.
- The "Plant Closing/Layoff Survey" from DECD.
- Tom Howard's printed remarks.

Ms. Goolden also sent along copies of two surveys which are currently being conducted. The first, by MCCI, deal solely with regulatory issues. The second, by Partners for Progress, is a survey of economic activity in the greater Portland area. She has committed to send you the survey results in the next few weeks. If you would like a copy of the survey questions, please call me and I will mail them to you.

Steve and I will be meeting this week to discuss some draft outlines for the final report. My latest information is that the October 4th full day commission meeting will consist of brief reports from each committee and discussion. The reports should focus on the following issues:

- A brief report of findings;
- The top 3-5 problem areas the committee is focusing on;
- Major options/recommendations under active consideration;
- The identification of the issue/problem resolution that is giving the committee the most difficulty; and
- A description of the scope of the committee's investigation.

If you have any questions, please call me.

wppgea 3166

COMMITTEE ON ECONOMIC AND PHYSICAL INFRASTRUCTURE

Materials Distributed

9/2 - 9/19

REVISED: ______________ BILL NO. CS/SB 296(

DATE: May 1, 1990 Page 1

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Heffner DWH	Krasovsky	1. EPUR	Fav/CS
2.		2. RC	
3.		3. AP	
4.		4.	

SUBJECT:

The Florida Public Service Commission and the Florida Public Service Commission Nominating Council

BILL NO. AND SPONSOR:

CS/SB 2960 by Economic, Professional and Utility Regulation Committee

I. SUMMARY:

A. Present Situation:

Chapter 350, Florida Statutes, establishes the Florida Public Service Commission (PSC) and the Florida Public Service Commission Nominating Council. The chapter recognizes that the PSC has been, and shall continue to be, an arm of the legislative branch of government. The chapter provides for the PSC to be comprised of five commissioners who are nominated by the council, appointed by the Governor and confirmed by the Senate to serve staggered four-year terms. There is no limitation on the number of terms that a PSC Commissioner may serve.

The chapter sets forth the general regulatory authority and jurisdiction of the PSC, provides for the PSC Commissioners to select a chairman, provides for the duties of the chairman, and provides for PSC commissioners to convene proceedings. The chapter also defines "regulated company" and establishes the Public Service Regulatory Trust Fund into which all fees and other charges collected by the Commission are deposited.

The nominating council is composed of nine members. Three members are appointed by the Senate President to include one member of the Senate, three members are appointed by the Speaker of the House to include one member of the House, and three members are appointed by a majority vote of the council. Council members serve four-year terms of office except members of the Legislature who serve a two-year term concurrent with the two-year term of office served by members of the House of Representatives.

The chapter sets forth time lines that the council must adhere to when nominating applicants and that the Governor must adhere to in order to appoint a PSC Commissioner. The chapter also provides for the Governor to remove, suspend, and fill vacancies at the PSC in the same manner as for other offices.

The chapter prohibits a PSC Commissioner from being the holder of any railroad or utility company stock or bonds, or the agent or employee of any railroad or utility company. The chapter also prohibits a nominating council member from being the employee, officer, agent or partner in any industry regulated by the PSC or owning shares in any industry regulated by the PSC. In addition, the chapter prohibits a council member from being in a position to substantially influence or affect, or be in a position to be substantially influenced or affected by, the management or managerial policies of any industry regulated by the PSC. The purpose of these standards is to ensure that PSC Commissioners and council members do not have a conflict of interest. PSC Commissioners and council members are also subject to the standards of conduct established in part III of chapter 112, F.S., by which all public officers and employees must abide.

B. Effect of Proposed Changes:

The committee substitute deletes references to the Public Service Commission from the provisions of various executive branch policies regarding department planning officers and energy management coordinators. The committee substitute clarifies that the role of the commission is to establish rates for utilities within its jurisdiction, and that no power shall rest in the Executive Office of the Governor to release or withhold funds appropriated to the commission. The purpose of these changes is to more clearly reflect the PSC's position in state government as an agency of the legislative branch of government. The committee substitute also clarifies that no person may serve more than 12 years as a commissioner. In addition, the committee substitute makes technical changes to chapter 350, F.S., and deletes and repeals obsolete language.

The committee substitute authorizes the Governor to suspend a Public Service Commissioner in specific circumstances. The committee substitute prohibits the Governor from appointing anyone to serve as a commissioner during a commissioner's period of suspension. The committee substitute also provides for the Senate to remove or reinstate a suspended commissioner.

The committee substitute modifies the composition of the Public Service Commission Nominating Council to include members of the Legislature's leadership. This would include the President of the Senate and the Speaker of the House of Representatives or their designees; the majority and minority leaders of the Senate and the House of Representatives; the chairmen of the substantive Senate and House committees that have been assigned legislative oversight of the Commission and the chairman of the Joint Legislative Management Committee.

The committee substitute prohibits a nominating council member from being an employee, agent, representative, partner, or director of any business entity which owns or controls a regulated utility, of any regulated utility, or of any business entity which is an affiliate or subsidiary of any regulated utility. The committee substitute also prohibits a council member from having any financial interest whatsoever in any business entity which owns or controls a regulated company, in any regulated utility, or in any business entity which is an affiliate or subsidiary of any regulated entity.

The committee substitute authorizes applicants for interviews before the council to receive per diem and travel expenses. The committee substitute provides for the Nominating Council to submit three different applicants for each vacancy on the commission. The committee substitute requires the council to establish policies and procedures to govern the nominating process. The committee substitute also requires the Florida Department of Law Enforcement to conduct a background investigation on PSC applicants.

The committee substitute modifies the qualifications that a commissioner must meet, and the oath of office to which he must subscribe. The committee substitute creates standards of conduct that Public Service Commissioners must adhere to during their term of office. Public Service Commissioners may not accept anything from any business entity which owns or controls a regulated utility, from any regulated utility, from any business entity which is an affiliate or subsidiary of any regulated utility or from any party in a proceeding currently pending before the commission. The committee substitute prohibits a Public Service Commissioner from engaging in certain politically related activities, from engaging in any exparte communication with any representative of any party to a current s. 120.57 proceeding or making any public comment regarding a current s. 120.57 proceeding. In addition, a commissioner is prohibited from conducting himself in an unprofessional manner.

The committee substitute provides for administrative fines to be imposed upon any telephone company, electric or gas company, or water or wastewater company which is convicted of a felony under the laws of this state or of the United States or has had a penalty imposed upon it as a result of a negotiated plea to a felony offense. The committee substitute also provides a third degree felony penalty, punishable by up to five years in prison and up to a $5,000 fine, for any employee of a utility or telecommunications company regulated by the Public Service Commission who is found guilty of having made a false report or statement to the commission or to the Office of the Public Counsel.

The committee substitute prohibits a telephone company, electric or gas company, or water and wastewater company from engaging in any nonutility business or enterprise for three years if it has been convicted of a felony or has had a penalty imposed upon it as a result of a negotiated plea to a felony offense. The committee substitute prohibits a telephone company, electric or gas company, or water and wastewater company from including any out-of-state plant in its rate base for a three year period if it has been convicted of a felony or had a penalty imposed upon it as a result of a negotiated plea to a felony offense.

The committee substitute also imposes advertising restrictions for a three year period upon a telephone company, electric or gas company, or water and wastewater company which has been convicted of a felony or had a penalty imposed upon it as a result of a negotiated plea to a felony offense. Advertisements which are for the sole purpose of enhancing the utility's image must be paid for out of funds which would otherwise be distributed to the utility's shareholders. Other advertisements must be approved by the PSC prior to publication or broadcast and may only relate to approved energy conservation and consumer education programs.

The committee substitutes provides criteria to be used by the Joint Legislative Auditing Committee in evaluating the performance of the Public Counsel. Finally, the committee substitute requires the Public Counsel to submit an annual report to the Legislature.

II. ECONOMIC IMPACT AND FISCAL NOTE:

A. Public:

The committee substitute provides for an administrative penalty to be imposed upon a telephone company, electric or gas company, or water and wastewater company if it violates specific provisions of the committee substitute or has been convicted of a felony or had a penalty imposed upon it as a result of a negotiated plea to a felony offense. If a utility is convicted of a felony or has a penalty imposed upon it as a result of a negotiated plea to a felony offense, the committee substitute provides for an administrative penalty to be imposed of up to $500,000. The committee substitute also prohibits the utility from including in its rate base any out-of-state plant. According to the Public Service Commission, one electric utility has approximately $70,000,000 in currently used and useful out-of-state plant calculated in its rates. The committee substitute also provides for a $10,000 administrative penalty to be imposed if a utility violates other provisions of the committee substitute.

B. Government:

There is no additional fiscal impact to the state as a result of the provisions of this bill. The committee substitute contains an appropriation of $292,030, of which $100,00 will be expended to update the annual financial audit of the commission for fiscal years 1987-88, 1988-89 and 1989-90. The committee substitute also authorizes the Joint Legislative Management Committee three additional positions to carry out the provisions of the PCS. These costs will be recurring costs and will be paid from the unemcumbered cash balance in the Florida Public Service Regulatory Trust Fund. The Trust Fund is projected to have an unemcumbered cash balance of approximately $6,000,000 for FY 90-91.

The Ethics Commission cannot determine what costs, if any, adoption of this bill will impose on it.

III. COMMENTS:

A similar bill to this measure is HB 2493. HB 2439 was adopted as a committee substitute by the House Committee on Rules on April 25, 1990.

IV. AMENDMENTS:

None.

STORAGE NAME: h2005s2.ap
DATE: April 22, 1991

As Reported to Clerk

HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
APPROPRIATIONS
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT

BILL #: CS/CS/HB 2005

RELATING TO: Sales Tax

SPONSOR(S): Committee on Appropriations; Representatives Bloom, Gordon and Cosgrove

STATUTE(S) AFFECTED: S. 212.08, F.S.

COMPANION BILL(S): SB 1646 (s)

COMMITTEES OF REFERENCE:
(1) FINANCE & TAXATION YEA 31 NAY 0
(2) APPROPRIATIONS YEA 25 NAY 6
(3)
(4)
(5)

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I. SUMMARY:

The state currently collects tourist development tax for certain counties in conjunction with the sales tax. The tax is held by the state until all returns for the month are received and the amounts for distribution back to the counties are determined. The state currently earns interest on the funds collected on behalf of the counties and the interest earnings are deposited into the General Revenue Fund (GR). This bill would return part of that interest to the county. The fiscal impact to GR is a loss of $ 500,000 on a recurring basis.

Beginning July 1, 1991, free advertising newspapers (shoppers) will be exempted from the sales tax. Until that time, shoppers, along with newspapers, magazines and periodicals, are taxed at the "cost price" of printing or the "usual retail price" whichever is less. This bill will tax shoppers and newspapers given away free on the cost of ink and paper only. This will add back revenue that would have been lost if shoppers were exempted. The net revenue loss is $450,000 on a recurring basis.

Current law does not exempt from sales and use tax art work that is purchased by an individual. Sales and use tax must be paid on such art work even if it was purchased exclusively for the purpose of being loaned to or made available to a museum. The bill exempts from sales and use tax works of art if they were purchased or imported exclusively for the purpose of being loaned to and made available for display by an educational institution. The exemption operates retroactively to 1987. The tax would be applied if the art work ceased to be held by the institution. The tax would be based on the sales price paid by the owner. The revenue loss is $1,200,000 in FY 1991-92 and $200,000 on a recurring basis.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Section 125.0104, F. S., provides for the imposition of the tourist development tax by counties. While some counties administer the tax locally, the state collects tourist development tax for most of the in conjunction with its collection of the sales tax. The tax is held by the state until all returns for the month are received and the amounts for distribution back to the counties are determined. The state earns interest on the funds collected on behalf of the counties and the interest earnings are deposited into the General Revenue Fund (GR).

Pursuant to section 93 of chapter 90-132, Laws of Florida, beginning July 1, 1991, free advertising newspapers (shoppers) will be exempted from the sales tax. Until that time, shoppers, along with newspapers, magazines and periodicals, are taxed at the "cost price" or the "usual retail price" whichever is less. The cost price includes the cost of paper, ink, transportation directly associated with printing and labor or service. Cost price does not include artistic or other intangible elements, or services rendered in producing, fabricating, processing not directly related to the printing of such the publications.

Section 212.08, F.S., specifies under what conditions sales, rental, use, consumption, distribution, and storage of items are exempted from Florida's sales and use tax. Section 212.08(7)(o)2.d., F.S., defines "educational institutions" to include state tax-supported or parochial, church and nonprofit private schools, colleges, or accredited universities, nonprofit libraries, art galleries, museums open to the public, private nonprofit organizations which raise funds for schools, nonprofit university or college newspapers, educational television or radio networks, and state, district, or other governing or administrative offices which assist or regulate the customary activities of educational organizations or members. Purchases and rentals made by such institutions are exempted from sales and use tax. Department of Revenue Rule 12A.1.001(3)(a), F.A.C., further clarifies administrative practice; " a sale or lease directly to or sales or leases of tangible personal property by...nonprofit educational organizations for use in the course of their customary nonprofit educational activities... is exempt from the tax imposed by Part I, Chapter 212, Part I." Such institutions are required to obtain from the Department of Revenue a consumer's certificate of exemption, and payment must be made directly to the dealer by the exempt entity. Thus, purchases of art work made by a museum or an art gallery classified as an educational institution are exempt from sales and use tax.

Current law, however, does not exempt from sales and use tax art work that is purchased by an individual. Sales and use tax must be paid on such art work even if it was purchased exclusively for the purpose of being loaned to or made available to an educational institution.

B. EFFECT OF PROPOSED CHANGES:

This bill adds subsection (11) to section 125.0104, F.S., which returns part of the interest the state currently earns on the tourist development taxes collected on behalf of the counties.

The bill adds paragraph (d) to subsection 212.06(1), F.S., which will tax shoppers and newspapers given away free on the cost of ink and paper only. The change adds back the revenue that will otherwise be lost if shoppers are exempted. It will reduce the revenue from the free newspapers which are taxed on the higher base which includes paper, ink, labor and transportation costs incurred in printing the publication.

This bill also creates s. 212.08(7)(bb), F.S., to exempt from sales and use tax the sale or use in this state of any work of art by any person if it was purchased or imported exclusively for the purpose of being loaned to and made available for display by an educational institution. The bill specifies the conditions under which an individual's purchase of art work is presumed to be purchased in or imported into this state exclusively as a loan to any educational institution. The Department of Revenue is required by rule to create an affidavit which will document entitlement to such an exemption. Provisions are outlined wherein the exemption is voided by transfer of possession and on what base the tax is calculated. "Work of art" is defined. Such an exemption applies to all taxes that remain open to assessment or contest on July 1, 1991, which makes the exemption retroactive to January 1,1987.

C. SECTION-BY-SECTION ANALYSIS:

Section 1 provides for partial interest earnings payments to local governments which have the state administer their tourist development tax. Effective October 1, 1991.

Section 2 provides that the use tax on free newspapers, shoppers, and similar publications will be based on the cost of paper and ink used in the printing.

Section 3 repeals section 93, chapter 90-132, Laws of Florida, which exempts certain free circulated publications (shoppers) from the sales and use tax. Effective upon becoming law.

Section 4 exempts from tax on sales, use and other transactions, sales of works of art to, or to be used by or loaned to, nonprofit libraries, art galleries, museums, or other educational institutions.

Section 5 provides for the act to take effect July 1, 1991, except as otherwise provided law.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

	1991-92
* Outstanding audit assessment on art work	($ 901,000)

2. Recurring Effects:

	1991-92	1992-93
Interest payments from GR	($ 375,000)	($ 500,000)
Tax on shoppers	$ 451,000	$ 496,000
Reduced tax base for other free papers	($ 811,000)	($ 901,000)
Sales tax exemption for loaned art work	($ 165,000)	($ 180,000)

3. Long Run Effects Other Than Normal Growth:

The bill may affect the manner in which donors convey art work to educational institutions. If the sales tax exemption is promoted as a tax break, the fiscal impact of the bill would increase.

4. Total Revenues and Expenditures:

	1991-92	1992-93
TOTAL STATE REVENUE LOSS:	($ 1,801,000)	($1,085,000)

The Revenue Estimating Conference anticipates a $1.0 million dollar non-recurring loss in FY 1991-92 due to an outstanding audit assessment against a single taxpayer which will be forgiven by the retroactive portion of this bill. GR's share will be $901,000.

* See FISCAL COMMENTS.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

	1991-92
* Outstanding audit assessment on art work	($ 99,000)

Due to the outstanding audit assessment which will be forgiven as a result of this bill, the Revenue Estimating Conference has estimated a one time loss of $99,000 to local governments.

2. Recurring Effects:

	1991-92	1992-93
Interest payments from GR	$ 375,000	$ 500,000
Tax on shoppers	$ 49,000	$ 54,000
Reduced tax base for other free papers	($ 89,000)	($ 99,000)
Sales tax exemption for loaned art work	($ 18,000)	($ 20,000)
TOTAL RECURRING LOCAL IMPACT:	$ 317,000	$ 435,000
NON-RECURRING IMPACT:	($ 99,000)	$ -0-
TOTAL LOCAL REVENUE IMPACT:	$ 218,000	$ 435,000

3. Long Run Effects Other Than Normal Growth:

As with total revenues, the bill may change taxpayer behavior concerning loans of art work, resulting in a higher fiscal impact.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None

2. Direct Private Sector Benefits:

Individuals will be able to retain ownership of art work and be exempt from the sales tax while the work is on loan if the art work is purchased exclusively for the purpose of being loaned to educational institutions. Those individuals who are currently open to assessment by the Department of Revenue will be excused from their assessments.

3. Effects on Competition, Private Enterprise and Employment Markets:

Current law taxes all newspapers and catalogs at "cost price" or "usual retail price" whichever is less. Shoppers will become exempt from the sales and use tax on July 1, 1991. This bill will narrow the tax gap between newspapers and shoppers. Some inequities will still remain. Other types of free publications will continue to be taxed on the full cost price instead of the cost of paper and ink.

D. FISCAL COMMENTS:

Orange county has indicated that it will begin local administration of the tourist development tax unless the state pays the interest earnings provided for in this bill. If enough counties chose to administer the tax locally, the interest earnings would be lost to GR in the long run.

The Florida Supreme Court has ruled that the state cannot exempt newspapers from the sales tax when magazines are taxed. A similar distinction will arise when shoppers become exempt on July 1, 1991. While this bill will reinstate taxes on shoppers, it is not clear that it will completely cure the problem. Catalogs for single advertisers will continue to be taxed on the full cost price instead of the cost of paper and ink.

The audit on the outstanding assessment for sales tax on loaned art work is not complete at this time. The actual amount may be higher or lower depending on the final outcome of the audit.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

Not applicable

B. REDUCTION OF REVENUE RAISING AUTHORITY:

Article VII, Section 18 of the Florida Constitution provides that the Legislature may not enact, amend, or repeal a law that reduces the authority of cities or counties to raise revenues or require cities or counties to take action that requires expenditure of money in the aggregate as such authority existed on February 1, 1989, unless one of several enumerated exemptions or exceptions apply.

This bill could be construed as reducing the authority of counties to raise revenues in the aggregate because it provides a sales tax exemption and counties have the authority to levy local option sales taxes against the state sales tax base. However, the estimated impact is determined to have an insignificant impact on county revenue raising authority. Therefore, this bill would not meet the criteria to be considered a local mandate under Article VII, Section 18 of the Florida Constitution.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

Not applicable

V. COMMENTS:

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

The original bill was limited to the provisions providing a sales tax exemption for loaned art work. The following amendments were made in Finance and Taxation Committee.

Amendment 1 requires a person purchasing the work of art for loan to an educational institution to forward a copy of an affidavit to the Department of Revenue at the time it is issued to the vendor. **Amendment 2** provides an effective date.

Amendment 3 provides for the taxation of shoppers and other free advertising publications.

Amendment 4 is a title amendment for amendment 3.

Amendment 5 provides for the payment of interest on tourist development taxes collected by the Department of Revenue.

Amendment 6 is a title amendment for amendment 4.

The following amendment was adopted by the Appropriations Committee:

Amendment 1 requires shoppers and newspapers which are given away free to be taxed on the cost of ink and paper only.

VII. SIGNATURES:

COMMITTEE ON TOURISM, HOSPITALITY & ECONOMIC DEVELOPMENT:

Prepared by:	Staff Director:
Susan F. Holzer	Dee Hopkins Crusoe

COMMITTEE ON FINANCE & TAXATION:

Prepared by:	Staff Director:
Deborah G. Moerlins	Jose' Diez-Arguelles

COMMITTEE ON APPROPRIATIONS:

Prepared by:	Staff Director:
Mark A. Maxwell Mark A. Maxwell	Peter J. Mitchell Peter J. Mitchell

STORAGE NAME: h1995.ap
DATE: April 10, 1991

HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
APPROPRIATIONS
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT

BILL #: HB 1995

RELATING TO: Educational Facilities

SPONSOR(S): Rep. Davis

STATUTE(S) AFFECTED: 235.196, 235.199

COMPANION BILL(S): SB 1676 (c)

COMMITTEES OF REFERENCE:
(1) VOCATIONAL/TECHNICAL EDUCATION YEA 9 NAY 4
(2) APPROPRIATIONS
(3)
(4)
(5)

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I. SUMMARY:

House Bill 1995 clarifies current provisions related to the funding of community educational facilities and revises the funding formula for such facilities. In addition, it creates a new section to provide for the cooperative funding of vocational facilities. The fiscal impact of the bill is indeterminable.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Section 235.196, Florida Statutes, authorizes school boards, community college boards of trustees, and the Board of Regents to seek Public Education Capital Outlay (PECO) funds for a community education facility. A minimum of 50 percent of the cost of the community education facility must be borne by a non-education governmental agency (such as a city or county commission). The Commissioner of Education requests the balance of funds in the Legislative Budget Request, which is typically funded in the General Appropriations Act. Educational entities may only receive funds for one facility each in a five-year period.

No similar provision exists in statute for the establishment or construction of vocational education facilities; however, the concept for such facilities was established in the 1990 General Appropriations Act.

B. EFFECT OF PROPOSED CHANGES:

House Bill 1995 would clarify various provisions of the section related to community educational facilities to refine the procedures undertaken by the Department of Education in the approval and funding of such facilities. In addition, the bill would revise the current funding formula through which the Commissioner requests funds for a maximum of 50 percent of the cost of the project, with the balance paid by a noneducational governmental agency such that the educational entity would pay a minimum of 25 percent of the project, the noneducational governmental entity would pay at least another 50 percent, and the Commissioner of Education would request funds for the balance of the cost of the facility.

The bill would create a program similar to that of community education facilities and special use facilities established in ss. 235.196 and 235.198, respectively, for vocational education facilities.

C. SECTION-BY-SECTION ANALYSIS:

Section 1 specifies that the first year of the five-year waiting period for additional community education facilities is the year that the educational entity receives an appropriation for the planning or construction of the proposed facility. It further states that the value of existing sites will be determined by an appraiser selected by the Office of Educational Facilities in the Department of Education. It revises the funding formula from a 50/50 split between state and local government funds to a 25/50/25 split between the state, local government, and educational entity funds, respectively. This section requires that state universities and community colleges that seek funds for community education facilities must include the facilities on their respective three-year PECO priority lists. Finally, the section requires that each such request meet department survey requirements.

Section 2 allows school boards to request funds to plan, construct, and equip vocational education facilities that are identified as critical to the economic development and work force needs of the school district. Such request must include a joint resolution with local entities contributing funds for the facility, certification that all requirements of the Office of Educational Facilities have been met, and an agreement to advertise for bids within 30 days of receiving the authority to encumber funds for the facility. The cost of the facility will be determined by the Office of Educational Facilities. The new section creates a vocational education construction committee composed of Department of Education, Executive Office of the Governor, and Department of Commerce representatives to review, evaluate, and prioritize requests in accordance with statewide needs. The Commissioner will request funds for a maximum of 50 percent of the facility, with a minimum of 25 percent of cost borne by the school board and a public or private noneducational entity providing at least 25 percent. It further states that the value of existing sites will the determined by an appraiser selected by the Office of Educational Facilities in the Department of Education. Each school board must levy the maximum discretionary millage in order to be eligible to receive funds for a cooperative vocational education facility.

Section 3 repeals the new section on cooperative vocational education facilities effective July 1, 1995, and provides for legislative review prior to that date.

Section 4 provides an effective date of July 1, 1991, or upon becoming law, whichever occurs later.

III. <u>FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT</u>:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. <u>Non-recurring Effects</u>:

None

2. <u>Recurring Effects</u>:

Section 1

The revised funding formula for community education facilities will result in a reallocation of PECO dollars, since the Commissioner will be obligated to request fewer state dollars for the construction of such facilities. Funds that would otherwise have been expended for community education facilities will be spent for other education facilities.

Section 2

The recurring fiscal impact of House Bill 1995 is dependent on the number of school districts who are eligible and willing to participate. The 1990 General Appropriations Act contained $3.6 million for such projects. The Commissioner's Legislative Budget Request for 1991 contains $8.2 million for such projects.

3. Long Run Effects Other Than Normal Growth:

None

4. Total Revenues and Expenditures:

Indeterminable (See Recurring Effects)

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None

2. Recurring Effects:

Section 1

The recurring effects to local governments are indeterminable. School boards would be required to pay at least 25 percent of the cost of the community education facilities. These boards have not been required to pay any of the costs in the past. In addition, local governmental agencies would be required to pay at least 50 percent of these costs, rather than the 25 percent they have been required to pay in the past. The effect of these changes on local governments depends on the willingness and ability of the school boards and other local governmental units to absorb this cost.

Section 2

Again, the recurring costs to local governments are indeterminable. The effect of the cooperative vocational education institutions is entirely dependent on the willingness and ability of the school boards and other local governmental units to absorb this cost.

3. Long Run Effects Other Than Normal Growth:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

Section 2

The private sector may choose to help fund a cooperative vocational education facility. The extent to which this participation costs the private sector is dependent on the extent to which the private sector participates. Such participation is voluntary. Consequently, such costs are indeterminable.

2. <u>Direct Private Sector Benefits</u>:

Section 2

To the extent that the construction of a vocational education facility provides qualified entry-level personnel to the private sector and provides opportunities for retraining and upgrading current personnel that would not be otherwise possible, the construction of cooperative vocational education facilities benefits the private sector. The dollar value of this benefit is indeterminable.

3. <u>Effects on Competition, Private Enterprise and Employment Markets</u>:

Section 2

See Direct Private Sector Benefits

D. FISCAL COMMENTS:

None

IV. <u>CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION</u>:

A. APPLICABILITY OF THE MANDATES PROVISION:

Not applicable

B. REDUCTION OF REVENUE RAISING AUTHORITY:

Not applicable

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

Not applicable

V. <u>COMMENTS</u>:

Although community colleges are also designated vocational education providers, they are precluded from constructing cooperative vocational education facilities pursuant to s. 235.199.

Subsection (1) of the State Comprehensive Plan addresses education. Paragraph (a) states the following goal for education:

> The creation of an educational environment which is intended to provide adequate skills and knowledge for students to develop their full potential, embrace the highest ideas and accomplishments, make a positive contribution to society, and promote the advancement of knowledge and human dignity.

This bill supports the following policies for that goal:

- Promote educational and cultural enrichment and recreational activities outside traditional systems through the increased use of community and educational facilities and develop creative alternatives to educational programs in order to serve a larger segment of the population.
- Provide a system to disseminate knowledge to solve economic and community problems, through linkages with business, local communities, and institutions of higher education.
- Identify and encourage policies which raise the expectations, performance, and motivation of socioeconomically and academically disadvantaged students.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None

VII. SIGNATURES:

COMMITTEE ON VOCATIONAL/TECHNICAL EDUCATION:

Prepared by:	Staff Director:
Terry Hatch	Terry Hatch

COMMITTEE ON APPROPRIATIONS:

Prepared by:	Staff Director:
Michael F. Peters	Peter J. Mitchell
Michael Peters	Peter J. Mitchell

EMPLOYEE RIGHTS
(Continued from Page 3)

should contact the state Labor Department — 289-6410 — for full details on the law changes.)

Governor McKernan in July let the measure become law without his signature, after mulling over a potential veto. He objected to a provision that enables an illegally hired youth to collect workers compensation benefits or sue for damages if the child suffers a work-related injury. This now becomes a further unraveling of the work comp exclusive remedy intended for workplace injuries.

However, the Governor did veto legislation (LD 923) that would have expanded unemployment compensation coverage to include lockouts and strikes.

The number of pro-labor, anti-business bills is too numerous to cover fully. Many of these bills had significant sponsorship and consumed hours of effort on all sides.

REGULATORY REFORM INCHES FORWARD

Progress comes slowly in this area. An attempt to enable legislators to request an economic impact analysis of proposed legislation was defeated. LD 1310 also would have expanded economic impact analysis requirements for proposed regulations.

Meanwhile, an attempt to provide for legislative veto of agency rules (LD 1854) ran into trouble and the session ended before agreement was reached on a compromise plan (LD 1975) that would have increased legislative oversight of agency rulemaking and improved enforcement of procedural requirements in the rulemaking process.

Although the subject of widespread complaints, environmental regulations and procedures continued to elude legislated changes. Several bills aimed at reforming environmental permitting were held over to the 1992 session.

RESULTS OF 1991 LEGISLATIVE ACTION SURVEY

Over 250 NFIB members indicated an interest in becoming more active on state legislative affairs.

Workers' compensation (56%) and taxation (54%) scored highest on the list of important issues. Following were: health insurance (39%), regulations (27%), unemployment insurance (25%), economic development/capital formation (24%), employee benefits (20%), government/nonprofit competition (16%), and utility rates (15%).

A majority of those responding said they would be willing to meet with legislators and to help elect pro-small business candidates. Four out of ten respondents said they had contributed to a candidate last year and almost 20% said they had worked on a campaign.

OTHER ISSUES

A proposed *limitation on state legislative terms* garnered little support (LD 1044). The public hearing was sparsely attended, and the measure was defeated with little fanfare in the House and Senate. In fact, no one in the Senate even sought a recorded vote. NFIB/Maine members voting on a special ballot indicated strong support for limiting legislative terms. No other business group took an active interest in this issue. Earlier in the session a measure to limit how long a legislator may serve as Senate President or House Speaker was also defeated, after some heated partisan debate.

A partisan effort (LD 1768) to *abolish the Department of Economic and Community Development* was finally scuttled. The effort was revived momentarily in July in retaliation against business and the Governor.

Legislation (LD 660) to enable a store owner to file a civil action for *recovery of damages against a shoplifter* was summarily defeated. Shoplifting currently can only be prosecuted by a District Attorney.

Several bills (LDs 16, 542, 603, 1134, & 1907) aimed at further limits on *smoking* in various public places were turned down. A new law was enacted (LD 1696) that prohibits an employer from discriminating against an employee who smokes off the job.

1991 NFIB/Maine BALLOT RESULT EXCERPTS

How would you rate the small business climate in Maine?	1% Excellent 15% Good 51% Fair 33% Poor
How would you rate today's general economic conditions in Maine compared to 1989?	1% Better 9% No Change 90% Worse
How would you rate the attitude of the Governor toward small business?	4% Excellent 29% Good 47% Fair 20% Poor
How would you rate the attitude of the Legislature toward small business?	0% Excellent 6% Good 38% Fair 56% Poor
How would you rate the attitude of state regulatory agencies toward small business?	0% Excellent 7% Good 37% Fair 56% Poor
If, after making cuts in the state budget, the Legislature and the Governor are "forced" to obtain additional tax revenues, what source(s) of new revenues should be used? Temporary increase in the sales tax rate?	42% Yes 53% No 5% Undecided
Should Maine State Retirement System funds be used to increase the pool of capital available for business investment in Maine?	42% Yes 51% No 7% Undecided

Roy
E + PI
Karen

EXERPTS FROM

THE BUSINESS SURVEY

OF THE GOVERNOR'S BUSINESS TASK FORCE

MAY 1990

MAY 1990

SURVEY OF GOVERNOR'S BUSINESS TASK FORCE
THE BUSINESS COMMUNITY'S PERCEPTION OF THE MAINE ECONOMY

STATEWIDE ECONOMIC CONDITION AND OUTLOOK
QUESTION 5: WHICH FACTORS WILL BE THE MOST IMPORTANT CONSTRAINTS ON ECONOMIC GROWTH WITHIN THE STATE DURING THE NEXT THREE TO FIVE YEARS?

NUMBER AND PERCENT OF RESPONDENTS IN EACH REGION GIVING EACH ANSWER

	REGION RESPONDENT MOST FAMILIAR WITH										TOTALS	
	SOUTH COASTAL		WESTERN INLAND		CENTRAL		EASTERN		NORTHERN			
	NR	PCT	NR	PCT	NR	PCT	NR	PCT	NR	PCT	NR	PCT
FACTOR												
ENVIRONMENTAL REGULATIONS	21	46.6	12	80.0	10	90.9	19	95.0	4	100.0	66	69.3
CREDIT AVAILABILITY	26	57.7	5	33.3	3	27.3	9	45.0	1	25.0	44	46.2
PUBLIC ATTITUDES TOWARDS BUSINESS	21	46.6	11	73.4	3	27.3	7	35.0	0	0	42	44.1
TAXES	20	44.4	9	60.0	4	36.4	6	30.0	1	25.0	40	42.0
LABOR FORCE ISSUES	13	28.9	7	46.7	5	45.4	10	50.0	2	50.0	37	38.8
TRANSPORT, COMMUNICATIONS INFRASTRUCTURE	12	26.6	8	53.4	2	18.2	7	35.0	2	50.0	31	32.5
COST OF LIVING	18	40.0	3	20.0	3	27.3	3	15.0	1	25.0	28	29.4
DEFENSE INDUSTRY	15	33.3	3	20.0	4	36.4	3	15.0	2	50.0	27	28.3
COMPETITION	6	13.3	4	26.7	4	36.4	3	15.0	1	25.0	18	18.9
WORKERS' COMP, HEALTH INSURANCE	7	15.5	6	40.0	2	18.2	1	5.0	1	25.0	17	17.8
NO MAJOR CONSTRAINTS	1	2.2	0	0	0	0	0	0	0	0	1	1.0
DID NOT ANSWER	1	2.2	0	0	0	0	0	0	0	0	1	1.0

89 RESPONDENTS

SURVEY OF GOVERNOR'S BUSINESS TASK FORCE
THE BUSINESS COMMUNITY'S PERCEPTION OF THE MAINE ECONOMY

STATEWIDE ECONOMIC CONDITION AND OUTLOOK
QUESTION 4: WHICH OF THE FOLLOWING SECTORS DO YOU THINK WILL CONTRIBUTE MOST IMPORTANTLY TO ECONOMIC GROWTH WITHIN THE STATE DURING THE NEXT THREE TO FIVE YEARS?

NUMBER AND PERCENT OF RESPONDENTS IN EACH REGION GIVING EACH ANSWER

	REGION RESPONDENT MOST FAMILIAR WITH											
	SOUTH COASTAL		WESTERN INLAND		CENTRAL		EASTERN		NORTHERN		TOTALS	
	NR	PCT	NR	PCT	NR	PCT	NR	PCT	NR	PCT	NR	PCT
SECTOR												
TOURISM	29	64.4	9	60.0	6	54.5	9	45.0	1	25.0	54	56.7
SMALL BUSINESS	30	66.6	5	33.3	5	45.4	10	50.0	1	25.0	51	53.5
CONSUMER SPENDING INCLUDING AUTO SALES	21	46.6	7	46.7	8	72.7	13	65.0	1	25.0	50	52.5
PULP, PAPER AND WOOD PRODUCTS	17	37.7	7	46.7	7	63.6	13	65.0	3	75.0	47	49.3
BUSINESS INVESTMENT	12	26.6	4	26.7	2	18.2	11	55.0	1	25.0	30	31.5
EMERGING TECHNOLOGY	14	31.1	1	6.7	1	9.1	5	25.0	2	50.0	23	24.1
FIRMS RELOCATING TO MAINE	9	20.0	5	33.3	3	27.3	2	10.0	1	25.0	20	21.0
CANADIAN TRADE	5	11.1	2	13.3	1	9.1	7	35.0	2	50.0	17	17.8
REAL ESTATE DEVELOPMENT	7	15.5	3	20.0	1	9.1	4	20.0	0	0	15	15.7
GOVERNMENT ACTIONS	7	15.5	2	13.3	0	0	2	10.0	1	25.0	12	12.6
AGRICULTURE	0	0	0	0	0	0	0	0	3	75.0	3	3.1
DID NOT ANSWER	0	0	0	0	1	9.1	1	5.0	0	0	2	2.1

SURVEY OF GOVERNOR'S BUSINESS TASK FORCE
THE BUSINESS COMMUNITY'S PERCEPTION OF THE MAINE ECONOMY

REGIONAL ECONOMIC CONDITION AND OUTLOOK
QUESTION 4: WHICH INDUSTRIES OR CIRCUMSTANCES DO YOU BELIEVE WILL BE MOST IMPORTANT TO IMPROVING THE ECONOMIC CLIMATE IN YOUR REGION DURING THE NEXT YEAR OR TWO?

NUMBER AND PERCENT OF RESPONDENTS IN EACH REGION GIVING EACH ANSWER

	REGION RESPONDENT MOST FAMILIAR WITH											
	SOUTH COASTAL		WESTERN INLAND		CENTRAL		EASTERN		NORTHERN		TOTALS	
	NR	PCT	NR	PCT	NR	PCT	NR	PCT	NR	PCT	NR	PCT
FACTOR												
SMALL BUSINESS AND SERVICES	10	22.2	4	26.7	3	27.3	4	20.0	0	0	21	22.3
INTEREST RATES, FINANCING AVAILABILITY	15	33.3	2	13.3	1	9.1	1	5.0	0	0	19	20.1
LAWS AND REGULATIONS	4	8.9	2	13.3	2	18.2	5	25.0	1	33.3	14	14.8
TOURISM	7	15.5	2	13.3	2	18.2	2	10.0	0	0	13	13.8
INFRASTRUCTURE INVESTMENT	4	8.9	3	20.0	1	9.1	2	10.0	1	33.3	11	11.7
AGRICULTURE AND FOREST PRODUCTS	2	4.4	2	13.3	1	9.1	4	20.0	2	66.7	11	11.7
MANUFACTURING	5	11.1	3	20.0	1	9.1	0	0	0	0	9	9.5
CONSUMER SPENDING	5	11.1	0	0	1	9.1	1	5.0	0	0	7	7.4
HOUSING AND REAL ESTATE	4	8.9	1	6.7	0	0	1	5.0	1	33.3	7	7.4
CONSTRUCTION	4	8.9	1	6.7	0	0	0	0	0	0	5	5.3
WORKERS' COMP AND HEALTH CARE	1	2.2	1	6.7	0	0	3	15.0	0	0	5	5.3
EMERGING TECHNOLOGY	3	6.7	2	13.3	0	0	0	0	0	0	5	5.3
TAXES, GOVERNMENT SPENDING	2	4.4	0	0	1	9.1	1	5.0	0	0	4	4.2
FOREIGN TRADE	0	0	2	13.3	0	0	2	10.0	0	0	4	4.2
U.S. ECONOMIC GROWTH	2	4.4	0	0	0	0	2	10.0	0	0	4	4.2
DEFENSE INDUSTRIES	2	4.4	0	0	0	0	0	0	0	0	2	2.1
SHOPPING MALL EXPANSIONS	0	0	1	6.7	1	9.1	0	0	0	0	2	2.1
AQUACULTURAL PRODUCTS	0	0	0	0	0	0	1	5.0	0	0	1	1.1

(CONTINUED)

SURVEY OF GOVERNOR'S BUSINESS TASK FORCE
THE BUSINESS COMMUNITY'S PERCEPTION OF THE MAINE ECONOMY

REGIONAL ECONOMIC CONDITION AND OUTLOOK
QUESTION 4: WHICH INDUSTRIES OR CIRCUMSTANCES DO YOU BELIEVE WILL BE MOST IMPORTANT TO IMPROVING THE ECONOMIC CLIMATE IN YOUR REGION DURING THE NEXT YEAR OR TWO?

NUMBER AND PERCENT OF RESPONDENTS IN EACH REGION GIVING EACH ANSWER

	REGION RESPONDENT MOST FAMILIAR WITH											
	SOUTH COASTAL		WESTERN INLAND		CENTRAL		EASTERN		NORTHERN		TOTALS	
	NR	PCT	NR	PCT	NR	PCT	NR	PCT	NR	PCT	NR	PCT
FACTOR												
CLEAN INDUSTRY	0	0	1	6.7	0	0	0	0	0	0	1	1.1
DID NOT ANSWER	8	17.8	2	13.3	2	18.2	5	25.0	0	0	17	18.0

CHAMBER OF COMMERCE
OF THE GREATER PORTLAND REGION

142 FREE STREET
PORTLAND, ME 04101-3990
207 772 2811

COMMUNITY CHAMBERS:
FALMOUTH /CUMBERLAND
GORHAM
PORTLAND
SCARBOROUGH
SOUTH PORTLAND /CAPE ELIZABETH
WESTBROOK

Economic Impact Statement Legislation
LD 1310 (Amendment H-454)

What is it?

The purpose of the economic impact statement requirement is to provide an informed basis for law - and rulemaking. Economic impact statements would be prepared 1) at the request of a legislator serving on the committee hearing a bill, and 2) as part of any proposed rule.

What other states have this type of law?

Florida, New Jersey, and Colorado have similar statutes for proposed legislation. Louisiana and Washington's laws provide for the creation of economic impact statements as part of the rulemaking process.

Who would prepare the statements?

The economic impact analysis statements would be prepared by the Director of the State Planning Office together with the Commissioner of the Department of Economic and Community Development. The statement would be completed within 90 days, or sooner if so requested due to legislative schedule restrictions.

Why is this bill being proposed?

Especially now - policymakers need and deserve information on the actual cost to Maine's businesses and government's departments for rules or laws that are proposed. With this information, policymakers will be able to ensure that limited public and private resources are spent as efficiently and productively as possible.

115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document **No. 1310**

H.P. 913 House of Representatives, March 27, 1991

Reference to the Committee on State and Local Government suggested and ordered printed.

Ed Pert

EDWIN H. PERT, Clerk

Presented by Representative FOSS of Yarmouth.
Cosponsored by Senator BALDACCI of Penobscot, Senator RICH of Cumberland and Representative SMALL of Bath.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

An Act to Promote Fully Informed Legislation and Rulemaking.

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 3 MRSA §525 is enacted to read:

§525. Economic impact analysis statements of proposed legislation

1. Economic impact analysis statement. An economic impact analysis statement of a specific legislative bill must be prepared by the Director of the State Planning Office together with the Commissioner of Economic and Community Development when so requested by a Legislator serving on the joint standing committee considering that bill. Within 90 days of the request, or sooner if so requested due to legislative schedule restrictions, the State Planning Office together with the Department of Economic and Community Development shall advise the Legislator making the request and the joint standing committee considering the bill as to the economic impact the bill will have on the State and persons directly affected if enacted. The economic impact analysis on the proposed bill must include:

A. An estimate of the cost to the State of the implementation of the proposed action, including the estimated amount of paperwork;

B. An estimate of the cost or the economic benefit to all persons directly affected by the proposed action;

C. An estimate of the impact of the proposed action on competition for those persons directly affected and on the open market for employment, if applicable;

D. A detailed statement of the data and method used in making each of the above estimates. If the analysis rejects information submitted for consideration, the basis for rejecting this data and information must be explained; and

E. An analysis of any potential alternatives.

In preparing the economic impact analysis statement, the State Planning Office and the Department of Economic and Community Development are authorized to obtain essential information from other state agencies and shall consider all relevant information submitted by persons interested in the legislation.

Sec. 2. 5 MRSA §8052, sub-§4, as amended by PL 1981, c. 524, §3, is further amended to read:

4. Relevant information considered. The agency shall consider all relevant information available to it, including statements and arguments filed, before adopting any rule or preparing any economic impact analysis statement. If the economic impact analysis rejects information submitted for consideration, the basis for rejecting this data and information must be explained.

Sec. 3. 5 MRSA §8052, sub-§5-B is enacted to read:

5-B. Economic impact analysis statement. Prior to adoption, amendment or repeal of any rule, except for rules adopted, amended or repealed pursuant to section 8054, an agency shall prepare a detailed economic impact analysis on the proposed rule. The economic impact analysis statement must include:

A. An estimate of the cost to the agency of the implementation of the proposed action, including the estimated amount of paperwork;

B. An estimate of the cost or the economic benefit to all persons directly affected by the proposed action;

C. An estimate of the impact of the proposed action on competition for those persons directly affected and on the open market for employment, if applicable; and

D. A detailed statement of the data and method used in making each of the above estimates.

Failure to provide adequate statement of economic impact is grounds for holding the rule invalid; however, beginning October 1, 1991 no rule may be declared invalid for want of an adequate statement of economic impact unless the issue is raised in an administrative or judicial proceeding within one year of the effective date of the rule to which the statement applies.

Sec. 4. 5 MRSA §8053, sub-§3-A, as enacted by PL 1981, c. 524, §8, is amended to read:

3-A. Copies of proposed rules available upon request. At least 20 days prior to hearing on any proposed rule and at least 20 days prior to the adoption of any rule without a hearing, the agency shall make copies of the proposed rule and the fact sheet developed pursuant to section 8053-A available to persons upon request.

STATEMENT OF FACT

The requirement for economic impact statements should enable lawmakers and agencies to better assess the costs versus benefits of a proposed bill or rule and ensure that limited public and private resources are spent in the most efficient and productive manner. To ensure Legislators are knowledgeable about the economic consequences of proposed legislation, this bill enables Legislators to request economic impact analysis statements on proposed legislation from the State Planning Office and the Department of Economic and Community Development.

In addition, because agencies have consistently examined and evaluated the economic impacts of proposed rules, this bill requires agencies to do so and ensures that rules are promulgated with an understanding of the economic impacts of a rule on the private sector and on the administrating agencies.

John R. McKernan, Jr.
Governor

Lynn Wachtel
Commissioner

Department
of
ECONOMIC AND COMMUNITY DEVELOPMENT

To: Governor John R. McKernan, Jr.

From: Lynn Wachtel, Commissioner

Subj: Plant Closing/Layoff Survey

Date: May 7, 1991

****

Attached are the findings of the survey undertaken by DECD of Maine companies which closed or reduced their work force between January 1, 1990 and April 16, 1991.

The companies are those required to report layoffs/closures to Maine's Department of Labor under the WARN Act. The results below reflect responses from 69 of the 74 companies on the Department of Labor list.

The initial intent of the survey was to determine the reason for the closure or layoff. As we proceeded with the phone inquiries, we included asking what Maine could do to retain or bring new business into the State. That questions was posed to 51 companies. The results are recorded separately.

Numbers of closings/layoffs of the survey group is as follows:

Number of companies reporting:	Closing............	23 (33%)
	Layoff.............	46 (66%)
	TOTAL..............	69
Number of employees laid off:	Permanent layoff	4,728 (72%
	Temporary layoff	1,806 (28%
	TOTAL	6,534

Attached are a summary of the reasons for closure/layoff·

a summary of what Maine could do to correct the problem; the results by company, and the survey questionnaire.

In addition, we have a second survey underway asking companies which decided not to come to Maine, why they did not come. We have received a dozen responses so far. A summary will be forthcoming when more responses have been received.

Note that in both cases, we indicated the information about the companies would not be released to the press. I indicated the aggregate layoff/closing results to John Porter of the Press Herald in an interview last week.

I will be glad to answer any questions you might have.

Attachments

cc: Sharon Miller
Derek Langhauser
Willis Lyford
Susan Collins
Chip Morrison
Rich Silkman

Summary of reasons for closings or layoffs:

NOTE: A single company may be included in more than one category, in most cases a company attributed more than one factor for the closing or layoffs.

* Five of the seventy-four companies were unavailable for comment; therefore, are not reflected in the statistical results.

Economic downturn (housing/construction starts, decreased sales)	39	(57%)
Import competition	13	(19%)
Workers' compensation	12	(17%)
Relocation (out of state)	11	(16%)
Acquisition (purchased by other company which made changes)	6	(9%)
Poor operating results (over period of 3-5 years)	5	(7%)
Health care costs (costs in general, change in method of reimbursement, health care comm. revenue restrictions)	5	(7%)
Federal government cutbacks	5	(7%)
Troubled banking industry	4	(6%)
Transportation costs	4	(3%)
Technical changes (machines replacing people)	3	(4%)
Streamlining (elimination of products, change in policy,	3	(4%)

consolidation)

Property tax	2 (3%)
Poor construction (new plant needed)	1 (1%)
Sunday sales	1 (1%)
Postal increase	1 (1%)
Business tax	1 (1%)
Wage rates	1 (1%)
Overstock	1 (1%)

Summary of responses to question **"What should the State of Maine do (correct or change) in order to retain or bring new businesses into the State, in essence create a healthier business environment"?**

NOTE: A single company may be included in more than one category.

Total number of companies: 51

Categories of response:

Workers' compensation (the costs being too high or the policy too liberal)	48	(94%)
Tax structure (corporate and business, change to investment tax incentive)	12	(24%)
Health insurance costs	8	(16%)
Import competition	6	(12%)
D.E.P (license renewal too slow, fines too high, insensitive to time)	5	(10%)
Energy costs (fuel and electrical)	4	(8%)
Property taxes (proposal to double unorganized land tax)	3	(6%)
Wage rates	3	(6%)
Health Care Finance Commission (restriction on revenues)	2	(4%)
Transportation costs	2	(4%)

Sunday double-time pay.................................. (against the proposed legislation to require it)	1	(2%)
L.U.R.C... (too much red tape)	1	(2%)
Unemployment comp. policy..............................	1	(2%)

Maine Chamber of Commerce & Industry
Environmental Scan - Business Layoffs & Closings
Statewide Newspaper Scan
Through 1/01/90-12/31/90

Summary FEB 13 91

Firms	Total	Closing	Layoffs	Percent of Total	Percent Closings	Percent Layoffs
Number of firms	62	26	36		41.9%	58.1%
Industry Group						
Manufacturing	45	18	27	72.58%	40.0%	60.0%
Construction	1		1	1.61%		100.0%
Wholesale Trade	1		1	1.61%		100.0%
Retail Trade	9	8	1	14.52%	88.9%	11.1%
Finance, Insurance & Real Estate	1		1	1.61%		100.0%
Service	2		2	3.23%		100.0%
Government	1		1	1.61%		100.0%

Employment

Number of Employees	5,653	1,755	3,898		31.0%	69.0%
Industry Group						
Manufacturing	4,630	1,670	2,960	81.90%	36.1%	63.9%
Construction	100		100	1.77%		100.0%
Wholesale Trade	48		48	0.85%		100.0%
Retail Trade	285	85	200	5.04%	29.8%	70.2%
Finance, Insurance & Real Estate	86		86	1.52%		100.0%
Service	102		102	1.80%		100.0%
Government	488		488	8.63%		100.0%

The Newspaper Scan represents only those economic activities which are noted in the major state newspapers. While providing valuable information, the Newspaper Scan must be taken as an indicator and not a complete reflection of economic activity.
To provide direct labor force activity, comparative labor force, employment and unemployment statistics are provided to expand and supplement the Newspaper Scan.
Source: Maine Chamber of Commerce & Industry, Office of Research & Analysis

Maine Chamber of Commerce & Industry
Statewide Newspaper Scan - Comparative Statistics

Labor Force & Employment	Oct. 1989	Oct. 1990	Numerical Change	Percent Change
Labor Force	621,200	632,500	11,300	1.82%
Employment	596,900	600,500	3,600	0.60%
Unemployed Persons	24,300	32,000	7,700	31.69%
Unemployment Rate	3.9%	5.1%	1.20%	30.77%

			Percent of Total				Percent of
Industry Group Employment	Oct. 1989	Oct. 1990	Oct. 1989	Oct. 1990	Numerical Change	Percent Change	Total Loss
Manufacturing	107,800	103,900	19.45%	19.35%	-3,900	-3.62%	19.40%
Construction	34,800	28,800	6.28%	5.36%	-6,000	-17.24%	29.85%
Transport & Public Utilities	21,300	22,700	3.84%	4.23%	1,400	6.57%	
Wholesale Trade	25,800	24,900	4.66%	4.64%	-900	-3.49%	4.48%
Retail Trade	115,500	108,400	20.84%	20.19%	-7,100	-6.15%	35.32%
Finance, Insurance & Real Estate	25,500	25,100	4.60%	4.67%	-400	-1.57%	1.99%
Services	124,500	126,000	22.47%	23.47%	1,500	1.20%	
Federal Government	19,500	18,800	3.52%	3.50%	-700	-3.59%	3.48%
State & Local Government	79,400	78,300	14.33%	14.58%	-1,100	-1.39%	5.47%
Total	554,100	536,900			-17,200	-3.10%	

Unemployment & Compensation	Oct. 1989	Oct. 1990	Numerical Change	Percent Change
Initial UE Compensation Claims	1,642	2,455	813	49.51%
Average UE Duration/Weeks	10.9	12.9	2	18.35%
Job Service/New Applications	5,817	6,564	747	12.84%
Active File - Total	55,243	69,699	14,456	26.17%

Source: Maine Chamber of Commerce & Industry, Office of Research & Analysis

Maine Chamber of Commerce & Industry
Environmental Scan - Business Layoffs & Closings
Statewide Newspaper Scan
Through 1/01/90-12/31/90

Date	Business	Function	Layoff/ Closing	Job Loss	Affected Community	Reason
12/31/90	State of Maine	Govern't	Layoff	488	Statewide	Economic Conditions
12/29/90	The Portland Newspapers	Manuf.	Layoff	86	Portland	Cost-cutting
12/11/90	S.D. Warren	Manuf.	Layoff	210	Skowhegan	Economic Conditions
12/08/90	Fleet-Norstar Financial Group	Finance	Layoff	40	Statewide	Economic Conditions
12/08/90	Circle Electrik	Retail	Closing		Turner	Economic Conditions
12/07/90	Boise Cascade	Manuf.	Layoff	48	Rumford	Economic Conditions
12/07/90	S.D. Warren	Manuf.	Layoff	60	Westbrook	Economic Conditions
12/07/90	Portsmouth Navel Shipyard	Manuf.	Layoff	700	Kittery Region	Defense Spending
12/07/90	Philips Elmet Corp.	Manuf.	Layoff	125	Lewiston	Economic Conditions
12/07/90	Wilner Wood Products Co.	Manuf.	Closing	125	Norway	Economic Conditions
12/07/90	Oriental Restaurant	Retail	Closing	10	Pittsfield	Economic Conditions/Taxes
12/07/90	Philips Elment	Manuf.	Layoff	125	Lewiston	Economic Conditions
12/05/90	S.D. Warren Co.	Manuf.	Layoff	60	Westbrook	Economic Conditions
12/05/90	Fleet Bank of Maine	Finance	Layoff		State-wide	Econ. Cond./Consolidation
12/05/90	Associated Grocers of Maine	Retail	Layoff	200	Gardner	Workers' Compensation
12/04/90	Pioneer Plastics	Manuf.	Layoff	80	Auburn	Economic Conditions
11/21/90	Digital Equipment Corp.	Manuf.	Layoff	100	Augusta	Consolidiation
11/20/90	Bates Fabrics, Inc.	Manuf.	Layoff	30	Lewiston	Consolidation/Out-of-State
11/19/90	Elm Tree Market & Deli	Retail	Closed	8	Waterville	Economic Conditions
11/19/90	Olmesteds Jewelers	Retail	Closed		Waterville	Economic Conditions
11/19/90	Downeast Hardware	Retail	Closed	2	Waterville	Economic Conditions
11/17/90	Georgia Pacific Corp.	Manuf.	Layoff	240		Stop Production
11/17/90	Etonic, Inc.	Manuf.	Closing	180	Auburn	Health Costs/ Workers Comp.
11/01/90	Satco	Retail	Closed	50	Statewide	Economic Conditions
10/31/90	Portland Newspapers	Manuf.	Layoff	90	Portland	Consolidation/Econ. Cond.
10/31/90	Erving Tanning	Manuf.	Layoff	44	Hartland	Modernization
10/29/90	Bethel Inn	Service	Layoff	20	Bethel	Economic Conditions
10/20/90	L.L. Bean	Manuf.	Layoff	100	Lisbon Falls	Economic Conditions
10/17/90	Mid-State Machine Products	Manuf.	Layoff	40	Winslow	Economic Conditions
10/03/90	West Point-Peperell	Manuf.	Layoff	75	Biddeford	Economic Conditions

Maine Chamber of Commerce & Industry
Environmental Scan - Business Layoffs & Closings
Statewide Newspaper Scan

10/03/90	AVX	Manuf.	Layoff	30	Biddeford	Economic Conditions
10/03/90	Viner Brothers, Inc.	Manuf.	Closing	150	Presque Isle	Economic Conditions
9/29/90	Ethan Allen	Manuf.	Closing	134	Burhnam	Economic/PlantCosts
9/18/90	H.P. Hood	Manuf.	Closing	53	Newport	Loss of Market
9/07/90	Old Tavern Farm	Manuf.	Layoff	25	Yarmouth	Loss of Market
9/02/90	Ward Brothers, Inc.	Retail	Closing		S. Ptd/Bangor	Economic Conditions
8/31/90	J.L. Coombs	Manuf.	Closed	40	Philips	Profitability
8/22/90	National Semiconductor Corp.	Manuf.	Layoff	150	South Portland	Reorg./Defense Spending
7/26/90	The Playmill	Manuf.	Closing		Atkinson	Economic Conditions
6/27/90	Timberland Footware	Manuf.	Closing	150	Bangor	Production Costs
6/03/90	Joneco	Manuf.	Closed	45	Kingfield	Profitability
5/25/90	Shape, Inc	Manuf.	Layoff	20	Biddeford	Economic Conditions
5/24/90	Shape, Inc.	Manuf.	Layoff	70	Biddeford	Economic Conditions
5/23/90	Etonic	Manuf.	Layoff	100	Auburn	Health/Wkers' Comp.
5/21/90	Saco Defense	Manuf.	Layoff	22	Saco	Profitability
5/17/90	Fleet-Norstar	Finance	Layoff		Lew/Bangor/Wtrville	Consolidation/ Out of State
5/10/90	Thorndike Press	Manuf.	Layoff	10	Unity	Merger
4/19/90	Clarostat Maine, Inc.	Manuf.	Closing	103	Richmond	Consolidation/ Out of State
4/14/90	Willard-Daggett Fish Co.	Manuf.	Closing	25	Portland	Market Loss/Overcapacity
4/10/90	Unitrode Corp.	Manuf.	Closing	80	Westbrook	Market Conditions
4/07/90	Viner Brothers	Manuf.	Layoff	100	Presque Isle	Market Loss
3/27/90	Vulcan Electric	Manuf.	Closing	100	Kezar Falls	Consolidation/ Out of State
3/01/90	National Sea Products	Manuf.	Closing	202	Rockland	Market Loss/Overcapacity
2/28/90	Gamm II	Manuf.	Closing	48	Bethel	Foreign Competition
2/17/90	Harmon & Sons	Manuf.	Closing	30	Skowhegan	Economic Conditions
2/17/90	Borden, Inc.	Manuf.	Closing	170	Scarborough	Consolidation/Out of State
2/12/90	Ward Brothers	Retail	Closing	15	Auburn	Economic Conditions
1/26/90	Data General Corp	Manuf.	Layoff	220	Westbrook	Market Conditions
1/25/90	R.N. Sylvester Co.	Const.	Layoff	70	Augusta	Economic Conditions
1/19/90	Bar Harbor Airways	Service	Layoff	100	Bangor	Consolidation/ Out of State
1/16/90	Maine Electronics	Manuf.	Closing	35	Lisbon	Consolidation/ Out of State
1/13/90	NRF Distributors	Wholesale	Layoff	20	Augusta	Economic Conditions

Source: Maine Chamber of Commerce & Industry, Office of Research & Analysis

ANNOUNCEMENTS OF PLANT CLOSINGS OR LAYOFFS REPORTED TO THE DISLOCATED WORKER UNIT FROM JULY 1, 1990 TO JANUARY 15, 1991.

DATE	COMPANY	TOWN	#'S	CONTACT	NOTICE
07/06/90	J L COOMBS	PHILLIPS	47 PERM	?	
07/15/90	THORN PRESS	THORNDIKE	10 PERM		
07/23/90	TIMBER	BANGOR	162 PERM		
08/15/90	BORDENS	SCARBOROUGH	133 PERM	N PROVENCHER	WARN
08/21/90	NAT SEMI	PORTLAND	150 PERM	TODD SMITH	
09/12/90	NORTHEAST	RUMFORD	370 PERM		
09/17/90	H.P.HOOD	NEWPORT	53 PERM	PHIL CAMPBELL	WARN
09/18/90	BONANZA	PORTLAND	70 PERM	R.CARMICHAEL	
09/20/90	MECON	OXFORD	30 PERM	JODY PULKKINEN	WARN
09/21/90	M+T ENT	FARMINGTON	23 PERM		
09/27/90	PEPPERELL	BIDDEFORD	75 PERM	CARL FRECHETTE	
09/28/90	UNITRODE	WESTBROOK	64 PERM		
09/30/90	PHI. ELMET	LEWISTON	35 PERM	RAY POTTER	
10/01/90	ETHAN ALLEN	BURNHAM	129 PERM	KEN MASON	WARN
10/03/90	VINER BROS.	PRES ISLE	150 PERM	PHIL ROY	WARN
10/17/90	MID STATE	WINSLOW	33 PERM	DANA BERRY	
10/18/90	M.N.BANK	PORTLAND	90 PERM	JANET ALLEN	
10/18/90	L.E.DAVIS	BETHEL	@20	S. PLOURDE	
10/18/90	NEWTON TIB	BETHEL	?		

10/19/90	PEPSICO	BANGOR	31 PERM	DAN FLYNN	
10/20/90	LL BEAN	LIS FALLS	100	A FARRAR	
10/25/90	CAROLL REED	PORTLAND	41 PERM	JOYCE BROTHERS	
10/26/90	EASTLAND	CORINNA	155 TEMP	JOHN GILBERT	
10/26/90	ENCORE	SANFORD	40 PERM	SUE DROUIN	WARN
10/29/90	VAN BAALEN	ROCKLAND	35 PERM	LARRY INGRAHAM	
10/30/90	IRVING T.	HARTLAND	80	JIM WEBSTER	
10/31/90	PORT CLYDE	ROCKLAND	120 PERM		
11/01/90	CLARASTAT	RICHMOND	103 PERM	L. MARTIN	
11/08/90	AGWAY	PRES. ISLE	21 PERM	SUE CROMWELL	
11/13/90	PORTEOUS	PORTLAND	50 PERM	ARETAS STEARNS	WARN
11/20/90	ETONIC	AUBURN	180 PERM	CARLA GAUTHIER	WARN
11/21/90	DIGITAL	AUGUSTA	100 VOL	DEN. DA ROS	
11/25/90	P.PLASTICS	AUBURN	80 PERM	BILL KLOUTHIS	
11/26/90	ANSEWN SHOE	BANGOR	60 PERM		
11/28/90	Bates FABRIC	LEWISTON	30 PERM	RON GOSSELIN	
11/29/90	BOTTOMS USA	AUBURN	? PERM		
11/30/90	SD WARREN	SKOWHEGAN	300 TEMP	S LOCKE	
12/03/90	G. PACIFIC	MIL/PORTAGE	271 PERM	ED HERRINGTON	WARN
12/05/90	ASSOC. GRO	GARDINER	17 PERM	JILL BLAKE	
12/05/90	FLEET BANK	LEWISTON	100 PERM	MIKE MCNAMARA	
12/07/90	BOISE CAS	RUMFORD	48 TEMP	ERIC BAXTER	
01/10/91	SD WARREN	WESTBROOK	110 PERM	KIM MILLICK	
	42		3716		

SKILL RESPONSIBILITY INTEGRITY
THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA

ASSOCIATED GENERAL CONTRACTORS OF MAINE, INC.

September 4, 1991

Ms. Mila Dwelley
Research Assistant
Office of Policy and Legal Analysis
State House Station 13
Augusta, Maine 04333

Dear Mila:

Thanks again for the opportunity to "revise and extend" my remarks delivered to the Committee on Economic and Physical Infrastructure.

I have received information from my counterpart in Washington state regarding their Public Works Trust Fund Program. It is enclosed.

In addition, I am sending along more detailed information regarding the impact Maine's prevailing wage law has on state funded construction. Chairman Flanagan showed a particular interest in this subject during my appearance.

I hope you will view the Associated General Contractors of Maine as a resource on this and other issues.

Sincerely,

Tom Howard

Thomas S. Howard, Jr.
Assistant Executive Director

WHITTEN ROAD, POST OFFICE BOX N, AUGUSTA, MAINE 04332-0551
Telephone 207 / 622-4741 Facsimile 207 / 622-1625

Letter of Transmittal

ASSOCIATED GENERAL CONTRACTORS OF WASHINGTON

To: Tom Howard,
Maine Chapter, AGC.
P.O. Box N
Augusta, Maine 04330

Date: 8-29-91

From: Earl Bell

Re: Public Works Trust Fund Program

We are sending you: ☒ Attached ☐ Under separate cover

Program & R.C.W.

THESE ARE TRANSMITTED AS CHECKED BELOW:

☐ For your information & use ☐ As requested ☐ For review & comment ☐ For approval

☐ As noted

Copy to:

Remarks:

Signed Earl E Bell

Seattle Office
1200 Westlake Ave. N.
Suite 301
Seattle, WA 98109
(206) 284-0061
FAX (206) 286-3112

Southern District Office
3820 S. Pine
P.O. Box 11105
Tacoma, WA 98411-0105
(206) 472-4476
FAX (206) 474-6921

Olympia Office
P.O. Box 1337
Olympia, WA 98507-1337
(206) 786-1777
FAX (206) 786-1787

PUBLIC WORKS TRUST FUND PROGRAMS

What Are They?

The Public Works Trust Fund (PWTF) offers a number of programs that provide low interest loans to help local governments finance needed public works projects or planning. A 13-member Public Works Board directs the offering of loans from this state revolving loan fund. Staff support for policy development, technical assistance, and loan issuance is delivered through the Washington State Department of Community Development's Public Works Unit. Special consideration is given to public health and safety and to sound public works capital programming at the local level. There are three financial assistance programs offered: General Construction, Capital Improvement Planning, and Emergency.

Funding

The Trust Fund is capitalized with dedicated revenues from taxes on water, sewer and garbage utilities, and from a portion of the real estate excise tax. These taxes are collected and deposited in the Public Works Assistance Account which is managed by the State Treasurer. Repayments of past Trust Fund loans are recycled to fund upcoming generations of public works improvements. Future revenues are expected to provide over $30 million annually.

Eligibility

To be eligible, an applicant must be a local government or special purpose district (not a school or port district) and have a long-term plan for financing its public works needs. If the applicant is a county or city, they must be imposing the optional 1/4 percent real estate excise tax dedicated to capital purposes.

Eligible public works systems include bridges, roads, domestic water, sanitary sewer, storm sewer, and capital improvement planning projects. Loans are presently offered only for purposes of repair, replacement, rehabilitation, reconstruction, or improvement of existing eligible public works systems to meet current standards and to adequately serve the needs of the existing service users.

The Process

Proposals for public works projects are solicited annually by the Public Works Unit. Applications are accepted April through July, except for the Emergency Loan program, which accepts applications at any time of the year when funds are available.

Since substantially more Trust Fund dollars are requested than are available, local jurisdictions must compete for the available funds. The applications are carefully evaluated and the Public Works Board submits to the Legislature a list of projects recommended to receive funding. The Legislature reviews the list and indicates its approval through passage of an appropriation from the Public Works Assistance Account to cover the cost of the proposed loans. Once the Governor has signed the appropriation bill into law, the formal loan agreement process can begin. Emergency loans may be considered at any time throughout the year on a first-come, first-served basis. Emergency project loans are not subject to Legislative approval, but must be approved by the Public Works Board.

Individual Programs

1. **General Construction Loans** - The purpose of this loan program, funding sources, and eligibility requirements are as outlined above. Regional applicant workshops are held in late spring following notification by mail to all eligible jurisdictions. Interest rates range from one to three percent, with the lower interest rates providing an incentive for a higher local financial share. A minimum of 10 percent of project costs must be provided by the local community. A 20 percent local share qualifies the applicant for a two percent interest rate, and a 30 percent local share qualifies for a one percent PWTF loan. The match source must be supplied from locally generated revenues or from state-shared entitlement (gas tax); federal or state grants may not be utilized as match sources. The useful life of the public works improvement sets the loan term, with a maximum of 20 years.

2. **Capital Improvement Planning** - As an incentive to local jurisdictions to expand the use of basic capital improvement planning, the Board has recently adopted a proposal to provide zero interest loans for long-term capital planning. These loans are available to eligible jurisdictions with limited capacity to develop a long-term capital improvement plan with their own resources. The loan will provide funds to finance activities performed by the jurisdiction's agent in the development of a capital improvement plan for one or more PWTF eligible systems.

   Loans of up to $15,000 per eligible jurisdiction may be requested. Zero percent interest will be available for up to a five-year term. A local match will be required consisting of one dollar for every three dollars of local cash or eligible in-kind contribution. One application per jurisdiction will be accepted. Coordinated planning efforts are encouraged, as joint applications may be submitted, provided local matching requirements are met by each entity.

Funds will be distributed based upon the following criteria:
- o demonstration of a lack of planning capacity;
- o description of the need to upgrade local CIP activities;
- o past and current local effort to upgrade CIP activities;
- o other activities underway to improve the community's way of life that could be enhanced by CIP effort.

3. **Emergency Loans** - In 1988, the Legislature amended Chapter 43.155 RCW to provide the Public Works Board with emergency loan authority. This program enables the Public Works Board to assist eligible communities experiencing the loss of critical public works services or facilities due to an emergency. An emergency is defined as a public works project made necessary by a natural disaster, or an immediate and emergent threat to the public health and safety due to unforeseen or unavoidable circumstances. General Public Works Trust Fund rules, procedures, and requirements apply to the Emergency Loan program unless otherwise stipulated.

   The maximum loan request is $250,000, with a fixed interest rate of five percent per annum. Loan terms are the same as the Construction Loan. An emergency "scope of work" is an essential part of the emergency loan agreement and it will clearly limit financed activities to those necessary for the immediate restoration of the critical public works service and repair of the facility.

   Staff will provide the Board an evaluation of whether an emergency loan is needed based upon the information documented by the applicant and staff. Site visits may be required as part of this process. Generally, a response will be provided to the applicant within 21 working days from the date of receipt of the application. Applications will be accepted only when emergency funds are available; therefore, an advance call is recommended before preparing any application.

Want More Information?

The Public Works Trust Fund Program welcomes inquiries. Staff are available to discuss how the PWTF might be used by your community or merely to answer general questions on how the program operates. Call (206) 586-0490 or SCAN 321-0490 for information or assistance. The toll-free number is 1-800-562-5677.

11/89
PWTF.INF

43.150.070 Receipt and expenditure of donations——Fees——Voluntary action center fund created. (1) The center may receive such gifts, grants, and endowments from private or public sources as may be made from time to time, in trust or otherwise, for the use and benefit of the purpose of the center and expend the same or any income therefrom according to the terms of the gifts, grants, or endowments. The center may charge reasonable fees, or other appropriate charges, for attendance at workshops and conferences, for various publications and other materials which it is authorized to prepare and distribute for the purpose of defraying all or part of the costs of those activities and materials.

(2) A fund known as the voluntary action center fund is created, which consists of all gifts, grants, and endowments, fees, and other revenues received pursuant to this chapter. The state treasurer is the custodian of the fund. Disbursements from the fund shall be on authorization of the coordinator of the center or the coordinator's designee, and may be made for the following purposes to enhance the capabilities of the center's activities, such as: (a) Reimbursement of center volunteers for travel expenses as provided in RCW 43.03.050 and 43.03.060; (b) publication and distribution of materials involving volunteerism; (c) for other purposes designated in gifts, grants, or endowments consistent with the purposes of this chapter. The fund is subject to the allotment procedure provided under chapter 43.88 RCW, but no appropriation is required for disbursements. [1982 1st ex.s. c 11 § 7.]

Chapter 43.155
PUBLIC WORKS PROJECTS

Sections

43.155.010 Legislative findings and policy. The legislature finds that there exists in the state of Washington over four billion dollars worth of critical projects for the planning, acquisition, construction, repair, replacement, rehabilitation, or improvement of streets and roads, bridges, water systems, and storm and sanitary sewage systems. The December, 1983 Washington state public works report prepared by the planning and community affairs agency documented that local governments expect to be capable of financing over two billion dollars worth of the costs of those critical projects but will not be able to fund nearly half of the documented needs. It is the policy of the state of Washington to encourage self–reliance by local governments in meeting their public works needs and to assist in the financing of critical public works projects by making loans, financing guarantees, and technical assistance available to local governments for these projects. [1985 c 446 § 7.]

43.155.020 Definitions. Unless the context clearly requires otherwise, the definitions in this section shall apply throughout this chapter.

(1) "Board" means the public works board created in RCW 43.155.030.

(2) "Department" means the department of community development.

(3) "Financing guarantees" means the pledge of money in the public works assistance account, or money to be received by the public works assistance account, to the repayment of all or a portion of the principal of or interest on obligations issued by local governments to finance public works projects.

(4) "Local governments" means cities, towns, counties, special purpose districts, and any other municipal corporations or quasi–municipal corporations in the state excluding school districts and port districts.

(5) "Public works project" means a project of a local government for the planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of streets and roads, bridges, water systems, or storm and sanitary sewage systems.

(6) "Technical assistance" means training and other services provided to local governments to: (a) Help such local governments plan, apply, and qualify for loans and financing guarantees from the board, and (b) help local governments improve their ability to plan for, finance, acquire, construct, repair, replace, rehabilitate, and maintain public facilities. [1985 c 446 § 8.]

43.155.030 Public works board created. (1) The public works board is hereby created.

(2) The board shall be composed of thirteen members appointed by the governor for terms of four years, except that five members initially shall be appointed for terms of two years. The board shall include: (a) Three members, two of whom shall be elected officials and one shall be a public works manager, appointed from a list of at least six persons nominated by the association of Washington cities or its successor; (b) three members, two of whom shall be elected officials and one shall be a public works manager, appointed from a list of at least six persons nominated by the Washington state association of counties or its successor; (c) three members appointed from a list of at least six persons nominated jointly by the Washington state association of water districts, the Washington public utility districts association, and the Washington state association of sewer districts or their successors; and (d) four members appointed from the general public. In appointing the four general public members, the governor shall endeavor to balance the geographical composition of the board and to include members with special expertise in relevant fields such as public finance, architecture and civil engineering, and public works construction. The governor shall appoint

one of the general public members of the board as chair. The term of the chair shall coincide with the term of the governor.

(3) Staff support to the board shall be provided by the department.

(4) Members of the board shall receive no compensation but shall be reimbursed for travel expenses under RCW 43.03.050 and 43.03.060.

(5) If a vacancy on the board occurs by death, resignation, or otherwise, the governor shall fill the vacant position for the unexpired term. Each vacancy in a position appointed from lists provided by the associations under subsection (2) of this section shall be filled from a list of at least three persons nominated by the relevant association or associations. Any members of the board, appointive or otherwise, may be removed by the governor for cause in accordance with RCW 43.06.070 and 43.06.080. [1985 c 446 § 9.]

43.155.040 General powers of the board. The board may:

(1) Accept from any state or federal agency, loans or grants for the planning or financing of any public works project and enter into agreements with any such agency concerning the loans or grants;

(2) Provide technical assistance to local governments;

(3) Accept any gifts, grants, or loans of funds, property, or financial or other aid in any form from any other source on any terms and conditions which are not in conflict with this chapter;

(4) Adopt rules under chapter 34.05 RCW as necessary to carry out the purposes of this chapter;

(5) Do all acts and things necessary or convenient to carry out the powers expressly granted or implied under this chapter. [1985 c 446 § 10.]

43.155.050 Public works assistance account. The public works assistance account is hereby established in the state treasury. Money may be placed in the public works assistance account from the proceeds of bonds when authorized by the legislature or from any other lawful source. Money in the public works assistance account shall be used to make loans and to give financial guarantees to local governments for public works projects. [1985 c 471 § 8.]

Severability——Effective date——1985 c 471: See notes following RCW 82.04.260.

43.155.060 Public works financing powers——Competitive bids on projects. In order to aid the financing of public works projects, the board may:

(1) Make low–interest or interest–free loans to local governments from the public works assistance account or other funds and accounts for the purpose of assisting local governments in financing public works projects. The board may require such terms and conditions and may charge such rates of interest on its loans as it deems necessary or convenient to carry out the purposes of this chapter. Money received from local governments in repayment of loans made under this section shall be paid into the public works assistance account for uses consistent with this chapter.

(2) Pledge money in the public works assistance account, or money to be received by the public works assistance account, to the repayment of all or a portion of the principal of or interest on obligations issued by local governments to finance public works projects. The board shall not pledge any amount greater than the sum of money in the public works assistance account plus money to be received from the payment of the debt service on loans made from that account, nor shall the board pledge the faith and credit or the taxing power of the state or any agency or subdivision thereof to the repayment of obligations issued by any local government.

(3) Create such subaccounts in the public works assistance account as the board deems necessary to carry out the purposes of this chapter.

(4) Provide a method for the allocation of loans and financing guarantees and the provision of technical assistance under this chapter.

All local public works projects aided in whole or in part under the provisions of this chapter shall be put out for competitive bids, except for emergency public works under RCW 43.155.065 for which the recipient jurisdiction shall comply with this requirement to the extent feasible and practicable. The competitive bids called for shall be administered in the same manner as all other public works projects put out for competitive bidding by the local governmental entity aided under this chapter. [1988 c 93 § 2; 1985 c 446 § 11.]

Sunset Act application: See note following chapter digest.

43.155.065 Emergency public works projects. The board may make low–interest or interest–free loans to local governments for emergency public works projects. The loans may be used to help fund all or part of an emergency public works project less any reimbursement from any of the following sources: (1) Federal disaster or emergency funds, including funds from the federal emergency management agency; (2) state disaster or emergency funds; (3) insurance settlements; or (4) litigation. Emergency loans may be made only from those funds specifically appropriated from the public works assistance account for such purpose by the legislature. The amount appropriated from the public works assistance account for emergency loan purposes shall not exceed five percent of the total amount appropriated from this account in any biennium. [1988 c 93 § 1.]

43.155.070 Eligibility and priority. (1) To qualify for loans or pledges under this chapter the board must determine that a local government meets all of the following conditions:

(a) The city or county must be imposing a tax under chapter 82.46 RCW at a rate of at least one–quarter of one percent;

(b) The local government must have developed a long–term plan for financing public works needs; and

(c) The local government must be using all local revenue sources which are reasonably available for funding public works, taking into consideration local employment and economic factors.

(2) The board shall develop a priority process for public works projects as provided in this section. The intent of the priority process is to maximize the value of public works projects accomplished with assistance under this chapter. The board shall attempt to assure a geographical balance in assigning priorities to projects. The board shall consider at least the following factors in assigning a priority to a project:

(a) Whether the local government receiving assistance has experienced severe fiscal distress resulting from natural disaster or emergency public works needs;

(b) Whether the project is critical in nature and would affect the health and safety of a great number of citizens;

(c) The cost of the project compared to the size of the local government and amount of loan money available;

(d) The number of communities served by or funding the project;

(e) Whether the project is located in an area of high unemployment, compared to the average state unemployment; and

(f) Other criteria that the board considers advisable.

(3) Existing debt or financial obligations of local governments shall not be refinanced under this chapter. Each local government applicant shall provide documentation of attempts to secure additional local or other sources of funding for each public works project for which financial assistance is sought under this chapter.

(4) Before November 1 of each year, the board shall develop and submit to the chairs of the ways and means committees of the senate and house of representatives a description of the emergency loans made under RCW 43.155.065 during the preceding fiscal year and a prioritized list of projects which are recommended for funding by the legislature, including one copy to the staff of each of the committees. The list shall include, but not be limited to, a description of each project and recommended financing, the terms and conditions of the loan or financial guarantee, the local government jurisdiction and unemployment rate, demonstration of the jurisdiction's critical need for the project and documentation of local funds being used to finance the public works project. The list shall also include measures of fiscal capacity for each jurisdiction recommended for financial assistance, compared to authorized limits and state averages, including local government sales taxes; real estate excise taxes; property taxes; and charges for or taxes on sewerage, water, garbage, and other utilities.

(5) The board shall not sign contracts or otherwise financially obligate funds from the public works assistance account before the legislature has appropriated funds for a specific list of public works projects. The legislature may remove projects from the list recommended by the board. The legislature shall not change the order of the priorities recommended for funding by the board.

(6) Subsections (4) and (5) of this section do not apply to loans made for emergency public works projects under RCW 43.155.065. [1988 c 93 § 3; 1987 c 505 § 40; 1985 c 446 § 12.]

Sunset Act application: See note following chapter digest.

43.155.080 Records and audits. The board shall keep proper records of accounts and shall be subject to audit by the state auditor. [1987 c 505 § 41; 1985 c 446 § 13.]

43.155.090 Loan agreements. Loans from the public works assistance account under this chapter shall be made by loan agreement under chapter 39.69 RCW. [1987 c 19 § 6.]

Chapter 43.160
ECONOMIC DEVELOPMENT——PUBLIC FACILITIES LOANS AND GRANTS

Sections

43.160.010 Legislative declaration. (1) The legislature finds that it is the public policy of the state of Washington to direct financial resources toward the fostering of economic development through the stimulation of investment and job opportunities and the retention of sustainable existing employment for the general welfare of the inhabitants of the state. Reducing unemployment and reducing the time citizens remain jobless is important for the economic welfare of the state. A valuable means of fostering economic development is the construction of public facilities which contribute to the stability and growth of the state's economic base. Strengthening the economic base through issuance of industrial development bonds, whether single or umbrella,

TELEPHONE 989-7400

NICKERSON & O'DAY, INC.

MAILING ADDRESS: P.O. BOX 911, BANGOR, MAINE 04401-0911
Office: 141 Elm Street, South Brewer, Maine

Constructors

November 20, 1990

The Honorable John R. McKernan
Governor, State of Maine
State House Station 1
Augusta, Maine 04333

Re: "Mini" Davis Bacon Wage Rates

Governor McKernan:

This may very well come under the category of "Sacred Cow" but there is an area in the State of Maine purchasing process where substantial savings could be recognized.

If someone has the courage to face the "flak" that will erupt, there is a persuasive argument to be made concerning costs to the taxpayers of Maine brought on by the "Mini" Davis-Bacon rates mandated as a part of the construction purchasing process. The argument can be made by showing what the rate is as posted compared to the "going" local rate and then showing actual costs on completed projects. Such an example is included herein.

Before we start this exercise we have to point out that we never use the State rate if it is lower than our standard, we only use their rate when it is higher.

As an example

Job: Chemical Engineering Addition - Jenness Hall

Location: University of Maine - Orono

Posted Wage Rate: See Enclosure #1

Craft: Ironworker, Structural

Nickerson & O'Day Standard Rate: $8.50/hr + 50¢ for climbing

Nickerson & O'Day estimate (Using Posted Rates)
For Erecting Structural Steel, Joists, Deck & Misc. Metal $19,294.00

Actual Costs: $15,275.61

Manhours Expended: $15,275.61/13.65 = 1119.09

Savings If Local Rate Were Used
$1119.09 (13.65 - 9.00) $5,203.77

Adjust Savings to Reflect Payroll Tax Savings
$5203.77 x 1.30 $6,764.90

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ILING ADDRESS: P.O. BOX 911, BANGOR, MAINE 04401-0911
Office: 141 Elm Street, South Brewer, Maine

Constructors

November 20, 1990
page - 2
Re: Mini-Davis Bacon

On this particular project an Ironworker, Reinforcing, rate study would yield the same sort of results.

If the posted wage determinations were deleted and the going "market" rates were used, the State of Maine could accomplish its construction goals at much less cost. Contractors and architects would make less in fees because our fee structure is historically derived as a percent of cost.

If and as appropriate, a substantial study of the cost of this program and it's administration could be done to prove the point. The totals derived would be quite substantial.

Your thoughts will be of interest.

Sincerely,

Nickerson & O'Day Inc.

Jack Kelley

Jack Kelley, President

JFK:vh

Encl: Wage Determination

STATE OF MAINE
DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
Division of Research and Statistics
Augusta, Maine 04333
Telephone 289-3331

WAGE DETERMINATION—In accordance with Chapter 15, P.L. 1967, this is a determination, by the Bureau of Labor Standards, of the fair minimum wage rate to be paid laborers, workmen, and mechanics.

Title of Project Chemical Engineering Addition - Jenness Hall

Location of Project Orono, Maine in Penobscot County

FAIR MINIMUM WAGE RATES
BUILDING

OCCUPATION	HOURLY RATE	OCCUPATION	HOURLY RATE	OCCUPATION	HOURLY RATE
Backhoe Operator	$ 6.50	Glazier	$ 6.00	Pipelayer	$ 8.00
Bituminous Raker & Spreader	3.50	Insulation Worker	6.00	Plumb/Pipe-Steamfit	7.90
Boilermaker	18.16	Ironworker, Reinforce	14.65	Refrigeration Mechanic	9.25
Bulldozer Operator	6.60	Ironworker, Structural	13.65	Resilient Floor Layer	6.75
Carpenter	6.70	Laborers, Helpers/Tenders	5.00	Roofer	7.25
Cement Finisher	7.00	Loader Op, Front-end	6.00	Sheet Metal Worker	7.65
Compressor Operator	8.00	Mason (Inc. Bricklayer)	10.00	Sprinkler Fitter	8.50
Crane Op (Less than 15 tons)	7.00	Mechanic	7.00	Tile Setter	8.00
Crane Op (15 tons or more)	9.25	Millwright	13.34	Tool Op, Power Actuate	6.75
Dry Wall Applicator	10.00	Oilburnerman	7.63	Truck Driver (2 axle)	6.00
Dry Wall Taper & Finisher	9.00	Painter, Brush	6.00	Truck Driver (3 axle)	6.00
Electrician	7.13	Painter, Spray	7.00	Truck Driver (Tract-Trail)	6.50
Elevator Constructor	10.50	Paperhanger	6.95		

If any specific occupation is not listed in this determination, there has been no fair minimum wage determined by the Bureau of Labor Standards and there will be none in effect for this project.

WELDERS—Welders will receive rate prescribed for craft performing the operation to which welding is incidental.

APPRENTICES—The minimum wage rates for registered apprentices are those set forth in the standards and policies of the Maine State Apprenticeship and Training Council for approved apprenticeship programs.

POSTING OF SCHEDULE—Posting of this schedule is required in accordance with Chapter 15, P.L. 1967, by those contractors holding State contracts for construction valued at $10,000 or more and any subcontractors to such a contractor.

APPEAL—Any person affected by the determination of these rates may appeal to the Minimum Wage Rate on Construction Projects Board by filing a written notice with the Board stating the specific grounds of the objection within ten (10) days from the filing of these rates with the Secretary of State.

Determination Number BU-37

Filing Date February 1, 1985

A true copy
Attest: [signature]
Director
Bureau of Labor Standards

BLS 424BU(~~R84~~) R85

Colo.

PART 9

OFFICE OF REGULATORY REFORM

24-34-901. Legislative declaration. (1) The general assembly hereby finds and declares:

(a) That the number of licenses and permits required for a new business and the renewal of existing licenses place an undue burden on business;

(b) That there are jurisdictional overlaps and duplication of requirements among the federal, state, and local agencies regulating business;

(c) That the state can reduce its regulatory costs by consolidating, simplifying, and expediting state permit procedures;

(d) That the public interest will be served by establishing an office of regulatory reform to provide comprehensive business permit information to the public, to create a procedure to simplify and coordinate permit processing and review, and to make recommendations to eliminate unnecessary and duplicative regulation; and

(e) That it is its intent that the program of business permit assistance shall be directed toward commercial or nonprofit business projects and activities and not directed toward the routine issuance of licenses and permits for individual privileges such as practicing a trade or profession, operating a motor vehicle, or engaging in sporting activities such as hunting and fishing.

Source: L. 81, p. 1188, § 1.

Law reviews. For article, "Regulatory Reform is Alive and Well in Colorado", see 12 Colo. Law. 1784 (1983).

24-34-902. Definitions. As used in this part 9, unless the context otherwise requires:

(1) "Affected agency" means a federal, state, or local agency which issues a permit for a business project.

(2) "Applicant" means any person acting on his own behalf or authorized to act on behalf of another person for the purpose of securing a permit.

(3) "Business project" means any private or public business activity required to have two or more permits.

(4) "Director" means the director of the office of regulatory reform.

(5) "Individual application" means an application prepared by a federal, state, or local agency for the purpose of gathering information to assist it in deciding whether to approve a business project.

(6) "Local agency" or "local government" means any statutory or home rule municipality, city and county, or county in this state.

(7) "Nonaffected agency" means any federal, state, or local agency other than an affected agency as defined in subsection (1) of this section.

(8) "Office" means the office of regulatory reform created by this part 9.

(9) "Permit" means any permit, license, or other form of approval required by a federal, state, or local agency prior to the operation of a busi-

tion, cooperative, corporation, nonprofit organization, and any other organization required to register with the state to do business in this state and to obtain two or more permits from a federal, state, or local agency.

(10) "Person" means any individual, proprietorship, partnership, associa-

(11) "State agency" means an agency as that term is defined in section 24-4-102 (3).

Source: L. 81, p. 1189, § 1; L. 87, p. 1010, § 3.

24-34-903. Office of regulatory reform created. (1) There is hereby created, in the office of the executive director of the department of regulatory agencies, the office of regulatory reform, the head of which shall be the director of the office of regulatory reform. The executive director of the department of regulatory agencies shall appoint, pursuant to section 13 of article XII of the state constitution, the director of the office of regulatory reform and such other personnel as may be necessary for the effective operation of the office.

(2) The provisions of section 24-34-104, concerning the termination schedule for regulatory bodies of the state unless extended as provided in that section, are applicable to the office created by this part 9.

Source: L. 81, p. 1189, § 1.

Law reviews. For article, "Colorado's Office of Regulatory Reform", see 11 Colo. Law. 930 (1982).

24-34-904. Powers and duties. (1) The office has the following powe and duties:

(a) To provide comprehensive information on the federal, state, and loc requirements necessary to begin a business and to make this informati available to the public;

(b) To develop master application procedures to expedite the permitti process;

(c) To assist applicants in obtaining timely permit review;

(d) To consolidate required hearings when feasible and advantageous;

(e) To convene preapplication conferences during the early stages of applicant's business planning;

(f) To encourage and facilitate the participation of federal, state, and lo government agencies in permit coordination;

(g) To hold hearings, or to have the advisory committee hold hearin to elicit public comment on business regulation;

(h) To conduct reviews of permit requirements and of the need by state to require such permits and to use such reviews to prepare recommen tions for appropriate agencies;

(i) To conduct reviews of business paperwork requirements and to el nate unnecessary forms, combine duplicate forms, and simplify langu therein;

(j) To annually report to the general assembly on the cost-effective of the office and to make recommendations to the general assembly the governor concerning:

(I) The elimination of unnecessary and antiquated permit requirements;
(II) The consolidation of duplicative permit requirements;
(III) The simplification of permit application procedures;
(IV) The expedition of time-consuming agency reviews and approval procedures; and
(V) Other improvements in the permitting process;
(k) To undertake, with respect to rules affecting small business, such duties as are prescribed in section 24-34-913;
(l) (I) To appoint an advisory committee to assist in the performance of its duties.
(II) (A) This paragraph (l) is repealed, effective July 1, 1991.
(B) Prior to said repeal, the office of regulatory reform advisory committee shall be reviewed as provided for in section 2-3-1203, C.R.S.
(m) To provide and coordinate environmental information and regulatory assistance in conjunction with the Colorado joint review process, created by article 10 of title 34, C.R.S.

Source: L. 81, p. 1189, § 1; L. 82, p. 362, § 2; L. 87, p. 1011, § 4; L. 88, p. 316, § 10.

24-34-905. Assistance of others. (1) To effectuate the purposes of this part 9, the office may request from any federal, state, or local agency such assistance, services, facilities, and data as will enable the office to carry out its powers and duties.

(2) The office shall have the authority to accept and expend moneys from sources other than the state of Colorado for the purpose of performing specific projects, studies, or procedures, or to provide assistance, subject to appropriation by the general assembly.

Source: L. 81, p. 1190, § 1; L. 87, p. 1011, § 5.

24-34-906. Master application - development and applicability.

Repealed, L. 87, p. 1012, § 8, effective April 16, 1987.

24-34-907. General permit information. (1) The office shall provide information, upon request, on the permit information, coordination, and assistance services of the office and shall make the information available to applicants and the public at the office and appropriate local government offices.

(2) The services rendered by the office shall be made available without charge; except that the applicant shall not be relieved from any part of the fees or charges established for the review and approval of specific permit applications, from any of the apportioned costs of a consolidated hearing conducted under section 24-34-910, or from the costs of any contracted services as authorized by the applicant under section 24-34-911.

24-34-908. Permit coordination and assistance to applicants. (1) A applicant may confer with the office to obtain assistance in the prompt a efficient processing and review of specific applications.

(2) The office shall, so far as possible, render such assistance and n perform any acts necessary to expedite the permit process of affected ag cies, including, but not limited to, the following:

(a) Assisting the applicant in making contact with affected agenc responsible for processing and reviewing permit applications;

(b) Arranging informal conferences to clarify the interest and requ ments of any such affected agency with respect to permit applications;

(c) Encouraging affected agencies to consolidate hearings and d required of the applicant and to render assistance to affected agencies such purpose;

(d) Assisting the applicant in the resolution of outstanding issues ide fied by affected agencies, including delays experienced in permit review; a

(e) Coordinating federal, state, and local permit review actions to extent practicable.

Source: L. 81, p. 1191, § 1.

24-34-909. Informal conferences. The office, on its own motion or u the request of the applicant or any affected agency, may conduct, at time, an informal conference, in which the affected agencies shall clarify nature and scope of their interest, to determine the permits which affected agencies will require and the standards and conditions which n to be met in order to obtain such permits, to provide guidance to the ap cant in relation to permit application review processes, and to coordir agency actions and data compilation or submission regarding permit requ ments.

Source: L. 81, p. 1191, § 1; L. 87, p. 1011, § 6.

24-34-910. Consolidated hearings. (1) Upon request of the applicar any affected agency for a consolidation of public hearings concerning a ness project, the office shall encourage the consolidation of any or all hea otherwise permitted or required by law for each of the affected agencies.

(2) A consolidated hearing shall be conducted in a manner consi with the "State Administrative Procedure Act", article 4 of this title.

(3) The costs incurred by the office for conducting a consolidated he shall be reimbursed by each affected agency participating in the he according to the agency's proportionate share of the costs associated the hearing, including costs of notices, prehearing conferences, prepar record or transcript, and any other functions necessary or appropri the consolidated hearing. Such costs shall be paid or credited to the within sixty days after the consolidated hearing.

Source: L. 81, p. 1191, § 1.

24-34-911. Contracted services. (1) Any affected agency which mines that it is unable to process an applicant's permit application in a fashion because of a lack of staff, facilities, or equipment or because of a backlog of other work or permit applications may immediately request an informal conference with the applicant and the office for consideration of such circumstances and the possibility of the agency contracting for services relating to the processing of the application.

(2) Any such contracting for services shall be authorized by the head of the affected agency and by the applicant. The applicant shall be charged the full costs of such contracted services, less any fees paid to the agency for such services, and the applicable permit shall not be issued until the applicant has made such payment in full.

Source: L. 81, p. 1192, § 1.

24-34-912. Permit authority retained. Each affected agency having jurisdiction to approve or deny a permit shall continue to have all the substantive power vested in it by law. The provisions of this part 9 shall not lessen or reduce such powers and shall modify the procedures followed in carrying out such powers only to the extent provided in this part 9 and the regulations promulgated pursuant thereto.

Source: L. 81, p. 1192, § 1.

24-34-913. Rules affecting small business. (1) Upon notice by an agency of proposed rule-making affecting small business, the office shall notify affected small businesses of the proposed rule through business or trade organizations. Such notice shall include the substance of the proposed rule and the time, place, and manner in which interested parties may present their views and comments on the proposed rule.

(2) The office may coordinate between agencies to consolidate and simplify rules, compliance requirements, and reporting requirements which affect small businesses.

(3) The office may recommend the elimination, consolidation, or amendment of existing rules which have a disproportionately adverse effect on small businesses.

(4) The office shall comment at the public hearing pursuant to section 24-4-103 upon the effect on small businesses of rules submitted to it pursuant to section 24-4-103.5 (1).

(4.5) The office shall notify the joint legislative sunrise and sunset review committee of any proposed rules which the office believes are unnecessary for the administrative functions of a particular agency. The committee shall have the authority to review such rules and to introduce legislation which rescinds or deletes the rules or portions of such rules which the committee believes to be unnecessary for the administrative functions of a particular agency.

(5) For the purposes of this section, "small business" means a commercial concern, including its affiliates, which is independently owned and operated and which either employs fewer than twenty full-time employees or an equivalent number of part-time employees or has gross annual sales of less than two million dollars.

Source: L. 82, p. 363, § 3; L. 87, p. 1011, § 7.

ARTICLE 35

Department of Revenue

PART 1

ORGANIZATION

24-35-101. Functions of department of revenue. (1) There is hereby ated the department of revenue, the functions of which are the colle of the following:

(a) Taxes levied and the license fees imposed by the provisions of ar 22 and 26 to 28 of title 39, C.R.S., and the administration and enforce of said provisions;

(b) Taxes levied by the provisions of articles 23, 23.5, and 25 o 39, C.R.S.;

erson by reason of physical condition or
(5) only if it is strictly necessary to a
demonstrating that necessity.

o the same benefits and is subject to the
same or similar circumstances.

he statutes by chapter 83, laws of 1977.

administrator of the division of merit
mployment relations from promulgating
230.25(1n).

w Review Commentaries

Promise and problems of rulemaking in correc-
ns: Wisconsin experience. Walter J. Dickey.
83 Wis.L.Rev. 285.

orary References

Administrative Law and Procedure ⇐381 to
391.
C.J.S. Public Administrative Law and Proce-
dure § 87 et seq.

ESTLAW Electronic Research

See WESTLAW Electronic Research Guide fol-
ving the Preface.

Notes of Decisions

ılemaking 1

Rulemaking

Power of administrative agency to make rules
ıst exist within framework of statute creating
and must accord with policy of such statute.
S.A. 227.10(2). Beloit Corp. v. State, Labor
d Industry Review Com'n (App.1989) 449
W.2d 299, 152 Wis.2d 579, review denied 451
W.2d 297.

making authority

r does not confer rule-making authority
ny agency.

ed as follows:

rpreting the provisions of any statute
onsiders it necessary to effectuate the
d if it exceeds the bounds of correct

ocedures in connection with any statute
onsiders it necessary to effectuate the
oes not authorize the imposition of a
m or procedure.

etion in deciding individual cases may
ecisions by promulgating the policies as
y are amended or repealed. A rule
valid only to the extent that the agency
he policy expressed in the rule.

ting or interpreting a statute that it will
tute but prior to the statute's effective

WI

date. A rule promulgated under this paragraph may not take effect prior to the effective date of the statute that it implements or interprets.

Historical and Statutory Notes

Source:

1985 Act 182, § 34, eff. April 22, 1986.

Prior Laws:

L.1955, c. 221, § 13.
St.1955, § 227.014.
L.1975, c. 414, § 6.
L.1979, c. 89, § 229, eff. Dec. 9, 1979.
St.1983, § 227.014.

Former Sections:

St.1983, § 227.11 was renumbered § 227.48 by 1985 Act 182, §33rm, eff. April 22, 1986.

Administrative Code References

Conduct and ethical practices for real estate licenses, see section RL 24.01.

Library References

Administrative Law and Procedure ⇐381 to 391.
C.J.S. Public Administrative Law and Procedure § 87 et seq.

Notes of Decisions

In general 1
Worker's compensation 2

1. **In general**

Legislature may delegate to administrative agency authority to make such rules as are necessary to effectuate the laws it has enacted, provided that purpose of the law is ascertainable and adequate procedural safeguards exist to insure agency acts within its authority. A. O. Smith Corp. v. Oglesby (App.1982) 323 N.W.2d 143, 106 Wis.2d 583.

Any reasonable doubt as to the existence of an implied power in an agency should be resolved against the exercise of such authority. Kimberly-Clark Corp. v. Public Service Com'n of Wisconsin (App.1982) 320 N.W.2d 5, 107 Wis.2d 177, affirmed 329 N.W.2d 143, 110 Wis.2d 455.

2. **Worker's compensation**

Regulation adopted by Labor and Industry Review Commission which established formula for determining whether hearing loss had occurred in worker's compensation claimant or extent of claimant's loss was valid exercise of Commission's power conferred by this section, and Commission did not exceed its statutory authority by amendment to regulation which lowered threshold at which compensable hearing loss would be found to have occurred and which often increased extent of loss that a claimant would be found to have suffered. A. O. Smith Corp. v. Oglesby (App.1982) 323 N.W.2d 143, 108 Wis.2d 583.

227.114. Rule making; considerations for small business

(1)(a) In this section, "small business" means a business entity, including its affiliates, which is independently owned and operated and not dominant in its field, and which employs fewer than 25 full-time employes or which has gross annual sales of less that $2,500,000. For purposes of a specific rule, an agency may define small business to include more employes or greater gross annual sales if necessary to adapt the rule to the needs and problems of small businesses. A "small business" may also be defined in accordance with other standards established by an agency by rule.

(b) Whenever an agency establishes different standards for the definition of "small business" as authorized in par. (a), the standards may apply to either a single rule, a set of rules or every rule promulgated by the agency. In any rule promulgated by an agency establishing different standards for the definition of "small business", the size or segment standards established by the rule shall be objective and, to the maximum extent feasible, uniform with size or segment standards previously established by rules of the agency.

(2) When an agency proposes a rule that may have an effect on small businesses, the agency shall consider each of the following methods for reducing the impact of the rule on small businesses:

(a) The establishment of less stringent compliance or reporting requirements for small businesses.

(b) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses.

(c) The consolidation or simplification of compliance or reporting requirements for small businesses.

(d) The establishment of performance standards for small businesses to replace design or operational standards required in the rule.

(e) The exemption of small businesses from any or all requirements of the rule.

(3) The agency shall incorporate into the proposed rule any of the methods specified under sub. (2) which it finds to be feasible, unless doing so would be contrary to the statutory objectives which are the basis for the proposed rule.

(4) In addition to the requirements under s. 227.17, the agency shall provide an opportunity for small businesses to participate in the rule-making process, using one or more of the following methods:

(a) The inclusion in the notice under s. 227.17 of a statement that the rule may have an impact on small businesses.

(b) The direct notification of any small business that may be affected by the rule.

(c) The conduct of public hearings concerning the impact of the rule on small businesses.

(d) The use of special hearing procedures to reduce the cost or complexity of participation in the rule-making process by small businesses.

(5) Prior to the notice required under s. 227.17(1)(a), the agency shall notify the secretary of development and the small business ombudsman clearinghouse that it proposes to promulgate a rule that will have an effect on small businesses.

(6) When an agency, under s. 227.20(1), files with the revisor a rule that is subject to this section, the agency shall include with the rule a summary of the analysis prepared under s. 227.19(3)(e) and a summary of the comments of the legislative standing committees, if any. If the rule does not require the analysis under s. 227.19(3)(e), the agency shall include with the rule a statement of the reason for the agency's determination under s. 227.19(3m). The revisor shall publish the summaries or the statement in the register with the rule.

(7) Each agency shall, during the 5-year period beginning with January 1, 1984, review the current rules of the agency that were in effect prior to that date and shall consider methods of reducing their impact on small businesses as provided under sub. (2). If any method appears feasible, the agency shall propose an amendment to the rule. No review is necessary for any rule that is repealed during the 5-year period.

(8) This section does not apply to:

(a) Rules promulgated under s. 227.24.

(b) Rules that do not affect small businesses directly, including, but not limited to, rules relating to county or municipal administration of state and federal programs.

Historical and Statutory Notes

Source:

1985 Act 182, § 34, eff. April 22, 1986.

Prior Laws:

1983 Act 90, § 2, eff. Jan. 1, 1984.
St.1983, § 227.016.

Library References

Administrative Law and Procedure ⚿392, 394 to 395.
C.J.S. Public Administrative Law and Procedure § 103 et seq.

WESTLAW Electronic Research

See WESTLAW Electronic Research Guide following the Preface.

227.115. Renumbered 227.485 by 1985 Act 182, § 33s, eff. April 22, 1986

227.116. Rules to include time period

(1) Each proposed rule submitted to the legislative council under s. 227.15 that includes a requirement for a business to obtain a permit, as defined in s. 560.41(2), shall specify the number of business days, calculated beginning on the day a permit application is received, within which the agency will review and make a determination on a permit application.

(2) If any existing rule does not comply with sub. (1), the agency that promulgated the

the rule into compliance with sub. (1). The le[illegible] proposed revision is limited to determining whethe[illegible] this subsection.

(3) Subsections (1) and (2) do not apply to a rul[illegible] rule was promulgated, effective prior to Novembe[illegible] time period for review and determination on a pe[illegible]

(4) If an agency fails to review and make a dete[illegible] the time period specified in a rule or law, for each [illegible] report and submit it to the permit information ce[illegible] day of the time period specified, setting forth all [illegible]

(a) The name of the person who submitted t[illegible] activity for which the permit is required.

(b) Why the review and determination were [illegible] period and a specification of the revised time [illegible] determination will be completed.

(c) How the agency intends to avoid such failu[illegible]

(5) If an agency fails to review and make a det[illegible] the time period specified in a rule or law, upon [illegible] tion for that application, the agency shall notify [illegible]

(6)(a) An agency's failure to review and make [illegible] within the time period specified in a rule or la[illegible] obligation to secure a required permit nor affe[illegible] interpret the requirements of or grant or deny [illegible]

(b) If a court finds that an agency failed to [illegible] permit application within the time period specifi[illegible] constitute grounds for declaring the agency's d[illegible]

Historical and Statutory Notes

Source:
1985 Act 182, § 34, eff. April 22, 1986.
1985 Act 332, § 182, eff. June 12, 1986.

Prior Laws:
1983 Act 91, § 2, eff. Nov. 17, 1983.
St.1983, § 227.0105.

Li[illegible]

227.12. Petition for rules

(1) Unless the right to petition for a rule is [illegible] or unless the form of procedure for a petiti[illegible] municipality, an association which is represent[illegible] sional group, or any 5 or more persons having [illegible] requesting it to promulgate a rule.

(2) A petition shall state clearly and concise[illegible]

(a) The substance or nature of the rule ma[illegible]

(b) The reason for the request and the [illegible]

(c) A reference to the agency's authority t[illegible]

(3) Within a reasonable period of time after [illegible] an agency shall either deny the petition in [illegible] making. If the agency denies the petition, i[illegible] denial, including a brief statement of the rea[illegible] with the requested rule making, it shall follo[illegible]

(2) setting forth guidelines to be used by the staff of an agency in the performance of audits, investigations, inspections, in settling commercial disputes or negotiating commercial arrangements, or in the defense, prosecution, or settlement of cases, if the disclosure of the statement would:

(A) enable law violators to avoid detection;

(B) facilitate disregard of requirements imposed by law; or

(C) give a clearly improper advantage to persons who are in an adverse position to the state; or

(3) describing the content of an agency budget.

(b) Section 831(c) of this title does not require any agency to adopt rules:

(1) establishing specific prices to be charged for particular goods or services sold by an agency;

(2) concerning only the physical servicing, maintenance, or care of agency owned or operated facilities or property;

(3) relating only to the use of a particular facility or property owned, operated, or maintained by the state or any of its subdivisions, if the substance of that rule is adequately indicated by means of signs or signals to persons who use the facility or property;

(4) concerning only inmates of a correctional or detention facility, students enrolled in an educational institution, or patients admitted to a hospital, if adopted by that facility, institution, or hospital.

(c) Sections 831(b) and (c) of this title do not require the attorney general to adopt procedures or rules describing the content of opinions or other legal advice given to agencies.

(d) Notwithstanding sections 831(b) and (c), when an agency receives a request to adopt a procedure or rule, it may elect to issue a declaratory ruling when it has in effect a procedure or rule, as requested, which disposes of the question presented.—Added 1981, No. 82, § 6.

HISTORY

Revision note. In subsec. (b), substituted "section 831(c) of this title" for "subsection 831(c)" to conform reference to V.S.A. style.

In subsec. (c), substituted "sections 831(b) and (c) of this title" for "subsections 831(b) and (c)" to conform references to V.S.A. style.

In subsec. (d), substituted "sections 831(b) and (c)" for "subsections 831(b) and (c)" to conform references to V.S.A. style.

§ 832a. Rules affecting small businesses

(a) Where a rule provides for the regulation of a small business, an agency shall consider ways by which a small business can reduce the

cost and burden of compliance by specifying less numerous, detailed or frequent reporting requirements, or alternative methods of compliance.

(b) An agency shall also consider creative, innovative, or flexible methods of compliance with the rule when the agency finds, in writing, such action would not:

(1) significantly reduce the effectiveness of the rule in achieving the objectives or purposes of the statutes being implemented or interpreted; or

(2) be inconsistent with the language or purpose of statutes that are implemented or interpreted by the rule; or

(3) increase the risk to the health, safety, or welfare of the public or to the beneficiaries of the regulation, or compromise the environmental standards of the state.

(c) This section shall not apply where the regulation is incidental to:

(1) a purchase of goods or services by the state or an agency thereof; or

(2) the payment for goods or services by the state or an agency thereof for the benefit of a third party.—Added 1985, No. 56, § 2.

§ 833. Style of rules

Rules and procedures shall be written in a clear and coherent manner using words with common and everyday meanings, consistent with the text of the rule or procedure.—Added 1981, No. 82, § 6.

§ 834. Periodic review of rules and forms

(a) Upon written request to an agency by the legislative committee on administrative rules, a rule or part of a rule that has not been adopted, readopted or substantially amended during the preceding six years shall expire one year from the date of the request. However, this section does not prevent the agency from adopting the same or a similar rule during that year.

(b) The secretary of state shall review all forms used by agencies and affecting members of the public and shall make recommendations for their simplification and consolidation. Agencies shall provide the secretary with information reasonably requested for this purpose. The recommendations shall be sent to the agencies concerned, and to the chairmen of the legislative committee on administrative rules and the interagency committee on administrative rules.—Added 1981, No. 82, § 6.

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ute, executive order or the constitution and which can effect the rights of private parties either through adjudication or rulemaking. In re Rhode Island Bar Ass'n. 118 R.I. 489, 374 A.2d 802 (1977).

The Rhode Island Bar Association is not an agency within the meaning of subsection (a). In re Rhode Island Bar Ass'n, 118 R.I. 489, 374 A.2d 802 (1977).

A law enforcement agency hearing committee is not a state agency within the meaning of the Administrative Procedures Act (ch. 35 of title 42). Lynch v. King, 121 R.I. 868, 391 A.2d 117 (1978).

Collateral References. Construction and application of § 3(e)(5) of Privacy Act (5 U.S.C.S. § 552a(e)(5)), providing for proper maintenance of agency records used in determinations, 79 A.L.R. Fed. 585.

Construction and application of exemption under 5 U.S.C.S. § 552b(c), to open meeting requirement of Sunshine Act, 82 A.L.R. Fed. 468.

Propriety of state or local government health officer's warrantless search — post-Camera cases. 53 A.L.R.4th 1168.

42-35-2. Public information — Adoption of rules — Availability of rules and orders. — (a) In addition to other rule making requirements imposed by law, each agency shall:

(1) Adopt as a rule a description of its organization, stating the general course and method of its operations and the methods whereby the public may obtain information or make submissions or requests;

(2) Adopt rules of practice, setting forth the nature and requirements of all formal and informal procedures available, and including a description of all forms and instructions used by the agency;

(3) Make available for public inspection all rules and all other written statements of policy or interpretations formulated, adopted, or used by the agency in the discharge of its functions;

(4) Make available for public inspection all final orders, decisions, and opinions.

(b) No agency rule, order, or decision is valid or effective against any person or party, nor may it be invoked by the agency for any purpose, until it has been made available for public inspection as herein required, except that this provision is not applicable in favor of any person or party who has actual knowledge thereof.

History of Section.
G.L. 1956, § 42-35-2; P.L. 1962, ch. 112, § 1.

42-35-3. Procedures for adoption of rules. — (a) Prior to the adoption, amendment, or repeal of any rule the agency shall:

(1) Give at least twenty (20) days' notice of its intended action. The notice shall include a statement of either the terms or substance of the intended action or a description of the subjects and issues involved, and of the time when, the place where, and the manner in which interested persons may present their views thereon. The notice shall be mailed to all persons who have made timely request of the agency for advance notice of its rule-making proceedings, and published in a newspaper or newspapers having aggregate general circulation throughout the state, provided, however, that if the ac-

tion is limited in its applicability to a particular area, then the publication may be in a newspaper having general circulation in the area.

(2) Afford all interested persons reasonable opportunity to submit data, views, or arguments, orally or in writing. In the case of rules, opportunity for oral hearing must be granted if requested by twenty-five (25) persons, or by a governmental subdivision or agency, or by an association having not less than twenty-five (25) members. The agency shall consider fully all written and oral submissions respecting the proposed rule. Upon adoption of a rule, the agency, if requested to do so by an interested person, either prior to adoption or within thirty (30) days thereafter, shall issue a concise statement of the principal reasons for and against its adoption, incorporating therein its reasons for overruling the considerations urged against its adoption.

(3) Demonstrate the need for the adoption, amendment, or repeal of any rule in the record of the rulemaking proceeding. The agency shall demonstrate that there is no alternative approach among the alternatives considered during the rulemaking proceeding which would be as effective and less burdensome to affected private persons as another regulation. This standard requires that an agency proposing to adopt any new regulation must identify any other state regulation which is overlapped or duplicated by the proposed regulation and justify any overlap or duplication.

(4) Determine whether such action would have a significant adverse economic impact on small business. If a significant adverse economic impact on small business may result from the proposed action, the notice of proposed action shall identify the types of small businesses that would be affected and the kind of adverse economic impact on small business that may result, and shall request comments on proposals as to how the proposed action can be changed so that the adverse economic impact on small business can be minimized or eliminated.

(b) If an agency finds that an imminent peril to the public health, safety or welfare requires adoption of a rule upon less than twenty (20) days' notice, and states in writing its reasons for that finding, it may proceed without prior notice or hearing or upon any abbreviated notice and hearing that it finds practicable, to adopt an emergency rule. The rule so adopted may be effective for a period of not longer than one hundred twenty (120) days renewable once for a period not exceeding ninety (90) days, but the adoption of an identical rule under subsections (a)(1) and (a)(2) of this section is not precluded.

(c) No rule hereafter adopted is valid unless adopted in substantial compliance with this section, but no contest of any rule on the ground of noncompliance with the procedural requirements of this section may be commenced after two (2) years from its effective date.

History of Sec
G.L. 1956, §
§ 1; P.L. 1984,
281, § 3.

1. Adoption.
2. Elimination
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tive Law §§ 878, 891, 892, and Legislative Law § 87], and paragraph (b) of subdivision 2 of section 204 of the state administrative procedure act, as amended by section eighteen of this act, shall remain in full force and effect only until December 31, 1995, on which date the provisions of such sections and such paragraph (b) of subdivision 2 of section 204 of the state administrative procedure act shall be deemed to be repealed and the provisions of law amended by such sections of this act shall revert to the form as they existed on the thirtieth day of September, 1984 and section 204 of the state administrative procedure act shall be read without paragraph (b) of subdivision 2."

Effective Date of Amendment by L.1984, c. 699. Section 2 of L.1984, c. 699, provided: "This act [amending this section] shall take effect on the same date [see section 21 of L.1984, c. 689, set out as a note under this section] as such chapter of the laws of nineteen hundred eighty-four [L.1984, c. 698], amending the state administrative procedure act relating to regulatory review by the office of business permits and regulatory assistance as proposed in legislative bill number S. 9960–A. 11492 [L.1984, c. 698] takes effect."

Effective Date of Amendment by L.1984, c. 698; Rules and Regulations; Expiration. Section 21 of L.1984, c. 698, amended L.1987, c. 610, § 20; L.1990, c. 850, § 19, eff. Oct. 1, 1990, provided: "This act [L.1984, c. 698] shall take effect on October 1, 1984, except that any rules and regulations necessary for the timely implementation of this act on its effective date shall be promulgated on or before such date; and shall apply to rules submitted to the secretary of state pursuant to section 202 of the state administrative procedure act on and after such effective date, except that the provisions of sections two, five through seven, nine, ten and twelve through twenty of this act [enacting § 202–c, amending § 202, Executive Law §§ 149, Prec. §§ 875, 876, 877, 878, 884, 888, 891, 916, Legislative Law § 87, and enacting provisions set out as notes under this section and Executive Law §§ 877, 878] shall remain in full force and effect only until December 31, 1995 on which date the provisions of such sections shall be deemed to be repealed and the provisions of law amended by such sections of this act shall revert to

the form as they existed on the thirtieth day of September, 1984."

Effective Date of Amendment by L.1984, c. 17; Rules and Regulations. See section 14 of L.1984, c. 17, set out as a note under section 202.

Former Section 202–a. Renumbered 202–b.

Preservation of Rights and Remedies from L.1984, c. 698. Section 17 of L.1984, c. 698, eff. Oct. 1, 1984, provided: "No existing right or remedy of any character shall be lost, impaired or affected by reason of this act. [L.1984, c. 698]."

Separability of Provisions of L.1987, c. 610. Section 21 of L.1987, c. 610, eff. Oct. 1, 1987, provided: "If any clause, sentence, paragraph, or part of this act [amending this section and sections 202, 202–b, 202–c, 203, and 204, Executive Law §§ 101–a, 101–b, 878, 891, 892 and 893 and Legislative Law § 87] or the application thereof to any person or circumstances, shall, for any reason, be adjudged by a court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act, and the application thereof to other persons or circumstances, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered and to the person or circumstances involved. It is hereby declared to be the legislative intent that this act would have been adopted had such invalid provisions not been included."

Separability of Provisions of L.1984, c. 698. Section 20 of L.1984, c. 698, eff. Oct. 1, 1984, provided: "Severability. If any clause, sentence, paragraph, section or part of this act [L.1984, c. 698] shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, section or part thereof directly involved in the controversy in which such judgment shall have been rendered."

Library References

Administrative Law and Procedure ⚖402.

C.J.S. Public Administrative Bodies and Procedure §§ 103, 108.

Notes of Decisions

1. Contents of regulatory impact statement

Regulatory Impact Statement issued by Department of Environmental Conservation in connection with amended water quality standards adequately provided statement indicating projected cost for implementing amendments by setting forth additional expenditures required by amendments; Department furnished projected costs only for those standards which replaced existing, informally adopted criteria with more stringent ambient water quality standards resulting in additional cost to regulated entities. Industrial Liaison Committee of the Niagara Falls Area Chamber of Commerce v. Williams, 1988, 72 N.Y.2d 137, 531 N.Y.S.2d 791, 527 N.E.2d 274.

2. Revised statement

State Department of Social Services regulation permitting withholding on Medicaid claims when there is reliable information of fraud or misrepresentation was substantive change from prior regulations, but did not require preparation of revised regulatory impact and flexibility statements; statements on file reflected that rule as proposed would establish a standard for withholding medical payments as well as related information. Medicon Diagnostic Laboratories, Inc. v. Perales, 1989, 145 A.D.2d 167, 537 N.Y.S.2d 999.

§ 202–b. Regulatory flexibility

1. In developing a rule, the agency shall consider utilizing approaches that will accomplish the objectives of applicable statutes while minimizing any adverse economic impact of the rule on small businesses. Consistent with the objectives of applicable statutes, the agency shall consider such approaches as:

(a) the establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small businesses;

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(b) the use of performance rather than design standards; and

(c) an exemption from coverage by the rule, or by any part thereof, for small businesses so long as the public health, safety or general welfare is not endangered.

2. In proposing a rule for adoption or in adopting a rule on an emergency basis, the agency shall issue a regulatory flexibility analysis regarding the rule being proposed for adoption or the emergency rule being adopted. A copy of such analysis and any finding, and reasons for such finding, pursuant to subdivision three of this section, shall be submitted to the governor, the temporary president of the senate, the speaker of the assembly, the office of business permits and regulatory assistance and the administrative regulations review commission at the time such analysis is submitted to the secretary of state for publication and, upon written request, a copy shall be sent to any other person. Each regulatory flexibility analysis shall contain:

(a) a description of the types and an estimate of the number of small businesses to which the rule will apply;

(b) a description of (i) the reporting, recordkeeping and other compliance requirements of the rule, and (ii) the kinds of professional services that a small business is likely to need in order to comply with such requirements;

(c) an estimate of the initial capital costs and an estimate of the annual cost of complying with the rule, with an indication of any likely variation in such costs for small businesses of different types and of differing sizes;

(d) an indication of how the rule is designed to minimize any adverse economic impact of such rule on small businesses, including information regarding whether the approaches suggested in subdivision one of this section or other similar approaches were considered; and

(e) a statement indicating how the agency complied with subdivision six of this section.

3. This section shall not apply to any rule defined in subparagraph (ii) of paragraph (a) of subdivision two of section one hundred two of this chapter, nor shall it apply to any rule which does not impose an adverse economic impact on small businesses and which the agency finds would not impose reporting, recordkeeping or other compliance requirements on small businesses. The agency's finding and the reasons upon which the finding was made, including what measures the agency took to ascertain that the rule would not impose such compliance requirements, or adverse economic impact on small businesses, shall be included in the rule making notice as required by section two hundred two of this chapter.

4. In order to avoid duplicative action, an agency may consider a series of closely related rules as one rule for the purpose of complying with subdivision two of this section.

5. In complying with the provisions of subdivision two of this section, an agency may provide either a quantifiable or numerical description of the effects of a rule or more general descriptive statements if quantification is not practicable or reliable.

6. When any rule is proposed for which a regulatory flexibility analysis is required, the agency shall assure that small businesses have been given an opportunity to participate in the rule making through such activities as:

(a) the publication of a general notice for the proposed rule making in publications likely to be obtained by small businesses of the types affected by the proposed rule;

(b) the direct notification of interested small
proposed rule;

(c) the conduct of special open conferences c
for small businesses affected by the rule; and

(d) the adoption or modification of agency pr
cost or complexity of participation in the rule n

7. Each agency shall issue a revised reg
when:

(i) the information presented in the analysis
section is inadequate or incomplete, provided, h
sis shall be submitted as soon as practicable t
publication in the state register, provided, f
exceeds two thousand words, the notice shall
such statement in less than two thousand word

(ii) a proposed rule contains any substantial r
necessitate that such analysis be modified; or

(iii) there are no substantial revisions in the
changes in the text of the rule as adopted wher
the latest published version of the proposed ru
necessitate that such analysis be modified.

(Formerly § 202–a, added L.1983, c. 910, § 6; renu
L.1984, c. 17, § 5; L.1987, c. 610, §§ 14, 15; L.1989, c.

Historical and Statutory

1990 Amendment. Subd. 7. L.1990, c. 850, § 14, deleted par. (a) designation preceding opening cl., in par. (iii), substituted reference to text of the latest published version of proposed rule for reference to text of proposed rule, and omitted par. (b), which required that copy of revised analysis be submitted to certain government officials and office of business permits and administrative regulations review committee at the time of submission for publication, and upon request.

1989 Amendment. Subd. 7, par. (a). L.1989, c. 336, § 7, designated former subpar. (ii) as (iii) and added subpar. (ii).

1987 Amendment. Subd. 2, opening par. L.1987, c. 610, § 14, eff. Oct. 1, 1987, in sentence beginning "A copy of" inserted reference to any finding, and reasons for such finding, pursuant to subd. 3 of this section, and reference to the Office of Business Permits and Regulatory Assistance.

Subd. 2, par. (d). L.1987, c. 610, § 14, eff. Oct. 1, 1987, inserted provisions whereby a regulatory flexibility analysis is to contain information regarding whether the approaches suggested in subd. 1 of this section or other similar approaches were considered.

Subd. 2, par. (e). L.1987, c. 610, § 14, eff. Oct. 1, 1987, added par. (e).

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the council, including the economic impact the rule on small business, and the minutes reviewed.

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ced by this section constitutes the official a rule. Except as provided in § 41-1027, vision of law, the agency rule making record ency action on that rule or for judicial review

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§ 41-1031. Filing rules and concise explanatory statement with secretary of state; effective date; permanent record

A. Following certification and filing of a rule and concise explanatory statement by the attorney general as provided in § 41-1041, the secretary of state shall affix to each rule document and concise explanatory statement the time and date of filing. A rule is not effective until the secretary of state affixes the time and date of filing to the rule document as provided in this section.

B. The secretary of state shall keep a permanent record of rules and concise explanatory statements filed with the office.

Added by Laws 1986, Ch. 232, § 5, eff. Jan. 1, 1987.

Administrative Code References

Certification of rules and order of rule adoption, form, see A.C.R.R. R1-2-301.

Emergency certification form, see A.C.R.R. R1-2-301.

§ 41-1032. Effective date of rules

A rule adopted by an agency becomes effective when a certified original and two copies of the rule are filed in the office of the secretary of state and the time and date are affixed as provided in § 41-1031, unless:

1. A later date is required by the constitution of Arizona, statute or court order or specified in the rule.

2. A person who will or may be affected by the rule petitions the agency prior to the adoption of the rule for a later effective date and the agency determines that good cause exists for and the public interest will not be harmed by the later date.

Added by Laws 1986, Ch. 232, § 5, eff. Jan. 1, 1987.

Administrative Code References

Designation of effective date, see A.C.R.R. R1-2-215.

§ 41-1033. Petition for adoption of rule

Any person, in a manner and form prescribed by the agency, may petition an agency requesting the adoption of a rule. The petition shall clearly state the rule which the person wishes the agency to adopt. Within sixty days after submission of a petition, the agency shall either deny the petition in writing, stating its reasons for denial, initiate rule making proceedings in accordance with this chapter or, if otherwise lawful, adopt a rule. A decision by the agency pursuant to this section is not subject to judicial review.

Added by Laws 1986, Ch. 232, § 5, eff. Jan. 1, 1987.

§ 41-1034. Declaratory judgment

Any person who is or may be affected by a rule may obtain a judicial declaration of the validity of the rule by filing an action for declaratory relief in the superior court in Maricopa county in accordance with title 12, chapter 10, article 2.[1]

Added by Laws 1986, Ch. 232, § 5, eff. Jan. 1, 1987.

[1] Section 12-1831 et seq.

§ 41-1035. Rules affecting small businesses; reduction of rule impact

If an agency proposes a new rule or an amendment to an existing rule which may have an impact on small businesses, the agency shall consider each of the methods described in this section for reducing the impact of the rule making on small businesses. The agency shall reduce the impact by using one or more of the following methods, if it finds that the methods are legal and feasible in meeting the statutory objectives which are the basis of the proposed rule making:

1. Establish less stringent compliance or reporting requirements in the rule for small businesses.

2. Establish less stringent schedules or deadlines in the rule for compliance or reporting requirements for small businesses.

3. Consolidate or simplify the rule's compliance or reporting requirements for small businesses.

4. Establish performance standards for small businesses to replace design or operational standards in the rule.

5. Exempt small businesses from any or all requirements of the rule.

Added by Laws 1986, Ch. 232, § 5, eff. Jan. 1, 1987.

Historical and Statutory Notes

1986 Reviser's Note:

Pursuant to authority of § 41-1304.02, in the first sentence the words "described in this section" were transposed to follow "methods".

Law Review Commentaries

Executive oversight of rulemaking: Governor's Regulatory Review Council—first three years. Ariz.State L.J. 2, 1985, p. 425.

Overview of state regulatory development and reform. Ariz.State L.J. 2, 1985, p. 261.

Notes of Decisions

1. In general

State agency was not required to promulgate rules in order to discard illegal practice. Sanchez-O'Brien Minerals Corp. v. State (App.1986) 149 Ariz. 258, 717 P.2d 937.

ARTICLE 4. CERTIFICATION OF RULES BY ATTORNEY GENERAL

Article 4, consisting of § 41-1041, was added by Laws 1986, Ch. 232, § 5, effective January 1, 1987.

Cross References

Arizona conservation corps commission, see § 41-519.01.

§ 41-1041. Rule approval and certification by attorney general; withdrawal of rule

A. A rule adopted by an agency is subject to review and certification by the attorney general. The attorney general shall review and certify that the proposed rule is:

1. Approved as to form.

2. Clear, concise and understandable.

3. Within the power of the agency to adopt and within the legislative standards enacted.

4. Adopted in compliance with the appropriate procedures.

B. In addition to considering the factors stated in subsection A of this section, if an agency adopts a rule pursuant to § 41-1026, the attorney general shall review the facts surrounding the adoption of the rule as an emergency measure and certify that the requisite conditions constituting an emergency as provided in § 41-1026 in fact exist so as to warrant adoption, repeal or amendment of the rule without compliance with the notice provisions prescribed in § 41-1022.

C. Within ninety days of receipt of the rule the certification of the attorney general shall be endorsed on the original and two copies of the rule. Following certification of a rule the attorney general shall file the original and two copies of the rule and the concise explanatory statement directly with the secretary of state.

D. If the attorney general determines that the rule does not comply with subsection A of this section or if the rule is adopted as an emergency measure and does not comply with subsections A and B of this section, he shall endorse his rejection of certification on each copy of the rule, state the reasons for rejection of certification and return the copies of the rule and the statement of reasons for rejection to the agency that proposed the rule within ninety days after his receipt of the proposed rule.

E. An agency may withdraw a proposed rule at any time before its adoption. Notice of the withdrawal shall be published in the register. To adopt a proposed rule after it is

withdrawn and the withdrawal is publis
with the secretary of state as provided

Added by Laws 1986, Ch. 232, § 5, eff. Jan

Cross References

Emergency adoption, amendment, or repe
a rule, see § 41-1026.

Administrative Code References

Certification of rules and order of rule
tion, form, see A.C.R.R. R1-2-301.

ARTICLE 5. GOVERNOR'

Article 5, consisting of §§ 41-1
232, § 5, effective August 13, 198

Historical and Statutory Notes

Laws 1986, Ch. 232, § 123, subsec. B pro
"B. Title 41, chapter 6, article 5, Ar
Revised Statutes, [Section 41-1051 et se
amended by this act, and § 45-405, Arizon
vised Statutes, as amended by § 120 of thi
are effective on the general effective date.

§ 41-1051. Governor's regulatory r
tion; powers

A. A governor's regulatory reviev
bers appointed by the governor wh
director of the department of adminis
council. The governor shall appoint
at least one member who represents
three persons who are not legislator
member from a list of three persons
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B. Members of the council are e
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article 2.[1]

C. The council may promulgate
purposes of this chapter.

Added by Laws 1986, Ch. 232, § 5.

[1] Section 38-621 et seq.

Historical and Statutory Notes

Laws 1986, Ch. 232, § 119 provides:

"Sec. 119. **Initial terms of member**

"A. Notwithstanding § 41-1051, Ari
vised Statutes, as added by this act, t
terms of members are:

"1. Two terms ending on the third
January, 1988.

"2. Two terms ending on the third
January, 1989.

"3. Two terms ending on the third
January, 1990.

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48 Ill.Dec. 88, 92 Ill.
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Ill.2d 313, 442 N.E.2d

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Ill.Dec. 552, 86 Ill.2d 60,

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, 48 Ill.Dec. 88, 92 Ill.
.2d 1372 [main volume]
92 Ill.2d 313, 442 N.E.2d

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equirements are separate
on in ¶ 1004 of this chap-
invalid until available for
challenging party has ac-
Park Nursing Center v.
3, 74 Ill.Dec. 123, 118
.2d 153, affirmed 83 Ill.
470 N.E.2d 1029.

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egislative intent as dis-
lved. Board of Ed. of
No. 17, Marengo v. Eck-
14, 103 Ill.App.3d 1127,

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llinois Racing Bd., 1982,
op.3d 1020, 432 N.E.2d

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authority to adjudicate
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and warehouses, and Department's lack of compliance with promulgation requirements under Administrative Procedure Act [ch. 127, ¶ 1001 et seq.] before adopting a policy allowing such adjudication, Department was without authority to adjudicate such a dispute. Kaufman Grain Co., Inc. v. Director, Dept. of Agriculture, App. 4 Dist.1988, 128 Ill.Dec. 654, 179 Ill.App.3d 1040, 534 N.E.2d 1259.

The only properly promulgated rules relative to treatment of lump-sum payments for purposes of AFDC eligibility at time of termination of claimant's benefits provided that all income was to be considered in determining eligibility for AFDC benefits, and thus claimant, who received lump-sum social security benefits, was ineligible for renewed AFDC benefits for specified period of time; administrative agency was not bound by policy contained in improperly promulgated rules absent evidence claimant was aware of policy or had relied upon it to her detriment. Wynn v. Coler, App. 4 Dist.1987, 111 Ill.Dec. 525, 159 Ill.App.3d 719, 512 N.E.2d 1066.

13. New rules

Aurora East Public School Dist. No. 131, Kane County v. Cronin, 1981, 48 Ill.Dec. 88, 92 Ill. App.3d 1010, 415 N.E.2d 1372 [main volume] affirmed 66 Ill.Dec. 85, 92 Ill.2d 313, 442 N.E.2d 511.

15. State mandate

Provisions and requirements of State Mandates Act [ch. 85, ¶ 2201 et seq.] did not apply to enactment of county ordinances or rules and regulations of county health department. Macon County v. Board of Educ. of Decatur School Dist. No. 61, App. 4 Dist.1987, 116 Ill.Dec. 31, 165 Ill.App.3d 1, 518 N.E.2d 653, appeal denied 119 Ill.Dec. 387, 119 Ill.2d 558, 522 N.E.2d 1246.

16. De facto rules

"De facto rules" of the Educational Labor Relations Board setting forth standards for reconsideration of its decisions were beyond the authority of the Board, and Board could not announce them in an agency opinion contrary to the express rule-making requirements of the Administrative Procedure Act [ch. 127, ¶ 1001 et seq.]. Board of Educ. of Mundelein Elementary School Dist. No. 75 v. Illinois Educational Labor Relations Bd., App. 4 Dist.1989, 128 Ill.Dec. 577, 178 Ill.App.3d 696, 534 N.E.2d 1022.

17. Review

Issue of whether Department of Agriculture properly promulgated rules providing for adjudication by Department of disputes about quality of grain between producers and grain warehouses could be considered on review, even if party challenging Department's adoption of those rules failed to raise it at administrative hearing. Kaufman Grain Co., Inc. v. Director, Dept. of Agriculture, App. 4 Dist.1988, 128 Ill.Dec. 654, 179 Ill.App.3d 1040, 534 N.E.2d 1259.

1004.01. Required rules

Cross References

Apple and peach marketing program, see ch. 5, ¶ 367.

Corn marketing program amendments, see ch. 5, ¶ 723.

Egg marketing program, see ch. 5, ¶ 517.

Soybean marketing program, see ch. 5, ¶ 565.

1004.02. Rules implementing discretionary powers—Standards

Notes of Decisions

1. Construction and application

State Employees Retirement System complied with requirements of this paragraph in providing guidelines for denial of disability benefits where it would be impracticable, if not impossible to articulate precise standards, and System had provided rules defining "licensed physician," listing information required in physician's reports, describing procedure to investigate, control, and supervise disability claims. Escalona v. Board of Trustees, State Employees Retirement System, App. 1 Dist. 1984, 82 Ill.Dec. 763, 127 Ill.App.3d 357, 469 N.E.2d 297.

1004.03. Small business and small municipality flexibility

§ 4.03. Small Business and Small Municipality Flexibility. When an agency proposes a new rule, or an amendment to an existing rule, which may have an impact on small businesses or small municipalities, the agency shall do each of the following: (a) The agency shall consider each of the following methods for reducing the impact of the rulemaking on small businesses or small municipalities. The agency shall reduce the impact by utilizing one or more of the following methods, if it finds that the methods are legal and feasible in meeting the statutory objectives which are the basis of the proposed rulemaking.

(1) Establish less stringent compliance or reporting requirements in the rule for small businesses or small municipalities.

(2) Establish less stringent schedules or deadlines in the rule for compliance or reporting requirements for small businesses or small municipalities.

(3) Consolidate or simplify the rule's compliance or reporting requirements for small businesses or small municipalities.

(4) Establish performance standards to replace design or operational standards in the rule for small businesses or small municipalities.

(5) Exempt small businesses or small municipalities from any or all requirements of the rule.

(b) Prior to or during the notice period required under Section 5.01(a) of this Act,[1] the agency shall provide an opportunity for small businesses or small municipalities to participate in the rulemaking process. The agency shall utilize one or more of the following techniques. These techniques are in addition to other rulemaking requirements imposed by this Act or by any other Act.

(1) The inclusion in any advance notice of possible rulemaking of a statement that the rule may have an impact on small businesses or small municipalities.

(2) The publication of a notice of rulemaking in publications likely to be obtained by small businesses or small municipalities.

(3) The direct notification of interested small businesses or small municipalities.

(4) The conduct of public hearings concerning the impact of the rule on small businesses or small municipalities.

(5) The use of special hearing or comment procedures to reduce the cost or complexity of participation in the rulemaking by small businesses or small municipalities.

(c) Prior to the notice period required under Section 5.01(a) of this Act, the agency shall notify the Business Assistance Office of the Department of Commerce and Community Affairs when rules affect businesses. The Business Assistance Office shall prepare an impact analysis of the rule describing its effect on small businesses. The impact analysis shall be completed within the notice period as described in subsection (a) of Section 5.01. Upon completion of the analysis the Business Assistance Office shall submit this analysis to both the Joint Committee on Administrative Rules and to the agency proposing the rule. The impact analysis shall contain the following:

(1) A summary of the projected reporting, recordkeeping and other compliance requirements of the proposed rule.

(2) A description of the types and an estimate of the number of small businesses to which the proposed rule will apply.

(3) An estimate of the economic impact which the regulation will have on the various types of small businesses affected by the rulemaking.

(4) A description of or a listing of alternatives to the proposed rule which would minimize the economic impact of the rule. Such alternative must be consistent with the stated objectives of the applicable statutes and regulations.

P.A. 79–1083, Art. I, § 4.03, added by P.A. 82–492, § 2, eff. Jan. 1, 1982. Amended by P.A. 83–1341, § 3, eff. Sept. 7, 1984; P.A. 84–1452, Art. IV, § 4–8, eff. Jan. 1987.

[1] Paragraph 1005.01 of this chapter.

Historical and Statutory Notes

P.A. 82–492, § 1, provided:

"Legislative Declaration) (a) The General Assembly finds:

"(1) That small business has been subjected to unnecessary burdens and costs to comply with rules which have been adopted by state agencies;

"(2) That the objectives of many of the laws enacted by the General Assembly can be accomplished through rules by state agencies which include flexible provisions relating to compliance by small businesses; and

"(3) That the special needs and problems of small businesses should be recognized and considered by state agencies in relation to the procedures utilized in rulemaking and the requirements imposed by rules.

"(b) the purpose of this amendatory Act is to provide procedures and methods by which state agencies may adapt rules to the special needs and problems of small businesses and to ensure that such methods are considered by state agencies in the adoption of rules."

P.A. 83–1341 rewrote subpar. (c), which formerly read:

"Prior to the notice period required under Section 5.01(a) of this Act, the agency shall notify the Small Business Office of the Department of Commerce and Community Affairs when rules affect businesses. The Small Business Office may advise or assist agencies in the preparation of initial and final regulatory flexibility analyses required under this Act. The Office may also advise or assist agencies in meeting the requirements of paragraph (b) of this Section."

P.A. 84–1452 extended the scope of the paragraph to include small municipalities.

Law Review Commentaries

Regulatory flexibility tiering some problems. 1983, 71 Ill.Bar.J. 546.

Library References

Administrative Law and Procedure ⇐392.
C.J.S. Public Administrative Bodies and Procedure § 97.

1005. Procedure for rule-making

Cross References

Designation of highways, applicable rulemaking procedures, see ch. 95½, ¶¶ 15–102, 15–107, 15–111.

Pollution Control Board, adoption of USEPA regulations, see ch. 111½, ¶¶ 1007.2, 1017.5.

Pollution Control Board, regulations to implement Federal Water Pollution Control Act, applicable rulemaking procedures, see ch. 111½, ¶ 1013.3.

Notes of Decisions

1. In general

Nursing homes had clear legal right to reimbursement by Department of Public Aid under medicaid, and where Department's amendment of inflation update procedures relating to reimbursement was invalid and plaintiffs established clear and undoubted right to be reimbursed under the old inflation update procedure, Department had corresponding duty to reimburse according to the old procedure, and writ of mandamus was appropriately issued. Senn Park Nursing Center v. Miller, 1984, 83 Ill.Dec. 609, 104 Ill.2d 169, 470 N.E.2d 1029.

In Department of Public Aid's amendment of inflation update procedures for reimbursing nursing home facilities under medicaid, contracts, whether state, federal or agency provider, were not clearly and directly involved, but rather were only incidental means to end of providing nursing home care for needy individuals, so that amendment did not fall within contracts exception to Administrative Procedure Act's (¶ 1001 et seq. of this chapter) notice and comment procedures. Senn Park Nursing Center v. Miller, 1984, 83 Ill.Dec. 609, 104 Ill.2d 169, 470 N.E.2d 1029.

Where Department of Public Aid's amendment of inflation update procedures for reimbursing nursing home facilities under medicaid were never valid, the facilities should have been reimbursed using the old procedure for the entire time that rule was invalid, and not for time beginning with services rendered on day when plaintiffs demanded payment on basis of the old procedure. Senn Park Nursing Center v. Miller, 1984, 83 Ill.Dec. 609, 104 Ill.2d 169, 470 N.E.2d 1029.

Contracts between nursing homes and Department of Public Aid did not operate independently of Administrative Procedure Act (¶ 1001 et seq. of this chapter), though nursing homes agreed to receive payments under medicaid program pursuant to reimbursement rates in effect, as adopted or amended by the Department, where agreement provided that acceptance of rates was not waiver of right to pursue legal or administrative remedies or negotiations for rate adjustments or increases, where Public Aid Code (ch. 23, ¶ 1–1 et seq.) incorporated provisions of the Administrative Procedure Act and specifically required that Department provide opportunity for public review and comment during process of establishing payment rate for nursing home services or when substantial change in rates was proposed. Senn Park Nursing Center v. Miller, 1984, 83 Ill.Dec. 609, 104 Ill.2d 169, 470 N.E.2d 1029.

Department of Public Aid in changing inflation update procedures for reimbursing nursing home facilities under medicaid failed to comply with federal regulations, including requirement that agency provide public notice of any proposed change in statewide method or level of reimbursement for a service, requirement that notice be given at least 60 days before proposed effective date of the change and requirement that notice give address to which written comments may be sent and reviewed by the public. Senn Park Nursing Center v. Miller, 1984, 83 Ill.Dec. 609, 104 Ill.2d 169, 470 N.E.2d 1029.

Requirement that applicants who are denied disability benefits must submit proof of disability within 14 days of filing of appeal, adopted by Department of Public Aid in a "manual release," was a "rule" under the Administrative Procedure Act (¶ 1001 et seq. of this Chapter) and thus was invalid, since it was not adopted in a manner consistent with statutory procedures. Sleeth v. Illinois Dept. of Public Aid, App. 3 Dist.1984, 81 Ill.Dec. 117, 125 Ill.App.3d 847, 466 N.E.2d 703.

Fact that nursing home operators had actual knowledge of Department of Public Aid's amendment of inflation update procedures for reimbursing nursing home facilities under medicaid two weeks before procedure became effective did not preclude challenge to Department's failure to comply with rule-making requirements under Administrative Procedure Act (¶ 1005 of this chapter), since rule-making requirements are separate and distinct from provision in ¶ 1004 of this chapter that agency rules are invalid until available for public inspection unless challenging party has actual knowledge. Senn Park Nursing Center v. Miller, App. 1 Dist.1983, 74 Ill.Dec. 123, 118 Ill.App.3d 504, 455 N.E.2d 153, affirmed 83 Ill. Dec. 609, 104 Ill.2d 169, 470 N.E.2d 1029.

Revenue department's assessment of use tax on refiner's use of refinery fuels without first comply-

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6. Construction of ru

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7.5. Retroactive appli

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116 Ill.App.3d 397, 4

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Blanco v. Clayton,
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The court may require or permit subsequent corrections or additions to the record.

7. In proceedings for judicial review of agency action a court may hear and consider such evidence as it deems appropriate. In proceedings for judicial review of agency action in a contested case, however, a court shall not itself hear any further evidence with respect to those issues of fact whose determination was entrusted by Constitution or statute to the agency in that contested case proceeding. Before the date set for hearing a petition for judicial review of agency action in a contested case, application may be made to the court for leave to present evidence in addition to that found in the record of the case. If it is shown to the satisfaction of the court that the additional evidence is material and that there were good reasons for failure to present it in the contested case proceeding before the agency, the court may order that the additional evidence be taken before the agency upon conditions determined by the court. The agency may modify its findings and decision in the case by reason of the additional evidence and shall file that evidence and any modifications, new findings, or decisions with the reviewing court and mail copies of the new findings or decisions to all parties.

8. The court may affirm the agency action or remand to the agency for further proceedings. The court shall reverse, modify, or grant any other appropriate relief from the agency action, equitable or legal and including declaratory relief, if substantial rights of the petitioner have been prejudiced because the agency action is:

a. In violation of constitutional or statutory provisions;

b. In excess of the statutory authority of the agency;

c. In violation of an agency rule;

d. Made upon unlawful procedure;

e. Affected by other error of law;

f. In a contested case, unsupported by substantial evidence in the record made before the agency when that record is viewed as a whole; or

g. Unreasonable, arbitrary or capricious or characterized by an abuse of discretion or a clearly unwarranted exercise of discretion.

[C75, 77, 79, 81, §17A.19; 81 Acts, ch 24, §1, 2]

17A.20 Appeals.

An aggrieved or adversely affected party to the judicial review proceeding may obtain a review of any final judgment of the district court under this chapter by appeal. The appeal shall be taken as in other civil cases, although the appeal may be taken regardless of the amount involved.

[C75, 77, 79, 81, §17A.20]
83 Acts, ch 186, §10007, 10201

17A.21 Inconsistency with federal law.

If it is determined by the attorney general that any provision of this chapter would cause denial of funds or services from the United States government which would otherwise be available to an agency of this state, or would otherwise be inconsistent with requirements of federal law, such provision shall be suspended as to such agency, but only to the extent necessary to prevent denial of such funds or services or to eliminate the inconsistency with federal requirements. If the attorney general makes such a suspension determination, the attorney general shall report it to the general assembly at its next session. This report shall include any recommendations in regard to corrective legislation needed to conform this chapter with the federal law.

[C75, 77, 79, 81, §17A.21]

17A.22 Agency authority to implement chapter.

Agencies shall have all the authority necessary to comply with the requirements of this chapter through the issuance of rules or otherwise.

[C75, 77, 79, 81, §17A.22]

17A.23 Construction.

Except as expressly provided otherwise by this chapter or by another statute referring to this chapter by name, the rights created and the requirements imposed by this chapter shall be in addition to those created or imposed by every other statute in existence on July 1, 1975, or enacted after that date. If any other statute in existence on July 1, 1975, or enacted after that date diminishes a right conferred upon a person by this chapter or diminishes a requirement imposed upon an agency by this chapter, this chapter shall take precedence unless the other statute expressly provides that it shall take precedence over all or some specified portion of this named chapter.

The Iowa administrative procedure Act shall be construed broadly to effectuate its purposes. This chapter shall also be construed to apply to all agencies not expressly exempted by this chapter or by another statute specifically referring to this chapter by name; and except as to proceedings in process on July 1, 1975, this chapter shall be construed to apply to all covered agency proceedings and all agency action not expressly exempted by this chapter or by another statute specifically referring to this chapter by name.

[C75, 77, 79, 81, §17A.23]
89 Acts, ch 83, §11

17A.24 to 17A.30 Reserved.

17A.31 Small business regulatory flexibility analysis.

1. For the purpose of this section, "small business" means a business entity organized for profit, including but not limited to an individual, partnership, corporation, joint venture, association, or cooperative, to which the following apply:

a. It is not an affiliate or subsidiary of a business dominant in its field of operation.

b. It has either twenty or fewer full-time equivalent positions or not more than the equivalent of one million dollars in annual gross revenues in the preceding fiscal year.

c. It does not involve the operation of a farm and does not involve the practice of a profession.

For purposes of this definition, "dominant in its field of operation" means having more than twenty full-time equivalent positions and more than one million dollars in annual gross revenues, and "affiliate or subsidiary of a business dominant in its field of operation" means a business which is at least twenty percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation.

2. If an agency proposes a rule which may have an impact on small business, the agency shall comply with the additional notice provisions of subsection 3 and the analysis requirements of subsection 4.

3. The agency shall include in its notice in the Iowa administrative bulletin that the proposed rulemaking may have an impact on small business. The agency shall notify those small businesses or organizations of small businesses who have registered with the agency requesting notification. An agency shall issue a regulatory flexibility analysis of a proposed rule if, within twenty days after the published notice of proposed rule adoption, a written request for the analysis is filed with the appropriate agency by the administrative rules review committee, the governor, a political subdivision, at least twenty-five persons signing the request, who qualify as a small business, or a registered organization representing at least twenty-five persons.

4. The agency shall consider each of the following methods for reducing the impact of the proposed rule on small business:

a. Establishing less stringent compliance or reporting requirements in the rule for small business.

b. Establishing less stringent schedules or deadlines in the rule for compliance or reporting requirements for small business.

c. Consolidating or simplifying the rule's compliance or reporting requirements for small business.

d. Establishing performance standards to replace design or operational standards in the rule for small business.

e. Exempting small business from any or all requirements of the rule.

f. The nature of any reports and the estimated cost of their preparation by small businesses which would be required to comply with the rule.

g. The nature and estimated cost of other measures or investments that would be required by small businesses to comply with the rule.

h. The nature and estimated cost of any professional, legal, consulting or accounting services which small businesses would incur to comply with the rule.

i. The probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenue.

j. A comparison of the probable costs and benefits of the proposed rule to the probable costs and benefits of inaction.

k. A determination of whether there are less costly methods or less intrusive methods for achieving the purpose of the proposed rule.

l. A description of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons they were rejected in favor of the proposed rule.

A concise summary of the regulatory flexibility analysis must be published in the Iowa administrative bulletin twenty days prior to the adoption of the proposed rule. The summary shall contain the place where and the time when interested persons may make an oral presentation on the analysis; and where persons may obtain a full text of the analysis for the cost of reproduction. If the agency has made a good faith effort to comply with the requirements of subsections 3 and 4, the rule may not be invalidated on the ground that the contents of the regulatory flexibility analysis are insufficient or inaccurate.

5. The agency shall reduce the impact by using a method provided or requested under subsection 4 if it finds that the methods are legal and feasible in meeting the statutory objectives which are the basis of the proposed rule.

84 Acts, ch 1007, §1

17A.32 Time limit applicable to emergency rules.

A rule of an emergency nature adopted under section 17A.4, subsection 2, or made effective under the provisions of section 17A.5, subsection 2, paragraph b, is not subject to the provisions of section 17A.31 until ninety days have elapsed from the day of the emergency rule's publication. If subsections 3 and 4 of section 17A.31 have not been complied with within this ninety-day period, the rule is void.

84 Acts, ch 1007, §2

17A.33 Review by administrative rules review committee.

The administrative rules review committee shall review existing rules, as time permits, to determine if there are adverse or beneficial effects from these rules. The committee shall give a high priority to rules that are referred to it by small business as defined in section 17A.31. The review of these rules shall be forwarded to the appropriate standing committees of the house and senate.

84 Acts, ch 1007, §3

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13A.240. Regulatory impact analysis. — (1) Every administrative body shall prepare and submit to the legislative research commission an original and five (5) duplicate copies of a regulatory impact analysis for every proposed administrative regulation. The regulatory impact analysis shall include, but not be limited to, the following information:

(a) The type and number of individuals, businesses, organizations and state and local governments affected by the administrative regulation; and

(b) The direct and indirect costs or savings, as well as the compliance, reporting and paperwork requirements of the administrative regulation on those affected for the first year following the implementation of the administrative regulation, and the continuing costs or savings for the second year with any factors which might increase or decrease the cost of the administrative regulation, including the effect on competition being noted; and

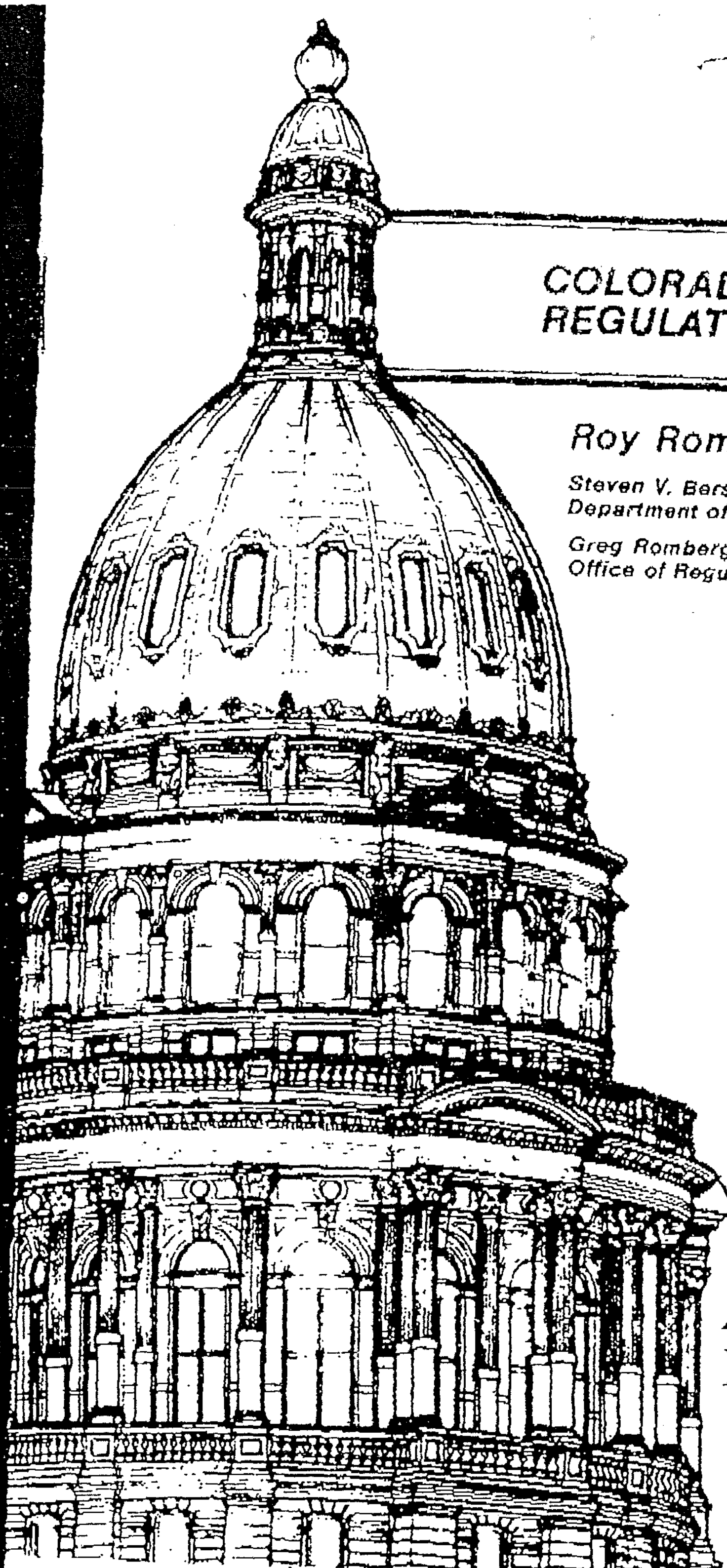
(c) The direct and indirect costs or savings and paperwork requirements to the promulgating administrative body for the administration and enforcement of the administrative regulation for the first year following the implementation of the administrative regulation, and the continuing costs or savings for the second year with any factors which might increase or decrease the cost of the administrative regulation being noted; and

(d) An assessment of any anticipated effect on state and local revenues; and

(e) An assessment of alternative methods for accomplishing the purpose of the administrative regulation and the reasons why they were rejected in favor of the proposed administrative regulation; and

(f) A written statement identifying any statute, rule, regulation or governmental policy which the proposed administrative regulation may be in conflict with, overlap or duplicate; and a written statement for the necessity to promulgate the administrative regulation if conflict, overlapping or duplication is found to exist. The administrative body shall also indicate whether or not any effort has been made to harmonize the proposed administrative regulation with any statute, rule, regulation or governmental policy with which it has been found to be in conflict.

(2) The legislative research commission shall review all regulatory impact analyses submitted by all administrative bodies, and prepare a written analysis thereof and of the proposed administrative regulation. The legislative research commission may require any administrative body to submit background data upon which subsections (1)(a) through (1)(f) are based and an explanation of how the data was gathered. (Enact. Acts 1984, ch. 417, § 24, effective April 13, 1984.)



COLORADO OFFICE OF REGULATORY REFORM

Roy Romer, Governor

Steven V. Berson, Executive Director
Department of Regulatory Agencies

Greg Romberg, Director
Office of Regulatory Reform

ANNUAL REPORT

1989-90

LETTER FROM THE DIRECTOR

In compliance with 24-34-904(1)(j), Colorado Revised Statutes, I am pleased to submit the 1989-90 annual report of the Office of Regulatory Reform to Governor Roy Romer and the members of the second session of the fifty-eighth General Assembly of the State of Colorado.

The following pages detail the work ORR has done to improve the business climate and lessen regulatory hurdles for Colorado small businesses in the last year. For the eighth consecutive year, more people were assisted at the Small Business Hotline as the total exceeded 27,000. The Colorado Business Start-up Kit has been improved and expanded and ORR broke new ground with specific projects to make agency rules more clear, concise and easily understood by the public.

We continue to play an important role in assisting start-up businesses and ensuring the business climate is conducive to growth and expansion and not stifled by bureaucratic excess and red tape.

Greg Romberg
Director

ANNUAL REPORT

In the last year, the Office of Regulatory Reform provided one-stop license and permit assistance to new and expanding businesses, identified and worked to eliminate duplicative, burdensome and unnecessary regulations, reviewed proposed rules of state agencies to ensure they were necessary and not unduly burdensome on small business, convened meetings of small business owners to hear their concerns and assessed the impact of deregulation of certain transportation services.

This report details ORR's activities in these areas and makes recommendations for future reform activities.

ACCOMPLISHMENTS

Small Business Hotline

The Small Business Hotline, a cooperative effort of ORR and the Governor's Small Business Office, provides comprehensive one-stop license and permit information and referrals for management and financial assistance to new and expanding businesses. The database, which is updated annually, contains information about all federal, state and local government requirements for businesses operating anywhere in Colorado. Businesses are assisted by telephone (a toll-free number is available), mail or in person. Additionally, in 1989-90, the database was made available to the 17 Small Business Development Centers around the state to give businesses another place to access this important information.

Hotline customers receive the Colorado Business Start-up Kit. The Kit, which was expanded and improved in the last year, is a comprehensive book which contains information businesses need when they get started. The book format, which replaced a series of loose sheets, contains more information and serves as a useful guide for businesses to keep and review when questions arise. Surveys to users suggest that virtually all businesses which receive the new Kit save it for future reference. The Kit is customized for specific types of businesses, the way the business is structured and if it will have employees.

As has been the case every year since ORR was established, Hotline staff assisted more people in 1989-90 than in previous years. The 27,710 people served represented a 34% increase over the previous year's total.

Workers' Compensation

ORR was actively involved with other organizations representing small businesses in trying to bring about meaningful revisions to the workers' compensation system. The system, which is plagued by expensive premiums, which are increasing rapidly and slow resolution of disputed cases, would have been made much more administrative in nature had certain proposals been adopted by the legislature. However, fears that a more administrative system would treat some injured workers unfairly and a lack of data to suggest definitively the impact of such changes on costs led to defeat of these proposals. One proposal supported by ORR, House Bill 1212, sponsored by Representative Jim Dyer and Senator Bob DeNier, both of Durango, became law. The bill mandates discounts for businesses that institute successful risk management plans and designate their own medical providers and directs the insurance commissioner to appoint a working group to define terms to make the rate making process more definitive.

Repeal Bedding License

Amid much publicity and celebration, the legislature adopted House Bill 1049 at the suggestion of ORR and repealed the mattress manufacturer license. The bill, sponsored by Rep. Jim Pierson of Arvada and Senator Wayne Allard of Loveland, repealed the license requirement while leaving necessary consumer protections concerning cleanliness of used mattresses.

Restaurant Regulations

The Health Department task force initiated in 1989 to streamline regulations and make them less burdensome on small restaurants finished its work reviewing the regulatory structure for restaurants. Recommendations advocated by ORR were adopted by the Board of Health. Small restaurants will be better served because of elimination of unnecessary requirements and establishment of a variance procedure which allows requirements to be waived or modified in certain circumstances.

Rule and Regulation Revisions

ORR continues to play the lead role in state government in making sure that the regulations of state agencies are not overly burdensome on small businesses and are also clear, concise and easy-to-understand. ORR played this role in three separate and distinct ways in 1989-90. First, ORR reviewed all proposed rules of state agencies to ensure that proposed rules are not overly burdensome on small businesses. Second, ORR reviewed all proposed rules to ensure that no rules that are administratively unnecessary are adopted. Finally, ORR worked with the Divisions of Accounts and Control and Purchasing in the Department of Administration and the Mined Land Reclamation Division in the Department of Natural Resources to accomplish complete reviews and rewrites of their regulations.

In 1989-90, ORR reviewed 236 rules from 44 different rule making agencies. Five regulations were identified which were perceived by ORR to be unduly burdensome on small businesses. In each case, the suggested amendment of ORR was adopted. Additionally, 29 rules were identified that were unnecessary. In all but one case, the suggestions made by ORR were adopted. In the one case, the agency has committed to striking the unnecessary portion at its next rule-making hearing on the topic.

These efforts are important from at least two distinct perspectives. Businesses regulated by these entities are better served by clear, easy to understand regulations that do not impose unnecessarily burdensome requirements and costs. Similarly, government can operate much more efficiently if it does not have to spend its time and money in conducting unnecessary rule making hearings.

Unfair Competition

The ORR Advisory Committee (Committee) accepted one unfair competition complaint pursuant to 24-113-101, et seq, Colorado Revised Statutes in 1989-90. The complaint was by a geologist and it was filed against the Colorado Geological Survey (CGS). The complaint involved work the CGS was doing for the City of Ouray. Upon review of the complaint and the response by the CGS, the Committee concluded that CGS has authority to do geological work for public entities and that there had been no violation of the unfair competition law. The Committee did, however, conclude there is a flaw in the statute which requires CGS to recover only its direct costs when doing geological work for others. The Committee believes it would be fairer and more appropriate for the CGS to have to recover both direct and indirect costs when it does work for others. Such a change in statute would ensure that CGS prices reflect the true cost of providing the service and would allow private geologists to compete with CGS on a more level playing field.

The Committee was also concerned that under the provisions of the law, it is only allowed to look at very narrow issues of whether actions of state agencies are legal. The Committee was concerned about this provision from two perspectives. First, it is not sure it is qualified to rule on these points of law. Second, it believes it would be more appropriate for it to look at broader issues of the appropriateness of competition between the public and private sectors instead of the legality of such competition. A five member subcommittee of the Committee was established to recommend a more appropriate policy for dealing with allegations of unfair competition. The subcommittee developed a proposal which was adopted by the Committee to establish a system to look into complaints of unfair competition from the standpoint of the fairness and appropriateness of the government agency competing with the private sector.

The Committee plans to meet with the Privatization Commission to discuss its recommendation before taking further action.

Performing Rights Societies

As required by a footnote in the budget, ORR conducted a study of performing rights societies in Colorado. Performing rights societies represent the authors of music and charge fees to anyone who uses the music in a commercial setting. There had been a considerable amount of controversy over the issue and ORR was directed to look into it. ORR concluded that there was little the state could do to regulate the activities of such groups, but recommended that Congress review the copyright laws to see if small businesses are treated fairly under the present law and that performing rights societies make more of an effort to educate businesses which must work with them concerning their rights and responsibilities.

Coordinated Disadvantaged Business Enterprise Certification

Businesses owned and controlled by women or minorities may find it advantageous to become certified as Disadvantaged Business Enterprises in order to qualify for certain affirmative action programs. In 1989-90, ORR successfully combined the certification programs for the Colorado Department of Highways and the Regional Transportation District. Arrangements were also finalized to incorporate the certification program of the Denver Water Board in 1990-91. This coordination saves small businesses valuable time and money in going through the certification process and governmental agencies save by pooling resources.

OUTREACH ACTIVITIES

Public Hearings

As required by 24-34-904(1)(g), Colorado Revised Statutes, ORR conducted public hearings in Canon City, Parker, Grand Junction and Monte Vista during 1989-90 to elicit concerns from the business community about government regulation. Each of the four meetings was well attended and a variety of interesting and important issues were raised including worker's compensation, independent contractors, transportation regulation, highway expansion, contractor licensing, activities of performing rights societies, and access to capital and services for businesses in rural areas. The hearings were well attended by legislators. State Representatives Steve Arveschoug, Jeanne Adkins, Tim Foster and Dan Prinster and State Senators Harold McCormick, Tillie Bishop and Bob Pastore attended the hearings in their areas. Governor Romer conducted the hearing in Parker as the kick-off to his Dome on the Range program for Elbert and Douglas Counties

The hearings were co-sponsored by the National Federation of Independent Business, the Canon City, Florence, Salida, Parker, Castle Rock, Grand Junction, Monte Vista, Alamosa and Del Norte Chambers of Commerce, Club 20 and local economic development agencies.

Small Business Day at the Capitol

For the fourth consecutive year, ORR was an active co-sponsor in Small Business Day at the Capitol, serving as the chair organization of the event. Small Business Day was a big success with over 200 small business people attending from throughout the state and most of the members of the General Assembly attending the lunch session to spend time with small business owners and discuss their concerns. The conference was highlighted by issue sessions on workers' compensation and mandated benefits, a presentation by legislative leadership and an appearance by Governor Romer. The 6th annual Small Business Day is already scheduled for February 11, 1991

Public Presentations

To explain the services provided by ORR and to elicit public comment, ORR staff made 20 public presentations in 1989-90.

EFFECTS OF ECONOMIC DEREGULATION OF SOME TRANSPORTATION SERVICES

Laws deregulating the economic aspects of moving companies, luxury limousines, couriers, jeep tours and charter and scenic buses require ORR to assess the impact of such changes ORR reviewed the records of the Public Utilities Commission and district attorneys to determine how many businesses are operating in these areas and how many complaints have been filed.

As of June, 1990, there were 170 luxury limousine companies, 34 charter and scenic bus companies, 45 jeep tour companies, 168 courier companies and 144 moving companies operating in Colorado. These numbers are down from the previous year for the first time since deregulation bills were enacted and may signal that the equilibrium economists suggest will eventually take place when a highly regulated industry becomes deregulated has occurred. The dramatic increases in numbers of companies operating in these industries over the past five years suggest that it took the market that long to eventually make up for the under supply of providers of service under economic regulation. It is also likely that Colorado's economy and changes in technology had an impact. For example, the proliferation of fax machines was undoubtedly a factor in the reduction of firms providing courier services.

However, even with the reductions in the last year, there are still approximately 450 more firms operating in these industries now than there were when deregulation bills passed in 1984 and 1985. Previous studies have suggested that the average business in this field employs four people. Therefore, if the size of these firms has remained stable over the years since the bills were passed, these firms have created approximately 1800 new jobs because of the opportunities made available through economic deregulation.

There were very few complaints against these kinds of businesses filed with district attorneys in 1989-90. Ten complaints were filed against moving companies (all in the Denver metro area). Of the ten, five were resolved through discussions with the appropriate district attorney's office, three have been referred for criminal action and two were addressed through civil cases between the complainant and the moving company. Additionally, there were five complaints against luxury limousines (also all in the Denver metro area). Four of the cases were resolved through discussions with the appropriate district attorney's office. The other case is being addressed by the complainant taking the limousine company to small claims court. There were no complaints against couriers, charter and scenic bus companies or jeep tour companies.

This year completes the five year project to evaluate the impact of these deregulation bills. The district attorneys from around Colorado were helpful and responsive in providing information to ORR to meet this mandate and should be commended for their assistance.

COST EFFECTIVENESS OF THE OFFICE OF REGULATORY REFORM

ORR is required by statute (24-34-904(1)(j), CRS) to report on its cost effectiveness. Cost effectiveness is assessed by determining the money saved by Colorado businesses because of the expenditures to operate ORR.

Small Business Hotline. Previous studies by the graduate schools of business at Regis College and the University of Denver suggest the average person who contacts the Small Business Hotline for start-up assistance and goes into business saves over $350 in averted costs. If 75 percent of the 27,710 people who contacted Hotline staff for assistance in 1989-90 went into business and saved $350 in averted costs, the cumulative savings is over $7.2 million.

Mattress Manufacturing Deregulation. Passage of House Bill 1049 reduces the amount of money licensees paid to the Departments of Health and Revenue by $40,000. Additionally, each of the 200 licensees saves time and money worth approximately $10 by not having to process forms and return them to the state. Total savings because of the passage of this bill is $42,000.

Coordinated DBE Certification. The coordinated certification program has saved the 72 people who applied for certification after ORR began providing certification services for RTD substantial amounts of time and money. We assume that each applicant spends approximately eight hours putting an application together, three hours answering questions of investigators and four hours on follow-up to those questions. The average application requires approximately $15 worth of copying, postage, etc. If we assume the firm spends $10/hour preparing the application, the savings per business of the coordinated certification is $175. Total savings for the 72 businesses that were saved that expense is $12,500. Additionally, governments spend approximately $400 per applicant reviewing applications. Governments saved almost $30,000 because of the coordination. Total savings over the nine months of coordinated certification is approximately $42,500.

The other accomplishments detailed in this report obviously have impacts that save money for many Colorado businesses and taxpayers' money spent by government agencies. However, because it is difficult to make assumptions which can be easily defended, no cost analysis has been attempted.

FINDINGS AND RECOMMENDATIONS

24-34-904(1)(j), CRS requires ORR to recommend elimination of unnecessary, antiquated and duplicative permit requirements, ways to expedite time-consuming agency review and approval procedures and other improvements.

The following findings and recommendations illustrate areas where improvements can be made.

Finding
Health insurance is a rapidly rising cost for Colorado employers. Studies suggest that most employers would like to provide health insurance as an employee benefit, but find the costs, both initial and on-going, to be very difficult to cover. Additionally, as the number of uninsured people increases, there is increasing pressure on employers to step in and provide insurance for employees and their dependents. The problem is made worse by the difficulty in finding insurance for small groups and the on-going difficulties for people with health problems at the time insurance is issued for the first time.

Recommendation 1
Find ways to make health insurance more accessible for small groups on an initial and on-going basis by eliminating some underwriting practices and placing limits on pre-existing condition limitations.

Recommendation 2
Examine the appropriateness and feasibility of providing government assistance to businesses for providing health insurance benefits to their employees for the first time.

Finding
The Unfair Competition law forces the ORR Advisory Committee to try to make legal determinations about whether agencies are acting within their legal authority. The Committee believes it to be more appropriate for them to look at issues of the fairness and appropriateness of competition instead and has adopted a recommended solution.

Recommendation 3
Consider the Committee's recommendation. If appropriate, adopt it by either executive order or legislation.

Finding
Businesses owned by women and minorities often find it advantageous to become certified as disadvantaged business enterprises. A variety of entities provide certification services. ORR already provides a coordinated certification for the Colorado Department of Highways, the Regional Transportation District and the Denver Water Board.

Recommendation 4
Expand the coordinated certification program to include more entities which conduct their own certification.

Finding
Regulations of the Highway Commission require that campgrounds cannot get a roadside directional sign unless they have bathroom facilities with flush toilets. Initial research suggests that is a higher standard than virtually all other states in our area.

Recommendation 5
Initiate regulatory change to reduce the requirement for a roadside directional sign for a campground. Restroom facilities approved by the Department of Health would be a more appropriate standard than a requirement that campgrounds have flush toilets.

Finding
The regulatory structure for freight hauling within Colorado requires that people who want to start this type of business must prove, over the objections of already existing businesses, that a need exists for the services they wish to provide. Interstate hauling has been largely deregulated with good results. Colorado has deregulated the economic aspects of a number of transportation related services with good results.

Recommendation 6
Lessen the regulatory burden for people wanting to start freight hauling businesses either by removing entry restrictions or forcing protestants to prove entry of the new carrier will cause destructive competition.

Finding
Colorado businesses have been well served by the establishment of the Small Business Hotline because they can receive comprehensive information about governmental requirements as well as financial and management assistance by telephone. However, when new businesses get this information in person, they are required to go a number of different places.

Recommendation 7
Establish a one-stop walk in assistance center for new and expanding businesses where they can register trade names, open business accounts and receive regulatory, management and financial assistance.

Finding
Businesses continue to find it difficult to understand the state's purchasing process and to participate in providing goods and services to the state. A brochure developed by ORR and the Purchasing Division has been helpful in explaining the process. However, it is still difficult and inconvenient for businesses to find out what the state needs and offer to provide it.

Recommendation 8
Continue to provide the brochure on the purchasing process and expand its distribution.

Recommendation 9
Develop a method for businesses to have easier access to the purchasing process to have more businesses participate, develop more competition and lower prices.

Finding
Businesses that provide air emission testing are limited to buying one of four approved machines. After the machine is purchased, it may only be repaired by the manufacturer. This practice, in effect, creates a state sponsored monopoly without price regulation on repairs to the machines. It has been alleged that prices for repairs are too high

Recommendation 10
Determine if there are ways for competition to be infused into the repair program. If the answer is no, investigate the need and feasibility of regulating the repair rates of manufacturers to ensure that costs are reasonable and just.

Finding
The ORR Advisory Committee was concerned about the fairness of the law which requires the Colorado Geological Survey to recover only its direct costs when it provides geological services. The Committee believes that there cannot be fair competition unless the CGS is required to recover both direct and indirect costs.

Recommendation 11
Amend the statute to require the Colorado Geological Survey to recover both direct and indirect costs when it provides geological services in competition with private geologists.

Finding
Small businesses often complain that government imposes substantial burdens on them through paperwork requirements which are hard to understand and unnecessary. Previous ORR projects to review and reduce paperwork in governmental agencies have proven to be very successful.

Recommendation 12
Initiate a paperwork reduction effort in another department of state government.

Office of Regulatory Reform Advisory Council Members

Jeannie Beck	Vic Fruehauf
Juan Garcia	Warren Gardner
Jerry Goodwin	Ken Heller
Jan Kangieser	Dan Kogovsek
Bob LeGare	Dee Niehans
Larry O'Neill	Marelene Ospina
Kim Patmore	Marvin Pugh
Bill Schultz	Chuck Wagner

THE 1991 DEVELOPMENT REPORT CARD

	ECONOMIC PERFORMANCE	BUSINESS VITIALITY	DEVELOPMENT CAPACITY	STATE POLICY	GPA
Alabama	1	3	1	1	1.5
Alaska	1	3	2	2	2
Arizona	2	2	3	1	2
Arkansas	1	1	0	2	1
California	2	4	4	4	3.5
Colorado	1	4	4	2	2.75
Conneticut	4	4	4	4	4
Delaware	4	3	4	2	3.25
Florida	2	3	1	2	2
Georgia	2	2	2	1	1.75
Hawaii	4	1	3	2	2.5
Idaho	2	1	2	1	1.5
Illinois	2	2	3	2	2.25
Indiana	2	2	1	4	2.25
Iowa	2	1	2	4	2.25
Kansas	3	1	2	3	2.25
Kentucky	0	2	0	2	1
Louisiana	0	0	0	0	0
MAINE	4	3	1	3	2.75
Maryland	4	4	4	4	4
Massachusetts	2	3	4	3	3
Michigan	2	1	2	4	2.25
Minnesota	3	4	4	4	3.75
Mississippi	0	2	0	3	1.25
Missouri	1	2	2	3	2
Montana	0	1	1	1	0.75
Nebraska	3	2	2	0	1.75
Nevada	4	3	3	1	2.75
New Hampshire	4	4	3	0	2.75
New Jersey	4	4	4	3	3.75
New Mexico	1	3	1	0	1.25
New York	1	4	2	4	2.75
North Carolina	3	4	2	2	2.75
North Dakota	2	0	1	2	1.25
Ohio	2	1	3	4	2.5
Oklahoma	1	0	1	3	1.25
Oregon	3	2	3	3	2.75
Pennsylvania	3	3	4	3	3.25
Rhode Island	3	2	3	3	2.75
South Carolina	2	1	1	2	1.5
South Dakota	2	2	2	0	1.5
Tennessee	2	2	1	2	1.75
Texas	1	2	2	1	1.5
Utah	3	4	4	1	3
Vermont	3	2	3	2	2.5
Virginia	3	3	3	2	2.75
Washington	4	2	4	2	3
West Virginia	0	0	0	1	0.25
Wisconsin	4	1	2	4	2.75
Wyoming	2	0	2	2	1.5

Those state highlighted in pink are the states, east of the Mississippi, who score higher than Maine.

Those state highlighted in blue are the states, east of the Mississippi, who score the same as Maine.

DEVELOPMENT CAPACITY REPORT CARD

	HUMAN RESOUCES		TECHNOLOGY RESOURCES		FINANCIAL RESOURCES		INFRA/AMENITY RESOURCES		INDEX GRADE	
	Rank	Grade	Rank	Grade	Rank	Grade	Rank	Grade	Rank	Grade
Alabama	44	1	33	2	35	2	38	1	45	1.5
Alaska	12	3	29	2	42	1	23	2	30	2
Arizona	25	2	16	3	34	2	14	3	20	2.5
Arkansas	41	1	46	0	50	0	44	1	48	0.5
California	26	2	6	4	2	4	18	3	7	3.25
Colorado	2	4	2	4	37	1	2	4	5	3.25
Conneticut	10	4	5	4	5	4	23	2	5	3.5
Delaware	23	2	10	4	12	3	7	4	7	3.25
Florida	38	1	40	1	32	2	28	2	39	1.5
Georgia	41	1	39	1	18	3	25	2	34	1.75
Hawaii	28	2	28	2	15	3	5	4	14	2.75
Idaho	23	2	25	2	25	2	29	2	28	2
Illinois	27	2	21	2	8	4	32	2	19	2.5
Indiana	32	2	29	2	30	2	34	2	36	2
Iowa	19	3	20	3	43	1	42	1	35	2
Kansas	5	4	34	2	39	1	22	2	25	2.25
Kentucky	47	0	50	0	26	2	33	2	46	1
Louisiana	49	0	42	1	36	1	48	0	47	0.5
MAINE	29	2	47	0	32	2	40	1	43	1.25
Maryland	17	3	4	4	28	2	8	4	9	3.25
Massachusetts	14	3	1	4	1	4	21	2	4	3.25
Michigan	34	2	19	3	17	3	30	2	25	2.5
Minnesota	3	4	14	3	7	4	1	4	1	3.75
Mississippi	50	0	48	0	46	0	50	0	50	0
Missouri	31	2	25	2	24	2	38	1	33	1.75
Montana	7	4	43	1	37	1	40	1	38	1.75
Nebraska	12	3	38	1	41	1	9	4	25	2.25
Nevada	11	3	31	2	27	2	18	3	16	2.5
New Hampshire	9	4	23	2	18	3	26	2	14	2.75
New Jersey	20	3	15	3	10	4	15	3	10	3.25
New Mexico	35	2	7	4	49	0	34	2	36	2
New York	39	1	8	4	3	4	44	1	24	2.5
North Carolina	45	1	32	2	9	4	18	3	29	2.5
North Dakota	16	3	41	1	44	1	43	1	42	1.5
Ohio	22	2	11	3	14	3	15	3	12	2.75
Oklahoma	36	1	35	2	47	0	31	2	44	1.25
Oregon	14	3	27	2	16	3	15	3	13	2.75
Pennsylvania	30	2	13	3	6	4	11	3	10	3
Rhode Island	37	1	9	4	4	4	37	1	16	2.5
South Carolina	48	0	43	1	40	1	10	4	41	1.5
South Dakota	21	2	49	0	20	3	26	2	32	1.75
Tennessee	46	0	37	1	23	2	34	2	40	1.25
Texas	40	1	17	3	20	3	13	3	22	2.5
Utah	1	4	3	4	29	2	3	4	3	3.5
Vermont	8	4	24	2	11	3	46	0	20	2.25
Virginia	33	2	21	2	22	2	11	3	16	2.25
Washington	3	4	11	3	13	3	6	4	2	3.5
West Virginia	41	1	45	1	47	0	49	0	49	0.5
Wisconsin	18	3	18	3	30	2	47	0	31	2
Wyoming	5	4	36	1	45	1	4	4	22	2.5

Those states highlighted in pink are the states, east of the Mississippi, who score higher than Maine.

Those states highlighted in blue are the states, east of the Mississippi, who score the same as Maine.

maintained, and prone to breakdowns.

In contrast, the *A* and *B* grades tend to be dominated by "younger" states whose low population levels place little stress on their basic systems — like Nebraska, Utah or Wyoming — or that have been diligent about meeting maintenance and expansion needs — like California, Colorado, Hawaii and Washington, among others.

But there are exceptions in both these groups. There are older industrial states — Delaware, Maryland, Minnesota, New Jersey, Ohio and Pennsylvania, for example — that have made a significant effort to plan and budget for system upkeep and maintenance. And there are younger states that have failed to keep up with growing system demand — including Montana, New Mexico and North Dakota, among others. Finally, there are states, like New Hampshire, that have never made publicly-funded infrastructure a priority and, for the most part, do not intend to, preferring to leave as many of these responsibilities as possible to the private sector.

Many states earning the lowest grades in this Subindex have always had underdeveloped infrastructure systems, including Arkansas, Kentucky, Louisiana, Mississippi and West Virginia. But two otherwise well-developed states received an *F*: Wisconsin, which scored below- or well-below average grades in all but two measures, and Vermont, which scored very low grades in five of the eight measures.

The problem with under-investment in infrastructure and amenities is that, sooner or later, businesses and people begin to suffer. Well-maintained states, like well-run companies, tend to perform well economically; 13 of the 20 states earning *A* or *B* grades in this Subindex earned similar grades in Economic Performance. But the reverse is also true: 10 of the 14 states earning *D* or *F* grades here received a *C* or below in Economic Performance. Infrastructure investment is a simple case of "pay me now or pay me (more) later."

DEVELOPMENT CAPACITY MEASURES

SUBINDEX ONE: HUMAN RESOURCES

Economic development is a profoundly human process. While each of the subindexes in this Index is important to state economies, what it takes is people — skilled, educated, adaptable, innovative people — to use these building blocks and create the structure of an economy. The more skilled the people, the stronger and more lasting the structure of the economy they build.

The skills of a state's workforce, and the extent to which those skills are adaptable to changing economic circumstances, are the most basic components of its human resource base. The demand for these skills is accelerating. In Workforce 2000, the recent national study commissioned by the Department of Labor, author William Johnston forecast that more than half the new jobs generated between now and the year 2000 will require some education beyond high school. The more the workforce possesses these skills, and the more management makes use of them, the more competitive state economies will be.

While we would like to be able to measure actual skill levels within and across industries in state economies, no such information exists. Instead, this Subindex explores educational attainment measures, including high school graduation rates, adult illiteracy rates, and high school and college educational attainment rates.

■ ***High School Graduation:*** In an economy where the most basic qualification for most new jobs being created is high school completion, a state's economic competitiveness will be affected directly by its ability to produce new entrants to the workforce who meet this basic test of work-readiness. Despite differences from state to state in the level of competence associated with a high school education today, not to mention the national controversy over the inadequate skills of those who do graduate, this measure is still the best baseline we have available to gauge the skill level of tomorrow's workforce.

■ ***Adult Illiteracy:*** We also need to understand the skill level of a state's *existing* workforce if we are to assess the capacity of its economy to compete. Since nearly three-quarters of the year 2000's workforce is already out of school, a state's and our nation's competitiveness is directly related to the literacy levels of adults now in the workforce. Unfortunately, literacy requirements in today's workplace run well ahead of the measured data we have on adult literacy. Although we know a wide range of skills is needed to secure work in today's economy, the only comprehensive state-by-state literacy data available for this measure is the U.S. Department of Education's "English Language Proficiency Survey" from 1985. It assesses only reading ability and, at that, only whether adults read at the fourth grade level.

■ ***High School Education Attainment:*** Another measure of the skill level of the state's *existing* workforce is how many of all its citizens have already graduated from high school. Here we identify the percentage of heads of household with at least a high school education as of the mid-late 1980s, based on merged Current Population Survey data for 1986 through 1988.

■ ***College Education Attainment:*** In an economy in which knowledge is itself a traded commodity, the higher the educational attainment of the population, the greater the capacity of the state's economy to compete. This measure identifies the percentage of heads of household with a college education as of the mid-late 1980s, based on merged Current Population Survey data for 1986 through 1988.

SUBINDEX TWO: TECHNOLOGY RESOURCES

Technological innovation produces the seeds from which businesses and economies grow. This is true not just of "high tech" businesses but, increasingly, of all businesses — from steel to finance, auto parts to textiles. The rapid acceleration of technological innovation has had much to do with the widening recovery of the nation's industrial states. The computer industry rose from the ruins of Massachusetts' industrial past, for example, and robotics and machine vision technologies have played a key role in the renewed competitiveness of heavy manufacturing in the Industrial Midwest.

Technological innovation transforms state economies in three ways: by creating entirely new industries when research spawns new products that meet or create new market demand, by improving existing products and rejuvenating existing markets, and by changing production processes in ways that lower costs, improve quality, or both. Often these are small advances, incremental increases in efficiency that provide a slight, often temporary, competitive edge. The more frequently these incremental advances occur, the stronger the state economy and the greater the growth in direct and indirect employment and income.

Moreover, innovation begets innovation. That is, as the pool of innovators and investments in research and development in a state increase, the number of businesses spawned or attracted by the innovation grows, reducing out-migration and increasing inmigration of workers and technicians and, in the process, generating new applications of the technologies being developed — and more new businesses.

People — highly trained management and technical specialists — and money, especially expenditures for research and development, drive this process. Accordingly, this Subindex examines the potential pool of innovators in a state, and the pool of dollars devoted to research.

■ ***Scientists and Engineers in the Workforce:*** The larger the potential pool of innovators in a state, the greater the likelihood that the capacity for innovation will become the reality of innovation. Not all innovators are scientists or engineers, and not all scientists and engineers are innovators. But there is a direct correlation between the technical capacity of the labor force and an economy's ability to generate new technology-based or -enhanced businesses, and that is what we seek to measure here.

■ ***Science and Engineering Graduate Students:*** This measure indicates how extensive science training is in a state, though not how many degree recipients actually stay in the state after completing their education. Nevertheless, the history of industrial innovation indicates that new businesses are spawned, more often than not, in the same place entrepreneurs received their degrees. Thus, as above, we can indirectly measure the capacity for innovative business development by assessing the technical strength of the workforce.

■ ***Patents Issued:*** This measure aims to capture the rate of innovation in a state. It is imperfect in that patents generally are issued at the location of the company headquarters, not necessarily at the location of the lab where the innovation is developed.

■ ***University Research and Development:*** The close correlation between world-class university research institutions and commercial spin-off businesses has been lost on no state. Interest in the research agendas of major educational institutions has risen sharply. Budget allotments to public universities have also increased. And new university-government-industry partnerships are being formed. Unfortunately, private research spending, though a critical measure, is often proprietary and, therefore, unavailable. This measure gives us a rough approximation of the scale of research and development spending at universities in each state and, indirectly, the capacity for associated business development.

■ ***Federal Research and Development:*** There is a similar correlation between federal R&D spending and new business spin-offs. But the relationship varies significantly, depending upon what kind of research is underway. In states where much of the federal research is classified, the problem of getting the results "over the fence" and into the state economy can be quite considerable.

SUBINDEX THREE: FINANCIAL RESOURCES

The relative availability of capital in a state sends a signal to would-be entrepreneurs that their ideas can become businesses in that state, at the same time that it provides the wherewithal for businesses already in the state to continue to grow. The more developed the network between financiers — bankers, venture capitalists and others — and businesspeople and state economic development officials, the greater the capacity for growth in the state.

The kind of capital a business requires depends on what stage of development it is in. In its infancy, as ideas are being developed and commercialized, a business needs small amounts of "patient" money — equity and long-term debt. As it matures and expands, it needs larger amounts of equity, more working capital to finance its inventory, marketing and accounts receivable, and debt financing to acquire land, buildings and equipment. To stay competitive, it may also need long-term debt and equity to finance retooling and, in some cases, ownership changes. The lack of available capital at any of these stages can bring the entire enterprise to a halt.

State officials and business owners alike often express concern about "capital gaps" in their state — the perceived unavailability of money for expansion or start-ups, for example. Often the problem isn't that capital doesn't exist within the state, but that it's not accessible to the kinds of businesses that need it. Sometimes, the problem isn't even that capital is inaccessible, but instead that there is a shortage of credit-worthy business proposals.

But fundamentally, capital availability depends upon both the underlying capital resources of the state's financial institutions and how aggressively those institutions invest those resources in local businesses. While capital markets are increasingly national, and even international, wide variations in the levels and uses of capital from state to state can still affect capital availability. The commercial and investment banking industries are more competitive in some states than in others. Not all bank services and products are available universally. Formal venture capital, while increasingly mobile, still tends to be invested near where the venture firm is based, so that it can be monitored easily. Thus, the extent of capital gaps and their effect on development can differ significantly across the nation.

The measures in this Subindex cover a range of financing types, from venture capital to commercial bank financing, which includes fixed-asset and working capital loans. These measures indicate the overall extent of financing activity within a state. However, because of the limitations of published financial data, they cannot tell us what kinds of business — by size, sector, location or stage of development — are receiving financing, the specific types of financial instruments provided, or how the financing is used.

Moreover, there are other players in the capital marketplace that are not included here for several reasons. Thrift institutions, for example, have become very active in commercial real estate financing, but have been slow to enter the market for other forms of business financing. Commercial finance companies, while increasingly important sources of capital for small businesses, are not regulated, and little consistent information is available about their impact on a state-by-state basis. Insurance companies are another source of capital for corporations, but state-by-state data on their business-lending activities are not available.

Finally, financing provided through state development agency programs is not included here. Indeed, state governments have become increasingly important actors in the capital marketplace, creating their own public or publicly-chartered venture capital and business lending programs, adjusting their own investment policies, and regulating private financial institutions more strategically to achieve public development objectives. This increasingly important source of financial capacity is discussed in the State Policy Index.

While the subject is complex (and often contentious), this Subindex provides a general picture of the financial capacity of states — focusing primarily on its commercial banks — using six measures: bank deposits, loan-to-equity ratios, loan-to-deposit ratios, commercial and industrial loans, commercial and industrial loans relative to total loans, and venture capital investments.

■ ***Commercial Bank Deposits:*** Since deposits form the base from which banks invest, this measure provides a basic indicator of capital availability within a state. The higher the level of deposits, adjusted for population size, the more dollars available to lend.

■ ***Loans to Deposits:*** Another indicator of how aggressive a bank is emerges by examining the ratio of a bank's loans to its deposits. Deposits represent the major resource base upon which banks are able to lend funds. The degree to which banks actually lend deposits versus invest them in other vehicles like bonds, is a key factor in evaluating their overall aggressiveness.

■ ***Loans to Equity:*** Equity is the original investment of the bank-s founders plus any accumulated undivided earnings. The more aggressive the bank, the more this base is leveraged as loans to customers and businesses. This measure is designed to begin to get at how aggressive commercial banks are at using their resources to further business investments and expansions in the state.

■ ***Commercial and Industrial Loans:*** To measure how well financial institutions are serving businesses, we first take the total of their commercial and industrial loans, and then adjust for differences in the size of their commercial and industrial sector by dividing by the number of non-agricultural employees in the state. This adjustment provides an indication of demand for business financing. One weakness with this measure is that a bank can make loans to businesses located outside that state — and such loans cannot be separated out of this measure.

■ ***Commercial and Industrial Loans to Total Loans:*** Another indication of how well commercial banks are serving businesses is the extent to which their total loans go to commercial and industrial concerns, versus housing and consumer purposes.

■ ***Venture Capital Investments:*** Venture capital firms provide early-stage capital for businesses with high growth potential and, as a consequence, can be instrumental in the formation and expansion of growth industries. Active venture capital participation in a state is an indicator of a rapidly developing economy and multiple investment opportunities. It is useful to note here that despite the fact that the venture capital industry has grown sharply in recent years, it is still quite small and focused in only a handful of states. This year we measure the amount of venture capital disbursements made in a state, adjusted by the state's population.

SUBINDEX FOUR: INFRASTRUCTURE AND AMENITY RESOURCES

Almost without exception, recent surveys of businesspeople and public officials concerned about economic development rate two issues at the top of any list of factors important to development:

the condition of the basic infrastructure of the community or state, and the quality of the amenities in the area.

Physical infrastructure and amenities — roads, bridges, water systems, sewage collection and treatment systems, housing stock, parks and recreation facilities, and cultural institutions — form the basic foundation upon which businesses build, and are crucial to attracting and keeping the employees businesses need to grow.

Broken water mains, overtaxed treatment plants, collapsed bridges and a pervasive failure of public agencies to invest in the maintenance of these facilities has led to widespread public concern about America's "infrastructure crisis." This concern has precipitated a number of studies, which have proven conclusively how such facilities contribute to state economies, and has led many states to rededicate themselves to improving these facilities as a central part of their economic development strategies. In a similar vein, states and communities have begun to restore and enhance the amenities that define the quality of life in an area and have made substantial investments to turn amenity liabilities — such as polluted rivers and harbors and decaying waterfronts — into showcase amenity assets.

For two issues so important to the economic capacity of a state, the absence of clear, nationally consistent state-by-state indicators is especially frustrating. To begin to explore the Infrastructure and Amenity Resources capacity of states, we examine highway condition, bridge ratings, urban mass transit availability, energy cost, unmet sewage treatment plant needs, housing cost, the availability of health professionals, and tourism spending. These measures are like pieces of a puzzle: individually they may reveal only a little, but taken together they begin to illuminate the overall capacity of a state's infrastructure and amenities.

■ ***Highway Deficiency:*** In an economy in which most goods are transported by truck, highway conditions are not just a measure of state infrastructure capacity, they are a fundamental measure of competitiveness as well. This year we measure the percent of rural and urban interstate mileage with poor serviceability ratings.

■ ***Bridge Deficiency:*** For the same reasons, this year we also examine bridge ratings — specifically, the percent of deficient bridges that receive federal aid, based upon a biannual report to Congress by the Secretary of Transportation.

■ ***Urban Mass Transit Availability:*** For two reasons — increasing the operating efficiency of metropolitan areas, and increasing the accessibility of the workforce to businesses — the availability of mass transit is an important capacity asset. We calculate availability by multiplying the total number of seats by the total mileage of service for all forms of public transportation for each metropolitan area, sum the products by state, and then divide by the total urban population for each state. The result is a measure of state effort — and capacity. This indicator would appear to shortchange states with small urban populations and lots of wide open spaces, and, to an extent, it does. However, many such states fare quite well (Alaska, Arizona and Utah, for example) because, despite their thin population density, they serve the populations in their larger cities well.

■ ***Energy Cost:*** Electrical energy continues to increase in importance as economies become more technology-intensive. Moreover, energy costs vary substantially from state to state and affect both business costs and living costs. This measure calculates the average price per kilowatt hour of energy sold by electrical utilities to their commercial, industrial and residential customers, using data provided by the Edison Electric Institute.

■ ***Sewage Treatment Needs:*** Without adequate sewage treatment plant capacity, existing businesses are constrained and new businesses must seek other sites. Using EPA data, we measure the dollar amount of unmet sewage treatment plant needs on a per capita basis.

■ ***Urban Housing Cost:*** Many areas of the nation face shortages of available housing that threaten to constrain development prospects, particularly in urban areas. However, no adequate state-by-state assessment of housing capacity is available at present. We explore this issue instead by considering the cost of housing as a percent of personal income, based upon a weighted average of fair market rent schedules for a standard unit of housing in metropolitan areas, as calculated by the U.S. Department of Housing and Urban Development. We assume a direct relationship between availability and cost — that is, the scarcer the housing, the higher the cost of what is available.

■ ***Health Professional Shortage Areas:*** In the past, we have measured the availability of health services in a state by the number of doctors available to a state's residents. This measure was incomplete in that it failed to see how well distributed doctors were across a state, and also did not differentiate between doctors that do clinical work versus doctors that perform research.

This year, we have substituted a new measure that looks at the proportion of a state's population that resides in Health Manpower Shortage Areas — a Federal designation that indicates an area is underserved by primary medical practitioners for either economic or geographic reasons. While this measure is still not complete, because it depends on the area or state applying for such designation, it offers a more direct way to measure the availability of health services to a state's residents.

■ ***Tourism Spending:*** Another way to understand whether "this is a good place to live" is to observe people's behavior — specifically how much people pay to participate in recreation and tourism activities in a state. While this is an indirect measure of amenities, it has the advantage of being able to reveal how people value the amenities in a state — from amusement parks to campsites.

State Policy Report Card

	Governance Subindex		Workforce Development Subindex		Technlgy. & Innovation Subindex		Internt'l. Marketing Subindex		Development Finance Subindex		Local Econ. Dev. Assist. Subindex		Infrastructure & Amenities Subindex		INDEX GRADE	
	Rank	Grade	Rank	Grade	Rank	Grade	Rank	Grade	Rank	Grade	Rank	Grade	Rank	Grade	Rank	Grade
Alabama	39	D	38	D	7	A	36	D	41	D	7	A	35	C	39	D
Alaska	33	C	29	C	42	D	14	B	27	C	1	A	31	C	25	C
Arizona	30	C	44	D	42	D	42	D	41	D	1	A	22	C	44	D
Arkansas	40	D	30	C	7	A	20	B	20	B	31	C	45	D	35	C
California	12	B	1	A	37	D	7	A	30	C	7	A	4	A	7	A
Colorado	10	A	47	F	18	B	18	B	30	C	31	C	36	D	32	C
Connecticut	19	B	1	A	18	B	40	D	8	A	7	A	13	B	9	A
Delaware	28	C	27	C	29	C	14	B	38	D	31	C	17	B	30	C
Florida	29	C	9	A	29	C	46	F	41	D	31	C	8	A	35	C
Georgia	25	C	37	D	29	C	38	D	49	F	7	A	27	C	42	D
Hawaii	17	B	6	A	18	B	36	D	30	C	48	F	28	C	29	C
Idaho	11	B	43	D	37	D	6	A	49	F	31	C	40	D	43	D
Illinois	37	D	35	C	18	B	21	C	20	B	7	A	20	B	23	C
Indiana	4	A	22	C	1	A	5	A	4	A	31	C	41	D	10	A
Iowa	6	A	5	A	1	A	3	A	1	A	7	A	14	B	1	A
Kansas	22	C	34	C	7	A	4	A	14	B	31	C	41	D	20	B
Kentucky	8	A	17	B	18	B	19	B	38	D	48	F	34	C	28	C
Louisiana	49	F	35	C	37	D	31	C	4	A	50	F	26	C	47	F
Maine	7	A	17	B	29	C	34	C	20	B	31	C	11	B	17	B
Maryland	47	F	4	A	7	A	12	B	8	A	7	A	9	A	6	A
Massachusetts	44	D	17	B	7	A	39	D	4	A	7	A	15	B	15	B
Michigan	5	A	25	C	1	A	8	A	2	A	1	A	21	C	4	A
Minnesota	1	A	12	B	18	B	1	A	8	A	7	A	5	A	3	A
Mississippi	20	B	8	A	18	B	23	C	25	C	7	A	29	C	14	B
Missouri	36	D	32	C	7	A	11	B	14	B	7	A	19	B	13	B
Montana	23	C	40	D	7	A	43	D	14	B	31	C	37	D	37	D
Nebraska	43	D	45	D	37	D	47	F	25	C	31	C	48	F	49	F
Nevada	38	D	25	C	50	F	25	C	41	D	7	A	37	D	45	D
New Hampshire	48	F	49	F	42	D	49	F	38	D	31	C	23	C	50	F
New Jersey	34	C	14	B	7	A	24	C	41	D	31	C	1	A	19	B
New Mexico	45	D	41	D	18	B	32	C	27	C	31	C	32	C	46	F
New York	2	A	1	A	1	A	27	C	8	A	1	A	2	A	2	A
North Carolina	26	C	10	A	7	A	41	D	41	D	31	C	33	C	31	C
North Dakota	8	A	49	F	18	B	35	C	14	B	7	A	46	F	25	C
Ohio	3	A	23	C	1	A	16	B	14	B	7	A	25	C	5	A
Oklahoma	24	C	42	D	7	A	27	C	2	A	7	A	29	C	16	B
Oregon	16	B	11	B	29	C	17	B	30	C	7	A	7	A	12	B
Pennsylvania	15	B	6	A	18	B	44	D	4	A	1	A	24	C	11	B
Rhode Island	20	B	21	C	29	C	26	C	20	B	31	C	3	A	18	B
South Carolina	12	B	15	B	42	D	9	A	30	C	7	A	39	D	21	C
South Dakota	41	D	48	F	37	D	33	C	27	C	7	A	50	F	48	F
Tennessee	50	F	30	C	29	C	29	C	30	C	7	A	17	B	33	C
Texas	30	C	23	C	1	A	48	F	30	C	31	C	47	F	40	D
Utah	14	B	46	F	42	D	10	A	30	C	7	A	48	F	38	D
Vermont	18	B	13	B	42	D	45	D	20	B	31	C	10	A	27	C
Virginia	46	F	32	C	7	A	22	C	41	D	7	A	11	B	24	C
Washington	26	C	17	B	29	C	30	C	41	D	7	A	5	A	22	C
West Virginia	32	C	27	C	42	D	50	F	14	B	1	A	44	D	40	D
Wisconsin	35	C	15	B	18	B	2	A	8	A	7	A	15	B	8	A
Wyoming	41	D	38	D	42	D	13	B	8	A	7	A	43	D	33	C

fails to address both the day-to-day management of and the long-term planning and budgeting for this public infrastructure, the area eventually will become less and less attractive for business development and the economy will decline.

Thus, the Infrastructure and Amenities Subindex is a kind of roster of responsible managers. The states at the top are making an effort to keep their part of the bargain and those at the bottom, for whatever reason, are not — *or* feel there is no great demand for them to do so. The results, then, are not surprising: the leaders are America's most complex industrial economies — states like California, Minnesota, New Jersey, New York, Oregon and Washington, for example. They are also, by and large, older economies where the need to address these issues is greatest — where the basic infrastructure (roads, bridges, water and sewer systems) is overutilized and in need of repair, where public assistance is central to the provision of housing for disadvantaged populations, and where environmental rehabilitation and wise land-use management is a priority need.

The states at the bottom of this Subindex do less, in part, because they have less to do. Most are thinly populated, have a light and generally underutilized infrastructure, and offer relatively few public services, although some clearly continue to face important environmental challenges. They include Idaho, Montana, Nebraska, Nevada, North and South Dakota, Utah and Wyoming, for example. Some are simply poor and cannot meet the need; such states include Alabama, Arkansas, South Carolina and West Virginia. A few have grown so much that they no longer can explain their standings this way, however. Texas, for example, has developed a complex economy but still has the infrastructure profile of a simple Plains state economy. Colorado and Indiana are also oddities at this end of the list.

Finally, even for the leaders, the difficulty of measuring state commitment and investment in infrastructure and amenity maintenance is augmented by the even greater difficulty of measuring how *well* states meet these needs. Looked at in a slightly different manner, we can measure if a state is doing something, but not if it is doing enough.

STATE POLICY MEASURES

SUBINDEX ONE: GOVERNANCE

A key factor in economic development is the effectiveness, efficiency and fairness of the institutions involved in supporting and regulating economic activity. For the most part this involves how states interact with businesses, and the nuts and bolts of a state's interaction with businesses are in its tax system and regulations. The issue confronting states is not whether to have or not have taxes and regulations, but how taxes and regulations are designed and implemented. Moreover, the effectiveness of a government's economic development effort increasingly depends on how thoughtfully it approaches and evaluates its own initiatives. This year we start to gauge that effectiveness by adding two new measures of economic development governance.

TAX AND FISCAL SYSTEM

While state and local governments commonly use tax abatements and tax incentives to entice out-of-state businesses to relocate, these inducements have relatively little effect on business location decisions. Other factors, such as proximity to markets or quality of life for employees are more important to employers and generally overwhelm whatever short-term advantages may be created by tax differentials. What's more, since most new jobs come from in-state businesses, not from businesses attracted from elsewhere, such abatements and incentives simply increase the tax burden on the very firms that have the most to do with a state's present and future economic health.

But this does not mean that the tax and fiscal system of the state does not affect the economic environment in the state. On the contrary, three aspects of the system are vital.

■ ***Fiscal Stability and Balanced Revenue Sources:*** Although it is impossible to define what the "best" tax and fiscal environment would be for any state, there are several widely-recognized characteristics we can identify. The first is that the major taxes are balanced, so that no individual tax is unduly burdensome, and so that all taxes taken together help insulate revenues from recession and economic shocks, to the extent possible. The second is that the tax system — when combined with a fiscal system in which prudent controls guard against wide swings in tax levels and the quality of services — is stable enough to permit the state to provide businesses with the assurances they need to make long-term investments.

■ *Tax Fairness:* It is occasionally argued that an equitably distributed tax system is antithetical to a good business climate — especially when it comes to a state's ability to lure branch plants and other footloose facilities by using special tax breaks. But if state and local governments are to be credible, citizens and businesses *already operating in the state* must be convinced that the taxes they pay are fair, that their tax dollars are being wisely invested and are supporting needed public services, and that one individual or company is not benefitting at the expense of another.

■ *Fiscal Equalization:* State policies to promote equal fiscal capacity among local governments are essential to a sound business climate. Such policies assure that all communities have an equal ability to provide an adequate level and quality of public service to firms and individuals. Furthermore, they reduce the likelihood that large property tax differentials between nearby communities will influence residential and business location decisions. More importantly, equalizing state fiscal aid can alleviate financial stress and high tax burdens in areas where taxable wealth has dropped and public service needs have risen.

Please see *Appendix D* for a full discussion of these tax and fiscal measures.

REGULATORY REFORM

State regulation is an economic fact of life. Increasingly, and particularly as the overall quality of life in a state becomes a more and more important factor in business location decisions, businesspeople are concerned less about the fact of regulation than about the administration of it. Regulatory reform — not to be confused with regulatory "relief" — has become a significant factor in improving the environment for economic growth. We examine a number of regulatory reform measures, including one-stop permit shops, liability reform, and small business regulatory alternatives.

■ *One-Stop Permit Shops:* One-stop permit offices provide a single point of contact that streamlines permit applications and related business paperwork, with guaranteed review and decision timetables. This is a proxy for a range of regulatory reforms signalling a state's concern for timely business decisions.

■ *Small Business Regulatory Alternatives:* The 1980s brought a stronger appreciation of the important contribution small businesses make to a state's economy — and to the particular problems they face in reaching their full potential, given their size. One way states are helping their small businesses grow is by requiring regulatory agencies to consider alternatives to any new proposed rules, alternatives that will accomplish the stated objectives of the law but minimize the economic impact on small businesses.

Liability Reform

The dramatic rise in legal cases and costs, as well as the growing concern about their overall impact on economic competitiveness, have prompted efforts by states to reform the product liability system. Among some of the key reforms states have enacted are:

■ *Liability Modification:* The doctrine of joint and several liability is based on the concept that when the negligence of two or more individuals results in injury to a person, the defendants are jointly and individually liable for damages. Abuse within this doctrine, which has shifted liability for compensation to "deep pockets," is symptomatic of what has gone wrong with the current system. The reforms involve either a form of comparative negotiation that allows the plaintiff to recover damages only if the defendant's negligence is greater than that of the plaintiff, or making each defendant liable for his proportional share based on his degree of fault.

■ *Punitive Damage Limits:* Punitive damages are those awarded in addition to compensatory damages and designed to punish the defendants for malicious acts. These damages contribute to the impracticability and size of awards. They become the "wild card" in liability litigation because there is no practical way to control jury members once they decide to punish a defendant for an alleged tort. Reforms have limited punitive damages either through explicit caps or through devised formulas based on figures like the defendants' annual income or profit derived from the tort committed.

■ *Compensatory Award Reduction:* Under the collateral source rule, the jury is not permitted to hear evidence regarding compensation that the plaintiff may receive from other sources. A plaintiff may therefore be doubly compensated since various sources of compensation are not considered. Reforms here involve relaxing the collateral source rule to allow the consideration of all sources of funding available for payment of damages.

ECONOMIC DEVELOPMENT GOVERNANCE

The current recession has put state governments in a tough spot. Resources are dwindling for economic development-related efforts at a time when they are needed most. This pressure makes it increasingly important that states approach their development efforts from a strategic perspective, focusing resources where they are most needed, and monitoring program results in order to improve programs and ensure their effectiveness. To capture the states' approaches to economic development governance, we offer two new measures.

■ *Strategic Plan:* A strategic plan for economic development, which outlines a state's competitive challenges and details key actions needed, is the first step in ensuring that resources are deployed where they can have the greatest impact. We credit states that have a statewide strategic plan that has been accepted by the governor, has included both public and private sector representatives in its development, and offers some analysis of the state economy along with recommended action steps. Strategic plans from a previous governor are not counted if the new governor has been in office for at least two years.

■ *Evaluation:* This measure examines whether a state has conducted an evaluation of at least one of its economic development programs or agencies within the past five years. To qualify as an evaluation, a study must include an analysis of program activity and recommendations for improvements or changes. Evaluations of state JTPA programs are not counted, nor are program audits conducted as part of a zero-based budgeting process.

SUBINDEX TWO: WORKFORCE DEVELOPMENT

Workforce development policies have vaulted to the forefront of America's economic agenda as we have come to recognize that the ability of our nation to compete successfully in world markets depends heavily on the skills and adaptability of our workers.

But the distance we need to travel to meet this critical need for skilled workers appears to grow each and every day. Employers today are already wrestling with shortages of workers with certain skills, ranging from basic math and reading ability to more advanced training — and the best studies estimate this need will only grow in magnitude during the 1990s. There is also a perceived decline in the work-readiness of our school systems' graduates, leading to widespread support for significant reform.

In this Subindex, we explore state activities to support workforce development, both in the workplace and in the schools.

EDUCATION

Education reform continues to sweep across the nation. Each year seems to bring communities a greater understanding that education reform is a keystone to economic development. Progress in this area is slow by its nature, and state commitment to education reform must be diligent and patient.

This section combines a number of individual initiatives under two broad composite measures: Education Support and Education Reform. Neither of these composites is exhaustive; other innovations are being pursued throughout the nation. However, they do indicate a level of effort and can be measured across all states.

Education Support

This composite measures the financial commitment states make to education. It includes:

■ ***Pupil Spending, K-12:*** direct spending per pupil at the elementary and secondary level, adjusted for differences in personal income among states.

■ ***Pupil Spending, Higher Education:*** direct spending at the post-secondary level at public colleges and universities, adjusted for differences in personal income among states.

■ ***Average Teacher Salary:*** the average salary for all K-12 teachers, from newest to most experienced, as a percentage of the average annual pay in the state.

■ ***Beginning Teacher Salary:*** an indirect measure of state commitment to attracting new teachers.

■ ***Change in Teacher Salary:*** salary change during the period in which renewed commitment to education has been a high priority, from the 1980-81 school year to 1989-90.

Education Reform

Education reform initiatives generally fall within three categories: improving school accountability, strengthening teachers, and improving student performance.

School Accountability Policies

■ ***Comprehensive School Performance Indicators:*** examines whether a state has established comprehensive indicators for measuring school performance, including data about student achievement, school resources and instructional conditions.

■ ***School Incentives:*** examines whether a state has established a system of rewards and sanctions tied to school or district performance levels. Treating schools or districts as units and rewarding incremental improvements helps ensure that improvements and rewards visit even the most disadvantaged schools and districts.

Teacher Policies

■ ***Alternative Certification:*** notes whether alternative routes to teacher certification have been established to help alleviate teacher shortages in such key areas as math and science and to bring non-traditionally-trained (but talented) teachers into the profession.

■ ***Teacher Incentives:*** identifies whether bonuses, career ladders, differentiated pay, mentor programs and other incentives exist to reward and retain the best teachers.

■ ***Teacher Induction:*** recognizes programs to support and encourage new teachers.

Student Policies

■ ***Early Childhood Education Programs:*** pre-school programs to improve the school-readiness of children from disadvantaged families.

■ ***High School Math and Science Requirements:*** the number of math and science units required for graduation.

■ ***High School Competency Test Requirement:*** whether states require students to pass a competency test prior to graduation.

WORKER INVESTMENT

State involvement in investing in the skills, productivity and adaptability of its existing workforce is growing. In the past, the federal government played a major role in this area, but current federal policies are inadequate to meet the needs of upgrading our workforce, and states are finding it necessary to fill the breach. We examine a host of state policies to invest in the existing workforce, as well as to help those out of work make the transition into the workforce.

■ ***State Training Programs:*** State job training programs are assuming an increasingly important position in state development strategies, as we shift to a knowledge-based economy and the gap between the skills that workers possess and the skills that jobs demand grows. In this measure, we examine only state-funded (not JTPA-funded) job training programs that either provide customized employer-specific training or support joint public-private programs to retrain or upgrade the skills of current workers or the recently unemployed.

■ ***Workforce Literacy:*** The literacy of the workforce is also a growing issue as firms increasingly find that workers lack the basic reading, writing and computational skills they need to be trained for higher-level skills. Here we credit states that make a systematic effort to involve the private sector in initiatives to promote workforce literacy. These efforts can include ongoing literacy commissions or task forces, or state-provided funding or incentives for workforce literacy.

■ ***Labor-Management Assistance:*** state programs that provide financial assistance for the creation of area or in-plant labor-management committees that promote workplace flexibility and labor-management cooperation.

■ ***Employee Ownership Assistance:*** programs providing technical assistance, financing assistance and guidance on management and ownership responsibilities to employees interested in taking over a company threatened with closing due to an owner's retirement, the decision of an absentee parent corporation to close a plant (unrelated to the plan's viability), or similar circumstance.

■ ***Transfer Payment Investment:*** Beyond stabilizing incomes and economies, transfer payments — welfare, unemployment compensation, Social Security and Medicaid, for example — can be even more effective contributors to economic development if they are used to encourage and support training, education, re-employment and self-employment. States that develop transfer payment investment (TPI) programs can begin to reduce the fiscal cost of dependency in a state economy, enlarge and improve the workforce, reduce social tension and create the spirit of enterprise and hope that is the backbone of a healthy economy. Here we offer a composite score that reflects a state's use of transfer payments to encourage and support a recipient's transition towards economic self-sufficiency.

Please see *Appendix E* for a full discussion of this transfer payment investment measures.

SUBINDEX THREE: TECHNOLOGY AND INNOVATION

For the small- and medium-sized businesses that increasingly drive our economy, staying competitive means having ready access to new technologies and assistance in applying those technologies. Most large corporations have specific divisions for technology development and application, but most businesses of lesser scale do not. Given the speed of change, the fragmentation of markets and intensifying competition, not just domestically but internationally, businesses lacking the kind of information these resources can provide have little hope for long-term success. In the last decade, states eager to encourage the growth of existing businesses and the birth of new ones have developed mechanisms for providing these vital support services, improving their own economic climates in the process.

State-supported technology programs tend to be of two types, those designed to stimulate applied research for business use, especially in areas the state believes it has a competitive advantage, and those designed to assist in the modernization of existing businesses and the creation of new companies.

STIMULATING RESEARCH

■ ***Research and Development Centers:*** Known as "Centers of Excellence" or "Advanced Technology Centers," and usually affiliated with universities, R&D centers involve a connection with private industry, and focus on specialized technologies. Often they spin off new companies, enhance the competitiveness of existing firms, and may induce a "critical mass" of expertise that becomes an engine of economic growth for an area.

■ ***Research and Development Grants:*** These programs provide grants to colleges and universities, individual faculty members, business/university partnerships, and individual firms — often requiring private matching funds from business — to pursue applied research that likely will serve the state's business needs and economic development goals. These grant programs share two basic characteristics: they award grants for research projects and the selection process is competitive.

■ ***Small Business Innovation Research Grants:*** This credits states that help small business tap into the federal government's requirement that all federal agencies with annual research and development budgets of over $100 million set aside 1.25% of these funds to assist small firms in the development of high technology. Assistance can include: promoting the program to the small business community, providing information and technical assistance to SBIR applicants, providing matching grants to SBIR recipients, and helping firms to obtain funding from both private and state sources.

MODERNIZING COMPANIES

■ *Technology Transfer:* programs that seek to stimulate and speed up the transfer and commercialization of new technology, often product-related, usually from universities and governments to firms. These activities include technology transfer (as opposed to technology development) centers, discrete state funding for projects to transfer technology, and on-line access to technology databases or telecommunications links between firms, universities and government labs that exchange data and other information on technologies.

■ *Technology Deployment Assistance:* includes programs that focus specifically on problems that companies face when commercializing a technology into a new product or when adopting process technologies to improve their productivity and quality. These efforts can include helping a firm to evaluate a new technology, test a product, assess operations, upgrade process technologies and solve a technical problem.

■ *Business Incubators:* funding for publicly- or privately-established facilities that provide below-market rate office and lab space and shared clerical, reception and computer services for start-up companies, often located in or near advanced technology centers or commercial research parks.

SUBINDEX FOUR: INTERNATIONAL MARKETING

The rise of international competition in virtually every product or service line has forced even small U.S. companies to seek export markets. But financial barriers and lack of essential information make penetrating these markets difficult. State programs to spur international trade fall into two categories:

EXPORT PROMOTION

■ *Foreign Trade Offices:* the number of foreign offices run by the state, directly or under contract, to promote export trade.

■ *Trade Seminars:* the total number of seminars the state offers to businesses per year that teach a range of skills needed to export — from financing to documentation or licensing — adjusted by the number of firms in the state.

■ *Export Finance:* efforts to provide firms pre- or post-export credit or guarantees.

■ *Trade Staff:* the number of staff working directly on international trade assistance, adjusted by the number of firms in the state.

■ *Trade Shows:* the number of state-sponsored trade shows conducted outside the United States.

■ *Trade Missions:* the number of state-sponsored trade missions to foreign countries that include state development staff, corporate leaders and state policymakers.

■ *Multistate Export Promotion Efforts:* includes states that are involved in collaborative efforts with other states or Canadian provinces to promote international trade. These efforts can include joint marketing, dialogue and joint trade shows or missions, but must be focused on trade as opposed to tourism development.

EXPORT INFORMATION

■ *Market Studies:* overseas market research and industry studies prepared for companies concerning their potential for export development. These studies can be completed by state staff, university researchers or other consultants. Studies completed by federal government staff are not included.

■ *Language Bank:* states that make foreign language libraries and translation services available to firms.

■ *Trade Newsletters:* a state government publication notifying businesses about recent trade developments and state export services. These must be trade-specific publications, not simply a trade section in a larger agency publication.

■ *How-to-Export Directory:* a publication that helps a business understand how to go about the tapping the export market.

■ *Overseas Agent/Distributor Identification:* efforts to identify qualified individuals overseas who can match in-state companies with foreign markets.

■ *Export Product Directories:* publications that provide information about products made by in-state firms that are available for export.

SUBINDEX FIVE: DEVELOPMENT FINANCE

Financial capital is the "grease" that keeps economic machinery turning smoothly. When capital does not flow to its most productive uses, for whatever reason, the machinery slows. Jobs are not created, new technologies are not developed and commercialized, the higher economic returns delivered by new or expanding enterprises do not occur, and the economic health of the state suffers. The more accessible capital is for a wide range of uses, the better the economic climate is for business.

Existing financial institutions — commercial banks, insurance companies, venture capital firms, investment banks and others — do a pretty good job of assuring the availability of capital for large, well-established corporations. But research indicates that these institutions often fail to provide appropriate kinds and amounts of capital to the enterprises that create the majority of new jobs and economic energy in today's economy: new and young businesses, rapidly expanding businesses, businesses in new economic sectors.

The reasons capital may be unavailable for such enterprises are many. An aversion to risk — even when the potential return may be high — renders some capital sources unavailable. The difficulty and cost of acquiring information on new, young or small firms discourages such investments. That's because the cost of putting together deals is about the same regardless of a business's size; thus, it costs less to put together one or two big deals than many smaller ones. Moreover, political, geographic, racial and gender biases do still exist. And regulatory and taxation policies — such as pension fund investment limitations, usury ceilings and the like — may simply prohibit existing institutions from making capital available to some enterprises, regardless of their soundness or future prospects.

To encourage capital markets to work more smoothly and meet development objectives, state governments have crafted a variety of financial innovations. This Subindex examines the types of financing tools made available by new programs, the delivery mechanisms employed and regulatory changes designed to encourage existing financial institutions to meet a broader range of needs.

FINANCING TYPES AND DIVERSITY

At each stage in their life cycle — from the start-up of a brand new business to the retooling of a mature one — businesses need different kinds of capital. When the right kind of capital isn't available at a given stage, it can bring the growth of any business to an abrupt halt. To improve the climate for business growth, many states have developed finance programs specifically designed to fill discovered gaps in the spectrum of private financing sources. This measure identifies state-sponsored capital market intermediaries that help assure that the full range of business capital needs are met.

- ***Seed Capital Funds:*** state investment funds, generally in the form of equity participation, providing very early and, generally, small-amount financing to help entrepreneurs prove the viability of a product or business concept not yet in the production stage.
- ***Venture Capital Funds:*** high-risk, start-up or expansion financing, generally equity or convertible debt, to meet needs not met by private venture capitalists — smaller investments, investments in industries not pursued by venture capitalists, or investments in states where private venture capital is unavailable.
- ***Product Development Finance:*** high-risk financing for new product or production process development, generally provided to mature firms and repayable through royalties tied to product sales. Such financing permits states to encourage innovation and modernization in mature firms without exposing the firm to undue risk.
- ***Long-Term Finance:*** low-risk debt financing for plant (repayable from 10 to 30 years) or equipment (repayable from 5 to 10 years), often provided at fixed rates that offer more predictable interest payments than do the increasingly common variable commercial lending rates. In some cases, states are the only source of such capital at fixed rates for small companies.

■ ***Medium-Risk Intermediate/ Long-Term Finance:*** generally provided on a subordinated or unsecured basis, or secured by "soft" assets such as inventory or accounts receivable.

LEVERAGING INNOVATIONS

While the diversity of state-created business finance programs is important, it is also critical to examine whether states employ innovative delivery mechanisms that offer financing to businesses in the most efficient and effective manner. Finding innovative ways of using limited state resources to leverage significant private resources in the service of public development aims is crucial to addressing the capital needs that exist in most states. So too is ensuring that capital access programs are flexible enough to meet, for example, the different conditions and needs of regions within the state and of very small enterprises commonly ignored by conventional financial institutions. Several innovative delivery systems have been developed to achieve these objectives:

■ ***Leveraged Public Investments:*** direct state investment in private or quasi-public financial institutions specifically designed to channel their resources to investments that meet public aims. Examples include state investments in BIDCOs and BDCs, or in venture capital funds that agree to invest in in-state firms. The state's investment in these institutions is matched or exceeded by private investments.

■ ***Tax Credit Finance:*** the provision of state tax credits, typically staged over several years, to private investors who invest in private or quasi-public institutions that are designed to make investments that achieve state development aims.

■ ***Loan Guarantees:*** covering both state and local industrial revenue bonds and conventional financing, these programs are designed to stimulate private investment by having the state absorb some or all of the financial risk.

■ ***Secondary Market Mechanisms:*** initiatives through which states help banks and financial institutions improve their liquidity and the terms of their business loans by purchasing loans the financial institutions originate (such as SBA-guaranteed loans), often obtaining funds for these purchases by issuing bonds.

■ ***Linked Deposits:*** efforts designed to alter the lending behavior of banks by tying the state's willingness to deposit its resources in the bank to the bank's willingness to provide financing for types of businesses specified by the state. Often state funds are invested at below-market rates in exchange for the bank's agreement to make loans at below-market rates.

■ ***Sub-State Development Finance Support:*** direct investment in, state guarantee of, and/or the creation of secondary markets for the financings made by local and regional development finance institutions that are especially attuned to the opportunities and specialized capital needs of sub-state areas.

REGULATORY INNOVATIONS

Four of the five trillion dollars in the U.S. economy are controlled by financial institutions that are licensed and regulated by government — banks, savings and loans, pension funds and insurance companies, among others. Any policy that makes even a small change in the investment practices of such institutions will have a dramatic effect on the availability of capital to businesses in that economy.

■ ***Pension Fund Investment:*** In-state pension funds — many with billions of dollars in deposits — are often legally restricted from investing in the very communities where the people who contribute to and benefit from the fund live. In some cases, statutory lists specify the types of securities the funds can invest in. To free some of these resources for local investment, many states have eliminated the lists altogether, substituting the "prudent investor" language of the federal Employee Retirement Income Security Act, which governs private pension fund investment practices. Under this language, some fund assets can be invested in qualifying in-state businesses, while still protecting the integrity of the fund. Other states have modified their lists to permit some investments in in-state corporate equities, small businesses, SBA loans, limited partnerships with venture capitalists, and affordable housing. This measure indicates whether in-state public pension funds are invested in-state in venture capital, secondary markets or other such vehicles.

■ ***BDCs and BIDCOs:*** Business Development Corporations (BDCs) are statewide, publicly-chartered, privately-managed corporations, usually capitalized by commercial banks, savings banks or insurance companies. Business and Industrial Development Corporations (BIDCOs) are state-regulated and -chartered, privately managed institutions, also capitalized by private (and, sometimes, public) investors. They differ from BDCs principally in that more than one can be chartered to operate in a state. Both are designed to provide medium- to high-risk debt and equity capital to businesses that are unlikely to get financing from conventional lenders, despite their overall soundness.

■ ***Community Reinvestment Acts:*** Several states have enacted their own versions of the federal Community Reinvestment Act of 1977. These state CRA laws often require banks to demonstrate that they have taken steps to meet the credit needs of local businesses based in the communities where the banks are chartered. CRA laws can also apply whenever banks seek to open or close branches in a community or undergo mergers or acquisitions.

■ ***Interstate Banking Reinvestment Provisions:*** While the acquisition of small in-state banks by larger out-of-state money center and regional banks may increase competition and customer services, some worry that out-of-state banks will be insensitive to local financing needs. Accordingly, some states have enacted legislation requiring out-of-state banks to make explicit commitments to meet community credit needs as a precondition for state approval of the acquisition.

SUBINDEX SIX: LOCAL ECONOMIC DEVELOPMENT ASSISTANCE

When it comes to how the benefits of economic development are distributed, all communities are not created equal. We see this fact of economic life in urban neighborhoods abandoned by the businesses that once supported them, and in rural communities emptied by demographic change. Unlike our more homogeneous competitors, West Germany and Japan, America has long fashioned economic strength from its social diversity. In fact, economic development truly occurs at the local level, when firms choose to invest in a particular facility or community. As a result, the capacities of those communities to undertake economic development activities is increasingly seen as a major concern of state development policy.

A recent National Governors' Association study of growing rural counties — *A Brighter Future for Rural America? Strategies for Communities and States* — lays out the key requirements for successful local economic development efforts, which seem as apt for urban as for rural areas:

". . . growth appears to be the result of sustained, broadly based local economic development activities. The key elements appear to be a long-term, well-organized economic development effort; a pro-growth attitude expressed by a willingness to invest energy and take risks to help businesses; practical assistance to firms in the form of financing, industrial sites and infrastructure; strong partnerships between business leaders and elected officials; an individual (sparkplug) to keep local efforts going; and technical and financial support from state and federal agencies."

In this Subindex, we measure the efforts state governments use to support the process of local economic development. We examine whether states undertake four types of support efforts — general economic development planning, regional economic cooperation, project feasibility assessment and program development, and organization capacity building. We only give states credit for these efforts if they formally assign staff or dedicate state funding to these activities.

■ ***Community Planning:*** This type of planning usually involves a broad assessment of economic conditions and trends, an inventory of the extent and nature of the area's economic resources, and the identification of a range of public and private sector actions that can be taken to support economic activity and meet employment needs. Also included in this measure are "prepared communities" programs, also called "certified cities" or "community betterment" programs. These initiatives are usually targeted at communities with less than 50,000 residents. They involve the use of technical assistance staff to train community teams to assess community needs and resources, and draw up and implement plans to improve economic development capacity and address specific development problems and opportunities.

■ ***Regional Development Planning:*** A second variation on technical assistance for general economic development planning is technical assistance or funding programs for regionally-based planning. While most economic development planning is carried out within a single political jurisdiction (that is, a county or municipality), there is a growing recognition that because economic activity tends to be regional in nature, economic development efforts must also be regionally-based. With workers frequently crossing jurisdictional boundaries between home and work, and with key economic development resources such as transportation facilities and post-secondary educational facilities serving multi-jurisdictional areas, communities within a region can heighten the effectiveness of economic development efforts through regional coordination. A small number of states have created regional economic strategy programs that fund the development of regional plans. In some cases, states make funding for specific economic development projects contingent on consistency with a regional plan.

■ ***Project Feasibility or Program Development:*** While general development planning can provide communities with strategic direction, more targeted planning efforts are often needed to implement specific strategies. Some technical assistance programs provide funding or staff assistance to examine the feasibility of a specific development project or to help in the design of new programs.

■ ***Organization Capacity Building:*** Organization capacity building occurs in two forms: support for general organization development, and the provision of information and training. Technical assistance for general organization development can be useful when an economic development organization is just getting started and needs initial operating resources and/or guidance on basic organization design, as well as staff training. Technical assistance programs can also be used to help organizations develop and implement organizational plans (legal structure, funding sources, staffing needs, and so forth). Technical assistance in the form of information and training can provide a basic orientation to economic development concepts and techniques for new organizations, as well as help established organizations sharpen their skills and develop new activities. They also can include sponsorship of economic development training workshops, preparation and distribution of handbooks and other publications, and provision of economic, industry and market data.

SUBINDEX SEVEN: INFRASTRUCTURE AND AMENITIES

With the possible exception of public education, nothing demonstrates more clearly the interdependence of business and government as the public responsibility to build and maintain physical infrastructure and protect quality of life amenities. Of the two, physical infrastructure — roads, bridges and other publicly-constructed facilities — is the most widely understood. But the concept of "amenities" has taken on a decidedly economic meaning as well. In more and more companies, employees are the most valuable resource, and attracting and retaining them can be the key factor in a business's long-term success. Consequently, business and economic development officials have taken a new and much broader interest in what determines the amenity or "quality of life" level in a state.

To begin to measure the extent to which each state is working to address these issues, we examine whether the state maintains adequate public capital budgeting practices through which major infrastructure improvements are built and maintained, offers state-assisted programs to make housing affordable to all, is taking steps to safeguard the environment, and is acting to protect the use of its land.

PUBLIC CAPITAL BUDGETING

While the existence of formal capital budgeting practices does not insure against the age-old habit of cutting repair and maintenance investments every time there is a budget crunch, it does suggest how seriously a state takes the challenge of maintaining the roads, bridges, water and wastewater systems, solid waste sites, dams and prisons that form a part of the quality of life picture. In this composite measure, we examine:

■ *Facility Inventory:* whether states maintain a central unified inventory of public facilities.

■ *Needs Assessments:* whether states provide regular assessments of facility conditions and investment needs.

■ *Capital Plans:* whether states develop long-range capital plans to guide annual capital budget requests.

HOUSING

The plight of the homeless, estimated at between one and three million individuals, of whom perhaps 30 percent are members of families with children, is only the most starkly visible evidence of a dramatic decline in the availability of affordable housing in America. Between 1980 and 1990, the U.S. Department of Housing and Urban Development's budget authority for housing was cut by 80 percent. Cuts were deepest in support for construction of federally-subsidized rental units: new starts plummeted from 129,400 in 1980 to only 16,000 in 1990. In addition, federal restrictions on state-issued tax-free bonds have made it difficult for states to make up for lost federal support.

As federal support has dropped, housing costs have risen. The average price of a new home has risen much faster than average incomes, locking many out of home ownership. At the same time, the cost of rental housing has risen sharply; gross rents rose 18 percent between 1974 and 1985, while the median income of renters *fell* 12 percent. The result of these trends is overcrowding, deteriorating housing stock and increasing homelessness.

States are struggling to pick up the slack left by the withdrawal of the federal government. From 1980 to 1987, the number of state housing programs more than tripled. State efforts fall into three categories: increasing affordable housing, providing direct assistance to residents, and meeting the needs of special groups.

Affordability

■ ***New Construction Assistance:*** subsidized low-interest loans to for-profit and non-profit developers, deferred payment loans, and interest-free loans and grants for new multiple-unit rental housing.

■ ***Rehabilitation Assistance:*** low- or no-interest loans in exchange for equity or resale control until the loan is repaid, remortgaging assistance or forgivable loans, re-use of idle buildings, and mixed-use development, among other techniques.

■ ***Pre-Development and Development Cost Assistance:*** grants and subsidized loans to cover the costs of planning, feasibility studies, architect and engineer fees, land acquisition and closing fees; and revolving loans, loan guarantees, and short-term loans to leverage long-term financing for development.

Direct Assistance

■ *Home Ownership:* state efforts to assist first-time homeowners, including low-interest or interest-free first and second mortgages and loans for downpayment, lease/purchase arrangements, land grants and property tax abatements in disadvantaged neighborhoods, interest-free second mortgages repayable only if resale occurs within a stated period (to discourage speculation), shared equity financing with proportional distributions upon resale, and others.

■ *Tenant Assistance:* including temporary emergency rent payments, rent guarantees, rent subsidies, loan guarantees, energy cost assistance and other programs that forestall homelessness for the most needy.

Special Housing Needs

■ *Homeless:* programs to prevent homelessness (grants to pay back rent, future rent, and security deposits, as well as loans with deferred payments set to a percentage of income), and to finance construction of homeless shelters (shelter development grants, low- and no-interest loans, and revolving loan construction/rehabilitation funds).

■ *Elderly:* low-cost financing for housing for the elderly, rent subsidies, low-interest mortgages, reverse-equity mortgages for "house-rich, cash-poor" elderly, home energy assistance and repairs, and other home services to support independent living.

■ *Housing Trust Funds:* established by states to address the special needs of a wide variety of groups and funded through a dedicated fee from real estate transfer taxes, oil overcharge fee windfalls, or lump-sum or annual general fund commitments.

ENVIRONMENT

It is increasingly clear that the quality of a state's environment has an important effect on its perceived economic climate. The reasons are several.

First, the real economic costs of wandering garbage barges, medical waste washing up on beaches, oil spills, automobile emissions in dense metropolitan areas, trains laden with radioactive waste languishing on rail sidings with no place to go — and the like — are mounting and are borne increasingly by state and local governments.

Second, the health effects of local environmental problems, from air quality warnings to drinking water purity, are having measurable effects in some areas on workforce health and productivity.

Third, as employers trying to recruit scarce workers know only too well, people are making career decisions in part on the basis of perceived amenity levels in the communities where work is offered. Thus, how states respond to these challenges determines, in part, the attractiveness of their economic climate.

Our environment section examines environmental policy initiatives in three categories: solid waste management, hazardous waste management, and air and water pollution control.

Solid Waste Management

■ *Bottle Bills:* laws requiring deposits on glass, aluminum and plastic beverage containers, redeemable from retailers upon return.

■ *Mandatory Recycling:* credits either curbside separation of paper, glass and metals, or an established recycling percentage for waste stream components.

■ *Government Procurement of Recycled Products:* includes laws that promote the purchase of recycled paper and other products by means of government set-aside contracts or price preferences favoring products that incorporate recycled materials.

Hazardous Waste Management

■ *Pollution Prevention:* credits states that have enacted legislation aimed at pollution prevention. This legislation typically provides technical assistance, grants or research, or requires facility plans, aimed at source reduction or the prevention of pollution. The legislation seeks to encourage users of toxic or hazardous materials to adopt input, process, or product changes and/or adopt in-house recycling programs.

■ *Waste Minimization:* credits states with programs that offer technical and/or financial assistance for research and implementation of pre-disposal treatment, reduced waste production, and waste component recycling or inter-industry exchanges, as well as other hazardous waste minimization programs.

■ *Property Transfer Law:* credits states that require property owners to prove the absence of hazardous materials on their property prior to ownership transfer.

■ *State Superfunds:* credits states that are actively using their enforcement authority and hazardous waste site cleanup funds, and fining responsible parties for site remediation.

Air and Water Pollution Control

■ *Air Permits and Emissions Fees:* To strengthen their air pollution control programs and augment inadequate public abatement funds, several states have expanded their permitting programs to establish emissions fees. We count only those states that have both enacted such programs *and* collected fees.

■ *Indoor Air Pollution Control:* The quality of indoor pollution control programs is determined by the range of locations subject to restrictions, such as smoking prohibitions. We credit states that restrict smoking in public places, public workplaces *and* private workplaces.

■ *Groundwater Protection:* We recognize states with established numeric standards for specific groundwater contaminants.

LAND-USE PROTECTION

Farmland Protection

In much of our country, towns were first founded in areas where the farmland was the best. Where those towns have prospered and become cities, their original main asset — prime farmland — is under heavy urban and suburban development pressure. The problem is important both because we need to assure a sustainable supply of reasonably-priced food, and because farmland has important open space value — a respite from concrete, steel and glass. This measure is a composite of the extent to which states have enacted any of several farmland protection initiatives. (We don't include preferential/differential taxation for agriculture because it now exists in every state.)

■ ***Right-to-Farm Laws:*** laws that protect farmers and ranchers from certain legal actions against normally accepted farm practices.

■ ***Development Rights — Purchase:*** states that may purchase the development rights of farmland by paying the owner the difference between the market value and farm-use value of the land.

■ ***Development Rights — Transfer:*** rights that allow qualifying developers to increase development density in designated receiving areas, if they purchase development rights from farmers whose property is in other designated sending areas. This serves to protect the use of land for farming and keeps farmers from being forced off their land.

■ ***Agriculture District Ordinances:*** allow farmers to organize land into legally recognized geographic areas restricted to agricultural use.

Land-Use Management

While most land-use decisions are the domain of local governments, in recent years some states have realized the importance of preserving certain types of land. In addition, several rapidly-growing states are recognizing the problems that can emerge if the development of adequate infrastructure does not accompany the development of land for industrial, commercial or residential use. Here we measure the steps that states have taken to address the development of land.

■ ***Growth Management:*** credits states that have enacted legislation that gives state and regional governments authority over certain local land-use decisions, so as to address the long-term effects of growth on quality of life issues.

■ ***Wetlands Protection:*** states that have enacted legislation that regulates activities in coastal or freshwater wetlands.

EXERPTS FROM

THE BUSINESS SURVEY

OF THE GOVERNOR'S BUSINESS TASK FORCE

MAY 1990

MAY 1990

SURVEY OF GOVERNOR'S BUSINESS TASK FORCE
THE BUSINESS COMMUNITY'S PERCEPTION OF THE MAINE ECONOMY

STATEWIDE ECONOMIC CONDITION AND OUTLOOK
QUESTION 5: WHICH FACTORS WILL BE THE MOST IMPORTANT CONSTRAINTS ON ECONOMIC GROWTH WITHIN THE STATE DURING THE NEXT THREE TO FIVE YEARS?

NUMBER AND PERCENT OF RESPONDENTS IN EACH REGION GIVING EACH ANSWER

	REGION RESPONDENT MOST FAMILIAR WITH											
	SOUTH COASTAL		WESTERN INLAND		CENTRAL		EASTERN		NORTHERN		TOTALS	
	NR	PCT	NR	PCT	NR	PCT	NR	PCT	NR	PCT	NR	PCT
FACTOR												
ENVIRONMENTAL REGULATIONS	21	46.6	12	80.0	10	90.9	19	95.0	4	100.0	66	69.3
CREDIT AVAILABILITY	26	57.7	5	33.3	3	27.3	9	45.0	1	25.0	44	46.2
PUBLIC ATTITUDES TOWARDS BUSINESS	21	46.6	11	73.4	3	27.3	7	35.0	0	0	42	44.1
TAXES	20	44.4	9	60.0	4	36.4	6	30.0	1	25.0	40	42.0
LABOR FORCE ISSUES	13	28.9	7	46.7	5	45.4	10	50.0	2	50.0	37	38.8
TRANSPORT, COMMUNICATIONS INFRASTRUCTURE	12	26.6	8	53.4	2	18.2	7	35.0	2	50.0	31	32.5
COST OF LIVING	18	40.0	3	20.0	3	27.3	3	15.0	1	25.0	28	29.4
DEFENSE INDUSTRY	15	33.3	3	20.0	4	36.4	3	15.0	2	50.0	27	28.3
COMPETITION	6	13.3	4	26.7	4	36.4	3	15.0	1	25.0	18	18.9
WORKERS' COMP, HEALTH INSURANCE	7	15.5	6	40.0	2	18.2	1	5.0	1	25.0	17	17.8
NO MAJOR CONSTRAINTS	1	2.2	0	0	0	0	0	0	0	0	1	1.0
DID NOT ANSWER	1	2.2	0	0	0	0	0	0	0	0	1	1.0

89 Respondents

SURVEY OF GOVERNOR'S BUSINESS TASK FORCE
THE BUSINESS COMMUNITY'S PERCEPTION OF THE MAINE ECONOMY

STATEWIDE ECONOMIC CONDITION AND OUTLOOK
QUESTION 4: WHICH OF THE FOLLOWING SECTORS DO YOU THINK WILL CONTRIBUTE MOST IMPORTANTLY TO ECONOMIC GROWTH WITHIN THE STATE DURING THE NEXT THREE TO FIVE YEARS?

NUMBER AND PERCENT OF RESPONDENTS IN EACH REGION GIVING EACH ANSWER

	REGION RESPONDENT MOST FAMILIAR WITH										TOTALS	
	SOUTH COASTAL		WESTERN INLAND		CENTRAL		EASTERN		NORTHERN			
	NR	PCT	NR	PCT	NR	PCT	NR	PCT	NR	PCT	NR	PCT
SECTOR												
TOURISM	29	64.4	9	60.0	6	54.5	9	45.0	1	25.0	54	56.7
SMALL BUSINESS	30	66.6	5	33.3	5	45.4	10	50.0	1	25.0	51	53.5
CONSUMER SPENDING INCLUDING AUTO SALES	21	46.6	7	46.7	8	72.7	13	65.0	1	25.0	50	52.5
PULP, PAPER AND WOOD PRODUCTS	17	37.7	7	46.7	7	63.6	13	65.0	3	75.0	47	49.3
BUSINESS INVESTMENT	12	26.6	4	26.7	2	18.2	11	55.0	1	25.0	30	31.5
EMERGING TECHNOLOGY	14	31.1	1	6.7	1	9.1	5	25.0	2	50.0	23	24.1
FIRMS RELOCATING TO MAINE	9	20.0	5	33.3	3	27.3	2	10.0	1	25.0	20	21.0
CANADIAN TRADE	5	11.1	2	13.3	1	9.1	7	35.0	2	50.0	17	17.8
REAL ESTATE DEVELOPMENT	7	15.5	3	20.0	1	9.1	4	20.0	0	0	15	15.7
GOVERNMENT ACTIONS	7	15.5	2	13.3	0	0	2	10.0	1	25.0	12	12.6
AGRICULTURE	0	0	0	0	0	0	0	0	3	75.0	3	3.1
DID NOT ANSWER	0	0	0	0	1	9.1	1	5.0	0	0	2	2.1

SURVEY OF GOVERNOR'S BUSINESS TASK FORCE
THE BUSINESS COMMUNITY'S PERCEPTION OF THE MAINE ECONOMY

REGIONAL ECONOMIC CONDITION AND OUTLOOK
QUESTION 4: WHICH INDUSTRIES OR CIRCUMSTANCES DO YOU BELIEVE WILL BE MOST IMPORTANT TO IMPROVING THE ECONOMIC CLIMATE IN YOUR REGION DURING THE NEXT YEAR OR TWO?

NUMBER AND PERCENT OF RESPONDENTS IN EACH REGION GIVING EACH ANSWER

	REGION RESPONDENT MOST FAMILIAR WITH											
	SOUTH COASTAL		WESTERN INLAND		CENTRAL		EASTERN		NORTHERN		TOTALS	
	NR	PCT	NR	PCT	NR	PCT	NR	PCT	NR	PCT	NR	PCT
FACTOR												
SMALL BUSINESS AND SERVICES	10	22.2	4	26.7	3	27.3	4	20.0	0	0	21	22.3
INTEREST RATES, FINANCING AVAILABILITY	15	33.3	2	13.3	1	9.1	1	5.0	0	0	19	20.1
LAWS AND REGULATIONS	4	8.9	2	13.3	2	18.2	5	25.0	1	33.3	14	14.8
TOURISM	7	15.5	2	13.3	2	18.2	2	10.0	0	0	13	13.8
INFRASTRUCTURE INVESTMENT	4	8.9	3	20.0	1	9.1	2	10.0	1	33.3	11	11.7
AGRICULTURE AND FOREST PRODUCTS	2	4.4	2	13.3	1	9.1	4	20.0	2	66.7	11	11.7
MANUFACTURING	5	11.1	3	20.0	1	9.1	0	0	0	0	9	9.5
CONSUMER SPENDING	5	11.1	0	0	1	9.1	1	5.0	0	0	7	7.4
HOUSING AND REAL ESTATE	4	8.9	1	6.7	0	0	1	5.0	1	33.3	7	7.4
CONSTRUCTION	4	8.9	1	6.7	0	0	0	0	0	0	5	5.3
WORKERS' COMP AND HEALTH CARE	1	2.2	1	6.7	0	0	3	15.0	0	0	5	5.3
EMERGING TECHNOLOGY	3	6.7	2	13.3	0	0	0	0	0	0	5	5.3
TAXES, GOVERNMENT SPENDING	2	4.4	0	0	1	9.1	1	5.0	0	0	4	4.2
FOREIGN TRADE	0	0	2	13.3	0	0	2	10.0	0	0	4	4.2
U.S. ECONOMIC GROWTH	2	4.4	0	0	0	0	2	10.0	0	0	4	4.2
DEFENSE INDUSTRIES	2	4.4	0	0	0	0	0	0	0	0	2	2.1
SHOPPING MALL EXPANSIONS	0	0	1	6.7	1	9.1	0	0	0	0	2	2.1
AQUACULTURAL PRODUCTS	0	0	0	0	0	0	1	5.0	0	0	1	1.1

'NTINUED)

SURVEY OF GOVERNOR'S BUSINESS TASK FORCE
THE BUSINESS COMMUNITY'S PERCEPTION OF THE MAINE ECONOMY

REGIONAL ECONOMIC CONDITION AND OUTLOOK
QUESTION 4: WHICH INDUSTRIES OR CIRCUMSTANCES DO YOU BELIEVE WILL BE MOST IMPORTANT TO IMPROVING THE ECONOMIC CLIMATE IN YOUR REGION DURING THE NEXT YEAR OR TWO?

NUMBER AND PERCENT OF RESPONDENTS IN EACH REGION GIVING EACH ANSWER

	REGION RESPONDENT MOST FAMILIAR WITH											
	SOUTH COASTAL		WESTERN INLAND		CENTRAL		EASTERN		NORTHERN		TOTALS	
	NR	PCT	NR	PCT	NR	PCT	NR	PCT	NR	PCT	NR	PCT
FACTOR												
CLEAN INDUSTRY	0	0	1	6.7	0	0	0	0	0	0	1	1.1
DID NOT ANSWER	8	17.8	2	13.3	2	18.2	5	25.0	0	0	17	18.0

DEPARTMENT OF CONSERVATION

C. EDWIN MEADOWS, JR., COMMISSIONER
SUSAN J. BELL, Deputy Commissioner

Central Office: AMHI—Harlow Building, Augusta; *Floor:* 3 *Telephone:* 289-4900
Mail Address: Statehouse Sta. #22, Augusta, Maine 04333
Established: October 3, 1973 *Sunset Review Required by:* June 30, 1995
Reference: Policy Area: 05; *Umbrella:* 04; *Unit:* 056; *Citation:* 12 M.R.S.A., Sect. 5011
Average Count—All Positions: 577.5 *Legislative Count:* 306.55

The Department of Conservation was established to preserve, protect and enhance the land and water resources of the State of Maine; to encourage the wise use of the State's scenic, mineral and forest resources; to ensure that coordinate planning for the future allocation of lands for recreational, forest production, mining and other public and private uses is effectively accomplished; and to provide for the effective management of public lands.

The primary responsibilities of the Commissioner of the Department of Conservation are to coordinate and supervise the activities and programs of the bureaus and agencies which are a part of the Department; to undertake comprehensive planning and analysis with respect to the functions and responsibilities of the Department; to develop and implement procedures and practice to promote economy, efficient and coordination in and between the various agencies and bureaus of the Department; and to recommend to the Governor and Legislature changes in the laws relating to the organization functions, services or procedures of the agencies and bureaus.

Organizational Units:

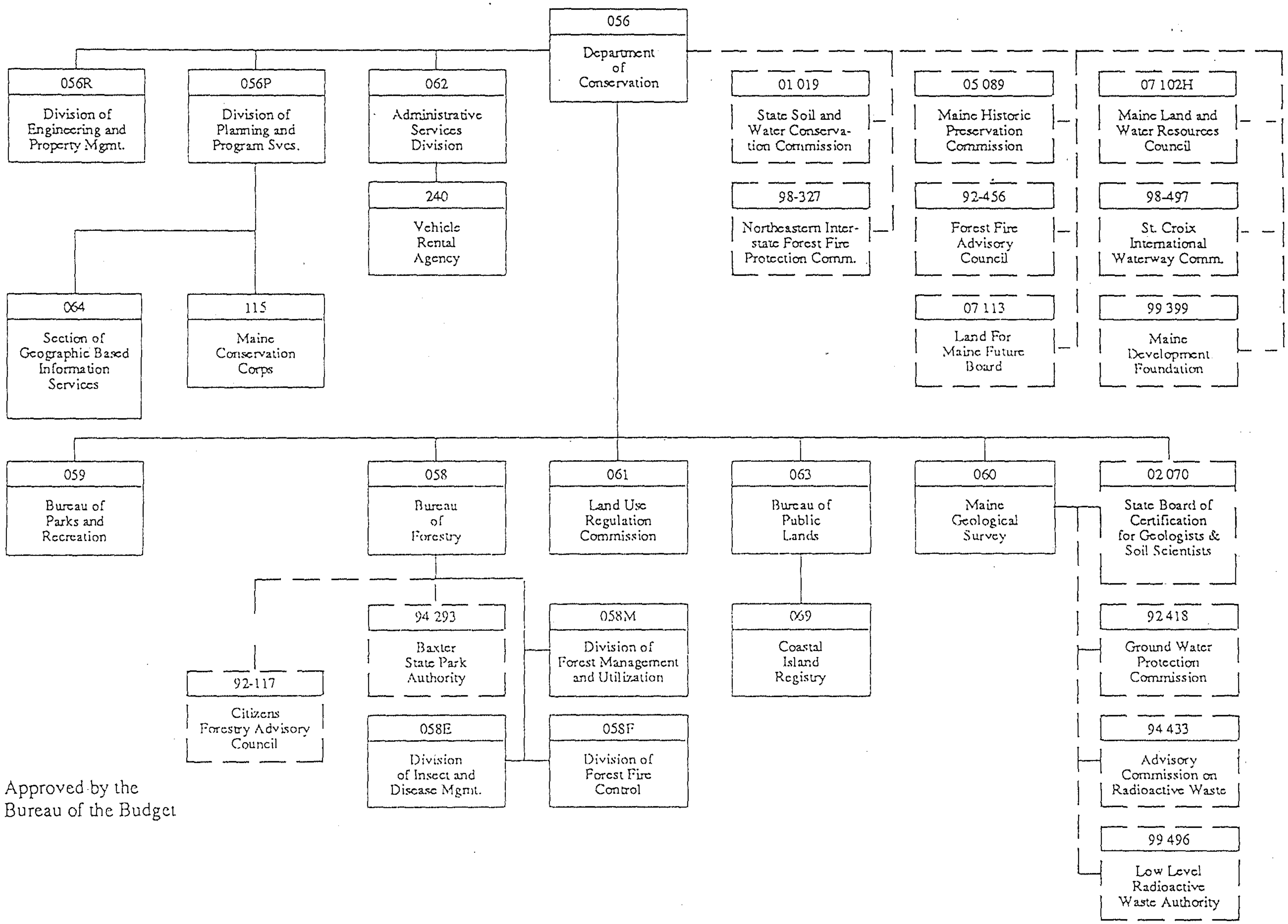
Division of Planning and Program Services
Administrative Services Division
Land Use Regulation Commission
Bureau of Public Lands
Coastal Island Registry
Bureau of Forestry
Maine Conservation Corps
Bureau of Park and Recreation
Maine Geological Survey
Division of Engineering and Realty
Maine Rivers Program

CONSOLIDATED FINANCIAL CHART FOR FY 90
DEPARTMENT OF CONSERVATION

EXPENDITURES	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
Salaries and Wages	11,158,648	9,502,189	1,415,519		190,157	50,783
Health Benefits	1,010,100	837,167	148,798		18,309	5,826
Retirement	2,344,650	2,024,383	276,154		34,706	9,407
Other Fringe Benefits	114,208	99,462	12,069		2,369	308
Computer Services—Comm	4,956	3,607	689		660	
Computer Services—State	11,679	11,251	178		250	
Other Contractual Service	3,371,237	2,459,367	603,022		136,426	172,422
Rents	350,741	277,619	49,817		6,158	17,147
Commodities	589,158	400,798	86,961		22,155	79,244
Grants—Subsidies—Pensions	1,675,413	588,205	1,050,945		26,908	9,355
Purchases of Land	3,503		1,703			1,800
Buildings and Improvement	206,833	195,984	10,849			
Equipment	1,469,234	823,886	555,983		82,845	6,520
Interest—Debt Retirement	2,162	1,959	169		13	21
Transfers to Other Funds	144,648		102,601		15,287	26,760
TOTAL EXPENDITURES	22,457,170	17,225,877	4,315,457		536,243	379,593

DEPARTMENT OF CONSERVATION (Chief Administrative Unit) EXPENDITURES	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
Salaries and Wages	59,723	56,622	3,101			
Health Benefits	5,658	5,631	27			
Retirement	13,296	12,692	604			
Other Fringe Benefits	215	190	25			
Other Contractual Service	308,908	229,812	1,825			77,271
Rents	8,935	1,335				7,600
Commodities	1,113	895	186			32
Grants—Subsidies—Pensions	319	319				
Purchases of Land	1,800					1,800
Buildings and Improvement	63,902	63,902				
Equipment	21,484	14,964				6,520
Interest—Debt Retirement	326	326				
Transfers to Other Funds	298		298			
TOTAL EXPENDITURES	485,977	386,688	6,066			93,223

ORGANIZATIONAL CHART
DEPARTMENT OF CONSERVATION
UMB 04



Approved by the
Bureau of the Budget

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEAN C. MARRIOTT, COMMISSIONER
ELIZABETH ARMSTRONG, Deputy Commissioner

Telephone: 289-2811
Central Office: AMHI, Ray Building *Incoming WATS line:* 1-800-452-1942
Mail Address: Statehouse Sta. #17, Augusta, Maine 04333
Established: July 1, 1972 *Sunset Review Required by:* June 30, 1996
Reference: Policy Area: 05; *Umbrella:* 06; *Unit:* 096; *Citation:* 38 M.R.S.A., Sect. 341
Average Count—All Positions: 370 *Legislative Count:* 144.5

The Department of Environment Protection is charged by statute with the protection and improvement of the quality of our natural environment and the resources which constitute it, and the enhancement of the public's opportunity to enjoy the environment by directing growth and development which preserves for all time an ecologically sound environment. The Department will advocate programs and regulatory decisions that contribute to the achievement of this mission.

In pursuing this mission, it is the policy of the Department to treat its employees and the public with courtesy, respect and consideration and to be fair and honest in its dealings, and to be mindful of the special qualities that make Maine a unique place to live and work.

The Department, through authority vested in the Commissioner and the Board of Environmental Protection, exercises the policy powers of the state to prevent the pollution of the natural environment. It recommends to the Legislature measures for elimination of environmental pollution; grants licenses and initiates enforcement actions. Its staff negotiates agreements with federal, state and municipal agencies, administers laws relating to the environment exercises whatever other duties that may be delegated by the Board.

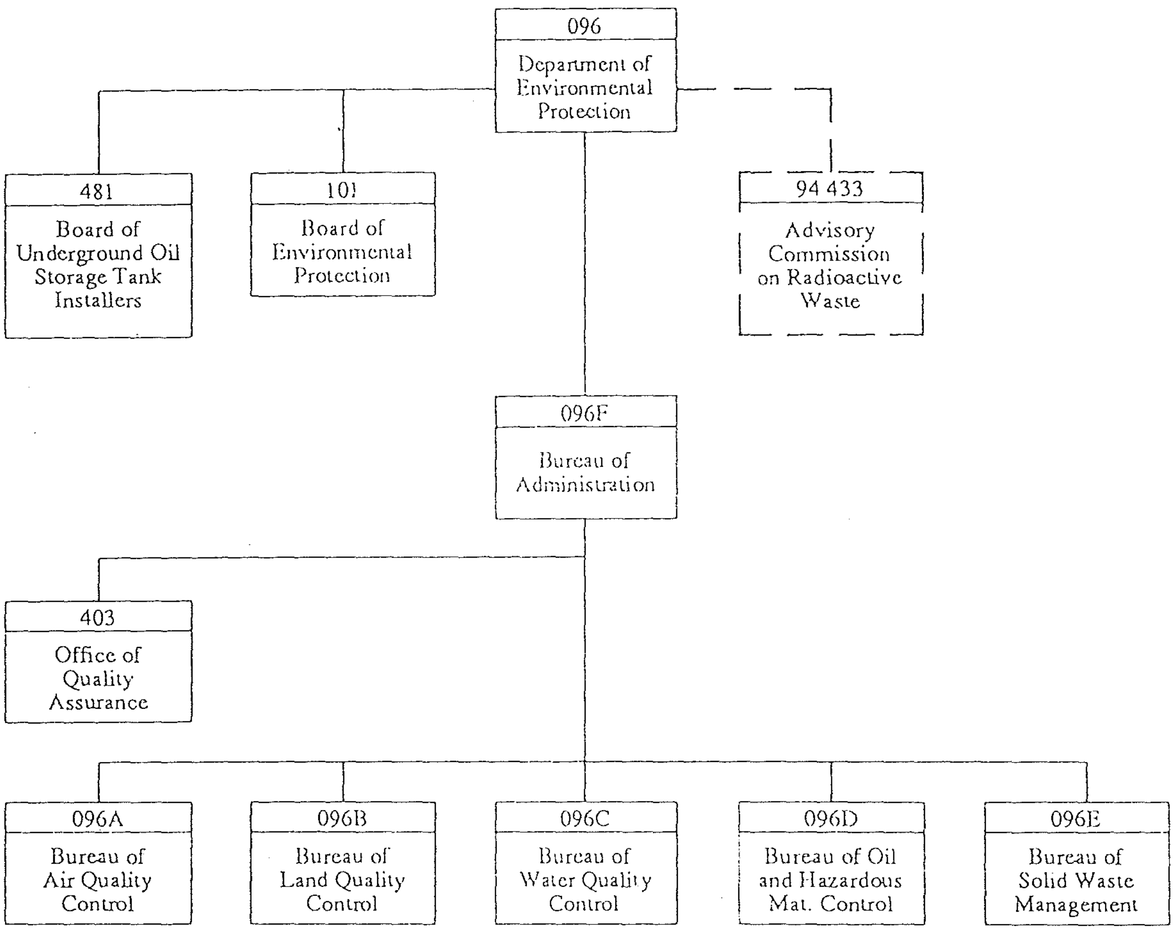
Organizational Units:

Board of Environmental Protection
Bureau of Air Quality Control
Bureau of Land Quality Control
Bureau of Oil and Hazardous Materials Control
Bureau of Solid Waste Management
Bureau of Administration

ORGANIZATIONAL CHART FOR FY 90
DEPARTMENT OF ENVIRONMENTAL PROTECTION

	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
EXPENDITURES						
Salaries and Wages	9,562,317	4,003,747	2,810,205		2,748,365	
Health Benefits	822,837	317,832	249,551		255,454	
Retirement	1,831,914	749,748	545,571		536,595	
Other Fringe Benefits	100,849	35,807	31,132		33,910	
Computer Services—Comm.	408		408			
Computer Services—State	66,465	22,654	40,472		3,339	
Other Contractual Service	6,649,290	1,183,110	2,202,263		898,677	2,365,240
Rents	325,528	135,023	161,551		26,632	2,322
Commodities	352,061	99,911	219,308		32,127	715
Grants—Subsidies—Pensions	9,603,475	216,154	406,969		352,419	8,627,933
Buildings and Improvement	52,143		52,143			
Equipment	713,965	118,448	464,221		131,296	
Interest—Debt Retirement	23,083	891	21,404		383	405
Transfers to Other Funds	387,341	-11	230,002		157,350	
TOTAL EXPENDITURES	30,491,676	6,883,314	7,435,200		5,176,547	10,996,615

ORGANIZATIONAL CHART
DEPARTMENT OF ENVIRONMENTAL PROTECTION
UMB 06



Approved by the Bureau of the Budget

DEPARTMENT OF INLAND FISHERIES AND WILDLIFE

WILLIAM J. VAIL, COMMISSIONER
NORMAN E. TRASK, Deputy Commissioner

Central Office: 284 State Street, Augusta *Telephone:* 289-3371
Mail Address: 284 State Street, Augusta, Maine 04333

Established: 1880 *Sunset Review Required by:* June 30, 1995
Reference: Policy Area: 05; *Umbrella:* 09; *Unit:* 137; *Citation:* 12 M.R.S.A., Sect. 7011
Average Count—All Positions: 321 *Legislative Count:* 309

The Department of Inland Fisheries and Wildlife was established to ensure that all species of wildlife and aquatic resources in the State of Maine are maintained and perpetuated for their intrinsic and ecological values, for their economic contribution and for their recreational, scientific and educational use by the people of the State. In addition, the Department is responsible for the establishment and enforcement of rules and regulations governing fishing, hunting and trapping, propagation and stocking of fish, acquisition of wildlife management areas, the registration of snowmobiles, watercrafts, and all-terrain vehicles, safety programs for hunters, snowmobiles and watercraft, and the issuing of licenses (hunting, fishing, trapping, guide, etc.) and permits.

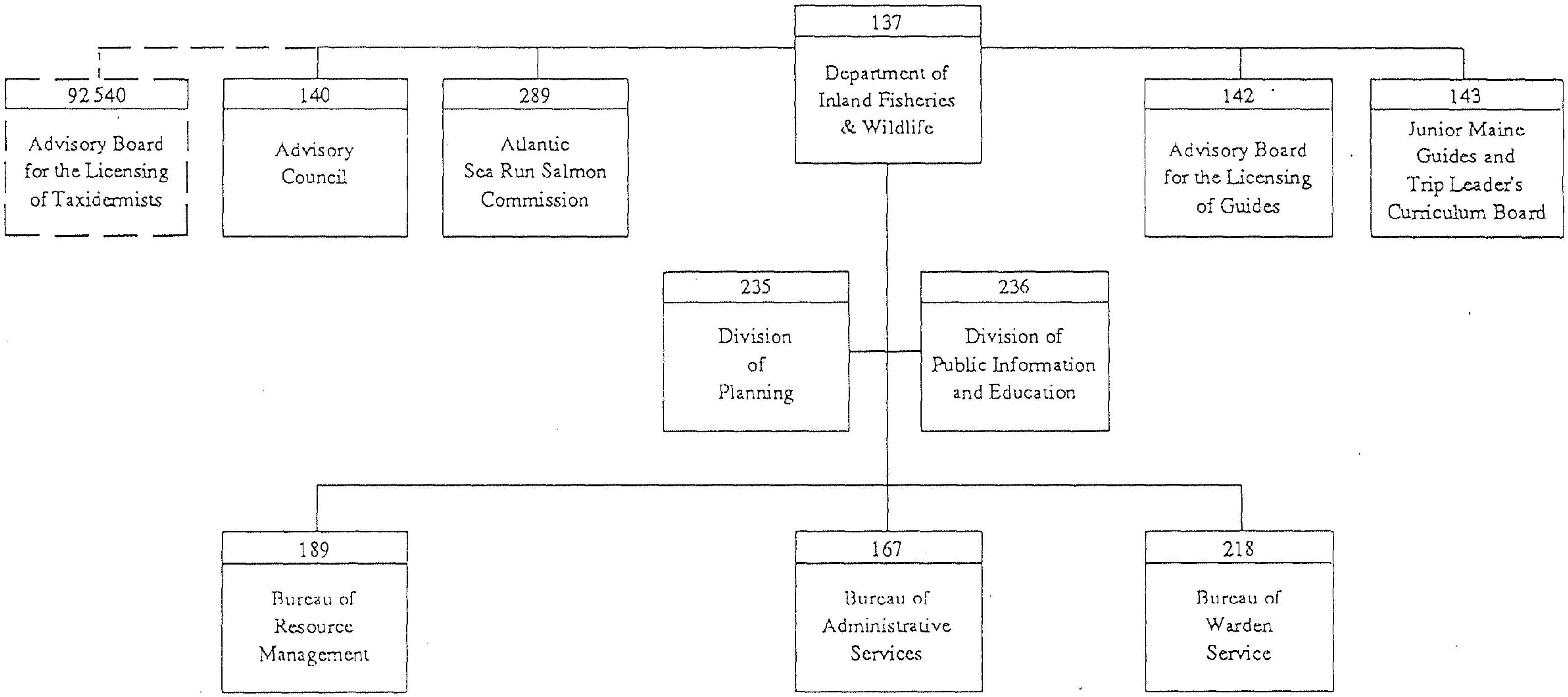
Organizational Units:

Bureau of Administrative Services
Bureau of Resource Management
Bureau of Warden Service
Division of Information and Education
Division of Planning
Advisory Council (Inland Fisheries & Wildlife
Atlantic Sea Run Salmon Commission
Junior Maine Guides & Trip Leaders Curriculum Board
Advisory Board for the Licensing of Guides

CONSOLIDATED FINANCIAL CHART FOR FY 90
DEPARTMENT OF INLAND FISHERIES AND WILDLIFE

	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
EXPENDITURES						
Salaries and Wages	8,529,303	120,287	6,512,118		1,896,898	
Health Benefits	822,446	10,986	728,299		83,161	
Retirement	2,748,648	24,841	2,410,517		313,290	
Other Fringe Benefits	71,687	568	59,817		11,302	
Computer Services—State	448,562	453	428,822		19,287	
Other Contractual Service	3,465,888	201,032	2,170,234		1,094,622	
Rents	114,486	137	109,934		4,415	
Commodities	666,517	5,872	603,251		57,394	
Grants—Subsidies—Pensions	312,749	7,643	282,605		22,501	
Purchases of Land	1,080,950		16,697		141,402	922,851
Buildings and Improvement	8,463		8,013		450	
Equipment	1,007,186	38,750	923,302		45,134	
Interest—Debt Retirement	1,495	2	1,493			
Transfers to Other Funds	164,405		143,628		20,777	
TOTAL EXPENDITURES	19,442,785	410,571	14,398,730		3,710,633	922,851

ORGANIZATIONAL CHART
DEPARTMENT OF INLAND FISHERIES AND WILDLIFE
UMB 09



Approved by the Bureau of the Budget

DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

SUSAN M. COLLINS, COMMISSIONER

Central Office: Gardiner Annex, Northern Ave., Gardiner *Telephone:* 582-8700
Mail Address: Statehouse Sta. #35, Augusta, Maine 04333

Established: October 3, 1973 *Sunset Review Required by:* 1997

Reference: Policy Area: 01; *Umbrella:* 02; *Unit:* 027; *Citation:* 10 M.R.S.A., Sect. 8001

Average Count—All Positions: 228 *Legislative Count:* 14

The Department serves the public by examining and overseeing state-chartered financial institutions, regulating bank holding companies, regulating insurance companies, agencies and agents, grantors of consumer credit, the real estate industry, commercial boxing and wrestling, approving the sale in Maine of oil and solid fuel heating equipment, and licensing and regulating numerous professions and occupations.

The Department protect Maine consumers through its licensing, examining, and auditing activities; by conducting programs aimed at increasing voluntary compliance with State laws; by investigating possible violations of law; and by undertaking enforcement actions. The Department responds to consumer complaints and requests for information and conducts educational and outreach programs to make consumers aware of their rights under Maine laws.

In order to encourage the development of sound ethical businesses which serve the needs of Maine citizens, the Department fosters a healthy business environment through competent, impartial and efficient regulation.

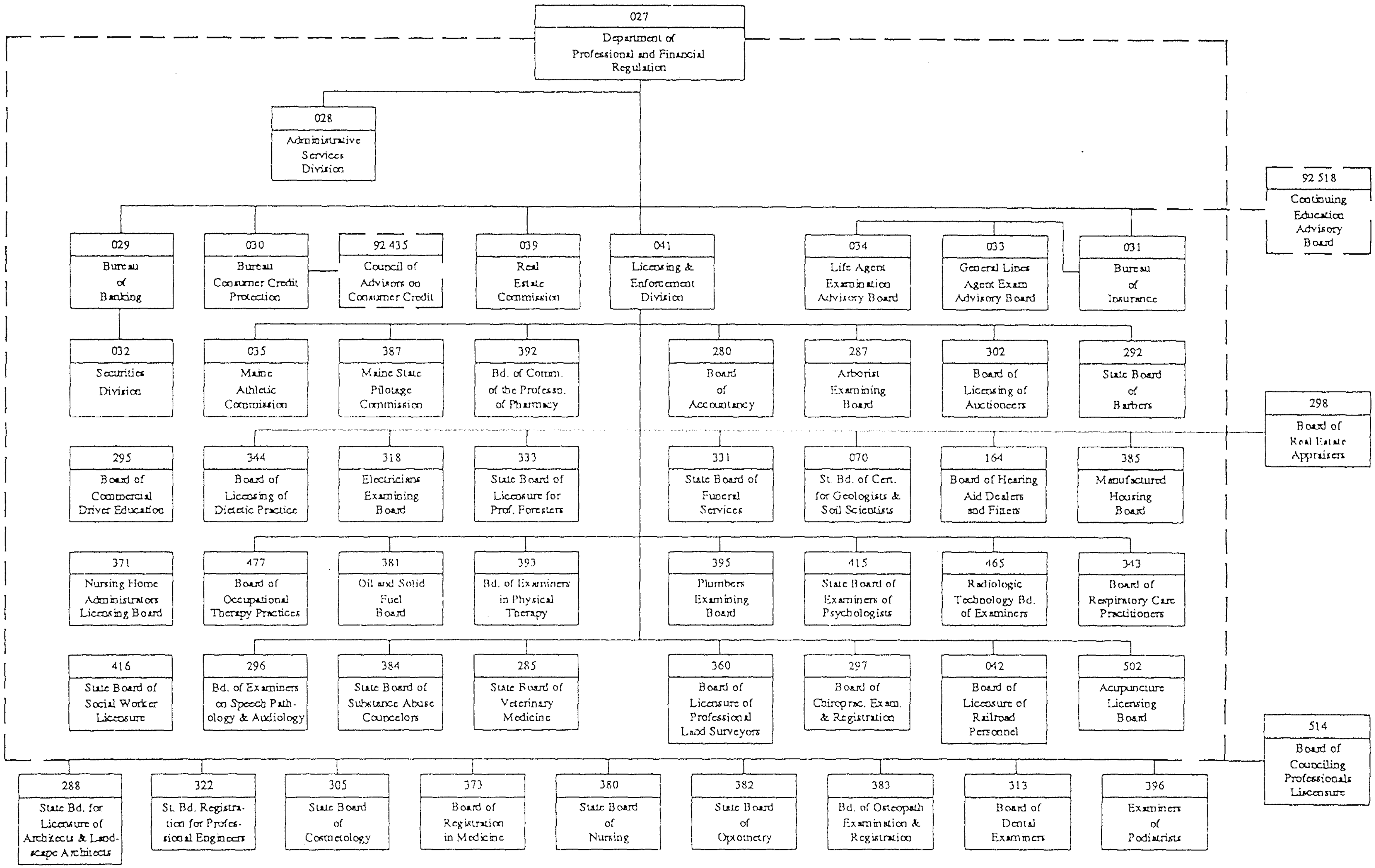
Organizational Units:

Administrative Services Division
Licensing and Enforcement Division
Bureau of Banking
Bureau of Insurance
General Lines Agent Examination Advisory Board
life Agent Examination Advisory Board
Mandated Benefits Advisory Commission
Bureau of Consumer Credit Protection
Council of Advisors on Consumer Credit

CONSOLIDATED FINANCIAL CHART FOR FY 90
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
EXPENDITURES						
Salaries and Wages	4,579,059	433,839	4,145,220			
Health Benefits	397,620	30,530	367,090			
Retirement	872,931	81,549	791,382			
Other Fringe Benefits	46,180	4,412	41,768			
Computer Services—State	72,714		72,714			
Other Contractual Service	2,738,325	54,286	2,684,039			
Rents	442,127	17,590	424,537			
Commodities	155,493	6,080	149,413			
Grants—Subsidies—Pensions	63,456		63,456			
Equipment	801,392	36,721	764,671			
Interest—Debt Retirement	765		765			
Transfers to Other Funds	221,955		221,955			
TOTAL EXPENDITURES	10,392,017	665,007	9,727,010			

ORGANIZATIONAL CHART
DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
UMB 02



PROFESSIONAL AND FINANCIAL REGULATION

Approved by the Bureau of the Budget

DEPARTMENT OF THE SECRETARY OF STATE

G. WILLIAM DIAMOND, SECRETARY OF STATE
JANET E. WALDRON, ASSISTANT SECRETARY OF STATE

Central Office: Nash School, Augusta; *Floor:* 2 *Telephone:* 626-8400
Mail Address: Statehouse Sta. #148, Augusta, Maine 04333
Established: 1820 *Sunset Review Required by:* June 30, 1992
Reference: Policy Area: 00; *Umbrella:* 29; *Unit:* 250; *Citation:* 5 M.R.S.A., Sect. 81
Average Count—All Positions: 455 *Legislative Count:* 446.5

A constitutional officer, the Secretary of State serves as executive head of the Department of the Secretary of State, and is authorized to keep his office at the seat of government, have the custody of the state seal and preserve all records in such office at the expense of the State; to keep and preserve the records of all the official acts and proceedings of the Governor, Senate and House of Representatives, and, when required, lay the same before either branch of the Legislature, and perform such other duties as are enjoined by the Constitution or required by law. The Secretary of State attends the Governor, Senate and House of Representatives as they shall respectively require; appoints all notaries public and provides written notice of expiration of commissions to notaries public, files notice of their qualification and notifies registers of probate and clerks of judicial courts where the officer resides of appoint and qualification; prepares commissions for appointees and certificates of election to office for presentation to the Governor under the seal of the State; distributes printed information, instructions, ballots and blanks for all election returns required by law to clerks of the several towns; files articles of incorporation; files UCC transactions and performs other receiving, filing and recording functions for which legal fees may be collected; registers lobbyists; files rules adopted pursuant to the Administrative Procedures Act; annually registers motor vehicles and issues licenses for operators thereof; issues certificates of title, license new and used car dealers. The Office of the Secretary of State is responsible for the overall financial, personnel, and administration of the Department's subdivisions and recommends to the Legislature such changes as may be required to modernize and improve the functions and services provided by the Department.

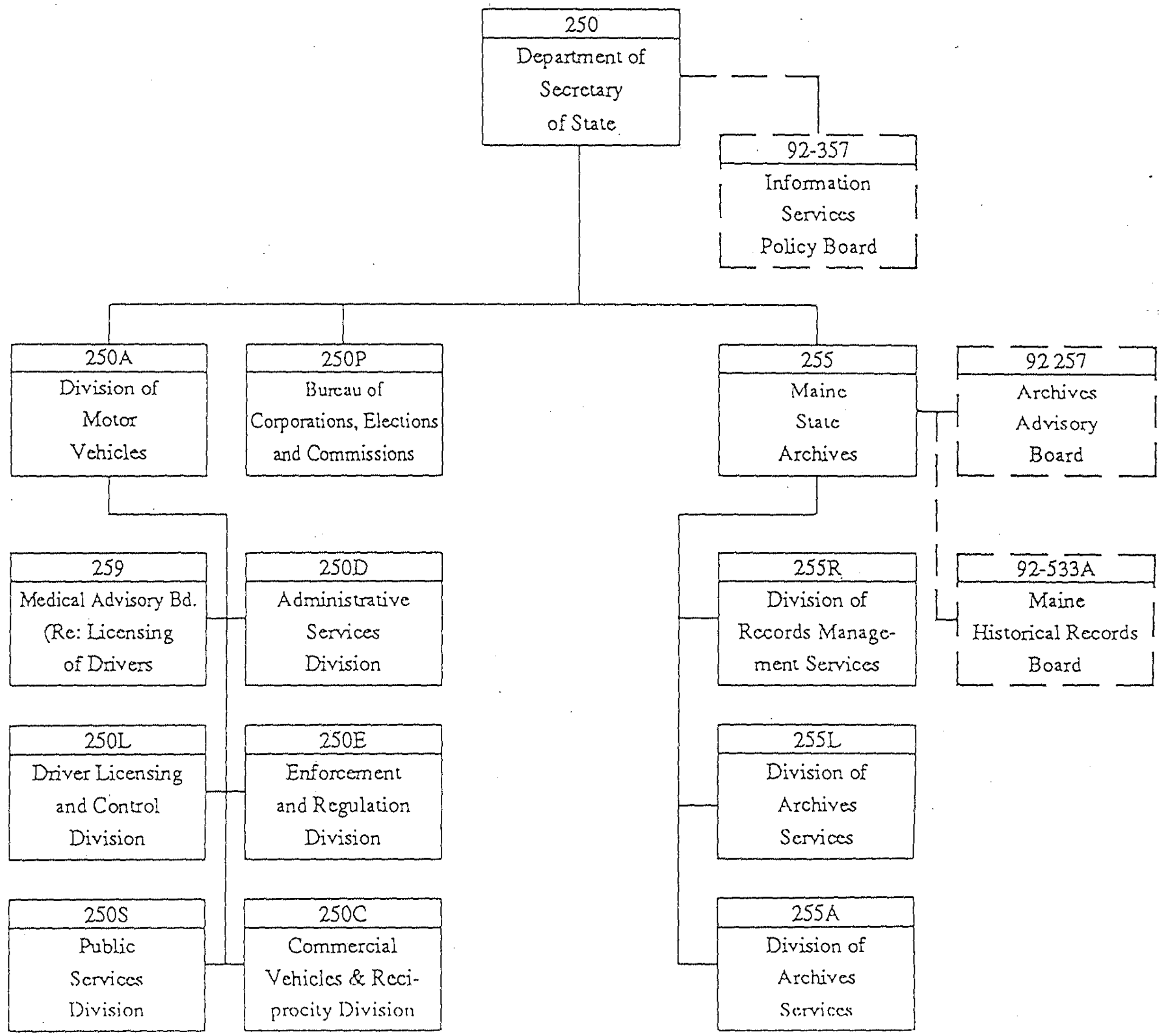
Organizational Units:

Office of the Secretary of State
Bureau of Corporations, Elections and Commissions
Division of Motor Vehicles
Maine State Archives
County Records Board
Local Government Records Board
Maine Historical Records Board
Municipal Records Board

CONSOLIDATED FINANCIAL CHART FOR FY 90
DEPARTMENT OF THE SECRETARY OF STATE

	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
EXPENDITURES						
Salaries and Wages	8,721,928	1,374,088	234,541	7,105,458	7,841	
Health Benefits	915,384	127,378	31,529	755,593	884	
Retirement	1,716,011	276,509	46,384	1,391,595	1,523	
Other Fringe Benefits	90,498	11,938	2,464	76,073	23	
Computer Services—Comm	4,386	4,386				
Computer Services—State	650,730	163,005		487,725		
Other Contractual Service	1,974,738	267,951	14,626	1,671,883	20,278	
Rents	331,883	1,094	48,162	282,627		
Commodities	1,300,338	136,070	305	1,113,306	50,657	
Grants—Subsidies—Pensions	191,455	100,104		91,351		
Purchases of Land	100,000	100,000				
Equipment	317,375	-69,581	14,463	372,493		
Interest—Debt Retirement	454	103		351		
Transfers to Other Funds	529,144		13,882	514,570	692	
TOTAL EXPENDITURES	16,844,324	2,493,045	406,356	13,863,025	81,898	

ORGANIZATIONAL CHART
DEPARTMENT OF SECRETARY OF STATE
UMB 29



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COMMITTEE ON ECONOMIC AND PHYSICAL INFRASTRUCTURE

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STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS
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STATE HOUSE STATION 13
AUGUSTA, MAINE 04333
TEL.: (207) 289-1670

August 30, 1991

TO: Members and Staff of the Committee on Economic and Physical Infrastructure

FROM: Mila M. Dwelley, OPLA Mila

RE: Committee Staff Update

Enclosed please find the following pieces of information:

- A summary of the committee's August 23rd meeting.
- A copy of the report "Establishing the Maine Advantage: An Economic Development Strategy for the State of Maine".
- Information regarding Lowell, MA which includes:
  - A copy of the Lowell Plan, 1990
  - A copy of the legislation which established the Lowell Development and Financial Corporation.
  - A copy of the Industrial Improvement Loans Fact Sheet
  - A copy of the Neighborhood Improvement Loans Fact Sheet
- A draft copy of Tom Howard's presentation of August 23.
  - Mr. Howard also included a section of the AAA Update which focuses on the gas tax increase and issues surrounding the expenditure of that money.

Additionally, we have been in contact with all of the presenters who offered to forward information and we plan to have the remaining information for you shortly. If there is anything we can do for you in the meantime, please give us a call.

A G E N D A

Committee for Economic and Physical Infrastructure

September 6, 1991

9:00	Committee updates	Members Staff
9:25	Welcome to speakers	Mattimore
9:30-12:15	Speakers	
	Tim Agnew	Finance Authority of Maine
	Dwight Sewall	Maine State Housing Authority
	Ken Gordon	Public Utilities Commission
	John Fitzimmons	Maine Technical College
	Robert Woodbury	University of Maine System
	Dean Marriott	Department of Environmental Protection
12:15	Thank you	Flanagan
12:20	Wrap up/Assignments	Members Staff
12:30	Lunch	

3094gea

T E N T A T I V E   A G E N D A

Committee for Economic and Physical Infrastructure

September 11, 1991

9:00	Welcome to speakers	Mattimore
9:05-12:00	Speakers	
	Dana Connors	Department of Transportation
	Ralph Tucker	Workers' Comp Commission
	Susan Collins	Department of Professional and Financial Regulation
	Don DeMatteis	Department of Professional and Financial Regulation
	Lynn Wachtel	Department of Economic and Community Development
	Lynn Wachtel or Hillary Sinclair	Tourism - Department of Economic and Community Development
	Charles Morrison	Department of Labor
12:00	Thank you	Flanagan
12:05	Wrap up/Assignments	Members Staff

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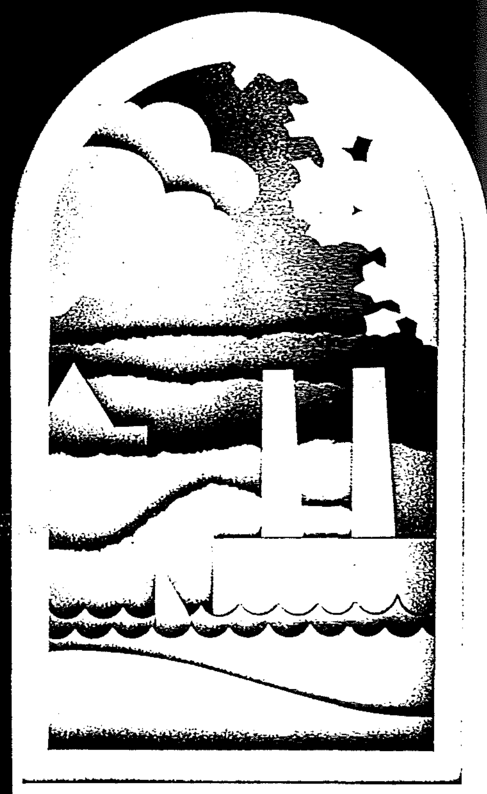
THE

LOWELL PLAN

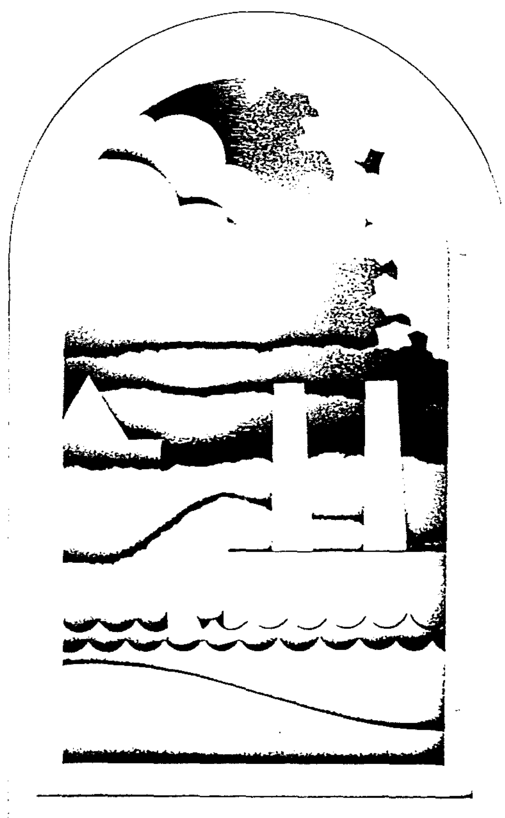


1990 REPORT

THE LOWELL PLAN

A Partnership for Economic Development

The Lowell Plan, Inc. is a private, nonprofit economic development corporation founded in 1979 to: *Foster and develop the concept that through the cooperative efforts and by the investment from private individuals and private firms of private funds and zeal. . . the City of Lowell shall continue its return to preeminence as the foremost middle-size city in the United States.*



Our mission remains the same. Our long-range goal remains the same—to make Lowell the most economically viable and physically attractive city of its size in America.

The Lowell Plan works with City, State, and Federal officials to meet the needs of an evolving economy, providing a forum for public/private collaboration. The Lowell Plan brings the perspective and resources of the corporate community to the task of revitalizing Lowell. We commission studies, develop marketing strategies, landbank, and implement other economic development initiatives. The Lowell Plan moves swiftly to provide the data, funding, staff, and collective business skills necessary to advance a proposed project or program from idea to reality.

Over the past decade the Lowell Plan has been involved in virtually all areas of Lowell's revitalization. We are committed to sustaining that progress through economic slowdowns and into the coming years. We continue to search out, evaluate, and support promising areas of opportunity which diversify our industrial and commercial base, create employment, enhance tax revenues, and improve our quality of life.

LOWELL: YEARS OF PROGRESS 1979-1989

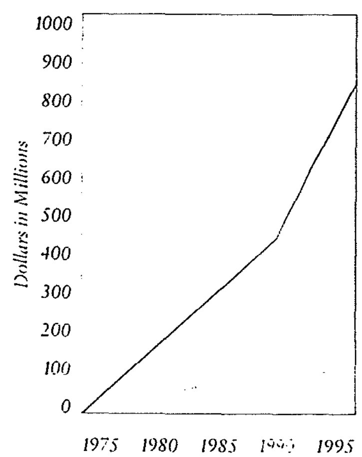
University of Lowell reactor control room.

The Lowell Plan's first objective in 1979 was to commission and fund a master plan which outlined a diverse and ambitious program of economic development. Included were recommendations for building rehabilitation; office, residential, and retail development; and the creation of parking and open space facilities.

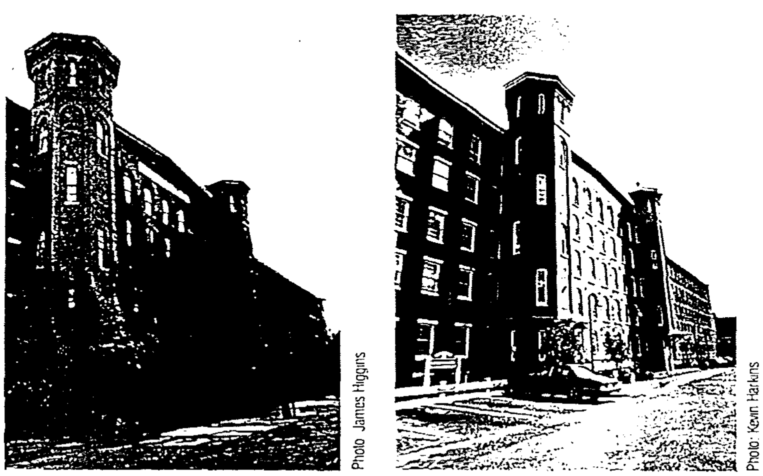
In partnership with the public sector, the Lowell Plan played a pivotal role, not only in initiating the master plan, but also in coordinating and nurturing individual projects to fruition. Accomplishments have been substantial and well above dollar investment estimates.

Financial incentives utilizing local, state, and federal grant and loan programs, along with Lowell Development and Financial Corporation loans, helped finance projects ranging from the construction of the Hilton Hotel to the re-adaptive renovation of the Wannalancit Office and Technology Center to the restoration of Old City Hall. Wang Laboratories, setting the pace for industrial development in the city, established their corporate headquarters, a manufacturing facility, and a training center in Lowell. Dozens of other buildings were restored and renovated in the downtown core. Creative reuse continues to be encouraged—including a healthy mix of market rate and student housing; professional, industrial, and commercial tenancies; and cultural and educational opportunities. Currently over $250 million in new projects are under construction, another $400 million are in the planning stages.

Total Public and Private Investment



Source: Division of Planning and Development, 19??-1995 includes ULowell, MCC, Arena, and Gallagher Terminal projects.



Massachusetts Mills Apartments, before and after redevelopment by The Joseph R. Mullins Company.

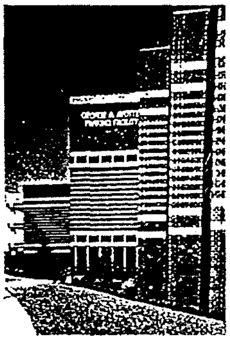


Photo: Kevin Harkins

George Ayotte Garage

The Lowell Plan developed and implemented the successful I CAME TO LOWELL marketing campaign. The Lowell Plan initiated promotions and special events which enhanced Lowell's image to visitors, residents, and potential commercial tenants. From the beginning the Lowell Plan supported the highly successful summer Folk Festival, which has drawn hundreds of thousands of visitors to downtown Lowell.

Photo: The Lowell Sun

1990 Folk Festival

Over the past ten years local, state, and federal funds rebuilt the city's infrastructure. Buildings have been renovated and restored. Construction or reconstruction of parking facilities, streets, amenities, and hotel convention facilities has been undertaken. Three new garages have been built; a fourth is under construction. The Lowell Plan funded parking and traffic studies crucial to the development of these projects and provided the leadership for private sector support.

The Lowell Plan supported, among other cultural and educational initiatives, the creation of the Lowell Model for Educational Excellence, the Lowell Education Foundation, and the establishment of the Lowell Office of Cultural Affairs. The Lowell Plan endorsed the City Manager's $130 million school building program. Realizing the economic impact of cultural institutions such as the Merrimack Repertory Theatre and the Lowell Memorial Auditorium, the Lowell Plan took an active interest in their success.

All of the above and more came about as a result of the bold vision, careful planning, and cooperative efforts of Lowell's unique public/private partnership. These will remain the hallmarks of our efforts over the next 5 years.

LOWELL PLAN GOALS AND OBJECTIVES: 1991-1995

With a decade of vigorous progress and extensive cooperation, Lowell is ready to take advantage of the next cycle of economic growth. New fields of opportunities will present themselves for harvest, but we must prepare new ground and create an environment supportive of long-term yields.

In order to do this the Lowell Plan will focus on the following goals and objectives over the next five years.

Market and Promote the City

- Develop a high profile campaign aimed at changing negative internal and external perceptions by promoting positive images of Lowell.
- Sell Lowell as a place to live and locate a business.
- Use as a tool to continue to attract investment in Lowell.
- Take advantage of major traffic construction burdens occurring in Boston in the near future. Position Lowell as the most attractive alternative for business development.

Photo: Kevin Harkins

Boott Mills developer and Lowell Plan board member Edward Barry with partner Richard Graff.

"The number one pro[illegible] the Lowell Plan is to get the message across to the [illegible] that this city does have [illegible]ities that are so unusual. Once people get here and realize what's going on the whole place sells [illegible]

Edward Barry
President
Congress Group Properties

"It's important that we continue to commit ourselves to those people who are already here. The city and the Lowell Plan must... make sure that we're doing everything we can to help. It's time to re-commit ourselves to do these things now because it's more important than ever."

Gilbert Campbell
President
Campbell Real Estate

"We need to work together to find out what people in our community see as important to them in terms of cultural affairs. The kind of opportunities that the Lowell Plan provides are key to the future."

Molly Sheehy
Associate Dean and Campus Manager
Middlesex Community College

Lowell Plan Community Involvement Subcommittee member Molly Sheehy, Associate Dean and Campus Manager of Middlesex Community College.

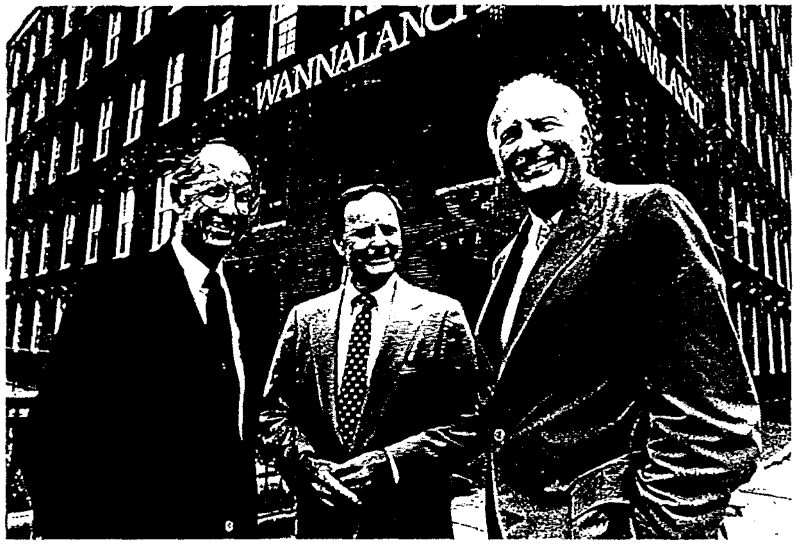


Photo: Kevin Harkins

Lowell Plan board member Gilbert Campbell with Wannalancit developers Malcolm Fryer and Richard Dobroth.

Sustain Existing Developments

- Continue to support existing industrial, commercial and residential developments.
- Support developers' ongoing leasing efforts.
- Mobilize private sector involvement and cooperation.
- Maintain communications and respond quickly to private sector needs.
- Continue to expand and strengthen public/private cooperation.
- Give "voice" to private sector needs in development issues with the public sector.

Create New Economic Development Tools

- Support and promote Biotechnology Ordinance.
- Work with LDFC to create new vehicles for "incentive financing."
- Support creation of Development District in downtown area to help develop downtown Lowell's full potential.
- Work with developers to create incubator space and forge partnerships with programs currently being developed by the University of Lowell.

Tenaska, Inc. Vice President Gary Hoover surveys the Western Canal area, one of the sites under consideration for a cogeneration plant. The project would result in the construction of an 8,000 seat sports arena.

"There's a tremendous spirit of cooperation in this town. Lowell is unique in having the Lowell Plan which is an organized, cohesive body of business leaders, community leaders, and government leaders that work together. We see that as very positive. They take a very proactive role."

Gary Hoover
Vice President
Tenaska, Inc.

Advocate Continued Development of Public Infrastructure

- Access and traffic.
- Parking.
- Streetscape amenities.
- Security.
- Maintenance.

Endorse Public Development Projects

- Actively promote redevelopment of Lawrence Manufacturing site for University of Lowell.
- Support establishment of Middlesex Community College campus in Lowell.
- Back expansion of public transportation capabilities (trains, shuttles, etc.) at Gallagher Terminal.
- Advance and support Arena project.

"No truly vibrant economy or community comes about by accident. The pieces have to be put together. They have to be coordinated. There has to be a strategy...(and)...follow-through. The function of the Lowell Plan is to provide that integration."

Dr. William Hogan
President
University of Lowell

University of Lowell President Dr. William Hogan. Behind him, the fire ravaged Lawrence Mills, future home to ULowell's Computer Science, Engineering, and research programs.

Photo: Kevin Harkins

Robert Bradway, President of Alliance Technologies Corporation.

"We found that we could relocate into a very favorable environment at a cost that was very acceptable to us. Another consideration was contiguous space under which we could expand. (Also important) was the location of the University of Lowell."

Robert Bradway
President
Alliance Technologies Corporation

"We have as many public projects underway as any two cities in the state, with the exception of Boston. We have the infrastructure in place or under construction and I think that is going to give us a major edge as we move into the future. That has happened because of the unique relationship between the private and public sectors."

James J. Campbell
City Manager
City of Lowell

Encourage Cultural and Educational Programs

- Support the Lowell Office of Cultural Affairs.
- Recognize and promote economic potential in the culture and heritage of the city.
- Affirm the value of culture and education in achieving a high quality of life and economic well-being.
- Utilize cultural resources and quality of life issues as part of promotional campaigns.
- Recognize cultural and educational institutions as major civic resources.

By focusing closely and clearly on these objectives, the Lowell Plan will again provide the leadership, teamwork, and opportunities necessary for economic progress. We will achieve a new era of progress by zealously providing the best possible environment for business growth and success.

Photo: Kevin Harkins

City Manager James J. Campbell. Through the efforts of the State Delegation, led by Senator Paul Sheehy, the new John Street garage will be completed in early 1991.

LOWELL PLAN BOARD OF DIRECTORS — 1990

James F. Conway
Chairman
Chairman/CEO, Courier Corporation

James L. Cooney
President
President, James L. Cooney Agencies

Gilbert G. Campbell
Vice-President
Developer, Campbell Real Estate

F. Larry Putnam, Sr.
Vice-President
Chairman and CEO, Colonial Gas Company

Gerald R. Wallace
Treasurer
President and CEO, Lowell 5 Cent Savings Bank

D. Eric Thomson
Secretary
President, Central Savings Bank

Richard L. Alden
Executive Vice-President/ Chief Financial Officer, Joan Fabrics Corporation

Edward Barry
President, Congress Group Properties

Alex Costello
Associate Editor, Lowell Sun

M. Patricia Crane
Director/Public Affairs and Development, St. Joseph's Hospital

Melvin A. Daly
Chairman of the Board, The Chambers of Commerce and Industry, Northern Middlesex

Dr. Evan Dobelle
President, Middlesex Community College

George L. Duncan
Chairman and CEO, Enterprise Bank & Trust

Paul Guzzi
Senior V.P./Corporate Communications & External Relations, Wang Laboratories, Inc.

Richard K. Donahue
President, NIKE Corporation

Dr. William Hogan
President, University of Lowell

Steve Joncas
President, Belvedere Properties

Armand P. Mercier
President, Mercier Realty

James L. Milinazzo
Vice-President/ Special Assets, Lowell Institution for Savings

Joseph R. Mullins
President, Joseph R. Mullins Company

Alan Rosen
Owner, Norman's Mens Shop

Patrick Sullivan
Sr. Vice-President, Shawmut Arlington Trust

Richard P. Howe
Mayor

James J. Campbell
City Manager

Robert P. Malavich
Director, Division of Planning & Development

James J. Cook
Executive Director

THE

LOWELL PLAN

PARTNERS IN ECONOMIC DEVELOPMENT

1990

A Flower Shop
Adden Furniture
Richard L. Alden
Alliance Technologies Corp.
Anstiss & Company
Anton Cleaners
Bain Pest Control
Bank of New England
George Basbanes
BayBank Merrimack
Belvedere Properties
Dr. Susan Black
Bon Marche Associates
Boott Hydropower, Inc.
Brady Business Forms
Dr. Daniel Brennan
Brush Art Gallery and Studios
Burger King/Jack DiTillio
Butler Cooperative Bank
Caddell & Byers
Gilbert G. Campbell
Capitol Enterprises, Inc.
Carroll Management
Central Savings Bank
Chambers of Commerce & Industry
Fred C. Church Insurance
Colonial Gas Company
ComFed Savings Bank
Commercial Bank & Trust
Congress Group Properties
Connolly Data Systems
James L. Cooney Agency
Consolidated Power Company
Michael G. Conway
Courier Corporation
M. Patricia Crane
Demers Plate Glass
Donahue & Donahue Attys, PC
Robert Donovan
George Duncan
Enterprise Bank & Trust
Feeley & Driscoll
Marshall Field, Esquire
First Development Group
James H. Frame
Freudenberg Nonwovens
Friend Lumber
Friends of Pollard Memorial Library
Paul Gagnon
Gemarde Jewelers
Gosselin Machine & Tool Co.
Greater Lowell Cancer Program
Ken Harkins Real Estate
Hildreth Associates
Human Services Corporation
Ideal Tape Co.
Joan Fabrics Corp.
Jumpp Company
LRC Management Co.
Landmark Video World, Inc.
Daniel Leahy, Esquire
George B. Leahey, Esquire
Guy Lefebrve
John Leggat, Esquire
James F. Linnehan, Esquire
Lowell Cable Television
Lowell Cooperative Bank
Lowell Five Cent Savings Bank
Lowell General Hospital
The Lowell Group
Lowell Hilton
Lowell Historic Preservation Commission
Lowell Historical Society
Lowell Insitution for Savings
Lowell Memorial Auditorium
Lowell Museum
Lowell National Historical Park
Lowell Regional Transit Authority
Lowell Research Center Two
Lowell Stationery
Lowell Sun Publishing Co.
Lowell Walk-In Medical Ctr.
J. G. MacLellan Concrete Co., Inc
Martyn Jewelers
Frank P. McCartin
McDonough Funeral Home
Philip McKittrick
Robert McKittrick
McKittrick Hardware Co.
Meehan Tours
Mercier Realty
Janet Lambert-Moore
Merrimack Repertory Theatre
Microwave Printed Circuitry
James L. Milinazzo
Joseph R. Mullins Co.
MURO Pharmaceutical Labs, Inc.
New England Quilt Museum
Norcross & Leighton, Inc.
Norman's Men's and Boys Wear
Albert H. Notini & Sons
Philip Nyman, Esquire
James J. O'Donnell & Sons
Old Mother Hubbard
Page One Productions
Pearson & Pearson
Princeton Properties
Joseph Randazza
Raytheon Company
Sager Real Estate
Nicholas Sarris
Shawmut Arlington Trust
St. John's Hospital
St. Joseph's Hospital
Sullivan/Bille & Company
Paul E. Tsongas
University of Lowell Bookstore
Valley Properties, Inc.
Wang Laboratories
Wannalancit Office & Technology Center
Washington Savings Bank
Whistler House Museum of Art
WCAP
WLLH
Charles Zaroulis, Esquire

Lowell Plan, Inc.
History of Pledges and Contributions
July 31, 1990
($000)

FUNDS RECEIVED

1981	$309
1982	261
1983	431
1984	550
1985	529
1986	381
1987	361
1988	394
1989	390
1990 to date	189
Total funds received through pledges, interest, and investments:	*$3,795*

CONTRIBUTIONS MADE BY LOWELL PLAN, INC.

1981

American City Contract	$125
Lowell Festival	25
Strand Theater Option	6
City of Lynn	5
Lowell Museum	1
Hotel Marketing Study	5
Miscellaneous	6
TOTAL 1981	$173

1982

American City Contract	$100
Merrimack Regional Theater	50
LDFC	25
Strand Purchase Downpayment	58
Strand Theater Carrying Costs	12
Chamber of Commerce Tourism	10
Miscellaneous	8
Lowell Festival	3
TOTAL 1982	$266

1983

Lowell Model for Educ. Excellence	$ 75
Strand Carrying Costs and Loan Pymts.	58
LDFC Administrative Support	25
American City Contract	13
Hotel/Wang/Garage Legal Support	8
Lowell Festival	6
Miscellaneous	4
TOTAL 1983	$189

1984

Strand Expenses	$120
Commodore Club	148
Marketing/Advertising	110
LDFC Administrative Support	50
American City Corporation	50
Balance Due City/ACC	38
Parking/Traffic Studies	22
Lowell Model for Educ. Excellence	20
Merrimack Repertory Theater	20
Main Street Program	10
Old City Hall Development Program	9
Legal Expenses Hotel/Wang	8
Miscellaneous	7
Lowell Festival	6
Downtown Lowell Business Assoc.	5
All American City Award	3
Tartikoff Reception	2
TOTAL 1984	$628

1985

Marketing/Advertising	$125
MHFA	50
LDFC Administrative Support	38
Haley and Aldrich (Davidson Lot)	29
Haley and Ruckle (Marketing)	28
Lowell Historic Preservation Comm.	25
Lowell Model for Ed. Excellence	25
Miscellaneous	24
Vanasse/Hangen-Traffic Study	21
Main Street Program	19
Lowell Plan Breakfast	17
City of Lowell	15
Hammer, Siler, George Associates (Housing & Retail Analysis)	12
Spaulding & Co./Old City Hall	11
Horizon Magazine	5
Lowell Sun	5
National Park Found. (Boott Mills)	5
University of Lowell	3
Nesmith House	2
Canal Enhancement	2
TOTAL 1985	$461

1986

Marketing/Advertising	$185
LDFC Administrative Support	50
Haley and Aldrich (Firestone Site)	42
Brown and Rowe (Canalway Demonstration)	36
Lowell Model for Educational Excellence	30
Cultural Planner	25
Main Street Program	24
Elias Tobacco Building	20
Miscellaneous	17
Vanasse/Hangen	13
Nesmith House	12
National Park Service	12
Chambers of Commerce (Sesquicentennial)	10
Downtown Lowell Business Association	10
Lowell Festival	7
Hammer, Siler George Assoc. (Office Analysis)	6
University of Lowell	5
Lowell Sun	2
Lowell Hilton	2
Lowell Sesquicentennial Commission	1
TOTAL 1986	$509

1987

Marketing/Advertising	$116
LDFC Administrative Support	80
Cultural Planner	76
Fred Woods Associates	31
Brown and Rowe	24
Lowell Model for Educational Excellence	30
Main Street Program	50
Miscellaneous	33
National Monument	5
Merrimack River Watershed Council	4
Lowell Hilton	6
Vanasse/Hangen	2
Haley & Aldrich	1
Toys for Tots	10
Tyler Park	1
U Lowell Research Foundation	5
Mico Kaufman	15
Folk Festival	5
Nesmith House	5
Tour Boats	12
D.L.B.A	2
Lowell Sun	1
TOTAL 1987	$514

1988

Marketing/Advertising	$156
Retail/Main Street Program	68
LDFC Support	60
Lowell Model for Educ. Excellence	30
Office of Cultural Affairs	25
Miscellaneous	23
Community Projects	23
Brown & Rowe (Canalway Demonstration)	14
Vanasse Hangen	[illegible]
TOTAL 1988	$406

1989

Marketing/Advertising	$115
Office of Cultural Affairs	79
Retail/Main Street Program	68
Vanasse Hangen	48
LDFC Support	45
Lowell Model for Educ. Excellence	30
Community Projects	26
Miscellaneous	23
Brown & Rowe (Canalway Demonstration)	10
TOTAL 1989	$444

1990

LDFC Support	$ 45
Vanasse Hangen	34
Program Development/Special Projects	27
Office of Cultural Affairs	26
Marketing/Advertising	22
Miscellaneous	9
Community Projects	4
TOTAL 1990 to date	$167

TOTAL CONTRIBUTIONS 1981-1990 *$3,757*

Cash Position 7/31/90: $ 38

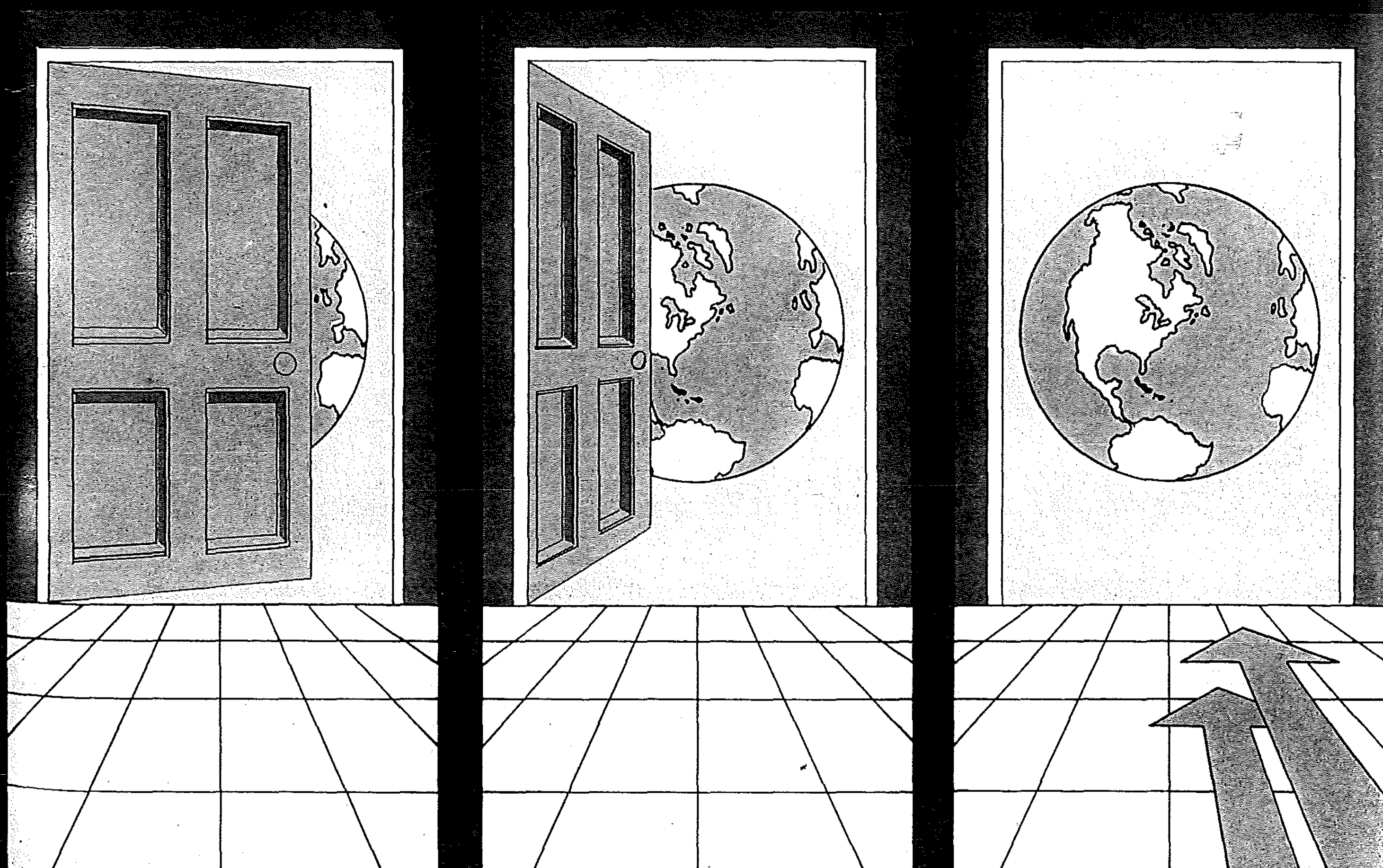
Additional Receipts Pending for 1990:

Pledges Due	$ 60
City of Lowell Contract	20
Rte 38 Widening	28
Interest Revenue	4
	$ 112

Projected Cash Position Available 12/31/90 to support major Lowell Plan priorities: *$150*

ESTABLISHING THE MAINE ADVANTAGE

AN ECONOMIC DEVELOPMENT STRATEGY FOR THE STATE OF MAINE



ESTABLISHING THE MAINE ADVANTAGE

AN ECONOMIC DEVELOPMENT STRATEGY

FOR THE STATE OF MAINE

October, 1987

October 30, 1987

The Honorable John R. McKernan, Jr.
The Honorable Charles P. Pray
The Honorable John L. Martin

On behalf of the Economic Development Strategy Task Force, I am pleased to submit our findings and recommendations. Our charge was to design a strategy that would position Maine to take advantage of new economic opportunities, strengthen the state's competitive position in a changing world economy, and create quality jobs for our workforce.

Since our first meeting in April, the 42 working members of the Task Force have wrestled with difficult economic and social issues. We debated among ourselves, heard from experts, and, most importantly, listened to the people of Maine. Oral and written testimony from over 500 people — Maine citizens, employers, employees, and elected officials — shaped our thinking and led us to the recommendations in this report.

In the past few years, Maine has shown that its people and businesses can compete. But continued economic growth will demand more from all of us — a willingness to take risks and not be daunted by setbacks, the creativity to innovate and not be ruled by the past, and the patience to invest in the future and not simply spend for today. We believe that this strategy shows how the talents and resources of Maine people and institutions can turn the forces of economic change to new economic advantage.

Respectfully,

Roger Mallar

Roger L. Mallar
Chairman, Economic Development Strategy Task Force

CONTENTS

FOREWORD

To develop this economic-development strategy for Maine, the Task Force began by carefully examining the state's present economy and the economic assumptions shaping its future. That knowledge served as the basis for an in-depth analysis of the emerging trends and opportunities within Maine's major industry sectors and the current capacity of state government to address the economic issues facing Maine's labor force, industries and communities.

The background material prepared for the Task Force was supplemented by input from seven regional hearings and by information gathered at a Blaine House Conference where testimony from hundreds of Maine people brought economic statistics into perspective. Focus group sessions held with members of the business community helped to identify the strengths and weaknesses of the state's economy.

Through these efforts, the Task Force gained the insights needed to identify and define goals and principles to guide the state's future economic development efforts. Part I of the report presents these findings.

The recommendations of the Task Force presented in Part II of this report outline the investments that will be necessary to build and sustain a competitive Maine economy. These recommendations reflect the strong consensus of the Task Force. Individual Task Force members may not, however, concur with every recommendation in the report.

Part III of the report maps out a plan of action that assigns priorities, estimates funding requirements, and identifies implementation responsibilities. In addition, a program for monitoring Maine's future economic performance and periodically updating the strategy is outlined.

EXECUTIVE SUMMARY

Maine's economy faces many challenges; our workforce must be better educated and better trained for tomorrow's jobs and to be able to shift from traditional to emerging industries; we must lay the foundations for development with well-planned and maintained public infrastructure; we must balance the demands of development with the need to protect natural resources; and we must encourage innovation and entrepreneurship so that we can adapt to changing national and international marketplaces.

We must meet these challenges despite limited public resources and the rapid pace of economic change. Therefore, our strategy must be guided by four principles: 1) we must treat our development programs as investments that prepare us to respond to change; 2) development initiatives must be guided by basic market forces; 3) our strategy must reflect regional differences and investment priorities; and, 4) the state must build new partnerships with private business and local communities.

RECOMMENDATIONS

Invest in Maine People

The investments we make in ourselves — in our basic education, in job skills, and in further education — will be the most important of all our investments for growth, for equity, and for quality of life. We must invest more and we must invest more wisely.

- Our education and training systems must set performance goals to serve as the basis for improving the quality of education and increasing public accountability. The Governor should immediately appoint a Commission on Excellence in Education and Training to periodically review and report on how well our education and training institutions are achieving the goals they set for themselves. We must give those institutions greater freedom to innovate and to pursue excellence, and provide additional state funding that reflects improvements in performance.
- The contribution of higher education to economic development must be increased. We must designate and support Innovation Centers to undertake applied research to spur new economic activity and to transfer new technology to private firms; provide extra funding for economically important academic disciplines; and fund a pilot telecommunications program to expand access to higher education.
- The capacity of the vocational technical training system to respond to the needs of employers must be strengthened. We must adopt the use of competency-based curricula develop customized training programs, and encourage institutes to aggressively market their services.
- We must increase the Governor's contingency training fund to help businesses expanding in Maine.
- To bridge the gap between welfare and the workplace for Maine's disadvantaged residents, we must expand state funding for demonstrably successful training programs.
- We must pool resources with private employers to expand access of employees to quality day care facilities.
- A private/public task force should be charged with developing an action plan to assist communities in expanding affordable housing for lower income residents.
- We must establish a business/education compact to ensure closer links between the business community and our education institutions and create non-adversarial opportunities for business and labor to meet and resolve issues.

Invest in Infrastructure

If we are to preserve our economic base and expand opportunities for our residents, we must upgrade our existing transportation networks and, where necessary, develop the new facilities and systems needed by our emerging industries, and maintain our energy cost advantage.

- The capacity of our existing highway network that serves as economic development corridors must be expanded.
- An Economic Corridor Action Grant Program should be created to assist communities to provide the local infrastructure needed to complement highway investments and respond to development opportunities.
- We should complete the construction of port facilities that link Maine to new markets and that complement private investments.
- We should accelerate the development of statewide telecommunications networks, preserve the present electrical energy cost advantage provided by Maine Yankee in the near-term, and aggressively plan for the development of long-term alternative energy sources.

Invest in Maine's Natural Resources

Our natural resources have always played an important role in our economy and in our values. We must strike a balance between their economic use and their preservation.

- We must increase our invesments in acquiring, preserving, and managing public lands; and develop a rational policy for public access in collaboration with private land owners.
- We must initiate a Maine Town Planning Program to assist local governments to plan, finance, and manage investments necessary to accommodate the consequences of growth and work with coastal communities to develop comprehensive plans for port and harbor use.
- We must allow for the responsible utilization of our natural resources while protecting our environment through strong but efficiently administered regulations.

- We must focus our tourism development programs and marketing on expanding the use and economic benefits of our natural resources in northern, eastern and western Maine.
- We should encourage new market initiatives that can expand the export sales of Maine-produced agricultural products.

Invest in Maine's Entrepreneurial Environment

The changing business marketplace demands greater business flexibility and more rapid innovation. The state cannot create this business vitality, but it can provide assistance to businesses which helps them to thrive in an increasingly competitive world.

- We must act decisively to resolve the current crisis in our Workers' Compensation system and bring the system into a more competitive posture.
- We must ensure that Maine's entrepreneurs can expand and compete by increasing their access to marketing, management, and technical assistance; by offering one-stop information in dealing with state government; and through increased assistance in penetrating international markets. Greater entrepreneurial effort should be encouraged by public recognition of its importance to Maine's economy.
- We must provide flexible sources of capital for Maine businesses and improve access to seed capital for new ventures.
- We must mount an intensive campaign to expand business investment in Maine.
- We must improve the business investment environment in Maine by encouraging the more timely review of business permits and licenses, by periodically evaluating how Maine compares with other states, including those in New England, with respect to key factors that affect business investment, and by analyzing taxation alternatives.

PART I: MAINE'S ECONOMIC FUTURE

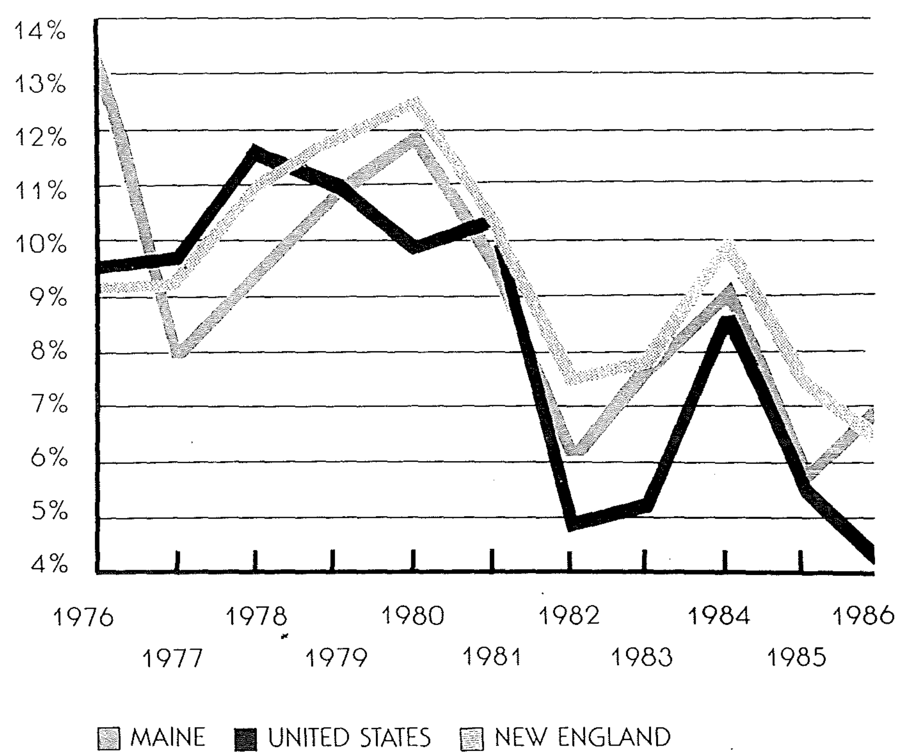
THE CHALLENGES TO THE MAINE ECONOMY

For more than two centuries, Maine's economic strength has rested on its abundant natural resources and a workforce skilled in harvesting them, a coastline of unrivaled beauty, and a cultural heritage of independence and self-reliance. These strengths have brought to the state a worldwide reputation in forest products, fishing, shipbuilding, leather products and textiles and have established Maine as a premier vacation destination.

Today, the people of Maine are participating in the birth of a new economic order whose effects are being felt in all economic sectors — from our large corporations to our small family businesses. Breakthroughs in technology, expanding world trade and investments, growth of the service sector, and the telecommunications revolution are transforming traditional industries and creating new ones faster than at any time in our history.

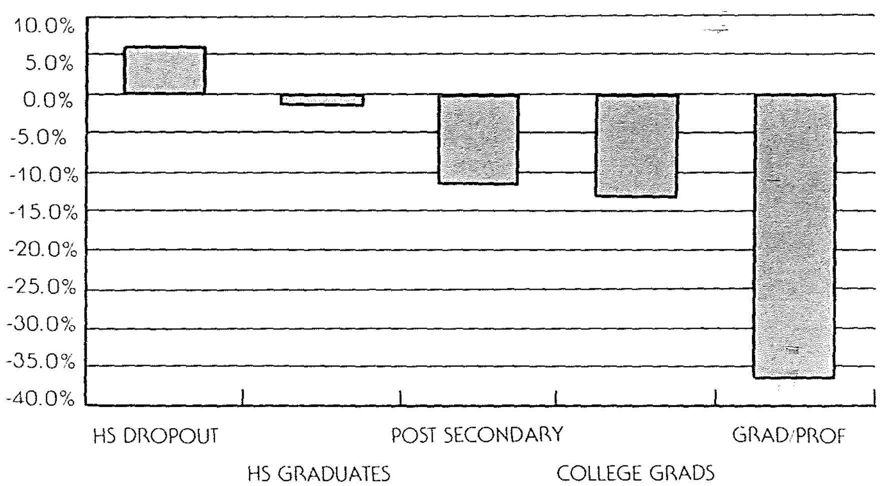
Maine's new economy, fueled by the expansion of our existing industries and the birth of new enterprises, is doing well. But will it match that of our competitors at home and abroad in the future? At present, our natural assets represent one of the state's greatest strengths. But will development pressures jeopardize the quality of our environment? Income and employment are now growing faster in Maine than they are nationally. But will future growth provide high quality jobs for Maine people and distribute economic opportunity more widely throughout the state and to more of our citizens? How we confront our economic challenges will determine our legacy to future generations.

ANNUAL GROWTH IN PER CAPITA INCOME
1976-1986



Income is growing faster in Maine than in the nation.

EDUCATION LEVELS OF MAINE'S WORKFORCE
RELATIVE TO THE NATIONAL AVERAGE:
(U.S. = 0)



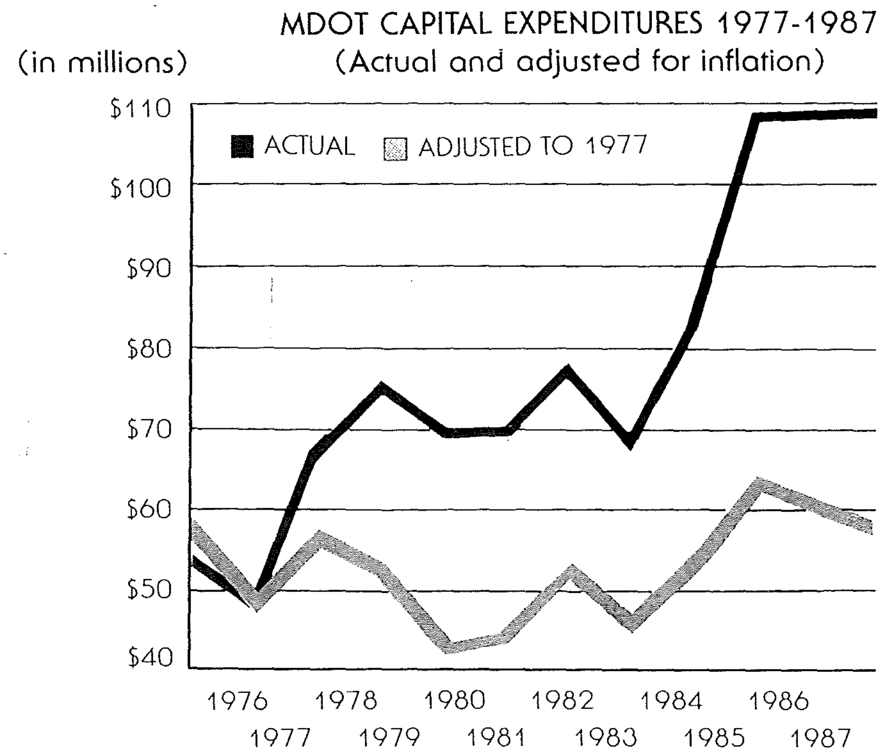
Maine's workforce is less educated than the nation's.

The Challenge to Our Workforce

Maine's evolving economy, with its technological innovations and growing service sector, demands a better educated, more literate, and more adaptable workforce. Three-quarters of all new jobs will require education beyond high school. Maine's workforce has not acquired the broader and deeper education necessary to fill or create new jobs. Many of our traditional skills are becoming obsolete and worker retraining will be essential. We must invest more in preparing our citizens to work productively and to enhance the quality of their lives. Our training institutions must be more responsive to the changing workplace. Our education institutions — from primary to graduate schools — must set goals that demand excellence and must be held publicly accountable for their achievements.

The Challenge to Our Public Infrastructure

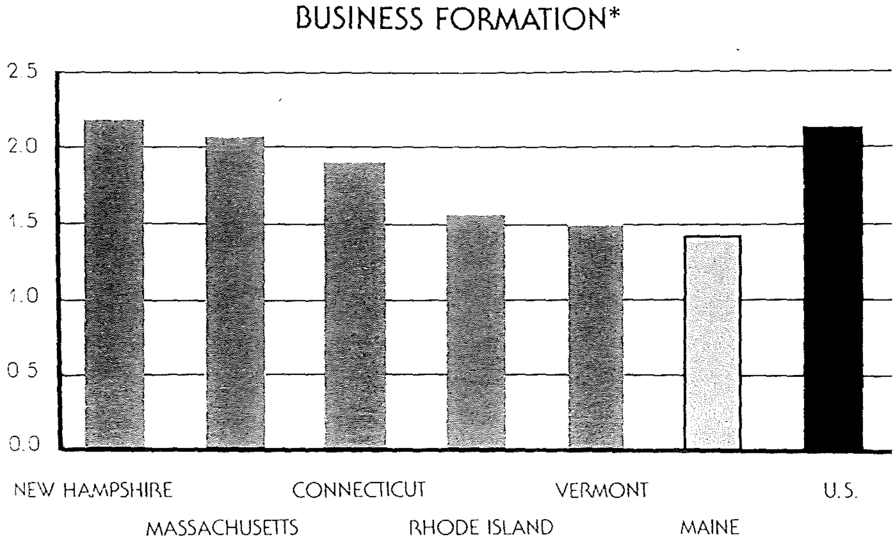
Development in Maine has required enormous public and private investments. The state has financed transportation systems, ports, and other public facilities. Our public utilities have invested heavily in the development of low-cost and diversified energy-generating capacities. But state investments are no longer sufficient to maintain the most vital of these systems, our highway network. It addition, a new class of infrastructure — telecommunications — is needed to accommodate business growth within the state. We must target our investments to the maintenance and improvement of the infrastructure systems that support existing patterns of commerce and that link Maine to new markets.



Although Maine's infrastructure investments have increased, after adjusting for inflation, they are falling.

The Challenge to Our Natural Resources

Maine's natural resources are among its most valuable assets. The land, the sea, the lakes, the rivers, the wildlife, and the forests have shaped the development of our state and have come to embody the essence of Maine. They have long supported our traditional industries and our tourism economy and tomorrow will be equally important in providing a quality residential and recreational environment for people and industry. But these assets will not be preserved and wisely used without further investments and prudent management by those entrusted with their care. We must ensure that economic progress is compatible with the value we place on our natural environment.



*Percent of all business establishments in state founded between 1981 and January 1986.

Businesses are created at a slower rate in Maine than nationwide.

The Challenge to Our Entrepreneurial Environment

The agility and flexibility needed to compete in the changing marketplace require an entrepreneurial drive to develop new goods and services, adopt new production techniques, and seek out new markets. Although some of Maine's industries have a strong tradition of innovation, many have been unable to respond to change and achieve sustained growth. Despite the growing importance of international trade, few Maine firms have been able to penetrate international markets. While the creation of new business is essential to economic growth, Maine suffers a low rate of new business formation. We must provide businesses — particularly small and entrepreneurial enterprises — with the support they need to realize their full potential and contribute to the economic vitality of the state.

In Sum

These challenges confront government and business. Government policy must be responsive to the changing needs of business. Business must be aggressive in pursuing new opportunities. Together they must create a positive environment in which business and government, in partnership, promote the economic prosperity of the state.

PRINCIPLES FOR MAINE'S ECONOMIC DEVELOPMENT STRATEGY

Meeting our economic challenges will depend on investing in the skills of our people, in public infrastructure, in the management of natural resources, and in our entrepreneurial environment. We must preserve the assets which give us a comparative advantage and we must act to minimize those factors that are disincentives to economic growth and expansion. If we invest wisely, we will have the knowledge and the physical resources to ensure that challenges become opportunities. If we do not, we will find ourselves languishing outside the economic mainstream.

The Strategy Must Prepare Maine for Change

Our development strategy must help us adapt to the unprecedented and accelerating transformation through which Maine's economy is passing. The state cannot reverse economic trends. It can, however, help people anticipate the resulting consequences and acquire new skills demanded by the marketplace. It can assist businesses in exploring the role of new technologies and making other adjustments necessary to preserve their competitive edge. With positive action, we can preserve our traditional sources of economic strength as our economy diversifies and expands.

The Strategy Must Reflect Market Forces

Historically, state investments have been undertaken in pursuit of broad economic and social objectives. Today, we must pay greater attention to the underlying forces of the economic marketplace. For example, market influences are moving us toward the production of specialized, high quality goods and services and away from the era of mass production and bulk commodities. New technologies have greatly increased business' ability to improve the quality of its products and to target its output at special market segments. This requires the cultivation of new ideas, close communication with the marketplace, and a highly flexible production process and workforce.

The Strategy Must Recognize Regional Differences and Priorities

Economic change presents different problems and opportunities in each of Maine's regions. Our investment strategy must reflect these regional differences. In southern Maine, wrestling with tight labor and housing markets, a regional development strategy would place greater emphasis on programs to meet employers' demands for skilled labor and to help those outside the economic mainstream to enter the workforce. In areas of the state where growth has been slower, a development strategy would focus priority on projects that lay the foundations to attract private investment and jobs to sustain development. We must continually assess the opportunities and needs of our regions, target investments, and develop the capacity at the regional level to capitalize on local economic potential.

OUR ECONOMIC DEVELOPMENT GOALS

The Strategy Must Build New Partnerships

The state, alone, cannot respond to all the complex issues that our new economy presents. In the past, the state, counties, cities, and businesses each exercised separate responsibilities and contributed different resources in support of economic development. These responsibilities and resources are now shifting. With tightening labor markets, long-standing social issues such as day care are becoming economic issues as well. Education, long the province of local government, now requires new joint action by public and private sectors to bridge the widening gap between classroom and workplace. Our economic strategy must forge new relationships which capitalize on our mutual strengths.

Much has been accomplished in laying the foundations for economic expansion in Maine. We have established a comprehensive development finance agency and created a new Department of Economic and Community Development. We have formed a Legislative Joint Standing Committee on Economic Development and have named an inter-agency Economic Growth Council.

Now we must position ourselves for the future. Maine must build a portfolio of assets that enables us to withstand and profit from change. That portfolio must reflect our regional needs and opportunities, balance our economic aspirations with our concern for quality of life, and distribute the responsibilities, rewards, and risks of economic development among all levels of government and all sectors of the economy.

Judging the long-term value of the investments we make today and measuring our accomplishments tomorrow will require us to clearly define our economic development goals. These goals must translate into quality jobs for our citizens and ensure the lasting social and economic viability of our communities. The goals of this strategy — increasing Maine's economic vitality, providing greater economic independence and choice for Maine residents, and improving the standard of living of Maine's economically disadvantaged — provide a framework for the recommendations described in Part II.

INVEST IN MAINE PEOPLE

No activity that the state can pursue will do more to strengthen our economy, reach the economically disadvantaged, and expand choices for all of us than investing in education and training. One in five adults in Maine lacks a high school diploma. In most categories of educational attainment, Maine trails national averages and the gap is widening.

As we move toward an economy based on the processing and marketing of information, many of our traditional skills are obsolete. Complex social, technical, and economic problems will remain unsolved without educated and trained people.

The benefits of economic development will never be sustained in all regions and by all people without far-reaching changes and further investments in our education and training system.

Maine has taken important steps toward harnessing the potential of its "human capital" investments: the Education Reform Act of 1984 and the publishing of education assessment scores for primary and high school students has provided an important incentive for quality teaching; we have begun to reinvest in the University of Maine System; the Vocational Technical Institutes have taken steps toward an independent governance system; and we have formed a Human Resource Development Council to coordinate job training and oversee implementation of the state's human service goals. Much more is needed.

Major and continuing financial investments will be required to sustain the kinds of educational improvements that our sophisticated economy demands. We must ensure that our school funding formula is fair and encourages a local commitment to quality education. But as we invest more in our educational institutions, we must demand more in return.

We must take three bold steps to realize the full potential of our schools, our teachers, and our students. First, we must set performance goals for each educational system to measure how well it is achieving its mission. Second, we must grant all institutions greater flexibility in the manner in which they teach and train. Third, we must publicly recognize improvements in performance and link them to increases in funding.

"Complex social, technical, and economic problems will remain unsolved without educated and trained people."

A. By December 31, 1988, the state governing and oversight boards of education and training systems should establish specific performance goals to be reviewed and periodically assessed by a Commission on Excellence in Education and Training appointed by the Governor.

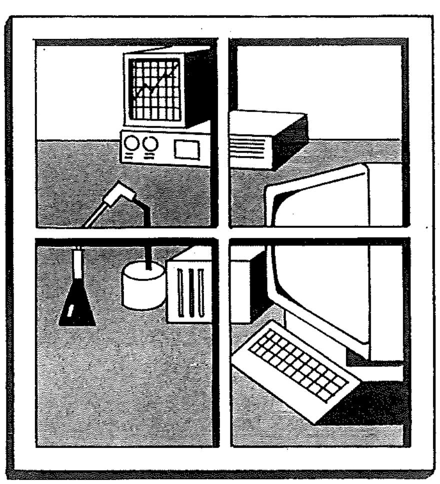
The purpose of performance goals is to encourage institutions to strive for excellence in education and training. To be effective, the goals must accommodate the differing needs of the people served by these systems. How well institutions perform with respect to these goals would be widely publicized and would determine, in part, the allocation of new state funds.

A Report Card Task Force, created by the Commissioner of the Department of Educational and Cultural Services, has already begun work to develop performance standards to promote higher education attainment levels through elementary, secondary and adult education.

1. The Report Card Task Force should consider the following goals for primary, secondary and adult continuing education:
   - Improved basic skills — reading, writing, and mathematics
   - Improved technical and scientific proficiency, including computer literacy
   - Broadened aspiration levels of all students
   - Increased rate of high school graduates pursuing further education or training
   - Increased student offerings in foreign languages, fine arts, literature and history
   - Increased literacy rate among adults
2. The Vocational Technical Institute (VTI) system should consider adopting the following goals:
   - Increases in the number of customized training programs used by business
   - Increases in employer satisfaction with program graduates
   - Increases in average placement rates and earnings in each graduating class
   - Increases in long-term earnings and business formation rates of graduates
3. The Human Resources Development Council should consider adopting the following goals for the Job Training System:
   - Increases in the placement rates and earnings of graduates
   - Increases in the duration of placements
   - Reductions in the number of people dependent on welfare
   - Reductions in the duration of unemployment
   - Increases in employer satisfaction with program graduates
   - Special targets for the Vocational Rehabilitation System for the training and placing of disadvantaged people

4. The Board of Trustees should consider adopting the following goals for the University of Maine System:

- Strengthening the core curriculum requirements for graduation
- Increasing access to degree and non-degree study programs
- Reducing the student dropout rate
- Increasing the number of graduates pursuing further education
- Increasing the number of students achieving national recognition for scholastic achievement
- Improving career achievements of graduates
- Increasing faculty research achievements and public service



B. Improving our education and training system will require major investments tied to the achievement of performance goals.

We must make a significant long-term commitment to investing in our educational and training institutions if we are to realize the full potential of our human resources and maximize their contribution to economic development.

C. Education and training institutions should be granted greater flexilibity in curricula and teaching methods.

Incentives should be provided to our teachers and training providers to experiment and innovate in what they teach and how they teach in order to build a commitment to educational excellence.

D. The contribution of higher education to economic development should be increased.

1. Designate and support Innovation Centers that draw upon the talents of the public and private higher education institutions to: a) perform basic and applied research in areas with a strong potential for creating new economic activity in the state; and, b) build support systems to accelerate the pace of technology transfer and the commercial application of research findings.

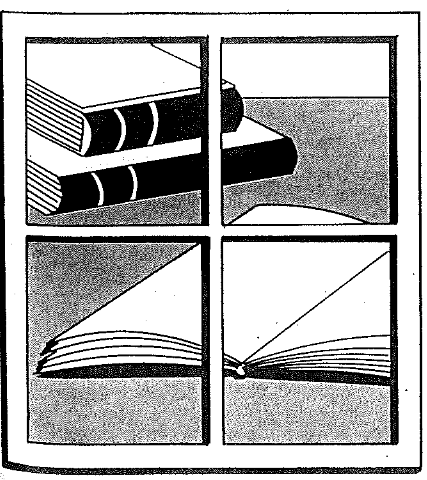
   – These centers should be funded competitively and their performance monitored.

   – The ability of institutions to attract matching private funds should be the primary consideration in directing state funds for research and technology transfer.

– Among the research areas that offer the greatest potential for economic growth are: aquaculture and marine sciences; biotechnology; forest products development; microelectronics; and agriculture and food sciences.

2. New funds should be targeted in the University of Maine System to academic areas of immediate and critical importance to Maine's emerging economy, including mathematics, science, engineering, computer sciences, languages, and international studies.

3. A pilot educational telecommunications system should be implemented to broaden access to and improve the quality of education.



E. The capacity of the VTI system to respond to the needs of employers should be strengthened.

1. Competency-based training curricula should be adopted throughout the VTI system.

2. The VTI system should be allocated resources to develop customized training programs for employers able to provide stable, well-paid jobs.

3. Individual VTIs should be granted enterprise budgets — with appropriate system overhead — that allow greater flexibility in expenditure categories so that they can finance new programs, develop new ways of meeting clients' needs, and market their services more aggressively.

4. Funding should be provided to complete the transition to an independent governance system.

F. The resources of the Governor's contingency training fund should be expanded by creating an Enterprise Job Fund that assists businesses moving into and expanding within Maine to hire the skilled workers they need.

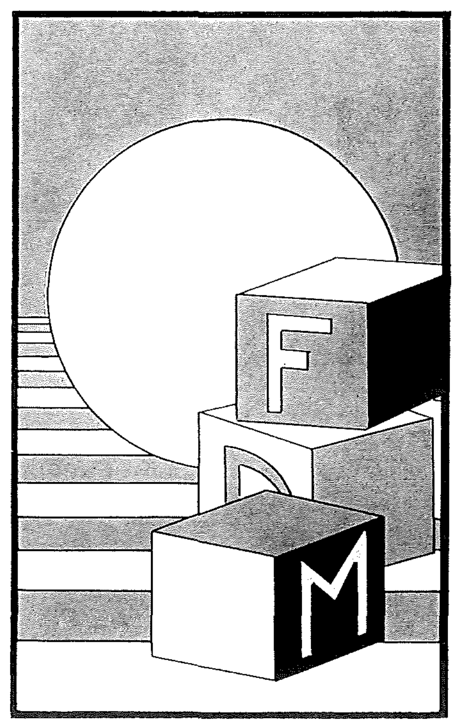
G. Economic independence and choice among disadvantaged people ought to be promoted by expanding our investments in programs to bridge the gap between welfare and the workplace.

Maine has demonstrated through nationally-recognized programs that poverty need be no barrier to economic productivity. Maine's Private Industry Councils through the Job Training Partnership Act (JTPA) and the Welfare Employment, Education, and Training Program (WEET) have placed economically disadvantaged people in education programs and in jobs that have enabled them to escape permanently from dependence on public support programs. Additional funding is essential to serve more areas and more people and must be targeted at those programs that most effectively serve those in need.

H. Maine's child-care initiative should be continued by making quality day care services more widely available.

The barriers to day care services — affordability and availability — must be overcome so that more people have the opportunity to further their education or enter the workforce. The state must encourage the development of innovative solutions, while recognizing that, in the long-term, the responsibility for continued services will lay, primarily, with employers and users.

1. Pilot programs should be created in York and Cumberland counties, where labor shortages are most acute, based on a partnership of public agencies and private employers. This initiative would be replicated in other areas as labor markets tighten.
2. Vouchers should be provided to welfare recipients for some of the cost of child-care during the first few months of work or enrollment in education.
3. Technical training should be provided to child-care providers and entrepreneurial assistance offered to those setting up day care businesses.
4. Incentives should be provided to businesses for cooperative day care programs.
5. A comprehensive review of state regulations should be conducted to find ways of encouraging the expansion of a competitive and diversified day care system without unreasonably compromising quality.



I. The Governor should appoint by December 31, 1987, a public/private task force to develop a plan of action in six months to assist those communities whose growth and viability are threatened by the lack of affordable housing to develop housing alternatives.

J. A Business and Education Compact should be established.

Business leaders and educators must cooperate more closely as Maine's new economy grows. Educators provide business with employees and they determine how the next generation will view both business and economic issues. Business hires those who have passed through the education system and generates the wealth which pays for education. The Compact would use the combined perspectives and energies of business and public and private educators to improve educational quality and access.

1. Aspirations of students should be broadened through a mentoring approach so that education becomes a priority.
2. Ways should be developed to help students shoulder the cost of higher education
3. Work experience opportunities ought to be created that make learning more relevant for students and teachers.
4. The need to promote computer literacy at all levels of education ought to be addressed.

K. Opportunities should be created for business and labor to meet in a non-adversarial environment to address the complex issues created by our rapidly changing economy.

1. The Governor should establish a Business/Labor Roundtable that would bring together the President of the Senate, the Speaker of the House, and other legislative representatives, with business and labor leaders to deal with relevent public policy issues.
2. Business and labor should establish a regular forum to work in partnership to resolve issues of mutual concern.

"Economic development must rest upon solid foundations."

INVEST IN INFRASTRUCTURE

Economic development must rest upon solid foundations. Maine's growth has required enormous public investments. Ports and terminals have supported our proud marine tradition and highways have served as vital economic arteries through our sparsely settled regions. Our investments in waste management systems have determined the degree to which we can accommodate development. Further investments will be needed in support of our new economy. Just as railroads carried freight from our traditional industries to markets, telecommunications convey information generated in our emerging service sector to a worldwide audience.

But, like all foundations, infrastructure is easily overlooked until the consequences of inadequate resources become all too apparent. We must refurbish our existing transportation systems, protect the competitive advantage we enjoy by virtue of our energy investments, and provide for the infrastructure needs of our new economy.

A. Economic growth along economic development corridors should be promoted by improving highway and port capacities and by financing related community development programs.

1. The state should identify a priority system of economic development corridors that require supplemental highway capacity and safety improvements. An economic corridor is an existing highway network serving present patterns of economic activity and that links Maine to emerging markets. Possible corridors identified by the Task Force include: Bangor to Calais and the Maritimes; Houlton northerly through Aroostook County; the Lewiston-Auburn area northwest to Montreal; access to the west from Portland; and the southern part of the Maine Turnpike. Several other corridors of economic importance clearly exist.

   Planning for highway improvements should be based on a careful examination of long-term costs and potential economic benefits. Funding for projects on existing alignments should rely on the expansion of traditional user-based sources. To ensure sufficient progress in improvements to these corridors, an increase in fuel taxes will undoubtedly be necessary. For new locations or multi-lane facilities, toll financing should be considered.

2. Construction should be completed of previously financed port facilities which link Maine to international commerce corridors and that complement private investments.

3. To maximize the state's return on these highway investments, a program to support regional and local development is critical. The state should fund an Economic Corridor Action Grant Program to match local dollars in planning and financing related infrastructure and development projects.

B. Maine's present electrical cost advantage should be preserved by maintaining the availability of low-cost electricity from Maine Yankee in the near-term, and by developing a comprehensive plan to provide cost-effective alternative energy, enabling a planned phase-out of Maine Yankee.

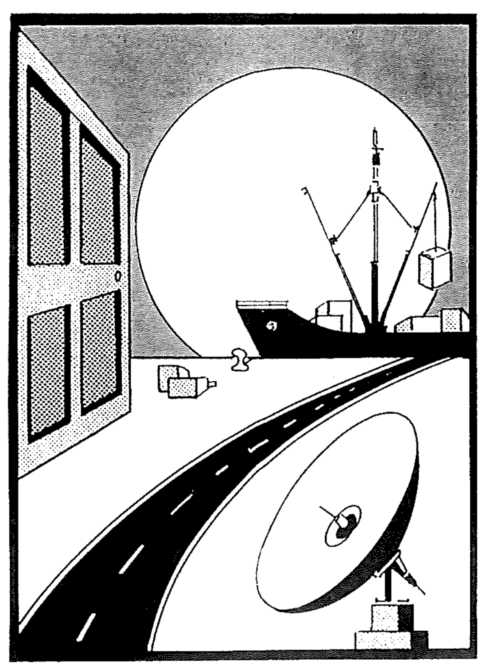
Among the New England states, Maine now enjoys a cost advantage in electrical energy directly attributable to Maine Yankee. Studies prepared by both the previous and the current administrations show that closing Maine Yankee now would cost more than $1.4 billion. The closing would burden the state's economy, particularly its manufacturing sector. The ensuing legal challenge will make energy supplies and costs uncertain, deterring business investment and expansion.

Based on these factors, Maine Yankee should be kept open. Its immediate closing would clearly put Maine at a serious economic disadvantage.

Maine, however, can no longer put aside the need to plan for its future energy needs. The license for Maine Yankee includes a specific expiration date and the continued operation of the plant has been repeatedly challenged. We must aggressively develop a comprehensive energy plan — to be completed by December 31, 1988 — that will: a) identify alternative sources of power that are cost-effective and environmentally compatible; b) identify new ways to use conservation technologies to reduce energy demand; and c) determine whether there may be an economically feasible time for a planned phase-out of Maine Yankee, recognizing the responsibility to investors and the costs to consumers.

C. The development of telecommunications networks should be accelerated throughout the state, not merely in high density markets.

1. The reform of tax and regulatory policies should continue by further accelerating depreciation and permitting the retention of earnings for capital investments in new technologies.
2. Service costs should be reduced by encouraging true economic competition among systems and technologies while protecting universal service by such mechanisms as a "life-line" circuit breaker, the cost of which should be met from general revenues, phased in over several years.



"Maine's natural resources have given the state its unparalleled quality of life."

INVEST IN MAINE'S NATURAL RESOURCES

The people of Maine have always been deeply conscious of the value and abundance of our state's natural resources. The harvesting of those resources has been the basis of the state's oldest industries and their preservation has given the state its unparalleled quality of life. Our natural resource-based industries have contributed significantly to the wealth of the state and have provided quality employment. The development of new value-added products from our natural resources offers strong potential in those regions of our state that most need economic growth. Rapid development and growth, however, are testing our mechanisms for coping with environmental issues. We must conserve our natural endowments, broaden our access to them, and allow their economic use in ways that are compatible with our communities' values for quality of life.

A. There should be an investment in the preservation and management of Maine's natural resources for conservation and recreational purposes.

1. The state should expand its acquisition of easements and lands for public use and access as proposed in this November's bond issue.
2. The state, in close collaboration with private land owners, should establish a commission by December 31, 1987, to develop a rational public access policy which allows for recreational use, encourages conservation of environmentally-sensitive areas, and protects the rights of private property owners.

B. The Maine Town Planning Program should be initiated to provide communities with the resources needed to accommodate growth in an environmentally sound manner.

This new program would respond to the needs of municipalities by providing technical assistance for local governments in the planning, financing, and managing of waste water treatment, waste disposal programs, land use, transportation and other facilities. State funds would be allocated through regional planning agencies to ensure the consistency of regional and local efforts. Local matching funds would be required.

C. Maine's environmental assets should be protected and we should allow for their multiple use through strong, consistent, and efficiently administered regulatory standards.

1. The use of "tiering" should be encouraged in regulatory reviews so that the level of review reflects the scale of each project and its potential environmental, as well as cumulative impact.

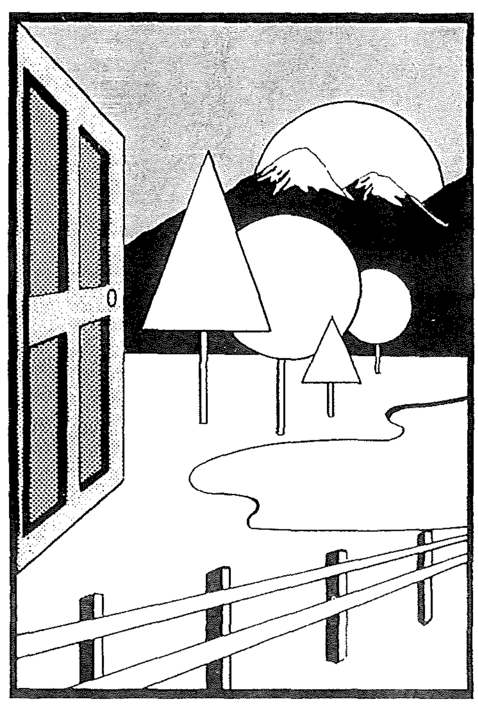
2. Innovations should be introduced in our regulatory system, such as negotiation and performance standards, while we continue to maintain the integrity of environmental laws.

D. Working with coastal Maine communities, comprehensive management plans should be prepared that articulate clear policies for all port and harbor uses and related facilities.

E. The state's new regional tourism development program should generally target its marketing efforts on expanding the use and economic benefit of our natural resources in northern, eastern, and western Maine.

1. Marketing should focus on extending the current tourism and recreational seasons.

2. Special attention should be devoted to expanding the economic potential of fish and wildlife, outdoor recreation and sporting activities.



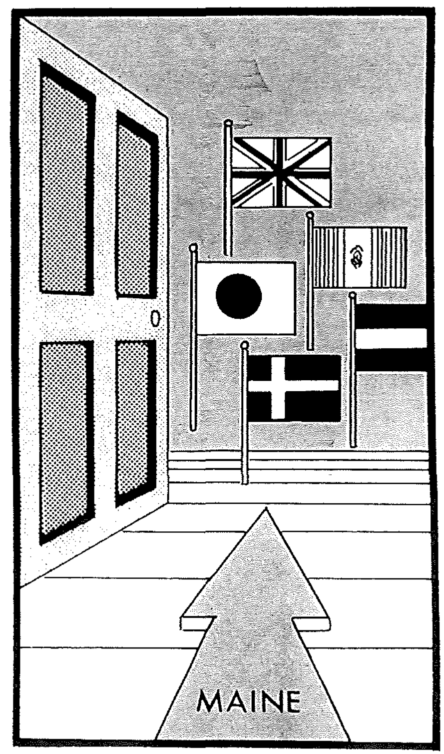
F. New market initiatives should be encouraged that can expand the export sales of quality Maine-produced agricultural products.

A potato marketing order should be initiated to improve the quality and demand for fresh potato stock in northeast produce markets. The Maine Potato Board should develop a program to standardize and upgrade the marketing skills of firms engaged in wholesaling quality produce in Maine.

"The state cannot create entrepreneurs, but it can help create a climate in which innovation thrives."

INVEST IN MAINE'S ENTREPRENEURIAL ENVIRONMENT

Economic growth in Maine depends upon having those businesses that are willing to take risks, develop new products, utilize new technologies, and penetrate new markets. Four out of five new jobs in Maine will be created by indigenous companies — those already here or those that will be created by Maine entrepreneurs. Entrepreneurship can flourish in newly established businesses and in existing businesses willing to adapt to a changing economy. The state cannot create entrepreneurs, but it can help create a climate in which innovation thrives.



A. Maine's Workers' Compensation System places employers at a disadvantage, and the situation is deteriorating. We urge the Governor and the Legislature to bring Maine's system into a competitive posture.

B. Maine entrepreneurs and businesses should be encouraged to grow and compete nationally and internationally through the provision of quality business assistance services.

1. The system of business assistance programs — product marketing, business planning, capital access, and managerial and technical support — should be strengthened by providing matching funds. State funds should be allocated to regional service providers. In all instances, providers should be encouraged to utilize fee-for-service consulting contracts.
2. Services for businesses entering international markets should be expanded by providing information on trade shows, sources of finance, customs procedures, foreign marketing opportunities, and legal requirements.
3. A comprehensive Maine marketing program should be developed to provide small businesses and entrepreneurs with increased opportunities to showcase their products nationally and internationally. Cooperative marketing initiatives and the expansion of trade associations should also be encouraged.
4. The Business Answers program, which provides a one-stop information service for businesses in their dealing with state government, should be aggressively marketed.
5. The state's Community Industrial Building Program should be expanded to support local investments in business incubators.
6. Entrepreneurial skill development should be incorporated in high school and post-secondary education and training programs and entrepreneurial achievement should be recognized by annual Governor's awards.

C. Flexible sources of capital for Maine businesses should be provided and the access to capital for new ventures should be improved.

1. A tax credit for private seed capital investments in promising new ventures that are not yet ready to raise funds through traditional capital markets should be provided.

2. The availability of flexible financing for business expansion and development as proposed in the Maine Job Development Bond Issue should be increased.

3. Equity investments in competitive, growing Maine companies should be stimulated by encouraging the creation of private mechanisms such as mutual funds.

D. A new business expansion and attraction initiative should be undertaken which focuses on Maine's industry opportunities: specialty metals and electronics manufacturing; finance; telecommunication-based sales and information processing; printing; and forest and marine products.

1. Maine should be actively promoted as a place to do business through targeted advertising and trade missions. Cooperative programs involving the state, local governments, and the private sector should concentrate on New England, Canada and other promising international markets.

2. Special emphasis should be given to attracting new investment to Maine's job opportunity zones and economic development corridors.

E. The environment in Maine for business investment must be improved.

1. Specific timeframes should be set and procedural improvements should be adopted that would result in the more timely processing of business permits and license applications.

2. The state should periodically prepare a scorecard that shows how Maine compares with other states including those in New England with respect to key factors and incentives that affect business investments.

3. The state should review means of encouraging business investment through a limited exemption from the personal property taxes on machinery and equipment and through accelerated depreciation.

PART III: THE PLAN FOR ACTION

PRIORITY RECOMMENDATIONS

The Governor's Economic Growth Council, working through appropriate legislative processes where necessary, should take the lead responsibility for immediately coordinating implementation of the strategy, including necessary administrative actions and legislative recommendations. The Task Force urges the Governor, the Legislature and the people of Maine to act decisively on the following priority recommendations:

RECOMMENDATION	ADDITIONAL COSTS		IMPLEMENTATION RESPONSIBILITY
	1st Yr. July '88-June '89	ANNUAL COST 1989-1990 BIENNIUM	
INVEST IN MAINE PEOPLE	$11,150,000	$16,500,000	
Education			
A. Commission on Excellence in Education	150.000	———	Governor and Legislature
B. Investments in Education and Training Systems	------	Major new funding commitment	Governor and Legislature
C. Innovation Centers	1,000.000	2,500.000	Maine Science and Technology Board & Dept. of Economic & Community Development (DECD)
D. University Academic Program Development	2,500.000	3,000.000	University Board of of Trustees
Training			
E. VTI System Office	500.000	500.000	VTI System Board
F. VTI Customized Training Program	500.000	------	VTI System Board
G. Training for the Economically Disadvantaged	1,000.000	3,000.000	Human Resource Development Cncl.
H. Enterprise Job Fund	1,000,000	1,500.000	DECD & Dept. of Labor
Other			
I. Telecommunications Education Network	2,000.000	3,000.000	University Board of Trustees
J. Child Care Initiatives	2,500.000	3.000.000	Dept. of Human Services
K. Affordable Housing Task Force	------	------	DECD

INVEST IN INFRASTRUCTURE	$1,000,000	$3,500,000	
L. Economic Corridors	Fuel Tax	Increase	Maine Dept. of Transportation
M. Economic Corridor Action Grants	1,000,000	3,500,000	DECD
N. Maintain Maine Yankee's Electricity	------	------	Public Referendum
O. Comprehensive Energy Plan	------	------	State Planning & Office of Energy Resources
INVEST IN MAINE'S NATURAL RESOURCES	$ 550,000*	$1,500,000*	
O. Maine Town Planning Program	500,000	1,500,000	DECD
P. Public Lands Acquisition	------	------	Public Referendum
Q. Commission on Public Access	50,000	------	Department of Conservation, Dept. of Marine Resources & Dept. of Inland Fisheries & Wildlife
INVEST IN MAINE'S ENTRE-PRENEURIAL ENVIRONMENT	$3,300,000	$3,550,000	
R. Business and Entrepreneurial Assistance Programs	1,800,000	1,800,000	DECD
S. Increased Access to Capital**	250,000	500,000	DECD & Finance Authority of Maine
T. Maine Job Development*** Bond Issue	------		Public Referendum
U. Business Expansion/ Attraction Initiative	1,250,000	1,250,000	DECD
V. Reform of Maine's Workers' Compensation System	------		Governor & Legislature
TOTAL	$16,000,000	$25,050,000	

*These figures do not reflect the $35 million bond proposal investment in public lands acquisitions.

** This initiative will require $1.5 million in new tax credit authorization. The amounts shown here represent annual expenditures.

*** The Maine Job Development bond proposal includes $5 million for business development and expansion financing.

The Task Force has developed these preliminary funding costs to show the fiscal impact of a meaningful initial investment. It recognizes that these estimates do not reflect the full long-term costs of these recommendations and that actual funding resources will dictate the extent to which these priority recommendations will be implemented.

KEEPING SCORE

The Task Force identified three sets of indicators to measure Maine's long-term economic performance. In each case, the rates of change of the indicators should be compared, first, to other New England states and then to the nation. When judging economic performance, trends are neither good nor bad except as compared with other indicators.

MAINE'S ECONOMIC SCORECARD

INCREASED ECONOMIC VITALITY

INDICATORS:
- Increase in Gross State Product
- Increase in the rate of new business formations
- Number of new full-time jobs, including part-time equivalents
- Pattern of population migration
- Growth in export sales

GREATER ECONOMIC INDEPENDENCE AND CHOICE FOR MAINE RESIDENTS

INDICATORS:
- Growth in per capita income, exclusive of federal transfer payments
- Increase in labor force participation among those able to work
- Increase in the percentage of residents with high school diplomas and post-secondary degrees
- Diversification of the state's economic base
- Diversification of the workforce's occupational skills

IMPROVED STANDARD OF LIVING FOR MAINE'S ECONOMICALLY DISADVANTAGED RESIDENTS

INDICATORS:
- Growth in household income as measured by effective buying power
- Increase in the average hourly wage
- Reduction in the share of the workforce involuntarily working part-time
- Reduction in the unemployment rate

STRATEGY REVISIONS

On a regular basis, the strategy recommendations should be reassessed to determine their appropriateness for the changing marketplace and for developing state capacities. Since the strategy is the state's business plan, we must adopt business management techniques to measure how well our new programs are advancing toward our intended goals. This will allow the state to adjust its actions in response to changing demands for services, and the changing marketplace, and to assess the effectiveness of its program initiatives.

The first detailed re-examination of the strategy should be undertaken in 1991, when impacts of the programs will be measurable. The Governor should designate an organization or agency to be responsible for:

a) Examining our economic progress, as measured by selected indicators
b) Determining if new information on international market changes or state capacity warrant a change in course
c) Making appropriate recommendations to the Governor and Legislature for revising the strategy recommendations

ACKNOWLEDGMENTS

Because such a large number of individuals and organizations throughout the state have collaborated in the preparation of this strategy report, it would be difficult to name everyone individually. The Task Force does, however, express its sincere gratitude to all those who have contributed their time, talents and inspiration.

TASK FORCE MEMBERS

*Roger Mallar, Chair
*Sen. Thomas Andrews, Co-Vice Chair
*Rep. Nathaniel Crowley, Co-Vice Chair

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Peter Webber
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Robert Woodbury
Robert Ziegelaar

(*Steering Committee)

MAINE DEVELOPMENT FOUNDATION

The Maine Development Foundation was charged with the responsibility for coordinating the seven month work schedule of the Task Force, overseeing the preparation of background papers, organizing the Blaine House Conference on Economic Development and authoring the final report.

Special recognition should be given to the Foundation and its staff who performed these tasks with exceptional diligence and skill.

Henry Bourgeois
Laurie Winsor
Leanne Greeley Bond
Gina Ellis
Edith Campbell
Roger Vaughan, Consultant

UNIVERSITY OF MAINE SYSTEM

The following faculty members prepared background papers for the Task Force which analyzed economic opportunities in Maine's industry sectors.

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STATE AGENCIES AND ORGANIZATIONS

The following individuals prepared background papers for the Task Force which analyzed Maine's institutional capacity to promote economic development.

Charles Colgan, State Planning Office
Dana Connors, Maine Department of Transportation
John Fitzsimmons, Maine Department of Labor
Gore Flynn, Maine Development Foundation
Jay Hardy, Department of Economic & Community Development
Stanley Provus, Finance Authority of Maine
Patricia Tanski, Maine Science and Technology Board

An economic forecast for Maine and its regions was prepared by the State Planning Office.

OTHER CONTRIBUTORS

Several other individuals provided valuable support to the Task Force during the course of their deliberations.

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Chapter 844.

THE COMMONWEALTH OF MASSACHUSETTS

In the Year One Thousand Nine Hundred and Seventy-five

AN ACT ESTABLISHING THE LOWELL DEVELOPMENT AND FINANCIAL CORPORATION.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Unless the context otherwise requires, the following words shall have the following meanings:

"Central business district", that area in the city of Lowell within the boundaries of the following streets: beginning at the intersection of Appleton and Gorham streets; thence southwesterly by Appleton street to Thorndike street; thence northwesterly by Thorndike-Fletcher streets to Suffolk street; thence northerly by Suffolk street continuing from the northern end of Suffolk street on a line parallel to the Western canal to the Merrimack river; thence southwesterly by the Merrimack river to the confluence of the Concord and Merrimack rivers; thence southerly by Fayette street to Church street; thence westerly by Church street to the Concord river; thence southerly along the Concord river to Charles street; thence westerly by Charles street to Gorham street; thence northerly by Gorham street to the intersection of Appleton and Gorham streets, the point of beginning.

"Corporation", Lowell Development and Financial Corporation, created by section three.

"Financial institution", any banking corporation or institution, trust company, savings bank, co-operative bank, savings and loan association, insurance company, or related corporation partnership, foundation or other institution engaged primarily in lending or investing funds.

"Greater Lowell", the city of Lowell and the towns of Dracut, Tewksbury, Billerica, Chelmsford, and Tyngsboro.

"Incorporators", Arthur R. Kelts, Leo F. Desjarlais, Joseph C. Mello, Jr., George J. Spaneas, George L. Duncan, Robert C. Maguire, John P. Slavin, Jr., William S. Taupier, John J. Hogan, Jr. and Edwin R. Biron.

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SECTION 2. It is hereby declared that unused, decadent or blighted areas exist in parts of the city of Lowell; that each such area constitutes a serious and growing menace, injurious and inimical to the safety, health, morals and welfare of the residents of said city; that each such area constitutes an economic liability, substantially impairs or arrests the sound growth of said city, and retards the economic well-being of the commonwealth; that each such area decreases the value of private investments and threatens the sources of public revenue; that redevelopment of each such area in accordance with an economic development plan for the elimination of such substandard conditions and prevention of their recurrence is necessary to retain existing commercial enterprises, attract new commercial development and promote the sound economic growth of said city; that the existence of such unused, decadent or blighted areas makes persons unwilling to do business in said city; that the menace of such unused, decadent or blighted areas is beyond remedy and control solely by regulatory process in the exercise of the police power and cannot be dealt with effectively by the ordinary operations of private enterprise without the aids herein provided; that the acquisition of property for the purpose of eliminating unused, decadent, substandard, or blighted conditions therein, preventing recurrence of such conditions in the area, improvement of sites for commercial uses, the disposition of the property for redevelopment incidental to the foregoing, the exercise of powers by the corporation and any assistance which may be given by said city, or any other public body in connection therewith are public uses and purposes for which public money may be expended; and that the acquisition, planning, clearance, development, rehabilitation, or rebuilding of such unused, decadent, and blighted areas for commercial purposes are public uses and benefits for which private property may be regulated by wholesome and reasonable orders, law and directions and for which public funds may be expended for the good and welfare of said city and the commonwealth.

It is hereby further found and declared that there exists in the city of Lowell a condition of substantial and persistent unemployment and underemployment which causes hardship to many individuals and families, wastes vital human resources, increases the public assistance burdens, impairs the security of family life, impedes the economic and physical development of said city and adversely affects the welfare and prosperity of the people; that unemployment and underemployment have been caused in substantial part by commercial companies moving from said city, that many existing commercial facilities within said city are obsolete and inefficient; that such facilities are underutilized or vacated, thereby creating additional unemployment; that such obsolescence and abandonment of existing facilities are causing serious injury to the economy of said city; that the commercial sector of the economy provides one of the best opportunities for jobs at higher wages for the inhabitants of said city; that new commercial sites are required to attract and house new commercial development, and to retain existing commercial operations in need of expansion space; that the unaided efforts of private industry have not provided and cannot provide the necessary commercial sites within the urban environment due to the problems encountered in the assembly of suitable building sites, the provision of adequate public services, the unavailability of private capital for development and the inability of private enterprise alone to plan, finance and coordinate commercial development projects.

It is hereby further found and declared that commercial blight in the central business district has occurred since the by-pass thereof by interstate highway route 495, and the ready access to said route 495 from United States highway route 3 and interstate highway route 93, whereby residents of greater Lowell more readily may shop at commercial centers outside of the central business district and find it time consuming and costly to shop therein; that a program of establishing express non-access connectors from outside the city of Lowell into the central business district, free of traffic light stops, and on well marked rights of way, directly to well lighted parking areas and a program of establishing powered or other transportation of shoppers from such parking access to commercial establishments within the central business district is required to rescue the central business district from economic disintegration; that the use of existing public rights of way, the acquisition of rights of way along alleys, canals and streets for the purpose of improving vehicle and pedestrian traffic flow is a public use for which public money may be expended and that the commonwealth, and the department of public works of the commonwealth, shall cooperate in permitting, and erecting markers on state highways, to inform travellers of the routes into the central business district by appropriate signs, appropriate coloring of routes, appropriate bridges over, or underpasses under, cross streets, appropriate prohibition of parking, widening of streets, and removal or erection of barriers; the acquisition, planning, clearance, development, rehabilitation or rebuilding of areas leading into the central business district from state highways encircling said city for commercial, industrial or historical park purposes bring public uses and benefits for which private property may be regulated by wholesome and reasonable orders, laws and directions and for which public funds may be expended for the good and welfare of said city and of the commonwealth.

SECTION 3. The shareholders of the Corporation are hereby constituted a body corporate under the name of the Lowell Development and Financial Corporation. The Corporation shall be subject to and have the powers and privileges conferred by the provisions of chapter one hundred and fifty-five, sections eighteen, twenty-seven, thirty-one, thirty-three, and thirty-four of chapter one hundred and fifty-six and the provisions of chapter one hundred and fifty-six B and section four of chapter one hundred and eighty of the General Laws as presently enacted or hereafter amended, except insofar as said provisions are inconsistent with or otherwise restricted or limited by the provisions of this act.

SECTION 4. The principal office of the Corporation shall be located in the city of Lowell.

SECTION 5. The purposes of the Corporation shall be, to correct the conditions found to exist in the city of Lowell set forth in section two, promote the common good and general welfare of said city, improve the living standards of the citizens thereof by fostering the improvement of their employment opportunities, solicit, encourage and induce business organizations and educational institutions to locate in said city, with initial priority to the so-called Middle Street rehabilitation project, with an emphasis consistent with the historical theme of the State Heritage park and the proposed Urban National Cultural park. A member of the design review subcommittee of the Lowell Center City Advisory Committee is hereby authorized to serve in an advisory capacity to the executive committee of the Corporation. The Corporation shall assist and promote the development and expansion of business activity and business organizations in said city, and, for the first five years of its existence, the Corporation shall confine its activities exclusively to the rehabilitation, access to, and restoration of, the central business district.

In furtherance of said purposes and in addition to the powers conferred on the Corporation under the provisions of section three, the Corporation shall, subject to the restrictions and limitations hereinafter contained, have the following powers:

(a) To accept, acquire other than by eminent domain, receive, and hold by bequest, devise, grant, gift, purchase, exchange, lease, transfer, judicial order or decree, or otherwise, for any of its objects and purposes, any property, both real and personal, from any source, including grants, loans or advances for or in aid of the purposes of the Corporation from any federal agency or agency of the commonwealth or any political subdivision thereof;

(b) To sell, convey, mortgage, lease, transfer, exchange or otherwise dispose of, any such property, both real and personal that the objects and purposes of the Corporation may require, subject to such limitations as may be prescribed by law;

(c) To borrow money, and, from time to time, to make, accept, endorse, execute, and issue bonds, debentures, promissory notes, bills of exchange, and other obligations of the Corporation for monies borrowed or in payment for property acquired or for any of the other purposes of the Corporation, and to secure the payment of any such obligations by mortgage, pledge, deed, indenture, agreement, or other instrument of trust, or by other lien upon, assignment of, or agreement in regard to all or any part of the property, rights of privileges of the Corporation, whether now owned or hereafter to be acquired;

(d) To make loans to any person, firm, corporation, joint stock company, association or trust located or doing business in the city of Lowell for the purpose of promoting and developing business activities of all kinds, provided such business activities tend to increase employment opportunities within said city;

(e) To acquire improved and unimproved real estate for the purpose of constructing retail, commercial and residential or other business establishments thereon, or for the purpose of disposing of such real estate to others for the construction of retail, commercial or other business establishments as the objects and purposes of the Corporation may require;

(f) To acquire, construct, reconstruct, alter, maintain, sell, convey, transfer, mortgage, pledge or otherwise dispose of retail, commercial, industrial, residential or business establishments as the objects and purposes of the Corporation may require;

(g) To acquire, subscribe for, own, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of the bonds, debentures, notes or other securities and evidences of interest in, or indebtedness of, any person, firm, corporation, joint stock company, association or trust, and while the owner or holder thereof, to exercise all the rights, powers, and privileges of ownership;

(h) To cooperate with and avail itself of the facilities and programs including, but not limited to those of the Small Business Administration of the United States, the Massachusetts Business Development Corporation, the department of commerce and development of the commonwealth, the United States Department of Commerce, the New England Regional Commission, and any similar governmental agencies; provided that at no time shall the Corporation apply for governmental funds in competition with any department, agency, or instrumentality of the city of Lowell without the express written consent of the city manager of said city.

(i) To receive stocks, bonds, donations, gifts and otherwise raise money for the above outlined purposes;

(j) To elect, appoint and employ officers, agents and employees; to make contacts and incur liabilities for any of the purposes of the Corporation;

(k) To employ consultants;

(l) To promote the city of Lowell as a regional retail, commercial, industrial, professional and financial center; and

(m) To do all things and acts necessary or convenient to carry out the powers expressly granted in this act; provided, however, that the purposes shall not include the right to apply for a license to sell alcoholic beverages; and that no part of the funds, property or net earnings of the Corporation shall inure to the benefit of any member, stockholder, other than the city of Lowell, officer of the Corporation or any private individual, and no member, officer of the Corporation, or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation except to the extent that stockholders are entitled to participate in the distribution of the Corporation's assets upon dissolution under section nineteen, nor shall the Corporation allow any of its property to be used directly or indirectly in carrying on of propaganda, or otherwise attempting to influence legislation. The Corporation shall not participate in or intervene in any political campaign on behalf of any candidate for public office or publish or distribute any statements with respect thereto. Notwithstanding any other provision herein contained, neither the members, directors, officers, stockholders, nor the Corporation shall participate in any of the "prohibited transactions" as defined in Section 503 of the Internal Revenue Code, as the same may, from time to time, be amended, nor shall the Corporation accumulate income or engage in any activities if the accumulation of income or the activities so engaged in are or would be within the prohibitions of Section 504 of the Internal Revenue Code as the same may be, from time to time, amended, nor shall the corporation be operated at any time for the primary and sole purpose of carrying on a trade or business for profit.

SECTION 6. The authorized capital stock of the Corporation shall consist of forty thousand shares of non-dividend-paying common capital stock with a par value of fifty dollars each. The shareholders may at any time by majority vote issue any part or all of said stock upon such terms as they shall determine or by majority vote the shareholders may delegate to the directors the power of by majority vote to issue any part or all of said stock upon such terms as they shall determine. An individual, corporation, estate, trust, company or partnership shall be entitled to purchase the same from the Corporation from time to time, as long as the latter has in its treasury authorized common capital stock not distributed. Such stock may also be purchased from other individuals, corporations, estates, trusts, companies or partnerships. None of the earnings or profits of the Corporation shall accrue to or be paid to the stockholders of common capital stock as dividends or profits in any form.

SECTION 7. Notwithstanding any rule at common law or any authorization, limitation or any such other provision of any general or special law, or any provision in their respective charters, agreements of associations, articles or organization, or trust indentures, all domestic corporations organized for the purpose of carrying on business within the commonwealth, including without implied limitation any electric or gas company as defined in section one of chapter one hundred and sixty-four of the General Laws, railroad corporations as defined in section one of chapter one hundred and sixty of the General Laws, financial institutions, trustee and the city of Lowell are hereby authorized to acquire, purchase, hold, sell, assign, transfer, or otherwise dispose of any stocks, bonds, securities, or other evidence of indebtedness of the Corporation and to make contributions to the Corporation, all without the approval of any regulatory authority of the commonwealth.

Any contribution made under this section to the Corporation shall be in addition to any contributions authorized by section twelve C of chapter one hundred and seventy of the General Laws, and by other provisions of general or special law.

SECTION 8. In order to carry out the purposes and powers of the Corporation, the city of Lowell may raise and appropriate, or may borrow in aid of the Corporation, such sums as may be necessary to make a loan or grant to the Corporation.

SECTION 9. The shareholders of the Corporation shall have the powers of the corporation to elect directors as provided in section ten and to exercise such other powers of the Corporation as may be conferred on the shareholders by the by-laws.

SECTION 10. The board of directors of the Corporation shall be elected annually and shall have the powers of the Corporation: (a) at its option, to name an advisory board; (b) to set a fiscal year for the operation of the Corporation; and (c) to make, amend, or repeal the by-laws in whole or in part.

SECTION 11. 1 The business and affairs of the Corporation shall be managed and conducted by an executive committee which shall have full power to commit the board of directors and the Corporation. 2 Said committee shall be elected annually by and from the board of directors, consisting of seven voting members, of which one shall be city manager of the city of Lowell, four shall be elected from among the representatives of those participating financial institutions who have bought or subscribed shares in the Corporation in the amount of one twentieth of one per cent of their greater Lowell regular savings and checking account deposits, and the remaining two elected at large by and from the board of directors, and one non-voting member who shall be a representative of said city's designated development agency chosen by the city manager or in the case of an independent agency, by its board. 3 In the election of the executive board, each director shall have one vote. 4 The president of the Lowell

Downtown Merchants Association may not be a member of the executive committee. 5 The board of directors shall consist of twenty-five members of which one shall be the city manager of said city, one shall be the president of the Lowell Downtown Merchants Association, and one shall be the president of the Greater Lowell Chamber of Commerce. 6 The remaining twenty-two directors shall be elected by the shareholders, casting one vote on a noncumulative basis per share owned. 7 There shall be elected by the board of directors and from the executive board a president, treasurer, and secretary/clerk.

8 Directors and officers shall not be responsible for losses unless the same shall have been occasioned by the willful misconduct of such directors and officers.'

SECTION 12. The Corporation shall not deposit any of its funds in any banking institution unless such institution has been designated as a depository by a vote of a majority of the directors present at an authorized meeting of the board of directors, exclusive of any director who is an officer or director of the depository so designated. The Corporation shall not receive money on deposit.

SECTION 13. The Corporation shall make reports of its condition not less than annually to the state secretary, which report shall be published in a newspaper of general circulation in the city of Lowell within sixty days of the close of the Corporation's fiscal year. The state secretary shall make copies of such reports available to the commissioner of insurance and to the commissioner of banks, and the Corporation shall also furnish such other information as may, from time to time, be required by the state secretary. In addition, the city manager of said city shall appear in person before the city council of said city not less than twice annually to report the status and plans for the development of the central business district and any real estate owned by the Corporation.

SECTION 14. The first meeting of the Corporation shall be called by a notice signed by three or more of the incorporators, stating the time, place and purpose of the meeting, a copy of which notice shall be mailed or delivered to each incorporator at least five days before the day appointed for the meeting. Said first meeting may be held without such notice upon agreement in writing to that effect signed by all the incorporators. There shall be recorded in the minutes of the meeting a copy of said notice or of such unanimous agreement of the incorporators.

At such first meeting the incorporators shall organize by the choice, by ballot, of a temporary clerk, by the adoption of by-laws, by the election by ballot of directors and by action upon such matters within the powers of the Corporation as the incorporators may see fit. The temporary clerk shall be sworn and shall make and attest a record of the proceedings until the clerk has been chosen and sworn. Eight of the incorporators shall be a quorum for the transaction of business.

Whenever the certificate required by section thirteen of chapter one hundred and fifty-five of the General Laws has been filed in the office of the state secretary, said secretary shall issue and deliver to the incorporators a certified copy of this act under the seal of the commonwealth, and the Corporation shall then be authorized to commence business, and stock thereof to the extent herein or hereafter duly authorized may, from time to time, be issued.

SECTION 15. The Corporation shall not be subject to any of the provisions of chapter sixty-three of the General Laws, nor to any taxes based upon or measured by income which shall be enacted by the commonwealth. The securities, evidences of indebtedness, and shares of stock issued by the Corporation, and income therefrom shall at all times be free from taxation with the commonwealth.

Any stockholder, or holder of any securities, evidences of indebtedness, or shares of the capital stock of the Corporation who realizes a loss from the sale, redemption, or other disposition of any securities, evidences of indebtedness or shares of the capital stock of the Corporation, including any such loss realized on a partial or complete liquidation of the Corporation, and who is not entitled to deduct such loss in computing any of such stockholder's or holder's taxes to the commonwealth, shall be entitled to credit against any taxes subsequently becoming due to the Commonwealth from such stockholders or other holders, a percentage of such loss equivalent to the highest rate of tax assessed for the year in which the loss occurs upon mercantile and business corporations as referred to in section two of chapter sixty-three of the General Laws.

SECTION 16. The provisions of chapter one hundred and ten A of the General Laws shall not apply to the shares of capital stock, bonds, debentures, notes, evidences of indebtedness, or any other securities of the Corporation.

SECTION 17. This charter may be amended by the votes of the shareholders, and such amendments shall require approval by the affirmative vote of two thirds of the shareholders entitled to vote; provided that no amendment of this charter which is inconsistent with the general purposes expressed herein or which eliminates or curtails the right of the state secretary to examine the Corporation or the obligation of the Corporation to make reports as provided in section thirteen shall be made without amendment of this act; and provided further, that no amendment of this charter which affects a stockholder's voting right shall be made without the consent of each stockholder affected by such an amendment.

Within thirty days after any meeting at which amendments of this charter have been adopted, articles of amendment sworn to by the president, treasurer, and a majority of the directors setting forth such amendment and the adoption thereof, shall be submitted to the state secretary, who shall examine them, and if he finds that they conform to requirements of the act, he shall so certify and endorse his approval thereon. Thereupon, the articles of amendment shall be filed in the office of the state secretary and no such amendment shall take effect until such articles of amendment shall have been filed as aforesaid.

Prior to or within sixty days after the effective date of any legislative amendment to this charter, the approval of such amendment shall be voted on by the stockholders of the Corporation at a meeting duly called for the purpose. If such amendment is not approved by the affirmative vote of two thirds of the stockholders entitled to vote, any stockholder who has voted against the approval of such amendment if entitled to vote, or, if not entitled to vote, has registered his disapproval in writing with the Corporation at, or before said meeting, may, within thirty days after said meeting, make a written demand upon the Corporation for payment for his stock.

SECTION 18. The period of duration of the Corporation shall be fifty years, subject, however, to the right of the members to dissolve the Corporation prior to the expiration of said period as provided in section nineteen.

SECTION 19. The Corporation may, upon the affirmative vote of two-thirds of its members petition for its dissolution by order of the supreme judicial or superior court, in the manner provided in section fifty of chapter one hundred and fifty-five of the General Laws. Upon

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any dissolution of the Corporation the stockholders, if any, shall be paid on a pro rata basis that percentage of the assets of the Corporation in excess of the obligations of the Corporation which the amounts paid into the Corporation for all stock bears to sum of (1) such amounts paid into the Corporation for all the stock and (2) the amounts of all donations made to the Corporation; provided, that in no event shall a stockholder be paid upon such dissolution more than the amount paid into the Corporation for his stock.

SECTION 20. If the Corporation shall fail to commence operations within three years from the effective date of this act, then this act shall be null and void.

SECTION 21. The provisions of this act are severable, and if any of its provisions shall be held unconstitutional by any court of competent jurisdiction, the decision of such court shall not impair any of the remaining provisions.

SECTION 22. This act shall take effect upon its acceptance by the city of Lowell.

House of Representatives, December 11, 1975.

Passed to be enacted, Thomas W. McGee, Speaker.

In Senate, December 11, 1975.

Passed to be enacted, Kevin B. Harrington, President.

December 23, 1975.

Approved,

Michael S. Dukakis Governor.

INDUSTRIAL IMPROVEMENT LOANS
FACT SHEET

Introduction

The Lowell Development and Financial Corporation (LDFC) through an agreement with the City of Lowell offers secondary mortgage financing at well below market interest rates for industrial and commercial development in the City of Lowell. The following is a brief description of the loan program, eligibility criteria, application procedures, and conditions required as part of each loan.

Program Description

Amount: The maximum amount available is $250,000. Further, industrial improvement loans are limited to twenty-five percent (25%) of the appraised value of the project upon completion or twenty-five percent 25% of the actual cost of the project, whichever is less.

Interest Rate: The rate of interest is forty percent (40%) of the prime lending rate of the First National Bank of Boston rounded off to the next highest quarter of a percent or four percent, whichever is greater.

Term: Generally, the term of the LDFC loan will be the same as the term of the first mortgage unless determined otherwise by the LDFC Executive Committee.

Use of Loan Proceeds: Loan proceeds must be used for the acquisition, construction or renovation of industrial facilities.

Industrial Facilities - Definition of Eligible Projects

Under the agreement between the City of Lowell and the LDFC which establishes this program, the term industrial facility is defined as follows:

1. A structure or facility devoted to an enterprise engaged in applying skill and labor to the giving of new shapes, new qualities or new combinations to matter as material products.

   Facilities devoted to the storage, handling or transportation of manufactured or natural products are ineligible for this program.

2. Office buildings containing at least 15,000 square feet of office area.

Note: The Office of the City Manager, Division of Planning and Development, has the final authority to interpret the industrial facility definitions and to determine the eligibility of each applicant.

Minimum Project Cost: In order to be eligible, the cost of the project to the applicant must be $200,000 or more after subtracting from the total the amount requested from the LDFC.

Application Process

Projects to be financed by industrial improvement loans must be approved by the Office of the City Manager, Division of Planning and Development, the Lowell City Council and the LDFC Executive Committee. The following outlines the process each applicant must follow and the information which is required at each stage.

Initial Application: Each applicant must submit a written preliminary proposal to:

The Office of the City Manager
Attention: Mr. John Meehan
Division of Planning and Development
50 Arcand Drive
Lowell, MA 01852
(508) 970-4285

Each preliminary proposal must include the following information:

a. Name of firm
b. Name of principals
c. Description of the business
d. Site and project description (location, size, new construction, renovation, etc.)
e. Effect on employment (jobs created, number of existing employees, etc.)
f. Breakdown of project costs (acquisition, construction, renovation, etc.)

Loan Application

Once the City of Lowell completes its review and grants its preliminary approval, the LDFC must determine the economic feasibility of the project, the creditworthiness of the applicant and the terms and conditions of the loan.

The applicant must submit a loan application to:

Mr. James J. Cook, Executive Director
Lowell Development and Financial Corporation
100 Merrimack Street
Lowell, MA 01852
(508) 459-9899

All exhibits must be signed and dated. Each loan application must include the following:

A letter from the Office of the City Manager requesting the LDFC to review the application

Architectural Plans if applicable

Copy of construction bids from three acceptable contractors, if applicable.

A fee to cover the cost of an outside independent appraisal. The appraiser will be selected and hired by the LDFC

Commitment letter from the applicant's bank for a first mortgage and/or additional financing

Copy of purchase and sales agreement

A list of collateral to be offered for the loan

A history and description of the business

A statement detailing the exact uses of the loan proceeds

A statement of the anticipated benefits from the proposed financing

A balance sheet and profit and loss statement for the previous years

A current balance sheet and a current operating statement (not over sixty (60) days old)

A pro forma balance sheet and projected operating statement for two years

A monthly cash flow for the first twelve (12) months of operation or three months beyond the break-even point

The names of affiliates and/or subsidiary firms

Resumes of the principals

A list which contains the original date and amount, present balance owed, interest rate, monthly payment, maturity and security for each loan or debt that your business currently has, indicating whether the loan is current or delinquent

If your business is a franchise, include a copy of the franchise agreement.

Current personal financial statement for each proprietor, partner, officer and each stockholder with 20 percent or more ownership of the business

Resolution from the Board of Directors, if a corporation, authorizing the business concern to borrow

It should be noted that the business concern receiving assistance may be required to submit periodic financial statements to the LDFC.

<u>Final Approval</u>

If the loan application is approved by a vote of the LDFC Executive Committee, the Lowell City Council must approve the application by a majority vote. (NOTE: All financial information submitted to the LDFC is confidential.)

<u>Loan Commitment</u>

Once the Lowell City Council approves the application, the LDFC will issue a letter of commitment which defines the terms and conditions of the loan. The terms and conditions for each loan are determined on a case by case basis. However, as a policy, the following provisions generally are required:

a. No less than good and valid second mortgage lien on the property and improvements
b. Corporate and personal guaranties
c. Assignment of leases
d. Security on equipment
e. Additional security as may be required by the LDFC
f. LDFC legal fees to be paid by the applicant
g. Loan funds disbursed upon completion of the project and certification of same by City of Lowell, Division of Planning and Development

<u>Additional Conditions</u>

<u>Disbursement</u>: Due to the extensive demand for loan funds, and the city's objective of maximizing the beneficial impact of available funds on the city's development, all loans may be disbursed to the borrower over a period of five years. As an example, a $150,000 loan may be disbursed over five years at $83,000 per year.

<u>Availability of Funds</u>

All loan commitments are subject to the availability of funds from the Industrial Improvement Loan Fund as outlined in Section 8 (a) of the Development Funding Agreement between the City of Lowell and the LDFC. One percent commitment fee is due upon acceptance of terms and conditions.

LOWELL DEVELOPMENT AND FINANCIAL CORPORATION
100 MERRIMACK STREET
LOWELL, MA 01852

NEIGHBORHOOD IMPROVEMENT LOANS
FACT SHEET

Introduction

The Lowell Development and Financial Corporation (LDFC), through an agreement with the City of Lowell to administer a UDAG loan and as a result of capital invested in the LDFC by the Greater Lowell banks, can provide secondary mortgage financing at well below market interest rates for improvement to commercials and residential development in designated neighborhoods in the City.

The following is a brief description of the loan program, eligibility criteria, application procedures and conditions required as part of each loan.

Program Description

Amount: The maximum amount available is $50,000 or thirty percent of the appraised value of the project upon completion, whichever is less.

Interest Rate: The rate of interest is forty (40) percent of the prime lending rate of the First National Bank of Boston rounded off to the next highest quarter of one percent or six (6) percent, whichever is greater.

Term: Generally, the term of the LDFC loan will be the same as the term of the first mortgage unless determined otherwise by the LDFC Executive Committee.

Use of Loan Proceeds: Loan proceeds must be used for the restoration and/or renovation of commercial and/or residential properties in eligible areas. The project design and work performed must be approved by the City of Lowell, Division of Planning and Development prior to work commencing and after completion.

Definition of Eligible Projects

The agreement between the City of Lowell and the Lowell Development and Financial Corporation which established the Neighborhood Improvement Loan Program requires that each project comply with the following criteria to be eligible for the program:

1. The Borrower must be the owner of the property.

2. The minimum project cost to the applicant must be $2,500 or more after subtracting from the total the amount requested from the LDFC.

3. Projects must be located in those areas of the City designated as target areas under the Community Development Block Grant Program. Generally, the target areas are the following:

   a. Central Business District
   b. Lower Centraville
   c. Lower Belvedere
   d. Back Central Street and the Grove Area
   e. The Acre
   f. Lower Highlands and outer Middlesex Street

For specific boundary definition, please refer to the attached map.

Application Process

Projects to be financed by the Neighborhood Improvement Fund must be approved by the Division of Planning and Development, Office of the City Manager and by the Lowell Development and Financial Corporation Executive Committee. The following outlines the process which each applicant must follow and the information required at each stage.

Design Review: Division of Planning and Development (DPD)

Each applicant must submit preliminary design plans detailing the work to be performed on the exterior of the building to the Division of Planning and Development. The applicant must obtain written approval of the project design from the DPD for submission with the loan application.

Design plans must be submitted to:

Mr. Robert Malavich, Director
Division of Planning and Development
JFK Civic Center
50 Arcand Drive
Lowell, MA 01852
(508) 970-4256

Each design proposal must include the following information:

a. Name of applicant
b. Location of property
c. Brief written description of work to be performed
d. Breakdown of project costs
e. Preliminary design plans, if available, or request for DPD to undertake preliminary design

Loan Application to LDFC

Once the DPD completes its review and grants its approval of the design, the LDFC determines the economic feasibility of the project, the creditworthiness of the applicant and the terms and conditions of the loan, if granted.

The applicant must submit a loan application to:

James J. Cook, Executive Director
Lowell Development and Financial Corporation
100 Merrimack Street
Lowell, MA 01852
(508) 459-9899

All exhibits must be signed and dated. Each loan application should include but will not necessarily be limited to the following:

1. Written design approval by the Division of Planning and Development

2. Copy of architectural plans

3. Copy of construction bids from three acceptable contractors

4. A fee to cover the cost of an outside independent appraisal. The appraiser will be selected and hired by the LDFC. Fee information will be provided to the applicant prior to the appraisal being done.

5. Copy of the commitment letter from the applicant's bank for a first mortgage and/or additional financing

6. LDFC loan application

7. Copy of purchase and sales agreement, if applicable

8. A list of collateral to be offered for the loan

9. A history and description of the business

10. A statement detailing the exact uses of the loan proceeds.

11. A balance sheet and profit and loss statement for the previous three years.

12. A current balance sheet and operating statement (not over 60 days old)

13. A pro forma balance sheet and projected operating statement for two years.

14. If borrower is an individual or partnership, copies of state and federal tax reports

15. The names of affiliates and/or subsidiary firms

16. Resumes of the principals

17. A list which contains the original date and amount, present balance owed, interest rate, monthly payment, maturity and security for each loan or debt that your business currently has, indicating whether the loan is current or delinquent.

18. Current personal financial statement for all principals.

19. Detailed listing of all leases including the name, amount, and years if applicable.

20. If a corporation, a copy of the resolution authorizing the concern to borrow

Loan Commitment

If the Executive Committee approves the loan application, the LDFC will issue a letter of commitment which defines the terms and conditions of the loan. The terms and conditions for each loan are determined on a case by case basis. However, as a policy, the following provisions generally are required:

a. No less than a good and valid second mortgage lien on the property and improvements

b. Corporate and person al guaranties

c. Assignment of leases

d. Security on equipment

e. Additional security as may be required by the LDFC

f. LDFC legal fees to be paid by the applicant

g. Loan funds disbursed upon completion of the project and certification of same by City of Lowell, Division of Planning and Development

Additional Conditions

All loan commitments are subject to the availability of funds from the LDFC General Fund and a Neighborhood Improvement Fund established by the agreement between the City of Lowell and the LDFC, Section 8(a) of the Development Funding Agreement. Funds will be made available according to a priority list based upon the actual completion and approval by DPD of the project.

DRAFT

Nancy Rutledge Connery of Woolwich, former director of the National Council of Public Works Improvement, addressed a group of legislators and business people at the initial meeting of the Maine Business Alliance back in April.

Her topic was infrastructure and the elements of a strategy that will produce a functioning system of improvements. Of greatest importance to this group is her description of the role of state government.

It must: Champion the cause of infrastructure improvement.

Provide a creative resource

Assist in Comprehensive Planning

Resolve conflicts

<u>And</u> Be the major source in capital formation

(Cited as a capital formation example was the Washington State Public Works Trust Fund. Provides low cost (1 - 3%) loans for public works and emergencies, zero interest loans for capital planning upgrades for cities, towns and special districts. Is funded with <u>small</u> additions to several state taxes such as real estate transfer, utilities, etc.

In order to maintain the best possible climate for the expansion of our economy, a solid infrastructure is needed to facilitate growth. Roads, railroads, airports and port facilities are needed to move goods and people; water and sewer systems must be adequate to handle increased demand; schools and public facilities, jails, hospitals and courthouses must be able to accommodate larger (and younger) populations: and our supply of affordable housing has to be adequate to meet demand.

The best example of public infrastructure in our state is our highway and bridge network. Maine has over 8,000 miles of highway and over 2,500 bridges. Because of an assured source of funding and the hard work of the Legislature and D.O.T. Maine enjoys a quality highway network. However, according to a 1989 FHWA report, 14.4% of Maine's paved rural highways are rated as poor and in need of reconstruction. 48.2% of the paved rural highways are in "fair" condition, needing resurfacing, restoration and rehabilitation.

According to the same report, 8% of urban highways and street are rated "poor". 42.4% of urban highways are rated only "fair". The picture for bridges doesn't look a lot better. 30% of Maine's bridges (including 42% of bridges on state or local roads) are either structurally deficient or functionally obsolete (meaning the bridge is inadequate for current loads and traffic.) That's the bad news . . . the good news, is that Maine is better than the national average where some 42% of bridges are structually deficient or functionally obsolete. But poor roads are about more than front-end alignments and worn shocks. Poor roads cost money . . . lots of money.

Using an example cited by George Will in a March 12, 1990 column. "Consider one bridge with a light load of 2,000 cars and 200 trucks per day. If trucks must detour, adding 5 miles to their routes at 50 cents/mile, costs increase by $182,500 per year. Using 20 cents/mile for cars, the added annual cost is $730,000.

With today's manufacturing environment facing stiff challenges from domestic and international competition, one means of reducing costs is to cut inventory of materials. "Just in time delivery" was first widely used by the Japanese, however, it now is commonplace in the states. For example, General Motors has, in the past, contracted with a component manufacturer in Caribou. GM depended on daily air shipments of this component, lest the production line shuts down. For GM, a good all-weather in Aroostook County is important. According to Dick Wolfe of Poland Spring Bottling, they maintain an 8-hour inventory of glass bottles. A delayed shipment means an idle plant and idled workers. But our transportation system is about much more than highways. Port facilities and railroads figure prominently in the movement of heavy, bulky goods. Port facilities are especially needed for moving goods off shore.

Speaking of port facilities leads me into the need for smoother, more timely project permitting. I don't intend to get into topic 4, just let me say how frustrating it can be to see a vital project like Sears Island interminably delayed while lawyers on both sides continue to collect sums and while contractors' costs and bids increase.

We need a swift and friendly permitting process, one where adversarial relationships become the exception, rather than the norm.

Maine has been quite fortunate in its highway and bridge program. Every two years the Department goes to the electorate seeking approval of a construction bond issue, which, along with federal monies, forms the backbone of our transportation program. All but one of the recent bond issues has enjoyed significant public approval, indicative of the broad public support for good roads and bridges. But one has to wonder if the odds perhaps might shift. What happens when voter support turns against increased debt. Where will Maine then go to get state funds to match and trigger federal funding.

Wastewater treatment plants, water filtration systems, increased prison capacity and more is subject to the sentiment of Maine voters. I submit that a subject as vital as public infrastructure is too important to be subject to the changing moods of an electorate. When a bond issue involving construction fails there is one nearly inevitable result . . . higher costs.

I believe the Committee should look at providing a sustained and dependable source of capitol funding. One idea is to increase the amount of bonded indebtedness requiring voter approval.

The costs facing Maine are staggering. The cost of bringing all of Maine's bridges and highways into a "good" rating was pegged at $1 billion several years ago. Rehabilitation of rail lines has been estimated as high as $1 million a mile, the Safe Drinking Water Act of 1986 mandated new facilities and methods costing a $1-2 billion.

DRAFT

Page 5 (Cont'd)

After 1994 there will be no federal funds for wastewater treatment facilities, yet correction of combined storm drains/sewers is estimated at $900 million.

Clearly additional sources of funding will be needed. But we must also protect current sources. The U.S. Congress and the Maine Legislature were wrong to increase fuel taxes for general revenue spending. This must not become a trend and the current practice needs to be stopped.

Maine should be encouraging privatization. Allow private parties to assure more functions traditionally thought to be the sole domain of the public.

Repeal outdated legislation. Maine's "prevailing wage law" adds unnecessary costs to any state funded project. A recent job at the University of Maine is a good example. A contractor, using posted wage rates, estimated his cost for erecting structural steel to be $19,294.00. His actual costs were $15.275.61. However, if the local rate had been used, the cost would have been $8,510.71. A savings of $6,764.90 (including payroll tax savings.) Substantial savings would result in Maine repealing its version of a 1932 law.

Page 6 (Cont'd)

Should the State of Maine ever again see a budget surplus, it should be earmarked toward erasing a portion of infrastructure backlog. Develop reliable sources of funding for vertical infrastructure maintainance. Every year of delay increases costs a geometric rate. For example, the time to fix a leaky roof is when a leak is discovered during an inspection of your attic ... not after the water has rotted the subroof and a ceiling.

I feel strongly about the other topics as well. We need a tax policy to move us more toward private investment. The state must do everything it reasonably can to make capital available. The regulatory process must be made more "user-friendly" and a helping approach needs to be adopted. And Maine business has to be helped overcoming the burden of W.C. and allowing for drug testing.

AAA Update

IMPORTANT NEWS AND INFORMATION FROM AAA MAINE

ISSUES SURROUNDING "TRANSPORTATION POLICY ACT" MUST BE EXAMINED

Members can expect to hear various arguments for and against the Transportation Policy Act between now and November. There will be a great deal of discussion and public debate about this issue, which has already generated considerable controversy.

The Turnpike widening issue is not new. It has been around off and on since 1972 and never fails to provoke emotional response. After years of delay, the current Turnpike widening project has finally been approved by all the necessary legislative and regulatory bodies, but anti-widening forces have succeeded in bringing it to referendum.

AAA officials at both the state and national levels have made a preliminary analysis of the referendum and will continue to evaluate and comment on it between now and November. Our initial reaction is that the whole complexion of this issue has changed dramatically. As written, the referendum goes far beyond simply widening—or not widening—the Turnpike and actually raises two distinct issue. More far-reaching than whether or not to widen the Turnpike are proposed changes in basic transportation policy that will affect highway construction and maintenance for years to come.

Before going to the polls this November to cast your vote, become well informed about all aspects of this complex issue. The ballot question reads: "Do you favor the changes in Maine law concerning deauthorizing the widening of the Maine Turnpike and establishing transportation policy proposed by citizen petition?" Remember that this proposal goes far beyond deauthorizing the Turnpike widening project; it affects state transportation policy in important ways that the question does not identify.

AAA urges all members to become informed. Obtain a copy of this legislation (LD 719) by calling 289-1408, or call AAA Maine at 1-800/482-7497 or 780 6800, ext. 6831. If you wish to speak to your legislator, call 1-800/423-2900 and leave a message.

AAA CHALLENGES GOVERNOR ON CONSTITUTIONAL ISSUE

In a July 18 letter to Gov. John McKernan (excerpted below), AAA challenged the constitutionality of one element of his budget package. AAA expressed concern that the allocation of $8 million of the two-cent-per-gallon gas tax revenue to fund the State Police is an unconstitutional diversion of highway monies.

". . . A constitutional amendment guarantees that all fuel tax revenues are to be used only for highway purposes. In 1983 a statutory provision was enacted so that funds raised from fuel taxes could also be used for up to 60 percent of the expense for enforcement of traffic laws by State Police. Arbitrarily raising the percentage of highway money going to State Police to 64 percent the first year and 78 percent the second year is clearly a violation of the constitution. While 60 percent funding of the State Police is questionable, claiming that 78 percent of State Police effort is devoted to the enforcement of traffic laws is insupportable."

". . . AAA has always opposed attempts to divert dedicated highway funds for non-highway purposes, at both federal and state levels. This disregard for both the letter and intent of the law will inevitably lead to further diversion of highway funds. Endangering the future of dedicated highway funding will have a negative impact on Maine's highways and bridges and, ultimately, the entire economy.

"The people of Maine have always supported reasonable fuel taxes with the understanding that they be used to build and maintain good highways, as the constitution guarantees. If the two-cent-per-gallon gas tax revenues are not going to be used for highways, AAA believes this tax should be rescinded."

SCHOOL'S OPEN, DRIVE CAREFULLY!

AAA Maine reminds motorists that schools are back in session.

SUGGESTED LIST OF STATE AFFILIATED REPRESENTATIVES
TO SPEAK BEFORE THE COMMITTEE

Lynn Wachtel	Department of Economic and Community Development
Tim Agnew	Finance Authority of Maine
Dana Connors	Department of Transportation
John LaFaver	Department of Finance
Ken Gordon	Public Utilities Commission
Don DeMatteis	Department of Professional and Financial Regulation
Dean Marriott	Department of Environmental Protection
Bob Kidd	Science and Technology Commission
Dan Marra	Maine World Trade Association
Ralph Tucker	Workers' Compensation Commission
Susan Collins	Department of Professional and Financial Regulation
Sherry Huber	Maine Waste Management Agency
John Fitzimmons	Maine Technical College
Robert Woodbury	University of Maine
Chip Morrison	Department of Labor

INNOVATIONS

Musical Chairs in Maryland

The Governor gets his cabinet to swap jobs for a month. The payoff: renewed vigor, fresh ideas—and less red tape.

By BONNIE ANGELO

Even before she had a chance to take over the Maryland Governor's chair last month, Shaila Aery confronted her first crisis: two guards held hostage in a state prison uprising. Aery remembers thinking, "Where can I hide?" Fortunately the real Governor, William Donald Schaefer, alerted to the emergency, was already at his desk. But for Aery, normally secretary of higher education, it was a dramatic introduction to a unique job-swapping scheme in which the Governor ordered state Cabinet officials to exchange portfolios every morning for a month, then write reports and suggestions based on their experiences.

Schaefer, who moved temporarily to the department of human resources, is proud of his shake-up. Taking over a Cabinet colleague's desk, he believes, brings in fresh eyes and can inject new ideas into stale bureaucracy. He devised the plan while he was mayor of Baltimore from 1971 to 1987 because the city's departments "did not know they were interdependent." When he first proposed the idea to city officials, he recalls, "they thought it was silly. But the second time we got good results."

State officials were no less skeptical the first time Schaefer scrambled the chairs of 31 Cabinet members three years ago. Even this year, there was some foot dragging. "I bitched my head off, but it was an eye opener for everybody," says director of public relations Lainy LeBow, who also went to the human resources department. "I'll be the first to sign up next time." Some of the officials grumbled over the added hours, but most of their anxiety was about outsiders' big-footing on their territory. Everybody in Annapolis remembers the last swap, in 1988, when housing secretary Jacqueline Rogers was sent over to the planning department and promptly recommended that it be dissolved. Within a year it was gone, folded into the budget office. This year, when Rogers showed up for a stint as the head of the budget office, officials there rolled out the red carpet and solicited her advice on devising a new format for budget documents.

Marylanders have learned to expect the unexpected from Schaefer, a Democrat who is serving his second four-year term. A 69-year-old bachelor with a hot temper and a flair for the flamboyant, he made headlines in February by granting clemency to eight women convicted of murdering men who had abused them. In the notoriously corrupt politics of Maryland, he remains squeaky clean, an unpolished zircon who spends as many nights in the working-class row house he has lived in all his life as he does in the 53-room official mansion that was redecorated by his close friend of 35 years, Hilda Mae Snoops.

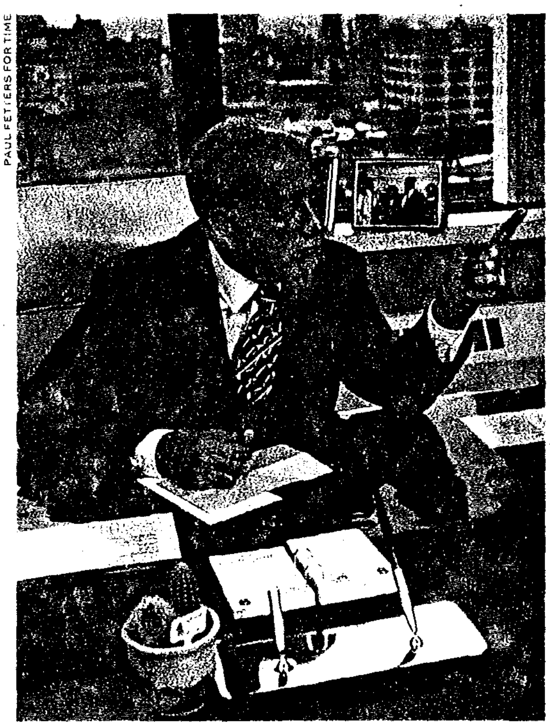
Despite a long career in local and state government, Schaefer has never developed a tolerance for red tape. During his temporary stewardship at the department of human resources last month, he encountered the kind of bureaucratic bottleneck that irks him. An office had run out of food-stamp forms. "I asked why," says the Governor, "especially since the forms came from an office not 20 feet away." A clerk told him they were "supposed to come through the system," at which Schaefer snapped, "Why don't you just walk over and get them?" She did. On a more sympathetic note, Schaefer showed his concern for congenial working conditions at the department by rearranging furniture in an office that he found "dull and unattractive," and by suggesting that its occupant bring a lamp from home to brighten up the place. Marvels Schaefer: "They took all my suggestions."

Not surprising. But the Governor, for his part, is also giving serious consideration to the proposals his colleagues are submitting to him. At least one acting agency head, dismayed by what he found, will recommend "sweeping changes" in the offices he visited. Another department head, Martin Walsh of general services, came away from a month in juvenile services—"an area that was a real void for me"—eager to help that overburdened agency compete for what he calls "the scarce bucks."

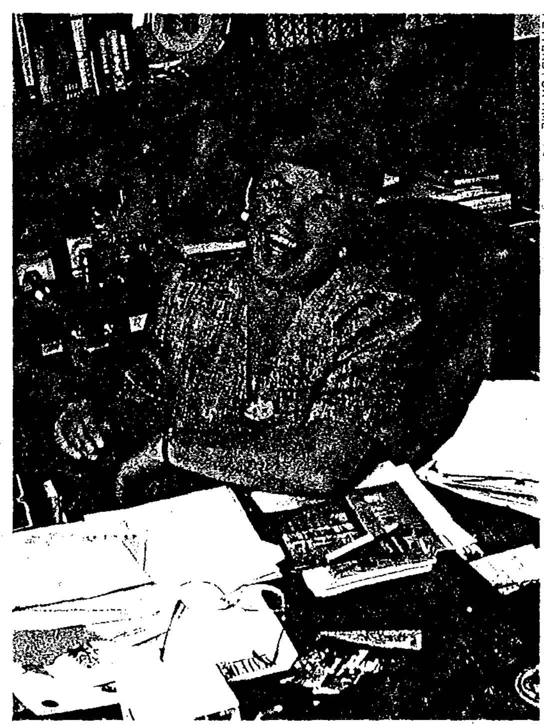
The most politically sensitive report will come from Daryl Plevy, the Governor's director of legal and labor issues, who spent her month at the department of health and mental hygiene. Plevy, appalled by the extreme understaffing she encountered in the maximum-security ward of a hospital for the criminally insane, has already taken action to cut red tape on personnel matters. But her report will raise other prickly questions. "Resources are limited," she says. "Should we pay for AZT when you know it will only make that one better for a while, or should we use that money for prevention? Should Medicaid pay to keep comatose patients alive indefinitely? This gets you into really tough choices."

Schaefer rates his latest swap at the top a clear success, with high marks for the first sit-in Governor, Shaila Aery. He concurred with her advice to stay away from the prison during last month's hostage crisis. The strategy worked: after 23 hours the guards were quietly freed. ■

PAUL FETTERS FOR TIME



FETTERS FOR TIME



Governor Schaefer moved into human resources while higher-education secretary Shaila Aery claimed his desk

Received 8/23/91 Sandi Goolden

CHAMBER OF COMMERCE
OF THE GREATER PORTLAND REGION

142 FREE STREET
PORTLAND, ME 04101-3990
207 772 2811

COMMUNITY CHAMBERS:
FALMOUTH /CUMBERLAND
GORHAM
PORTLAND
SCARBOROUGH
SOUTH PORTLAND /CAPE ELIZABETH
WESTBROOK

Regulatory Reform

Problems:

Perceived lack of sensitivity to business' concerns on the part of regulators

Regulatory process does not consider economic effects on business

No recourse is provided for businesspeople who have concerns about the cost or effects of regulation

Business community perception of overregulation and overzealousness on the part of regulators

Solutions:

Attitude shift in State government (Governor King of Massachusetts as example)

Creation of Commission to Simplify Rules and Regulations

Requirement of economic impact statements as part of the regulatory process

Regulatory flexibility for small businesses

Sunset Commissions

Creation of an Office of Regulatory Reform (Colorado)

Received 8/23/91

BULLETIN

California Workers' Compensation Institute

120 Montgomery Street San Francisco, CA 94104 (415) 981-2107

April 23, 1991

No. 91-6

Recent research confirms what California employers have felt all along: that their workers' compensation insurance costs are among the highest in the nation -- at least in 1988 -- both as a percentage of payroll and in weekly premium per worker.

Researchers John F. Burton Jr. and Timothy P. Schmidle compared interstate variations in workers' compensation premium costs. Average rates per $100 of payroll for each state were calculated for 44 occupational classifications that account for over 61 percent of covered payroll nationally. State average rates were adjusted to reflect a variety of factors -- dividends, premium discounts, experience modifications, etc. -- to produce a net cost. The net rate and state average weekly wage on July 1, 1988 then were used to determine an average weekly premium for a covered employee.

According to the study, California employers in 1988 paid an average of 3.075 percent of payroll for workers' compensation insurance, 53 percent above the national norm. The average weekly cost per employee, $13.99, was 66 percent higher than the average of other states. The top ten jurisdictions:

Adjusted rate per $100 of payroll		Average weekly cost per employee	
Montana	4.201	Montana	18.50
CALIFORNIA	3.075	Alaska	18.38
Texas	3.042	CALIFORNIA	13.99
New Mexico	2.898	Texas	12.32
Alaska	2.817	D.C.	11.67
Hawaii	2.793	Hawaii	11.41
Maine	2.692	New Mexico	10.90
Florida	2.662	Oregon	10.82
Rhode Island	2.512	Ohio	10.57
Oregon	2.483	Maine	10.36
Nat'l. Avg.	2.005		8.41

At the other extreme, Indiana insured employers paid 0.654 percent of payroll, an average of $2.89 per employee per week.

Burton, former chairman of the National Commission on State Workmen's Compensation Laws, currently is director of the Institute of Management & Labor Relations at Rutgers University. The study is reported in the latest issue of John Burton's Workers' Compensation Monitor, available from LRP Publications, 747 Dresher Road, Suite 500, Horsham, PA 19044.

PMS/AT

Received 12/?/91

RE: A TAX POLICY WHICH ENCOURAGES PRIVATE INVESTMENT

In the last decade, the shift of the burden to finance infrastructure needs has moved from the federal...to the state and local sectors. We see in the 1990's a continuation of this shift...from the local public to the private sector.

Paper companies will be asked by their locality to share in wastewater treatment facilities...Tannerys will be asked to share in sludge clean-up...All industries will be asked to share in the ever expanding compliance to the Safe Drinking Water Act of 1974, as amended in 1986.

Taxable income for resident individuals in Maine is derived from federal adjusted gross income. To the extent that a private company's investment in any municipal project exceeds ten (10%) percent of the project, in all likelihood the bonds to finance such a project will be caused to be "private activity bonds", as defined under applicable provisions of the Internal Revenue Code of 1986, as amended. While the interest income from municipal bonds is exempt from taxes, both federal and local..."private activity status" causes the interest income from such municipal bond issues to be treated as a preference item to be included in calculating a Aalternative Minimum Taxable income ("AMT") imposed with respect to individuals, corporations and other taxpayers. This is on both the federal and the State level.

We understand that in the recent legislative session...AMT has been more greatly scrutinized as a potential revenue source for the State. We judge that this is inconsistent! We are shifting the burden to finance essential and desirable infrastructure to the private sector. Yet, in imposing an additional tax penalty (i.e. via AMT) we are making it more expensive to finance such improvements.

We should make it easier...not harder, to join in a partnership with the public and private sectors. We can do nothing about federal tax treatment of Private Activity Bonds. However, we are in charge of our own destiny. Private Activity Bonds should be excluded from the calculation of AMT for State income tax purposes. This is a more consistent message to send to the private sector.

MARTHA E. FREEMAN, DIRECTOR
WILLIAM T. GLIDDEN, JR., PRINCIPAL ANALYST
JULIE S. JONES, PRINCIPAL ANALYST
DAVID C. ELLIOTT, PRINCIPAL ANALYST
JON CLARK
DYAN M. DYTTMER
GRO FLATEBO
DEBORAH C. FRIEDMAN
MICHAEL D. HIGGINS
JANE ORBETON

KAREN L. HRUBY
JILL IPPOLITI
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PATRICK NORTON
MARGARET J. REINSCH
PAUL J. SAUCIER
HAVEN WHITESIDE
MILA M. DWELLEY, RES. ASST.
ROY W. LENARDSON, RES. ASST.
BRET A. PRESTON, RES. ASST.

STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS
ROOM 101/107/135
STATE HOUSE STATION 13
AUGUSTA, MAINE 04333
TEL.: (207) 289-1670

August 19, 1991

TO: Members and Staff of the Committee on Economic and Physical Infrastructure

FROM: Karen L. Hruby, OPLA Karen

RE: Committee Staff Update

Attached you will find a copy of the minutes of the committee's August 9th meeting. Additional material was added to the prioritized elements list on page 3 to note the committee's intention to review these areas from the perspective of making recommendations to restructure state government into a more effective and efficient operation.

Notes from the committee's meeting witht he Chamber of Commerce and Industry Board of Directors on August 15th are also enclosed.

The individuals named on attachment B were contacted to arrange a time for them to speak with the committee. As of today five business representatives have been scheduled for Friday's meeting; two have refused. The prioritized list of the elements of a sound business climate to be sent to your guests were also modified to include the statement of perspective added to the minutes. That list will be sent out today to those scheduled for Friday's meeting.

Work on the matrix of business development functions and agencies as well as locating information about the tax burden per capita is continuing.

MARTHA E. FREEMAN, DIRECTOR
WILLIAM T. GLIDDEN, JR., PRINCIPAL ANALYST
JULIE S. JONES, PRINCIPAL ANALYST
DAVID C. ELLIOTT, PRINCIPAL ANALYST
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BRET A. PRESTON, RES. ASST.

August 19, 1991

TO: Members and Staff of the Committee on Economic and Physical Infrastructure

FROM: Karen L. Hruby, OPLA Karen

RE: Summary of August 9th committee meeting

The Committee on Economic and Physical Infrastructure held their second meeting on August 9th, 1991. Present were co-chairs David Flanagan and Jean Mattimore, Rusty Brace, and staff Steve Adams, Mila Dwelley and Karen Hruby. After brief introductions of new staff, the committee discussed the minutes from the previous meeting.

Co-chair Mattimore had several questions. A discussion which strove to clarify the problem statement; the nature of the notes regarding "leadership" and "relative weight" in state departments and agencies; the intent of the reference to the Maine Development Foundation's panel on Quality Management; the use of the university system's expertise; and a recap of tle counter-cyclical dialogue resulted.

This discussion was followed by Adams' presentation on the relevance of information from the 1991 Development Report Card to the committee's areas of investigation. He reviewed the history of the Development Report Card and noted that its three weaknesses were:

• accuracy (there was at least one inaccuracy in the Maine data and it is reasonable to assume that given the problem of trying to fit diverse programs from 50 states into finite categories would result in some level of error);

• timeliness (most data was from 1989-90) and;

• relevancy of individual items to Maine. The example cited was that some measures, such as number of Ph.Ds graduated or number of patents awarded did not reflect the close proximity of the state to the skilled workforce pool created by Boston's.

Nevertheless, it is considered the premier evaluation tool available when comparing economic development factors among the states. The committee requested individual copies of the report, which SPO will provide.

Adams continued with a description of the four major indexes of economic development provided by the report:

1. The Economic Performance Index;

2. The Business Vitality Index;

3. The Development Capacity Index; and

4. The State Policy Index.

Indexes 1 and 2 tend to reflect the current state (1989-90) of economic affairs. Consequently Maine had high scores on them. Indexes 3 and 4 describe the climate for future economic development. While Maine had a high score on State Policy, it did poorly in the area of Development Capacity. Adams suggested that the committee focus its attention on the third and fourth indexes and provided a more in-depth discussion of their composition. Handouts which described the indexes in detail and showed Maine's relative ranking on these indexes were provided to the committee.

Adams also discussed other resources available to the committee including "The Productivity Imperative and the New Maine Economy", a recent report published by SPO, and selected questions from the 1990 Business Task Force survey.

Brace noted that innovation and new product development would be the keys to future economic development. He stressed that the communications among government agencies, business and the university system needed improvement.

The committee then brain stormed elements that created a sound business climate. The objective was to focus on the areas of government involvement which, whether through policies, regulatory decisions or direct action had a significant impact on the business climate. The committee initially identified 10 elements and narrowed their focus to the 5 highest priority issues, which they further defined or clarified. All ten elements are listed below; those in bold print are the elements the committee will focus on.

****

IT IS IMPORTANT TO NOTE THAT THESE ELEMENTS WILL BE ADDRESSED IN THE CONTEXT OF RESTRUCTURING STATE GOVERNMENT TO BE MORE EFFICIENT AND EFFECTIVE.

****

1. A tax policy which encourages private investment. Areas of investigation include:

- **individual and corporate taxes;**
- **individual and corporate tax exemptions;**
- **the development of a target (based on a comparison with other states) of the total tax burden on a per capita basis;**
- **an evaluation of the impact of the current tax mix on savings and investment decisions in the private sector;**
- **how the shift from a manufacturing economy to a service economy changes the perspective on tax mix and exemptions.**

2. Adequate public investment in infrastructure including:

- **transportation;**
- **technology/telecommunications;**
- **environment (water, sewer, solid waste); and**
- **energy**

will be considered with regard to:

- **capital expenditure budgeting - is a process for a longer term budgeting process needed?**
- **the implementing decision process - does it assure sufficient infrastructure development to maintain a targeted level of business growth?**
- **the siting process - is infrastructure sited where it is needed to maintain a targeted level of business growth? Are economic and business needs considered in siting decisions?**

3. Availability of capital, defined as state encouragement of capital development and investment through the issuance of bonds and guaranteed loans, not the direct transfer of general operating funds. The overlap between this element and tax policy is recognized and will be addressed. Identified areas of investigation include:

- state banking regulation as it applies to the development of capital;
- tax policies regarding capital development and investment;
- the effectiveness of present financing systems such as FAME, MSHA and the Maine Bond Bank.

In addition, the committee has asked that staff provide them with a matrix of the functions performed by the various agencies which provide economic development services to the business community.

4 An efficient regulatory process. The necessary aspects of the process would include:

- a process which minimized the number of steps for a decision to be made;
- a process which produced timely decisions and timely appellate decisions;
- a process that knew and evaluated the cost (public and private) of processing applications.

The committee is aware of the study commission on permitting and reporting and wishes to work in conjunction with them in this area.

5. Improved productivity through

- lower worker's compensation and medical insurance costs;
- technology and;
- human resources, including the issues of vocational education and drug and alcohol abuse.

6. Availability of a skilled workforce. (This issue was recommended to the Committee on Education for study).

7. Counter-cyclical investment;

8. Promotional activities including:

- tourism
- the state as a good place to do business (both internally and externally)

9. Improved communications/access/awareness/collaboration between government (including the university system) and the private sector.

10. Understanding the differences of the needs and priorities between small and large business.

With the major areas of focus defined, the committee discussed how to obtain the information they needed. They will reconsider the issue of a survey of businesses once they have had the opportunity to review the information they received today. The idea of focus groups has been rejected as providing anecdotal evidence only, however the co-chairs expressed the desire to begin informational discussions with business leaders and state agency representatives as soon as possible. Staff will prepare a suggested list of participants with suggested questions for the committee's review.

The committee adjourned until the next scheduled meeting of the commission on August 23, 1991.

wppgea 2998

SUMMARY OF COMMITTEE MEETING WITH ME CHAMBER OF COMMERCE & INDUSTRY BOARD OF DIRECTORS AUGUST 15, 1991

ALL COMMITTEE MEMBERS PRESENT.

DAVE FLANNIGAN PRESENTED OVERVIEW OF MISSION TO CHAMBER.

JEAN MATTIMORE DESCRIBED THE PRIORITY ISSUES IDENTIFIED BY THE COMMITTEE.

RUSTY BRACE NOTED IMPORTANCE OF PUBLIC/PRIVATE PARTNERSHIPS AND DIFFERENTIATING NEEDS OF SMALL AND LARGE BUSINESSES WITH A SPECIAL FOCUS ON THE NEEDS OF SMALL BUSINESSES.

COMMENTS OF MCCI BOARD:

ROGER MALLAR: • Environmental process needs repair in areas of 1.) accountability --> BEP should become strictly advisory. DEP commissioner should be final arbiter of permits; and 2.)

- DEP organization should be changed to a three-tier approach to licensing --> a. Technical assistance, permit processing, enforcement.
- Natural Resource "superagency" may not be in the interests of business.

DAVE FLANNIGAN: Energy, highways, solid waste, wetlands restrictions are most important impediments to economic growth in Maine.

ROLLAND SUTTON: • Small business is important, and Maine has no focused program of assistance;

- Unemployment taxes, workers comp., etc. make Maine bad place to do business;
- need an educated workforce.

KATHIE LEONARD: • Tourism is not a high enough priority to State.

TOM BAUM: • Small business important.

- Media is negative.

LLOYD WILLEY: • State is largest single purchaser of goods and services in Maine. Should make effort to keep contracts in Maine.

- Govt. purchasing officials are not knowlegable enough about Maine-produced goods and services.

JOE ________: • Vision is lacking;

- need to connect govt employee compensation to productivity;

- shift some govt-owned assets to private sector either through private "authority" e.g. Turnpike Authority, or leased out to private firms , e.g. state parks.;

- Involve state employees in restructuring.

DAVID HUGHES: • Improve quality of questions govt managers ask about themselves and their agencies.

- Appropriate priorities

- permanent structure for assessing govt management.

PHIL SARGENT: • Travel and tourism needs more spending.

- Don't forget large businesses.

BILL BEYER: • less govt is better; tax burden should be consistent with profit growth.

JACK DEXTER: • predictable tax policy

- new fiscal management system to buffer boom/bust affects.

- legislature must understand economic impact of proposed statutes.

- maintain priorities of ECO-ECO project.

KATHIE LEONARD: • State should help focus current efforts of Maine banks to meet the requirements of the Community Reinvestment Act to take fuller advantage of current efforts of banks.

TOM BAUM: • DEP & legislature needs to make their priorities clear.

BOB RENY: • Local education budget needs to be returned to full town meeting.

ROLLAND SUTTON: • Report of Restructuring Commission must be unanimous if it is to be accepted by decision-makers.

Attachment B
List of Potential Business Participants

NAME	COMPANY
Bill Haggett	Bath Iron Works
G. Melvin Honey	Maine Public Service
Tom Baum	Pratt and Whitney
Jack Dexter**	Maine Chamber
Sandy Goolden*	Greater Portland Chamber
Kathy Leonard	Auburn Manufacturing
Bob Reny*	Reny Department Stores
Leon Gorman	L. L. Bean
Charles O'Leary	Maine AFL-CIO
Henry Bourgeois*	Maine Development Foundation
Bill Ryan*	People's Heritage Bank
Ann Chostak	Fleet Bank
Patrick Murphy	Pan Am Consultants
Warner Cook*	Sugarloaf
Dave Maskiewitz**	Scott Paper
Frank or John Costas	Elcon
John Quartercamp	Maine Real Estate Developers Association
Jerry Haynes***	Maine Assoc. of General Contractors

*   Attending Friday, August 23rd
** Will not attend
*** Wants to be on mailing list

COMMITTEE ON ECONOMIC AND
PHYSICAL INFRASTRUCTURE
MATERIALS 8/9/91

RELEVANT DEPARTMENTS/AGENCIES AND CORRESPONDING INFORMATION

TASK	ASSIGNED TO	DATE ASSIGNED	DATE DUE	DATE COMPLETED
1. IDENTIFY INFRASTRUCTURE COMPONENTS	OPLA	7/29	8/3	
2. IDENTIFY DEPARTMENT/AGENCY RESPONSIBLE FOR INFRASTRUCTURE COMPONENT	OPLA	7/29	8/3	
3. IDENTIFY DEPARTMENT/AGENCY RESPONSIBLE FOR COUNTER–CYCLICAL INVESTMENT	OPLA	7/29	8/3	
4. IDENTIFY DEPARTMENT/AGENCY RESPONSIBLE FOR ECONOMIC DEVELOPMENT	OPLA	7/29	8/3	
5. IDENTIFY DEPARTMENT/AGENCY RESPONSIBLE FOR REGULATION OF BUSINESS	OPLA	7/29	8/23	
6. FOR EACH OF THESE DEPARTMENTS/AGENCIES OBTAIN THE FOLLOWING INFORMATION: MISSION STATEMENT ORGANIZATIONAL CHART PERSONNEL COUNT BUDGET	OPLA	7/29	8/3	
7. ESTABLISH A LIST OF THE DEPARTMENTS/ AGENCIES TO COME BEFORE THE COMMITTEE	SPO	7/29		
8. CONTACT THE NECESSARY PEOPLE	SPO	7/29		

7/29/91

BUSINESS COMMUNITY PERCEPTIONS

TASK	ASSIGNED TO	DATE ASSIGNED	DATE DUE	DATE COMPLETED
1. IDENTIFY LEADERS IN THE PRIVATE SECTOR WHO FEEL STRONGLY ABOUT ECONOMIC DEVELOPMENT AND WHO HAVE IMPLEMENTED THEIR IDEAS	COMMITTEE, SPO	7/29		
2. CONTACT THESE PEOPLE AND ASK THEM WHAT THE STATE HAS DONE, COULD HAVE DONE, OR SHOULD HAVE DONE TO ASSIST IN THEIR ECONOMIC DEVELOPMENT	SPO, OPLA	7/29		
3. CONTACT CONSUMERS TO OBTAIN THEIR PERCEPTIONS OF WHAT THE STATE IS/ISN'T DOING TO FOSTER ECONOMIC DEVELOPMENT	OPLA	7/29		
4. IDENTIFY BUSINESSES WHO HAVE LEFT THE STATE DURING THE LAST 5 YEARS	SPO	7/29		
5. CONTACT THESE PEOPLE AND INQUIRE AS TO WHY THEY LEFT THE STATE	OPLA	7/29		
6. CONTACT BUSINESS LEADERS CURRENTLY OPERATING IN MAINE AND OBTAIN THEIR OPINIONS REGARDING WHAT THE STATE IS/ISN'T DOING TO ASSIST THEM	OPLA	7/29		
7. OBTAIN DEMOGRAPHIC INFORMATION ON BUSINESSES INCLUDING: TYPE OF BUSINESS LOCATION NUMBER OF EMPLOYEES	SPO	7/29		
8. OBTAIN DATA ON THE TREND OF MAINE'S ECONOMIC GROWTH DURING THE LAST 10 YEARS	SPO	7/29		

7/29/91

MAINE DEVELOPMENT FOUNDATION INFORMATION

TASK	ASSIGNED TO	DATE ASSIGNED	DATE DUE	DATE COMPLETED
1. OBTAIN A COPY OF THE MAINE DEVELOPMENT FOUNDATION REPORT	OPLA	7/29	8/23	
2. ESTABLISH WHAT INFORMATION FROM THE MAINE DEVELOPMENT FOUNDATION CONFERENCE AT SUGARLOAF SHOULD BE REPEATED FOR THE COMMITTEE	COMMITTEE DECISION	7/29		
3. CONTACT THE NECESSARY PEOPLE	SPO, OPLA	7/29		

7/29/91

PRIVATIZATION

TASK	ASSIGNED TO	DATE ASSIGNED	DATE DUE	DATE COMPLETED
1. DEFINE PRIVITIZATION	OPLA	7/29	8/23	
2. IDENTIFY THOSE STATES WHO ARE CURRENTLY DOING A SUBSTANTIAL AMOUNT OF PRIVATIZATION	OPLA	7/29	8/23	
3. IDENTIFY TYPES OF SERVICES THAT CAN MOST EFFICIENTLY AND EFFECTIVELY BE PRIVATIZED	OPLA, SPO	7/29	8/23	
4. IDENTIFY SERVICES IN MAINE CURRENTLY BEING PRIVITIZED	SPO	7/29	8/23	

7/29/91

STATE POLICIES

TASK	ASSIGNED TO	DATE ASSIGNED	DATE DUE	DATE COMPLETED
1. DETERMINE WHETHER OR NOT A PLAN OR STRATEGY EXISTS WITHIN THE STATE TO REPLACE LOST JOBS AND BUSINESSES	SPO	7/29		
2. IF SUCH A POLICY EXISTS, STATE WHAT THAT POLICY IS	SPO	7/29		
3. DEVELOP A LIST OF POLICIES THAT ADVERSELY AFFECT THE BUSINESS CLIMATE	COMMITTEE/ CONSTITUENTS	7/29		
4. DETERMINE WHETHER OR NOT THERE IS POLICY COORDINATION AMONG AGENCIES OR WHETHER POLICIES CONFLICT	SPO	7/29		
5. LOCATE AND OBTAIN ANY ECONOMIC DEVELOPMENT INDEX THAT WOULD ASSIST THE COMMITTEE IN COMPARING MAINE WITH OTHER STATES IN THE FOLLOWING AREAS: TAXATION ENERGY WORKERS' COMPENSATION HEALTH CARE TRANSPORATATION EDUCATION WASTE DISPOSAL	SPO	7/29		

7/29/91

MARTHA E. FREEMAN, DIRECTOR
WILLIAM T. GLIDDEN, JR., PRINCIPAL ANALYST
JULIE S. JONES, PRINCIPAL ANALYST
DAVID C. ELLIOTT, PRINCIPAL ANALYST
JON CLARK
DYAN M. DYTTMER
GRO FLATEBO
DEBORAH C. FRIEDMAN
MICHAEL D. HIGGINS
JANE ORBETON

KAREN L. HRUBY
JILL IPPOLITI
JOHN B. KNOX
PATRICK NORTON
MARGARET J. REINSCH
PAUL J. SAUCIER
HAVEN WHITESIDE
MILA M. DWELLEY, RES. ASST.
ROY W. LENARDSON, RES. ASST.
BRET A. PRESTON, RES. ASST.

STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS
ROOM 101/107/135
STATE HOUSE STATION 13
AUGUSTA, MAINE 04333
TEL.: (207) 289-1670

July 31, 1991

TO: Members and Staff of the Committee on Economic and Physical Infrastructure

FROM: Karen L. Hruby, OPLA KLH

RE: Committee Staff Update

Since your July 29th meeting we've been working on the tasks assigned to us by the committee. Attached you will find:

• A summary of the committee's July 29th meeting.

• A package of assigned tasks divided into categories. These task lists will be regularly updated and forwarded to you.

• A list of the infrastructure components, types of counter-cyclical investment and types of economic development and the departments and agencies responsible for each component or activity.

• A summary of each of the identified departments and agencies which includes a mission statement, a personnel count, the most recent budget and an organizational chart.

• A pie chart reflecting state expenditures from the General Fund for the fiscal year ending June 30, 1990.

After serious consultations among OPLA, SPO and the Maine Chamber of Commerce and Industry staff, we have determined that conducting a survey which would provide meaningful results, as requested on the Task List as number 3 under Business Community Perceptions, would require considerably more time and resources than are available. I suggest that the committee consider holding two or more focus group meetings to garner this information.

Each focus group would consist of four or five business people, the committee members and a facilitator. The questions, distributed in advance, would focus on a few issues that the committee decided were most important. For example: conflicting policies, factors negatively influencing the economic climate, causes for declining employment, businesses' infrastructure needs, or what steps the state could take to improve the business climate in Maine. The participants would hold an in-depth discussion that would allow them to react to the remarks of the other participants and to collectively brain storm in addition to relating their own opinions and experiences. The advantage that this process has over surveying is the in-depth nature of the discussions and the ability to follow-up on interesting ideas. The disadvantage is that the results cannot generalized since statistical tests of significance cannot be met.

Please let me know if you'd like to pursue the focus group option. Of course if you have any questions please feel free to contact me at 289-1670.

wppgea 2955

INFRASTRUCTURE COMPONENTS

Infrastructure Components	Agency/Department Responsible
Energy	Public Utilities Commission
Highway/Bridge/Airports/Waterports	Department of Transportation/ Turnpike Authority
Sewer	Quasi-Municipal
Telecommunications	Public Utilities Commission
Waste Disposal	Maine Waste Management Agency
Water	Quasi-Municipal

COUNTER-CYCLICAL INVESTMENT

Types of Investment	Agency/Department Responsible
Community Development	Department of Economic and Community Development
Bond Financing	Department of Finance
Loan Insurance for Businesses Bond Financing for Businesses Higher Education Financing	Finance Authority of Maine
Job Training	Department of Labor
Bond Financing for Governmental Units Below the State Level	Maine Bond Bank
Venture Capital	Maine State Retirement Fund
Affordable/Accessible Housing	Maine State Housing Authority

ECONOMIC DEVELOPMENT

Types of Economic Development	Agency/Department Responsible
Support and assist businesses Encourage new investment Support municipalities in their effort to balance economic growth	Department of Economic and Community Development
Promotional Programs	Department of Agriculture Department of Marine Resources

DEPARTMENT OF AGRICULTURE, FOOD AND RURAL RESOURCES

BERNARD W. SHAW, COMMISSIONER
JOHN T. FOGLER, Deputy Commissioner
CARL W. FLORA, Deputy Commissioner

Central Office: Deering Bldg. (AMHI), Augusta *Telephone:* 289-3871
Mail Address: Statehouse Sta. #28, Augusta, Maine 04333
Established: 1852 *Sunset Review Required by:* June 30, 1991
Reference: Policy Area: 01; *Umbrella:* 01; *Unit:* 001; *Citation:* 7 M.R.S.A., Sect. 1
Average Count—All Positions: 290 *Legislative Count:* 119

The Department of Agriculture, Food and Rural Resources was established to improve Maine agriculture through: the conservation and improvement of the soil and cropland of the State; the development, compilation and dissemination of scientific and practical knowledge; the marketing and promotion of agricultural products; the detection, prevention and eradication of plant and animal diseases; the protection of the consuming public against harmful and unsanitary products and practices; and the sound development of the natural resources of the State.

The commissioner of Agriculture and/or the appropriate boards or commissions within the Department have authority to establish and promulgate grades and standards for Maine agricultural products, and promote the use of such products; to inspect agricultural products, and the premises and conveyors on which such products are stored, handled or processed, and issue certificates of inspection; to grant licenses and permits; to collect fines and legal and usual fees; to hold hearings for the purpose of obtaining essential information; to establish, promulgate and maintain a full record of necessary regulations, and to provide for the enforcement of the same; to establish milk prices; to establish harness racing schedules; to register pesticides and license their use; to investigate and prosecute cases of cruelty to animals; to administer the agricultural bargaining law; to appoint all officials, boards, and commissions as provided by law; and to employ personnel necessary to carry out these responsibilities.

Organizational Units:

- Administrative Services Division
- Bureau of Agricultural Marketing
  - Division of Market Development
  - Division of Quality Assurance
  - Maine Potato Board
  - Maine Dairy and Nutrition Council
  - Maine Dairy Promotion Board
- Bureau of Agricultural Production
  - Division of Veterinary Services
  - Division of Plant Industry
  - State Horticulturist
  - Seed Potato Board
  - Division of Production Development

Bureau of Agricultural and Rural Resources
- Division of Resource Development
- Board of Pesticides Control
- State Harness Racing Commission
- State Soil and Water Conservation Commission

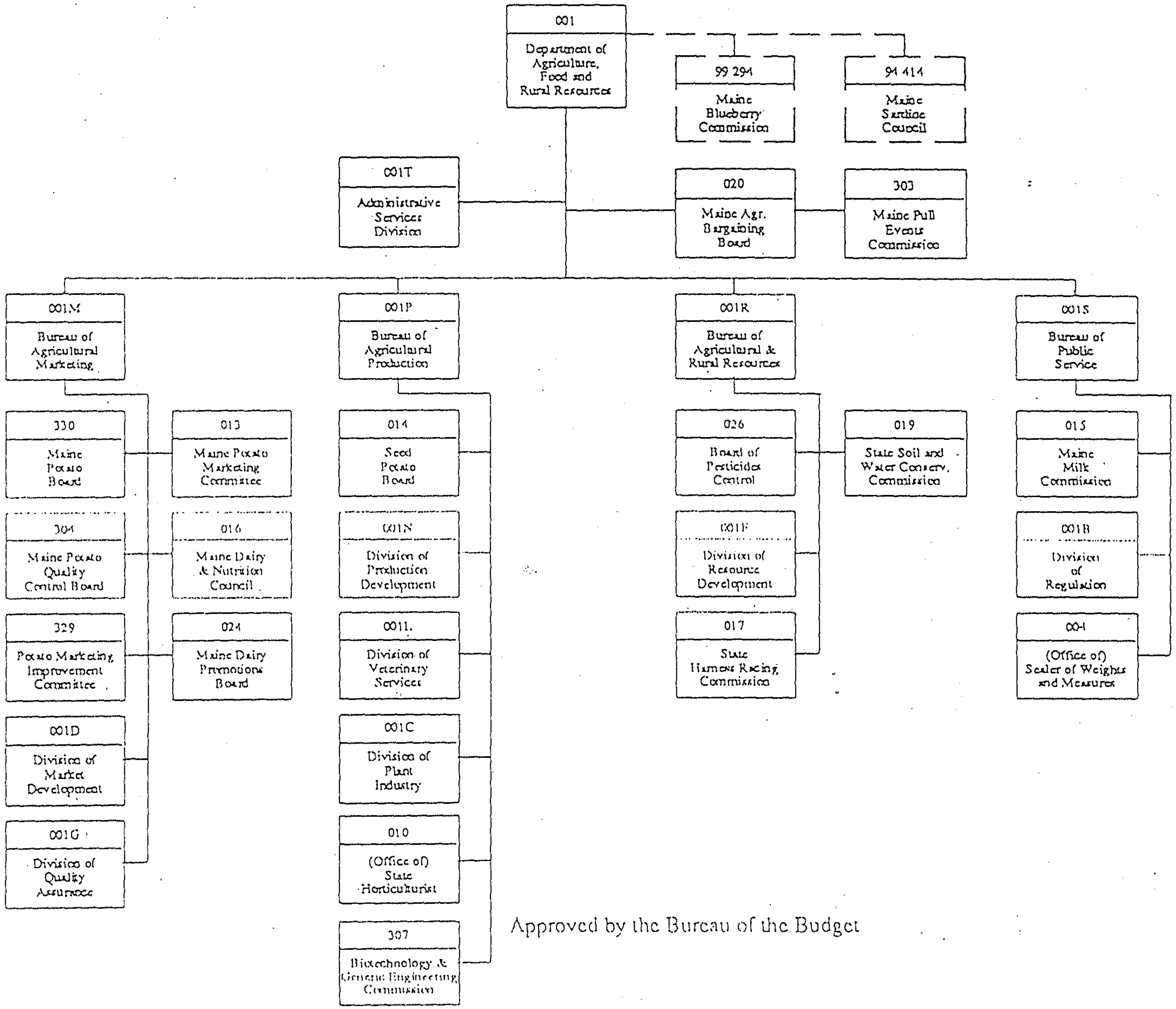
Bureau of Public Services
- Division of Regulation
- Sealer of Weights and Measures
- Animal Welfare Board
- Maine Milk Commission
- Maine Agricultural Bargaining Board
- Maine Pull Events Commission

Commissioner's Office
- Research Unit
- Office of Public Information

CONSOLIDATED FINANCIAL CHART FOR FY 90
DEPARTMENT OF AGRICULTURE, FOOD AND RURAL RESOURCES

	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
EXPENDITURES						
Salaries and Wages	5,408,263	2,959,389	1,725,481		332,696	390,697
Health Benefits	510,134	273,149	160,573		34,633	41,779
Retirement	1,054,819	587,625	333,787		58,407	75,000
Other Fringe Benefits	49,932	25,894	15,981		4,488	3,569
Computer Services—Comm	173	53	120			
Computer Services—State	9,872	3,404	6,468			
Other Contractual Service	2,940,951	1,311,718	1,289,819		98,135	241,279
Rents	109,386	42,586	51,853		50	14,897
Commodities	489,635	147,531	124,895		5,904	211,305
Grants—Subsidies—Pensions	4,583,405	463,660	3,927,286		91,391	101,068
Equipment	180,261	112,383	63,455		4,423	
Interest—Debt Retirement	1,025	578	139			308
Transfers to Other Funds	664,582	474,848	160,367		19,522	9,845
TOTAL EXPENDITURES	16,002,438	6,402,818	7,860,224		649,649	1,089,747

ORGANIZATIONAL CHART
DEPARTMENT OF AGRICULTURE, FOOD AND RURAL RESOURCES
UMB 01



Approved by the Bureau of the Budget

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

LYNN WACHTEL, COMMISSIONER

Central Office: 193 State Street, Augusta; *Telephone:* 289-2656
Mail Address: Statehouse Sta. #59, Augusta, Maine 04333
Established: 1987 *Sunset Review Required by:* June 30, 1999
Reference: Policy Area: 01; *Umbrella:* 19; *Unit:* 100; *Citation:* 5 M.R.S.A., Sect. 13053
Average Count—All Positions: 86 *Legislative Count:* 79

The Department of Economic and Community Development has four major policy functions: business attraction and assistance, tourism development and management, community development, and comprehensive land use planning. The Commissioner of Economic and Community Development designs and implements programs to meet these purposes. A significant number of programs require the Department to coordinate a variety of activities with Maine's public and private sectors.

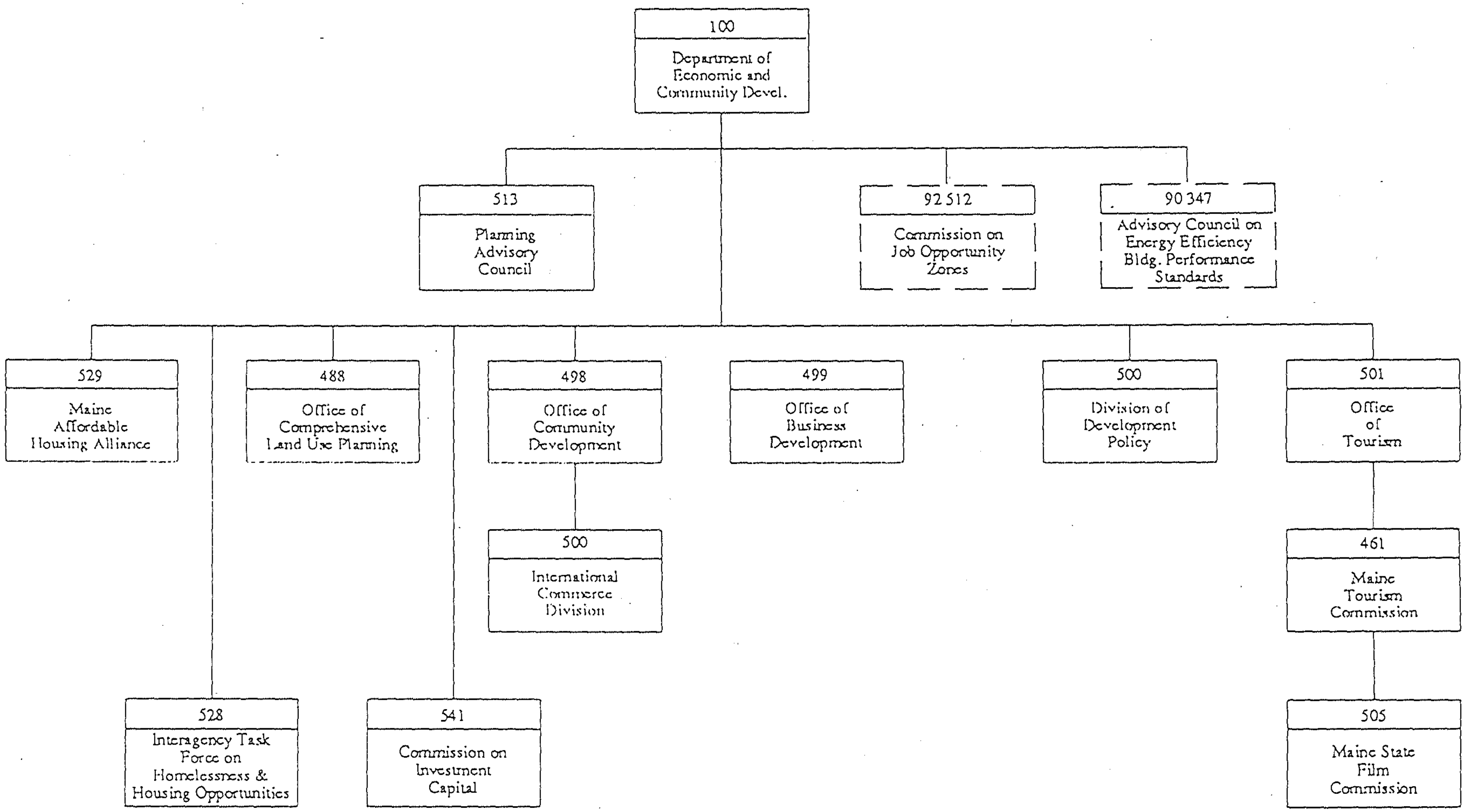
Organizational Units:

Office of Comprehensive Land Use Planning
Office of Community Development
Office of Business Development
Division of Development Policy
Office of Tourism

CONSOLIDATED FINANCIAL CHART FOR FY 90
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
EXPENDITURES						
Salaries and Wages	2,679,163	2,051,626	145,436		482,101	
Health Benefits	198,392	144,822	12,107		41,463	
Retirement	456,147	334,652	28,600		92,895	
Other Fringe Benefits	36,036	28,473	1,880		5,683	
Computer Services—State	3,856	3,576			280	
Other Contractual Service	4,760,630	4,590,256	90,631		74,841	4,902
Rents	251,089	245,389	646		4,949	105
Commodities	146,566	140,653	1,358		4,555	
Grants—Subsidies—Pensions	16,450,713	3,633,757	869,723		11,947,233	
Equipment	44,323	44,323				
Interest—Debt Retirement	72	28			44	
Transfers to Other Funds	37,567		32,261		5,306	
TOTAL EXPENDITURES	25,064,554	11,217,555	1,182,642		12,659,350	5,007

ORGANIZATIONAL CHART
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
UMB 19



Approved by the Bureau of the Budget

DEPARTMENT OF FINANCE

H. SAWIN MILLETT, JR., COMMISSIONER

Central Office: State Office Bldg., Augusta; *Floor:* 3 *Telephone:* 289-3446
Mail Address: Statehouse Station #78, Augusta, Maine 04333
Established: 1931 *Sunset Review Required by:* June 30, 1990
Reference: Policy Area: 00; *Umbrella:* 08; *Unit:* 114; *Citation:* 5 M.R.S.A., Sect. 281
Average Count—All Positions: 663 *Legislative Count:* 636.5

The Department of Finance is the principal fiscal agency of Maine State Government.

Organization Unit:

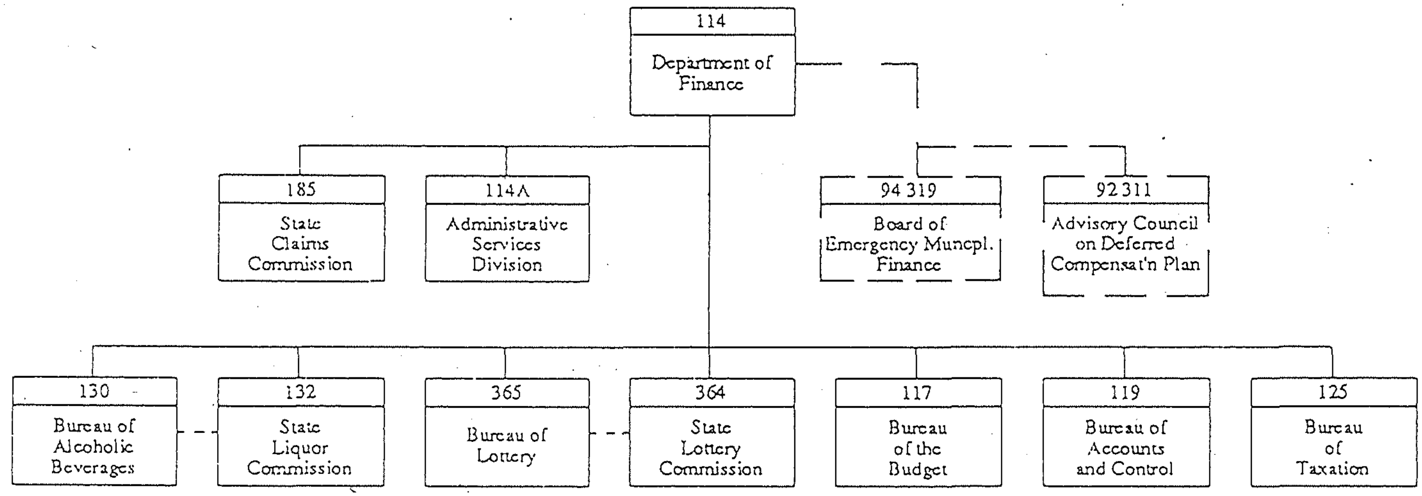
Administrative Services Division
Bureau of the Budget
Bureau of Accounts and Control
Bureau of Alcoholic Beverages
Bureau of Lottery
Bureau of Taxation
Board of Emergency Municipal Finance
State Claims Commission
State Liquor Commission
State Lottery Commission
Advisory Council on Deferred Compensation Plans

CONSOLIDATED FINANCIAL CHART FOR FY90
DEPARTMENT OF FINANCE

	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
EXPENDITURES						
Salaries and Wages	14,488,362	7,979,305		60,219		6,448,838
Health Benefits	1,412,386	766,413		2,391		643,582
Retirement	2,809,411	1,571,622		3,672		1,234,117
Other Fringe Benefits	111,996	67,350		366		44,280
Computer Services--Comm	35,101	35,101				
Computer Services—State	3,678,649	3,468,673				209,976
Other Contractual Service	7,013,993	4,736,073		22,322		2,255,598
Rents	1,190,765	66,865				1,123,900
Commodities	476,013	122,221		1,141		352,651
Grants--Subsidies—Pensions	25,772,603	21,932,569	3,649,849	13,655		176,530
Equipment	556,633	555,880		753		
Interest—Debt Retirement	4,900	259		1		4,640
Transfers to Other Funds	1,148,218	764,000		5,766		378,452
TOTAL EXPENDITURES	58,699,030	42,066,331	3,649,849	110,286		12,872,564

DEPARTMENT OF FINANCE (Chief Administrative Unit)	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
EXPENDITURES						
Salaries and Wages	128,638	128,638				
Health Benefits	6,187	6,187				
Retirement	16,743	16,743				
Other Fringe Benefits	1,659	1,659				
Computer Services—State	735	735				
Other Contractual Service	126,934	126,934				
Commodities	1,045	1,045				
Grants—Subsidies—Pensions	1,999	1,999				
TOTAL EXPENDITURES	283,940	283,940				

ORGANIZATIONAL CHART
DEPARTMENT OF FINANCE
UMB 08



Approved by the Bureau of the Budget

FINANCE AUTHORITY OF MAINE

BRADFORD E. WELLMAN, CHAIRMAN
TIMOTHY P. AGNEW, CHIEF EXECUTIVE OFFICER

Central Office: 83 Western Ave., Augusta *Telephone:* 623-3263
Mail Address: P.O. Box 949, Augusta, Maine 04332-0949 FAX: 623-0095

Established: 1983 *Sunset Review Required by:* June 30, 2001

Reference: Policy Area: 01; *Umbrella:* 94; *Unit:* 457; *Citation:* 10 M.R.S.A., Sect. 964

Average Count—All Positions: 30 *Legislative Count:* 0

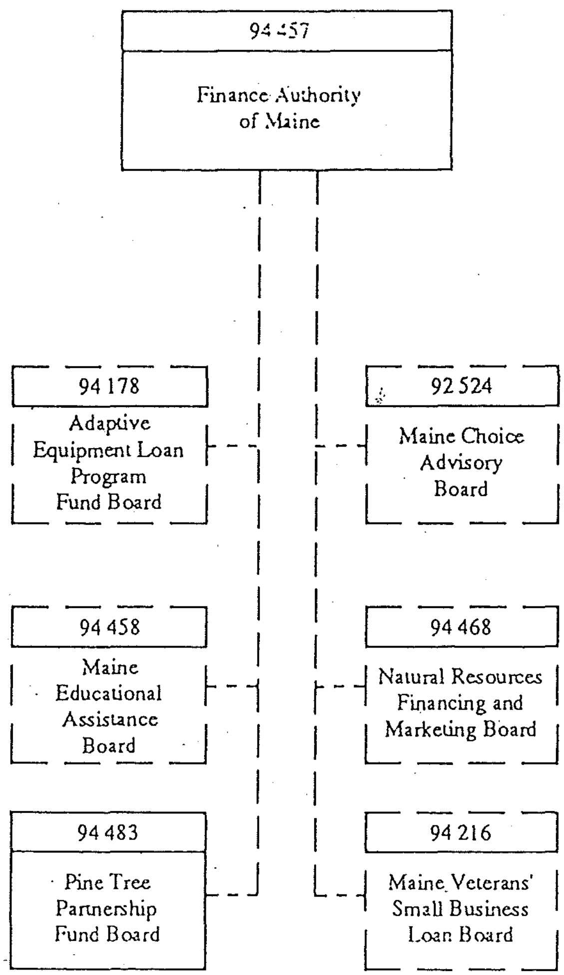
PURPOSE: The Finance Authority of Maine, an independent State agency, was created by an Act of the Maine State Legislature in 1983 to assist business development and create new employment opportunities throughout Maine. In part, the Authority accomplishes this by working cooperatively with the State's lending, financial, economic development and business community to develop and implement new financial services for Maine's business community.

The Authority has a wide array of existing programs, ranging from traditional loan insurance for both small and larger Maine businesses, to tax credits for investments in eligible small businesses. FAME also administers two bond financing programs which help Maine businesses access long-term, reduced-rate financing.

Effective April, 1990, the Authority became the designated agency responsible for administering the State's higher education finance programs. Through loans and grants, the Authority will assist students in paying the costs of attending institutions of higher education. In addition, the Authority will be developing a program of outreach and counseling to encourage Maine youth to aspire to higher education.

FINANCE AUTHORITY OF MAINE

ORGANIZATIONAL CHART
FINANCE AUTHORITY OF MAINE



DEPARTMENT OF LABOR

CHARLES A. MORRISON, COMMISSIONER

Central Office: 20 Union Street, Augusta *Telephone:* 289-3788
Mail Address: P.O. Box 309, Augusta, Maine 04332-0309

Established: 1971 *Sunset Review Required by:* June 30, 2000

Reference: Policy Area: 04; *Umbrella:* 12; *Unit:* 158; *Citation:* 26 M.R.S.A., Sect. 1401

Average Count—All Positions: 688 *Legislative Count:* 52

The Department of Labor was established to achieve the most effective utilization of the labor resources in the State by developing and maintaining an accountable State employment and training policy, by insuring safe working conditions and protection against loss of income and by enhancing the opportunities of individuals to improve their economic status.

The Department, through specific powers and duties delegated to its component administrative units is authorized to provide services for all workers and employers in the State who desire assistance, and establish and maintain free public employment offices. The Department collects unemployment taxes from liable employers and pays unemployment benefits to eligible claimants. It also enforces all State laws established for the protection of the health and safety of workers, and laws regulating the payments of wages and employment of minors. The Department also seeks to further harmonious labor-management relations and provide occupational training for the unemployed and underemployed.

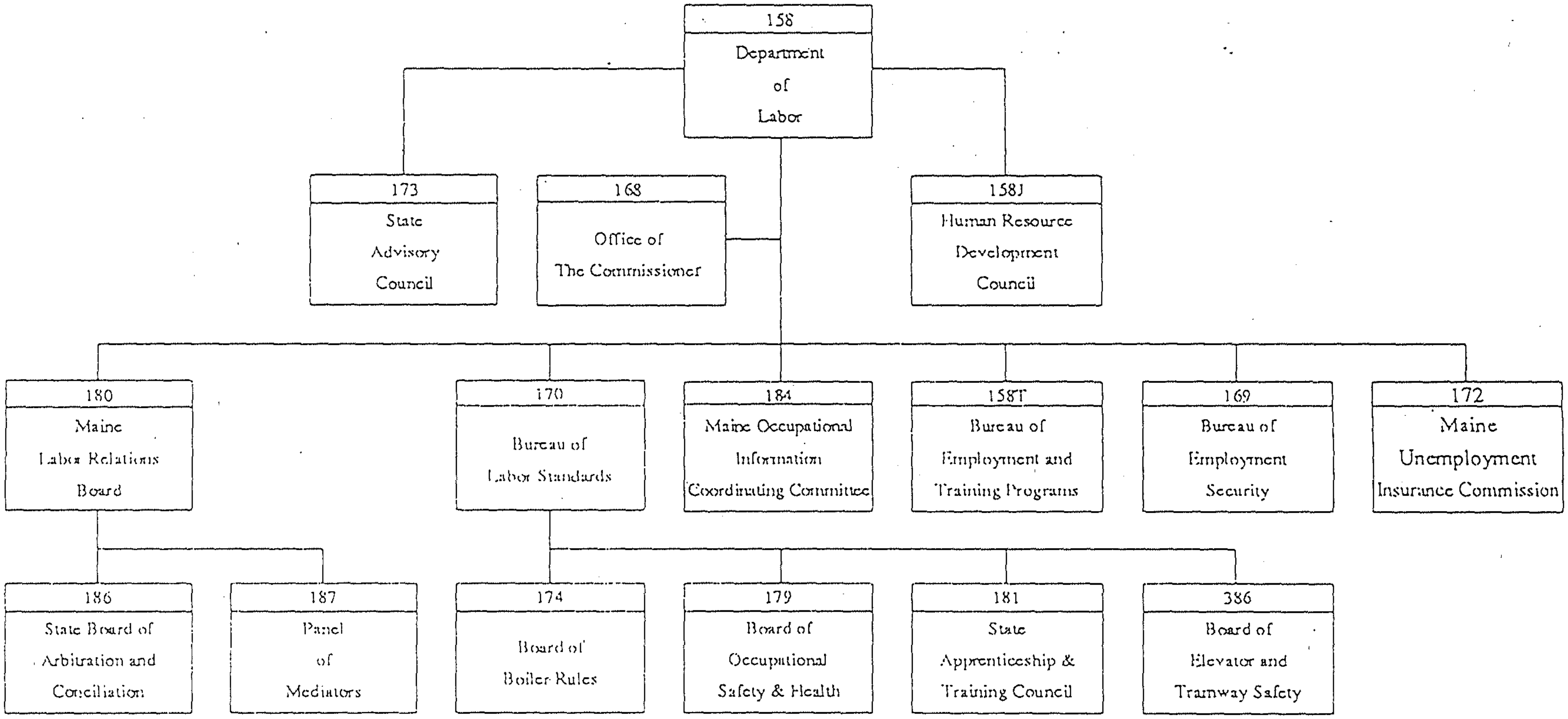
Organizational Units:

Bureau of Employment Security
Unemployment insurance Commission
Bureau of Labor Standards
Maine Occupational Information Coordinating Committee
Maine Labor Relations Board
Maine Human Resource Development Council
Department of Labor Advisory Council
Bureau of Employment and Training Programs
Office of the Commissioner

CONSOLIDATED FINANCIAL CHART FOR FY 90
DEPARTMENT OF LABOR

	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
EXPENDITURES						
Salaries and Wages	13,620,556	1,641,796	732,800		11,245,960	
Health Benefits	1,222,612	141,251	75,951		1,005,410	
Retirement	2,634,574	301,236	142,023		2,191,315	
Other Fringe Benefits	83,964	11,331	6,858		65,775	
Computer Services—Comm.	20	20				
Computer Services—State	50,125	8,783	-8,546		49,888	
Other Contractual Service	3,770,967	587,543	1,196,120		1,987,304	
Rents	1,144,845	81,247	171,632		891,966	
Commodities	582,050	45,003	53,509		483,538	
Grants—Subsidies—Pensions	108,080,195	3,529,664	188,237		10,409,032	93,953,262
Buildings and Improvement	93,151		5,350		87,801	
Equipment	529,470	58,849	35,266		435,355	
Interest—Debt Retirement	344	39	12		293	
Transfers to Other Funds	472,460		128,965		343,495	
TOTAL EXPENDITURES	132,285,333	6,406,762	2,728,177		29,197,132	93,953,262

ORGANIZATIONAL CHART
DEPARTMENT OF LABOR
UMB 12



Approved by the Bureau of the Budget

MAINE MUNICIPAL BOND BANK

STEPHEN R. CROCKETT, CHAIRMAN
ROBERT O. LENNA, Executive Director

Central Office: 286 Water Street, Augusta *Telephone:* 622-9386
Mail Address: Box 2268, Augusta, Maine 04338
Established: 1972 *Sunset Review Required by:* June 30, 1990
Reference: Policy Area: 00; *Umbrella:* 94; *Unit:* 376; *Citation:* 30-A MRSA, Sect. 5901
Average Count—All Positions: 4 *Legislative Count:* 0

PURPOSE: The Maine Municipal Bond Bank was established to reduce overall long-term borrowing costs of governmental units within the State for capital improvement projects through lower interest rates and reduced processing costs of bond issues. The Bond Bank is empowered to issue bonds and notes in its own name and to use the proceeds therefrom to directly purchase the bonds or notes of governmental units. The result is to combine a number of smaller bond issues into a single attractive package which the Maine Municipal Bond Bank then offers to the national market.

(BOARD OF TRUSTEES OF THE) MAINE STATE RETIREMENT SYSTEM

JON A. LUND, CHAIRPERSON, BOARD OF TRUSTEES
CLAUDE R. PERRIER, EXECUTIVE DIRECTOR

1-(800)-451-9800
Central Office: 1 Central Plaza, Augusta *Telephone:* 289-3461
Mail Address: Statehouse Sta. #46, Augusta, Maine 04333 *FAX:* (207) 289-1032

Established: 1947 *Sunset Review Required by:* June 30, 2000

Reference: Policy Area: 00; *Umbrella:* 94; *Unit:* 411; *Citation:* 5 M.R.S.A., Sect. 17101

Average Count—All Positions: 75

PURPOSE: The major goal of the Board of Trustees of the Maine State Retirement System is to administer the Maine State Retirement System, to provide retirement benefits for retiring members of the System and their beneficiaries, disability allowances for disabled members, and benefits to survivors of deceased members prior to the member's retirement; and to administer the State's Group Life Insurance plan.

The (Board of Trustees of the) Maine State Retirement System formulates policies and is responsible for the general supervision of the System including the State Group Life Insurance plan, and Survivor Benefit plan. The administrative responsibility is vested in the Executive Director who is appointed by the Board, who is also the State Administrator for Social Security as it applies to Maine's political subdivisions.

(BOARD OF TRUSTEES OF THE) MAINE STATE RETIREMENT SYSTEM	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
EXPENDITURES						
Salaries and Wages	1,705,542					1,705,542
Health Benefits	167,686					167,686
Retirement	345,908					345,908
Other Fringe Benefits	16,501					16,501
Computer Services—State	337,696					337,696
Other Contractual Service	1,205,974					1,205,974
Rents	189,167					189,167
Commodities	127,676					127,676
Grants—Subsidies—Pensions	213,971					213,971
Transfers to Other Funds	164,537	134,778				29,759
TOTAL EXPENDITURES	4,474,658	134,778				4,339,880

MAINE TURNPIKE AUTHORITY

ROBERT K. PACIOS, CHAIRMAN
PAUL E. VIOLETTE, EXECUTIVE DIRECTOR

Central Office: 430 Riverside St., Portland *Telephone:* 207-871-7771
Mail Address: 430 Riverside St., Portland, Maine 04103

Established: 1941 *Sunset Review Required by:* June 30, 1992

Reference: Policy Area: 07; *Umbrella:* 99; *Unit:* 420; *Citation:* 23 M.R.S.A., Sect. 1963

Average Count—All Positions: 350 *Legislative Count:* 0

PURPOSE: This Authority was created to facilitate vehicular traffic in Maine by constructing, operating and maintaining the turnpike.

FINANCES, FISCAL YEAR 1990: The Bureau of the Budget does not maintain comprehenisve fiscal data relative to this unit.

MAINE STATE HOUSING AUTHORITY

DWIGHT A. SEWELL

Incoming WATS: 1-800-452-4603 (TDD)
Incoming WATS: 1-800-452-4668 (Voice)

Central Office: 295 Water Street, Augusta — *Telephone:* 626-4600
Mail Address: P.O. Box 2669, Augusta, Maine 04338-2669 — FAX: 626-4678

Established: 1969 — *Sunset Review Required by:* June 30, 1998

Reference: Policy Area: 03; *Umbrella:* 99; *Unit:* 346; *Citation:* 30 M.R.S.A., Sect. 4601A

Average Count—All Positions: 65 — *Legislative Count:* 0

Organizational Units:

Office of the Director	Management
Finance	Home Ownership
General Counsel	Development

PURPOSE: The Maine State Housing Authority was established to assist Maine residents in securing housing which is decent, safe, independently selected, designed and located with reference to particular needs and available at costs which are affordable; to have available a wide range of privately-planned, constructed and operated housing; to have available such additional publicly-planned, constructed and operated housing as needed to achieve the purposes of the law; to have available from financial institutions, resources for home construction, mortgages and other additional resources from the sale of bonds by the Authority; to have available informational and educational programs concerning housing programs and techniques; and generally, to do all things possible to encourage and assist efforts to provide decent housing in a desirable and healthful living environment for all Maine citizens, particularly for the elderly and those of lower income.

DEPARTMENT OF MARINE RESOURCES

WILLIAM J. BRENNAN, COMMISSIONER
E. PENN ESTABROOK, Deputy Commissioner

Central Office: Baker Bldg., Winthrop St., Hallowell *Telephone:* 289-6550
Mail Address: Statehouse Sta. #21, Augusta, Maine 04333
Established: 1867 *Sunset Review Required by:* June 30, 1996
Reference: Policy Area: 01; *Umbrella:* 13; *Unit:* 188; *Citation:* 12 M.R.S.A., Sect. 6021
Average Count—All Positions: 205.5 *Legislative Count:* 141.5

The Department of Marine Resources was established to conserve and develop marine and esturaine resources of the State of Maine by conducting and sponsoring scientific research, promoting and developing the Maine commercial fishing industry, and by advising agencies of government concerned with development or activity in coastal waters.

Through the authority vested in its Commissioner, the Department of Maine Resources is empowered to conserve and develop the marine resources of the State, and to enforce the laws relating to marine resources. By statute the Department has the authority to acquire and hold real property; to accept funds, subject to the approval of the Governor; to enter into reciprocal enforcement agreement with other states, interstate regional authorities and the Federal Government; to enforce relevant sections of the Wetlands Control Law and advise state and federal agencies on the ecological effects of dredging, filling and otherwise altering coastal wetlands; to cooperate, consult and advise with other appropriate state agencies on all interrelated matters involving the coast and its marine resources; to assist the industry in the promotion and marketing of its products; to close contaminated shore, waters and flats; to make regulations to assure the conservation of renewable marine resources in any coastal waters or flats of the State; and to hold hearings and to publish notices as may be required by law. The Commissioner of Marine Resources also serves as an ex-officio member of the Atlantic sea Run Salmon Commission.

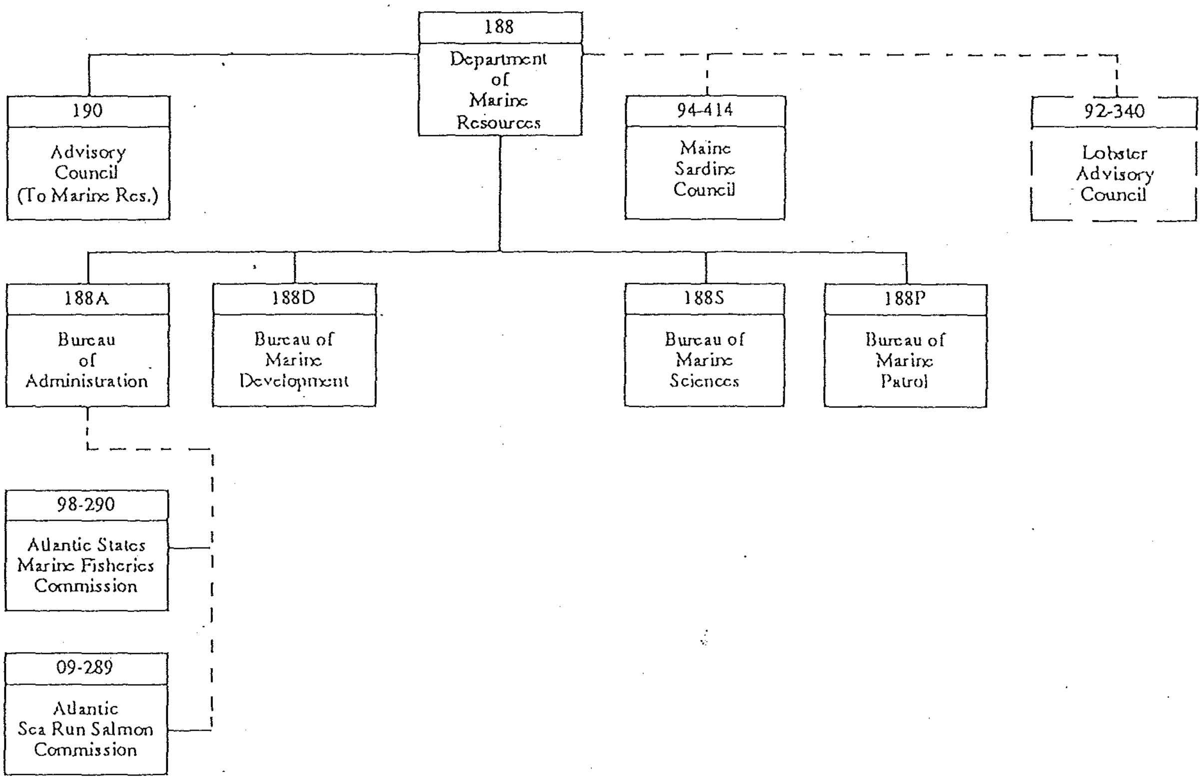
Organization Units:

- Bureau of Administration
- Bureau of Marine Development
- Bureau of Marine Sciences
- Bureau of Marine Patrol

CONSOLIDATED FINANCIAL CHART FOR FY 90
DEPARTMENT OF MARINE RESOURCES

	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
EXPENDITURES						
Salaries and Wages	4,510,271	3,756,517	424,219		329,535	
Health Benefits	410,005	341,041	38,726		30,238	
Retirement	1,138,734	992,246	85,849		60,639	
Other Fringe Benefits	43,348	38,414	2,971		1,963	
Computer Services—State	407	407				
Other Contractual Service	1,343,792	1,093,627	148,172		101,993	
Rents	26,592	26,282	203		107	
Commodities	360,433	248,881	94,617		16,935	
Grants—Subsidies—Pensions	56,210	38,159	17,617		434	
Equipment	581,114	395,008	152,583		33,523	
Interest—Debt Retirement	523	489	4		30	
Transfers to Other Funds	25,294		15,542		9,752	
TOTAL EXPENDITURES	8,496,723	6,931,071	980,503		585,149	

ORGANIZATIONAL CHART
DEPARTMENT OF MARINE RESOURCES
UMB 13



Approved by the Bureau of the Budget

MAINE WASTE MANAGEMENT AGENCY

SHERRY F. HUBER, DIRECTOR

Central Office: 287 Water Street, Augusta; *Telephone:* 289-6800
Mail Address: Statehouse Sta. #154, Augusta, Maine 04333

Established: September 30, 1989 *Sunset Review Required by:* June 30, 1999

Reference: Policy Area: 01; *Umbrella:* 07; *Unit:* 310; *Citation:* 38 M.R.S.A., Sect. 2102

Average Count—All Positions: 2 *Legislative Count:* 216

PURPOSE: The Maine Waste Management Agency was created in 1989 to implement an integrated approach to solid waste management. The Agency's reponsibilities are to develop a state waste management and recycling plan; promote and assist recycling and waste reduction in order to accomplish the state's recycling goals of 25% in 1992 and 50% in 1994; develop generic siting criteria and select sites for use by the Agency; and review applications for new and expanded waste disposal facilities for consistency with the siting criteria and the plan.

FINANCES, FISCAL YEAR 1990: The following financial display was generated from this unit's accounts as recorded in the files of the Bureau of the Budget's PLA-BAC system.

MAINE WASTE MANAGEMENT AGENCY	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
EXPENDITURES						
Salaries and Wages	61,081		61,081			
Health Benefits	3,794		3,794			
Retirement	5,998		5,998			
Other Fringe Benefits	798		798			
Computer Services—State	352		352			
Other Contractual Service	27,190		27,190			
Rents	23,082		23,082			
Commodities	2,759		2,759			
Equipment	9,100		9,100			
Transfers to Other Funds	2,224		2,224			
TOTAL EXPENDITURES	136,378		136,378			

PUBLIC UTILITIES COMMISSION

CHARLES A. JACOBS, ADMINISTRATIVE DIRECTOR

Central Office: 242 State St., (Old M.V. Bldg.), Augusta; *Floor:* 2 *Telephone:* 289-3831
Mail Address: Statehouse Sta. #18, Augusta, Maine 04333-0018

Established: 1913 *Sunset Review Required by:* June 30, 1996

Reference: Policy Area: 01; *Umbrella:* 65; *Unit:* 407; *Citation:* 35-A M.R.S.A., §103-7

Average Count—All Positions: 70 *Legislative Count:* 69

Organizational Units:
- Administrative Division
- Consumer Assistance Division
- Legal Division
- Technical Analysis Division
- Finance Division

PURPOSE: The Public Utilities Commission's purpose is to protect the public by ensuring that utilities operating in the State of Maine provide adequate and reliable service to the public at rates that are reasonable and just. The Commission is a quasi-judicial body which rules on cases involving rates, service, financing, and other activities of the utilities it regulates. The Commission also has investigatory and rulemaking authority. The Commission currently has jurisdiction over 150 water utilities, 14 electric utilities, 1 gas utility, 19 telephone and telegraph utilities, 4 water carriers, 2 resellers of telephone services,7 radio common carriers, 156 cocots and 8 cellular service providers.

The Commission is divided into five operating divisions with respective powers and duties as follows:

Administrative Division. The Administrative Division is responsible for fiscal, personnel, contract and docket management, as well as physical plant. The Division provides support services to the other divisions and assists the Commission in coordinating its activities. The Division has primary responsibility for public information and assists the General Counsel of the Legal Division in providing information to the Legislature.

Included within the Administrative Division are the Information Resource Centerand Computer System Management Section.

Consumer Assistance Division. The Consumer Assistance Division (CAD) receives, analyses and responds to complaints from Maine utility customers. The CAD assists individual customers in resolving their disputes with the utility and analyzes those complaints to determine what utility practices, if any, need to be corrected. When a utility practice is identified that requires correction action, it is brought to the attention of the utility for appropriate resolution.

Legal Division. The Legal Division represents the Commission before federal and State appellate and trial courts and agencies. It provides hearings examiners and staff attorneys in cases before the Commission and assists in preparing and presenting Commission views on legislative proposals. Examiners preside over Commission proceedings, rule on question's of procedure and evidence, and prepare written recommended decisions for the Commission. Staff attorneys organize and present the staff's case before the Commission, cross-examine the cases of other parties, file briefs on the issues, and engage in negotiations with the parties for the settlement of all or some of the issues in a case. Complete legal services are provided by the Division on all legal aspects of matters within the Commission's jurisdiction from major rate cases to individual consumer complaints.

Finance Division. The Finance Division is responsible for conducting financial investigations and analysis of telephone, electric, gas and water utilities, and for conducting other research about Maine utilities. The Division analyzes all applications of utilities to issue stocks, bonds or notes. The Division prepares testimony and other material concerning fuel clauses, cost of capital, rate base, revenues, expenses, depreciation and rate design for rate cases. The Division assists in the preparation of questions for cross-examination on accounting and finance matters, presents direct testimony, evaluates rate case exhibits and advises the Commission on financial and economic issues.

Technical Analysis Division. The Technical Analysis Division analyzes the technical aspects of filings made by utilities. Specifically, the Division analyzes and evaluates rate design exhibits, assists in the preparation of engineering related cross-examination and provides expert witnesses in rate proceedings. The Division prepares and reviews cost allocations and rate studies, reviews plans and specifications on all major utility construction projects, conducts on-site inspection of system improvements, advises the Commission and CAD regarding line extensions, inspects gas pipelines to ensure safe operations and conducts on site investigations of gas explosions and electrical accidents involving loss of human life. Finally, the Division reviews standards of service, utility reports, fuel clauses and fuel generation rates, using computer modeling techniques where appropriate.

CONSOLIDATED FINANCIAL CHART FOR FY 90
PUBLIC UTILITIES COMMISSION

	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
EXPENDITURES						
Salaries and Wages	2,125,564	739,488	1,386,076			
Health Benefits	156,029	45,313	110,716			
Retirement	433,512	131,572	301,940			
Other Fringe Benefits	18,994	5,349	13,645			
Computer Services—State	3,757		3,757			
Other Contractual Service	595,346	38	595,308			
Rents	3,993		3,993			
Commodities	31,050		31,050			
Buildings and Improvement	13,440		13,440			
Equipment	260,115		260,115			
Interest—Debt Retirement	73		73			
Transfers to Other Funds	136,989		136,989			
TOTAL EXPENDITURES	3,778,862	921,760	2,857,102			

DEPARTMENT OF TRANSPORTATION

DANA F. CONNORS, COMMISSIONER

Central Office: Transportation Bldg., Augusta; *Floor:* 3 *Telephone:* 289-2551
Mail Address: Statehouse Sta. #16, Augusta, Maine 04333
Established: 1972 *Sunset Review Required by:* June 30, 1992
Reference: Policy Area: 07; *Umbrella:* 17; *Unit:* 229; *Citation:* 23 M.R.S.A., Sect. 4205
Average Count—All Positions: 2449.5 *Legislative Count:* 1028.5

The Department of Transportation was established to plan and develop adequate, safe and efficient transportation facilities and services which will contribute to the economic growth of the State of Maine and the well-being of its people.

Through the authority vested in the Commissioner of Transportation, the primary responsibilities of the Department are to development comprehensive, balanced plans and policies to meet present and future needs for adequate, safe and efficient transportation facilities in the State of Maine. The Department also assists in the development, operation and maintenance of services facilities and stimulates active support for, and develops, administers and promotes transportation safety actions throughout the State. The Department assists in the planning, construction, operation and maintenance of an internal highway system which will consider scenic value, safety aspects, economic implications and compatibility with national, regional and local programs, and which is designed to meet present and future needs of the State of Maine. Also the Department acquires, constructs, operates and maintains harbor facilities, as required, to support and implement the planned development of coastal resources, ports and harbors, and operates and maintains safe, adequate and efficient port and water transportation facilities essential to the well-being of Maine citizens and the economic growth of the State.

Other responsibilities of the Department are to administer laws relating to aeronautics, advance interest in aeronautics, and plan, develop, assist and advise int eh development of aviation resources within the State. Furthermore the department accepts, receives and administers for the State, all federal or other moneys intended for transportation or which would further or advance the intent or purposes for which the Department was established.

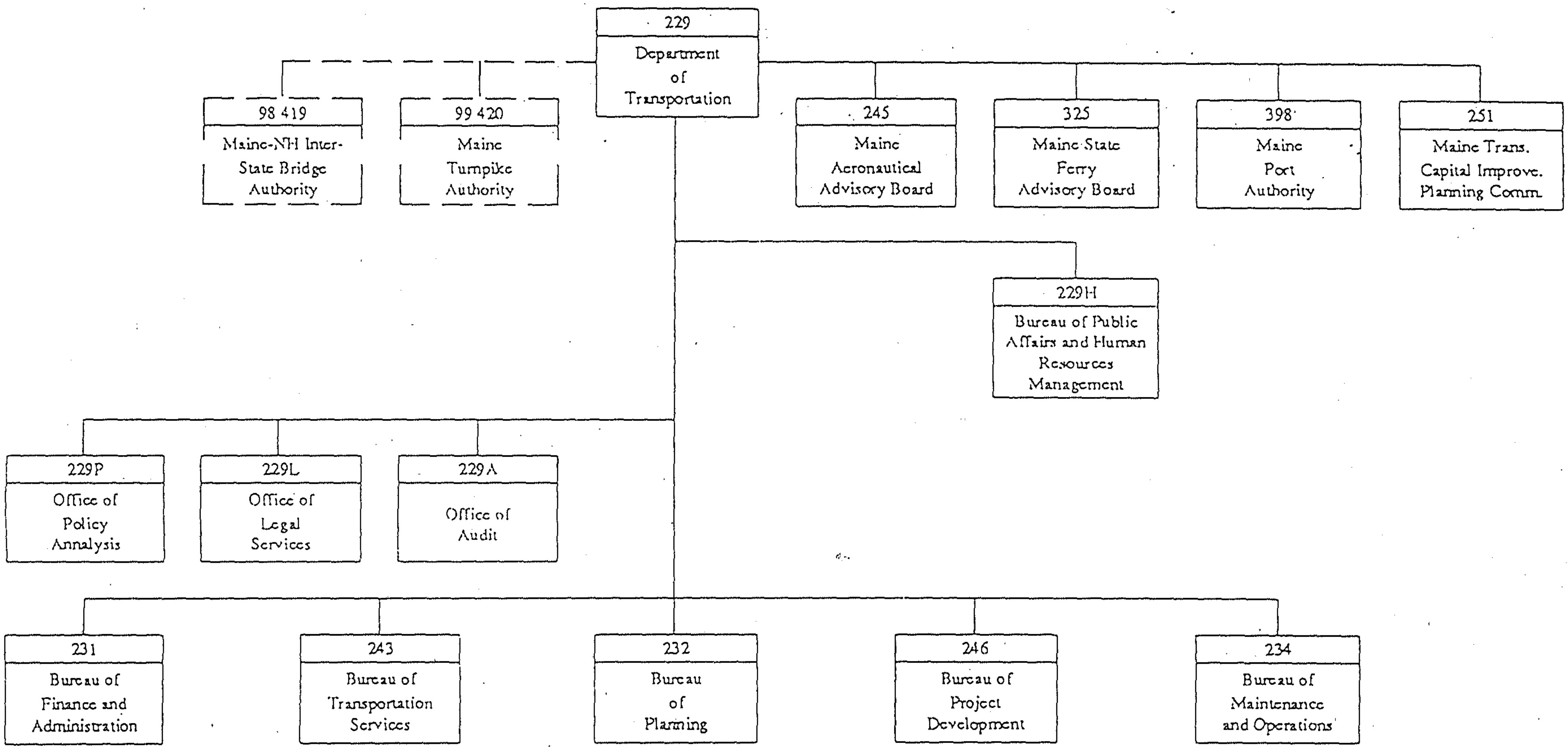
<u>Organizational Units:</u>

Bureau of Finance and Administration
Bureau of Transportation Services
Bureau of Planning
Bureau of Project Development
Bureau of Maintenance & Operations
Office of Human Resources
Office of Public Information and Mapping

CONSOLIDATED FINANCIAL CHART FOR FY90
DEPARTMENT OF TRANSPORTATION

	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
EXPENDITURES						
Salaries and Wages	55,063,095	277,585	502,707	40,139,288	9,131,248	5,012,267
Health Benefits	6,038,260	16,316	31,263	4,389,357	700,943	900,381
Retirement	11,590,896	42,333	89,428	8,086,635	1,647,589	1,724,911
Other Fringe Benefits	529,648	3,160		454,290	7	72,191
Computer Services—State	77,645			77,645		
Other Contractual Service	35,200,715	992,955	202,474	11,536,764	4,039,262	18,429,260
Rents	26,989,897	6,037	178,480	26,241,122	142,475	421,783
Commodities	15,512,934	2,978	167,052	13,976,208	248,030	1,118,666
Grants—Subsidies—Pensions	32,023,964	747,753	70,000	22,964,489	3,847,312	4,394,410
Purchases of Land	4,044,347	323,000	2,805	2,519,391	1,199,151	
Buildings and Improvement	789,084	57,947	1,999	284,151	6,298	438,689
Equipment	88,180,652	5,879,354	3,847,588	27,235,765	42,680,458	8,537,487
Interest—Debt Retirement	18,734,899	5,703	3	18,398,218	397	330,578
Transfers to Other Funds	5,073,399	1,774,700	22,913	2,618,746	−11,506	668,546
TOTAL EXPENDITURES	299,849,435	10,129,821	5,116,712	178,922,069	63,631,664	42,049,169

ORGANIZATIONAL CHART
DEPARTMENT OF TRANSPORTATION
UMB 17



Approved by the Bureau of the Budget

(OFFICE OF) TREASURER OF STATE

SAMUEL D. SHAPIRO, STATE TREASURER
MAURICE F. STICKNEY, Deputy Treasurer

Central Office: State Office Bldg., Augusta; *Floor:* 3 *Telephone:* 289-2771
Mail Address: Statehouse Sta. #39, Augusta, Maine 04333
Established: 1820 *Sunset Review Required by:* June 30, 1990
Reference: Policy Area: 00; *Umbrella:* 28; *Unit:* 248; *Citation:* 5 M.R.S.A., Sect. 121
Average Count—All Positions: 18 *Legislative Count:* 18

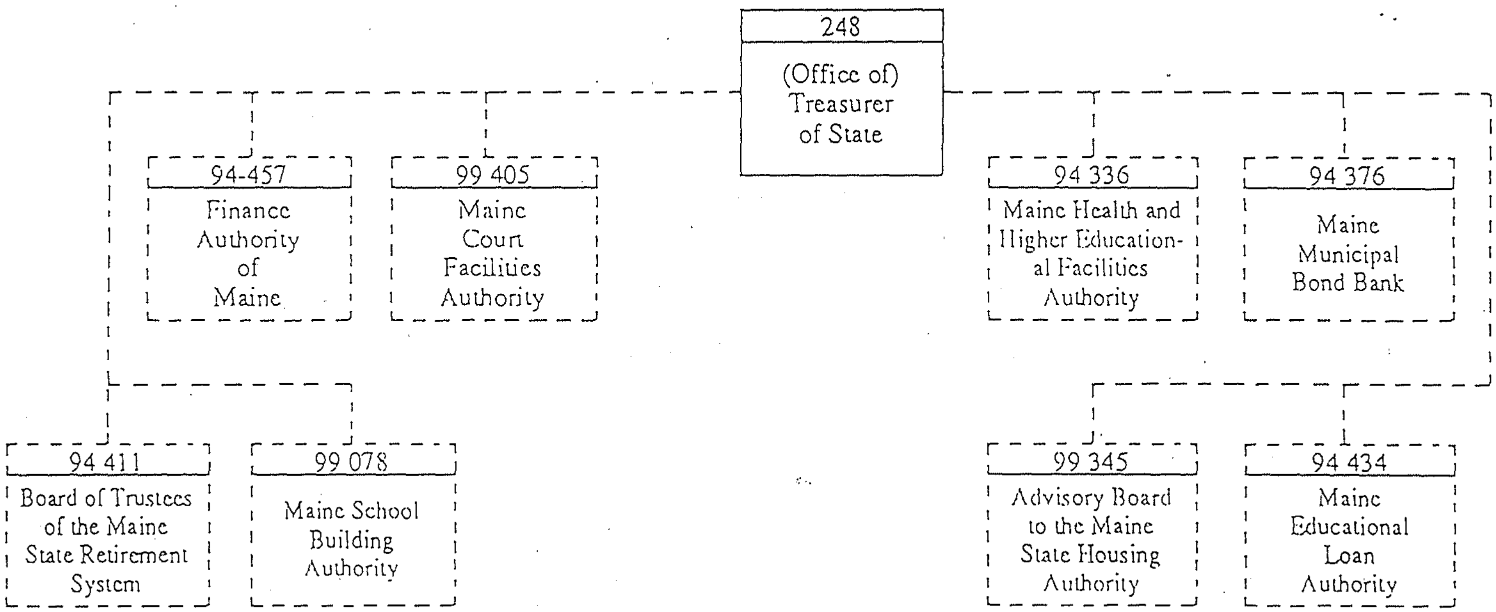
A constitutional officer, the Treasurer of State is authorized to receive and keep records of all items of income accruing to the State; to deposit such items in banks, reconciling said balances and temporarily investing idle funds; to sell bonds of the State as provided by law and keep records pertaining to such debt; to maintain monthly exhibits concerning these monies; to enter into contracts or agreements with banks for custodial care and servicing or negotiable securities belonging to the State and to establish accounts with such banks for servicing State agencies. Effective January 1979 the Treasurer undertook the administration of the Abandoned Property Program. The Treasurer also serves on the Maine Municipal Bond Bank, Maine State Housing Authority, Maine State Retirement System, Finance Authority of Maine, Health and Higher Education Loan Authority Boards, Maine Court Facilities Authority, Maine Education Loan Authority and the Maine School Building Authority.

Office of Audit
Maine State Ferry Advisory Board
Maine Port Authority
Maine Aeronautical Advisory Board
Maine Transportation Capital Improvement Planning Commission

CONSOLIDATED FINANCIAL CHART FOR FY 90
TREASURY DEPARTMENT

	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
EXPENDITURES						
Salaries and Wages	465,333	465,333				
Health Benefits	42,315	42,315				
Retirement	92,818	92,818				
Other Fringe Benefits	2,404	2,404				
Computer Services—State	32,239	32,149	90			
Other Contractual Service	210,679	209,327	1,352			
Commodities	26,436	26,436				
Grants—Subsidies—Pensions	60,837,509		60,837,509			
Equipment	1,459	1,459				
Interest—Debt Retirement	51,905,800	51,905,800				
Transfers to Other Funds	374		374			
TOTAL EXPENDITURES	113,617,366	52,778,041	60,839,325			

ORGANIZATIONAL CHART
(OFFICE OF) TREASURER OF STATE
UMB 28



Approved by the Bureau of the Budget

STATE PLANNING OFFICE

RICHARD H. SILKMAN, DIRECTOR

Central Office: 184 State Street, Augusta *Telephone:* 289-3261
Mail Address: Statehouse Sta. #38, Augusta, Maine 04333

Established: 1968 *Sunset Review Scheduled to Start by:* June 30, 1991

Reference: Policy Area: 00; *Umbrella:* 07; *Unit:* 105; *Citation:* 5 M.R.S.A., Sect. 3303

Average Count—All Positions: 42 *Legislative Count:* 25

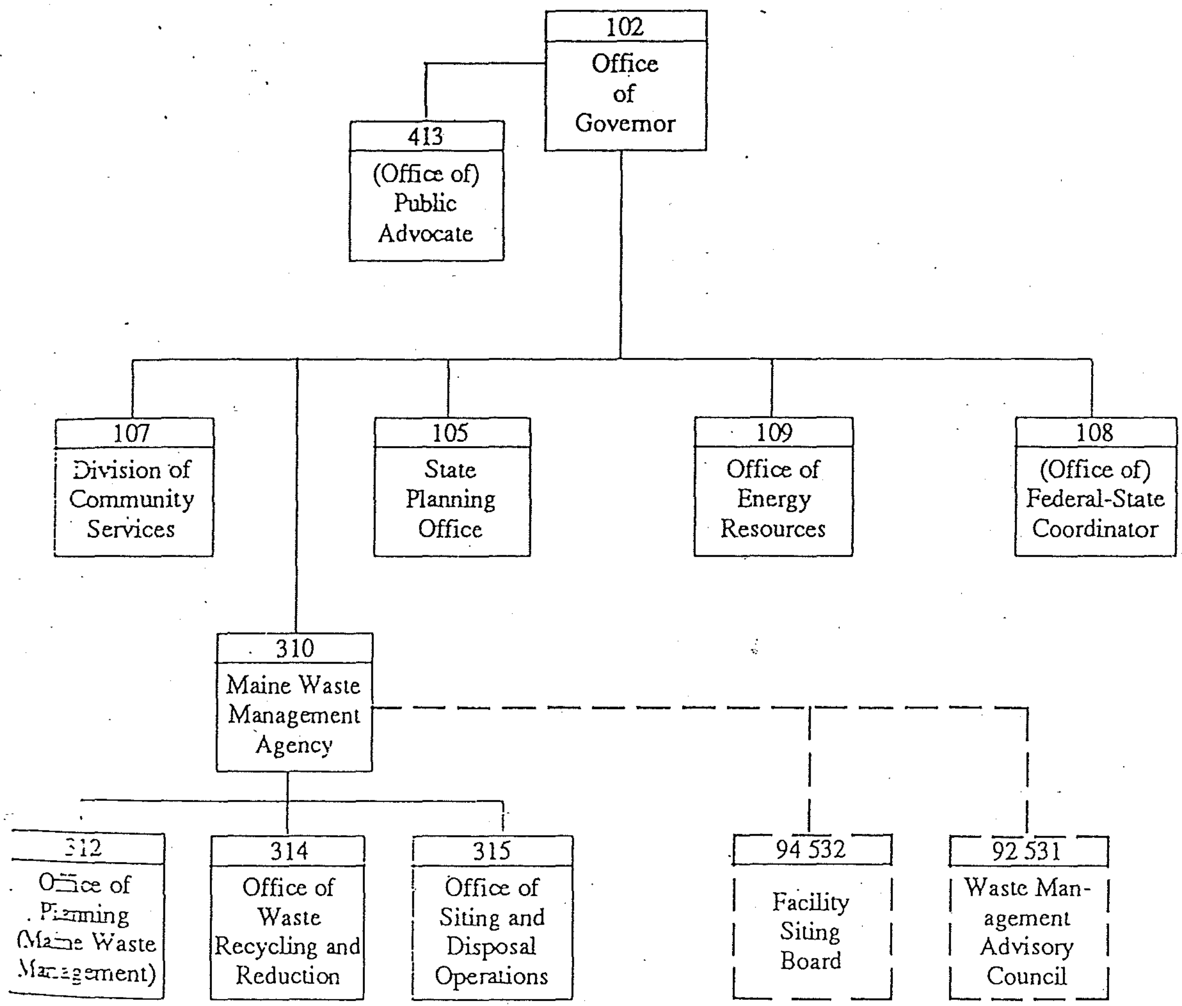
Organizational Units:
Natural Resources Policy Division
Economics Division
Policy Coordination and Management Division

PURPOSE: The State Planning Office is responsible for functions which include research, analysis and the formulation, coordination, and management of policy. The State Planning Office assists the Governor and other state agencies in the development of economic, energy, fiscal and regulatory policy; the management of the State's natural and physical resources; the identification of issues and problems of long-term significance to the State; and the coordination of state policy and its implementation on issues of interagency concern.

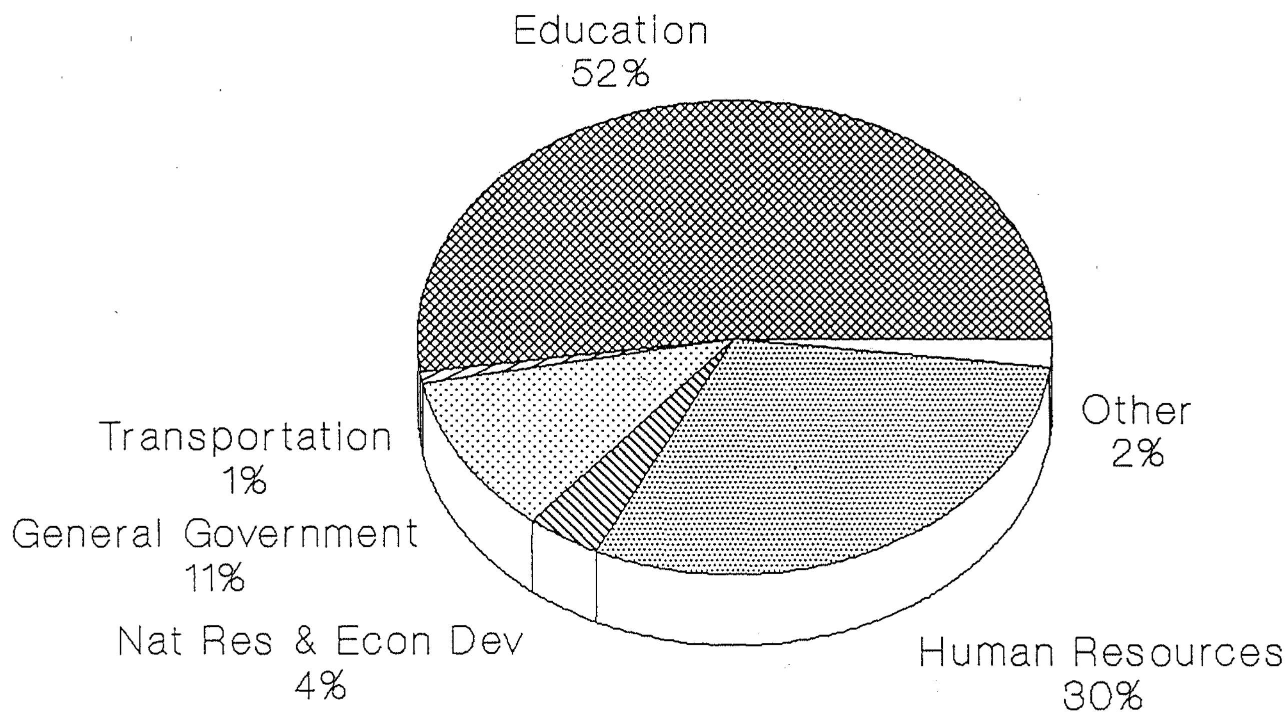
FINANCES, FISCAL YEAR 1990: The following financial display was generated from this unit's accounts as recorded in the files of the Bureau of the Budget's PLA-BAC system.

STATE PLANNING OFFICE	TOTAL FOR ALL FUNDS	General Fund	Special Revenue Funds	Highway Fund	Federal Funds	Misc. Funds
EXPENDITURES						
Salaries and Wages	1,072,969	782,969	39,941		250,772	
Health Benefits	86,779	63,927	3,362		19,490	
Retirement	189,812	133,254	7,785		48,773	
Other Fringe Benefits	10,687	7,964	714		2,009	
Computer Services—State	10,271	10,271				
Other Contractual Service	394,067	162,434	31,816		199,817	
Rents	23,972	13,078	7,260		3,634	
Commodities	28,662	19,158	2,254		7,250	
Grants—Subsidies—Pensions	349,969	17,773			332,196	
Purchases of Land	70,000				70,000	
Buildings and Improvement	9,699				9,699	
Equipment	50,495	8,192	6,313		35,990	
Transfers to Other Funds	48,026		9,981		38,045	
TOTAL EXPENDITURES	2,345,408	1,218,307	109,426		1,017,675	

ORGANIZATIONAL CHART
EXECUTIVE DEPARTMENT
UMB 07



STATE OF MAINE
Expenditures by Policy Area-General Fund
For Fiscal Year Ending June 30, 1990



Source: ME Annual Financial Report/1990